

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED BALANCE SHEETS AS AT 31 DECEMBER 2009

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
ASSETS				
Cash and short-term funds	43,480,452	36,597,027	31,868,626	29,564,959
Deposits and placements with banks and other financial institutions	3,182,704	1,941,445	3,115,967	3,834,326
Securities purchased under resale agreements	1,200,243	5,141,746	-	4,762,407
Securities held-for-trading	7,957,275	11,349,842	7,655,815	10,846,741
Securities available-for-sale	12,165,777	5,626,372	10,458,159	4,914,144
Securities held-to-maturity	6,620,207	8,286,719	7,637,258	9,564,579
Loans, advances and financing	135,335,784	118,386,295	107,962,807	93,174,291
Derivative financial assets	310,311	590,229	302,861	589,715
Other assets	1,758,578	1,548,674	1,453,540	2,197,184
Statutory deposits with Central Banks	1,022,181	2,636,708	588,362	1,998,200
Deferred tax assets	506,607	488,855	390,826	387,572
Investment in subsidiary companies	-	-	3,694,681	3,419,681
Investment in associated companies	128,318	127,802	101,325	101,325
Investment properties	69,327	66,012	-	-
Prepaid land lease payments	289,228	291,873	13	15
Property and equipment	1,051,551	1,011,489	650,968	648,322
Intangible assets	2,057,611	2,072,018	695,393	695,393
TOTAL ASSETS	217,136,154	196,163,106	176,576,601	166,698,854
LIABILITIES				
Deposits from customers	170,891,589	151,185,298	135,387,490	124,090,859
Deposits and placements of banks and other financial institutions	22,614,300	16,684,145	20,783,929	17,092,906
Bills and acceptances payable	612,730	3,062,374	612,730	3,062,374
Recourse obligations on loans sold to Cagamas	21,763	4,537,277	21,763	4,537,277
Derivative financial liabilities	270,056	495,146	243,396	442,654
Other liabilities	2,511,757	2,422,817	1,399,378	1,503,433
Borrowings	653,101	860,234	-	-
Subordinated notes	3,335,322	4,178,195	3,355,539	4,198,220
Innovative Tier I capital securities	1,972,333	2,124,484	1,972,333	2,124,484
Non-innovative Tier I stapled securities	2,071,589	-	2,071,589	-
Provision for tax expense and zakat	464,290	382,454	286,242	254,818
Deferred tax liabilities	2,000	1,950	-	-
TOTAL LIABILITIES	205,420,830	185,934,374	166,134,389	157,307,025

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2008.

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	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
EQUITY				
Share capital	3,531,926	3,531,926	3,531,926	3,531,926
Reserves	8,072,918	7,278,892	7,491,924	7,134,015
Treasury shares	(581,638)	(1,274,112)	(581,638)	(1,274,112)
Equity attributable to equity holders of the Bank	11,023,206	9,536,706	10,442,212	9,391,829
Minority interests	692,118	692,026	-	-
TOTAL EQUITY	11,715,324	10,228,732	10,442,212	9,391,829
TOTAL LIABILITIES AND EQUITY	217,136,154	196,163,106	176,576,601	166,698,854
OFF-BALANCE SHEET EXPOSURES	61,435,239	52,866,868	56,878,933	47,752,572
CAPITAL ADEQUACY				
<u>Before deducting second interim / final dividends</u>				
Core Capital Ratio	10.5%	8.3%	13.0%	10.9%
Risk-Weighted Capital Ratio	14.7%	13.7%	14.3%	13.4%
<u>After deducting second interim / final dividends</u>				
Core Capital Ratio	9.9%	7.7%	12.4%	10.1%
Risk-Weighted Capital Ratio	14.2%	13.1%	13.6%	12.8%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	3.19	2.84	3.03	2.80

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2009

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Operating revenue	2,495,452	2,557,557	9,715,568	10,500,307
Interest income	1,870,529	2,117,753	7,353,051	8,289,708
Interest expense	(795,476)	(1,165,881)	(3,316,609)	(4,562,396)
Net interest income	1,075,053	951,872	4,036,442	3,727,312
Net income from Islamic banking business				
Net financing income	203,702	164,638	678,206	552,040
Other Islamic banking income	3,004	734	13,385	6,377
	1,281,759	1,117,244	4,728,033	4,285,729
Other operating income	363,964	313,240	1,396,935	1,453,527
Net income	1,645,723	1,430,484	6,124,968	5,739,256
Other operating expenses	(561,762)	(468,155)	(2,109,913)	(1,791,101)
Operating profit	1,083,961	962,329	4,015,055	3,948,155
Allowance for losses on loans, advances and financing	(177,879)	(150,199)	(690,970)	(548,562)
- General allowance	(58,215)	(38,597)	(293,607)	(232,101)
- Other loan loss allowances	(119,664)	(111,602)	(397,363)	(316,461)
Impairment loss	(10,082)	(893)	(15,079)	(32,862)
	896,000	811,237	3,309,006	3,366,731
Share of profit after tax of equity accounted associated companies	4,215	1,706	12,427	12,457
Profit before tax expense and zakat	900,215	812,943	3,321,433	3,379,188
Tax expense and zakat	(211,852)	(156,336)	(769,893)	(756,528)
Profit for the period / year	688,363	656,607	2,551,540	2,622,660
Attributable to :				
Equity holders of the Bank	678,231	653,975	2,517,302	2,581,237
Minority interests	10,132	2,632	34,238	41,423
Profit for the period / year	688,363	656,607	2,551,540	2,622,660
Earnings per RM1.00 share:				
- basic (sen)	19.7	19.5	73.3	76.9
- diluted (sen)	19.7	19.5	73.3	76.9

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2008.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2009

	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>Bank</u>				
Operating revenue	1,847,747	1,969,717	7,171,221	8,556,614
Interest income	1,622,913	1,883,337	6,391,787	7,313,616
Interest expense	(724,907)	(1,079,194)	(3,093,687)	(4,185,840)
Net interest income	898,006	804,143	3,298,100	3,127,776
Net income from Islamic banking business				
Net financing income	-	52,529	-	439,931
Other Islamic banking income	-	310	-	5,953
	898,006	856,982	3,298,100	3,573,660
Other operating income	392,336	297,436	1,213,958	1,028,098
Net income	1,290,342	1,154,418	4,512,058	4,601,758
Other operating expenses	(350,253)	(323,619)	(1,392,115)	(1,308,529)
Operating profit	940,089	830,799	3,119,943	3,293,229
Allowance for losses on loans, advances and financing	(70,568)	(62,229)	(321,237)	(394,189)
- General allowance	(47,352)	(27,736)	(225,120)	(232,437)
- Other loan loss allowances	(23,216)	(34,493)	(96,117)	(161,752)
Impairment loss	(4,539)	(292)	(9,536)	(1,324)
Profit before tax expense and zakat	864,982	768,278	2,789,170	2,897,716
Tax expense and zakat	(167,621)	(114,310)	(607,505)	(624,980)
Net profit for the period / year	697,361	653,968	2,181,665	2,272,736

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2008.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2009

<----- Attributable to Equity Holders of the Bank ----->

	Non-distributable			Distributable		Total Shareholders' Equity	Minority Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Profits	Treasury Shares			
<u>Group</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	3,531,926	2,132,499	3,243,735	1,902,658	(1,274,112)	9,536,706	692,026	10,228,732
Currency translation differences in respect of foreign operations	-	-	(32,954)	-	-	(32,954)	(11,208)	(44,162)
Currency translation differences in respect of net investment hedge	-	-	35,193	-	-	35,193	-	35,193
Net gain on revaluation of securities available-for-sale	-	-	378,905	-	-	378,905	434	379,339
Net change in cash flow hedges	-	-	(6,051)	-	-	(6,051)	-	(6,051)
Net income / (expense) recognised directly in equity	-	-	375,093	-	-	375,093	(10,774)	364,319
Net profit for the year	-	-	-	2,517,302	-	2,517,302	34,238	2,551,540
Total recognised income for the year	-	-	375,093	2,517,302	-	2,892,395	23,464	2,915,859
Buy-back of shares	-	-	-	-	(140)	(140)	-	(140)
Transfer to statutory reserves	-	-	133,961	(133,961)	-	-	-	-
Transfer to regulatory reserves	-	-	9,995	(9,995)	-	-	-	-
Dividends paid	-	-	-	(1,405,755)	-	(1,405,755)	(23,372)	(1,429,127)
Share dividends	-	(692,614)	-	-	692,614	-	-	-
At 31 December 2009	3,531,926	1,439,885	3,762,784	2,870,249	(581,638)	11,023,206	692,118	11,715,324

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INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2009

<----- Attributable to Equity Holders of the Bank ----->

Group	Non-distributable Reserves			Distributable Reserves		Total Shareholders' Equity	Minority Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Profits	Treasury Shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	3,527,891	2,112,204	3,613,724	1,362,252	(1,273,897)	9,342,174	636,249	9,978,423
Currency translation differences in respect of foreign operations	-	-	145,173	-	-	145,173	38,810	183,983
Currency translation differences in respect of net investment hedge	-	-	(143,546)	-	-	(143,546)	-	(143,546)
Net loss on revaluation of securities available-for-sale	-	-	(440,129)	-	-	(440,129)	(3,337)	(443,466)
Net change in cash flow hedges	-	-	13,864	-	-	13,864	-	13,864
Net (expense) / income recognised directly in equity	-	-	(424,638)	-	-	(424,638)	35,473	(389,165)
Net profit for the year	-	-	-	2,581,237	-	2,581,237	41,423	2,622,660
Total recognised (expense) / income for the year	-	-	(424,638)	2,581,237	-	2,156,599	76,896	2,233,495
Issue of shares pursuant to the exercise of share options	4,035	20,295	-	-	-	24,330	-	24,330
Buy-back of shares	-	-	-	-	(215)	(215)	-	(215)
Minority interests' subscription of shares of a subsidiary (net)	-	-	-	-	-	-	9,100	9,100
Transfer to statutory reserves	-	-	40,571	(40,571)	-	-	-	-
Transfer to regulatory reserves	-	-	14,078	(14,078)	-	-	-	-
Dividends paid	-	-	-	(1,986,182)	-	(1,986,182)	(30,219)	(2,016,401)
At 31 December 2008	<u>3,531,926</u>	<u>2,132,499</u>	<u>3,243,735</u>	<u>1,902,658</u>	<u>(1,274,112)</u>	<u>9,536,706</u>	<u>692,026</u>	<u>10,228,732</u>

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2009

<----- Attributable to Equity Holders of the Bank ----->

	Non-distributable			Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Reserves Retained Profits RM'000	Treasury Shares RM'000	
At 1 January 2009	3,531,926	2,132,499	3,239,059	1,762,457	(1,274,112)	9,391,829
Net gain on revaluation of securities available-for-sale	-	-	280,664	-	-	280,664
Net change in cash flow hedges	-	-	(6,051)	-	-	(6,051)
Net income recognised directly in equity	-	-	274,613	-	-	274,613
Net profit for the year	-	-	-	2,181,665	-	2,181,665
Total recognised income for the year	-	-	274,613	2,181,665	-	2,456,278
Buy-back of shares	-	-	-	-	(140)	(140)
Dividends paid	-	-	-	(1,405,755)	-	(1,405,755)
Share dividends	-	(692,614)	-	-	692,614	-
At 31 December 2009	3,531,926	1,439,885	3,513,672	2,538,367	(581,638)	10,442,212

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2009

<----- Attributable to Equity Holders of the Bank ----->

<u>Bank</u>	Non-distributable			Distributable		Total
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000	Treasury Shares RM'000	
At 1 January 2008	3,527,891	2,112,204	3,504,479	1,479,938	(1,273,897)	9,350,615
Net loss on revaluation of securities available-for-sale	-	-	(283,319)	-	-	(283,319)
Net change in cash flow hedges	-	-	13,864	-	-	13,864
Net expense recognised directly in equity	-	-	(269,455)	-	-	(269,455)
Net profit for the year	-	-	-	2,272,736	-	2,272,736
Total recognised (expense) / income for the year	-	-	(269,455)	2,272,736	-	2,003,281
Issue of shares pursuant to the exercise of share options	4,035	20,295	-	-	-	24,330
Buy-back of shares	-	-	-	-	(215)	(215)
Transfer to statutory reserves	-	-	4,035	(4,035)	-	-
Dividends paid	-	-	-	(1,986,182)	-	(1,986,182)
At 31 December 2008	<u>3,531,926</u>	<u>2,132,499</u>	<u>3,239,059</u>	<u>1,762,457</u>	<u>(1,274,112)</u>	<u>9,391,829</u>

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PUBLIC BANK BERHAD
(6463 - H)
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INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Profit before tax expense and zakat	3,321,433	3,379,188	2,789,170	2,897,716
Adjustments for non-cash items	855,494	771,716	38,015	207,950
Operating profit before changes in working capital	<u>4,176,927</u>	<u>4,150,904</u>	<u>2,827,185</u>	<u>3,105,666</u>
Changes in working capital:				
Net changes in operating assets	(10,350,756)	(14,782,860)	(4,296,752)	(13,017,359)
Net changes in operating liabilities	18,793,050	18,963,693	7,864,157	18,948,097
Tax expense and zakat paid	(805,189)	(819,042)	(645,557)	(693,684)
Net cash generated from operating activities	<u>11,814,032</u>	<u>7,512,695</u>	<u>5,749,033</u>	<u>8,342,720</u>
Net cash used in investing activities	(4,567,864)	(6,552,585)	(3,380,689)	(10,819,455)
Net cash used in financing activities	(295,182)	(95,093)	(64,677)	(564,453)
Net change in cash and cash equivalents	<u>6,950,986</u>	<u>865,017</u>	<u>2,303,667</u>	<u>(3,041,188)</u>
Cash and cash equivalents at beginning of the year	36,597,027	35,548,788	29,564,959	32,606,147
Exchange differences on translation of opening balances	(67,561)	183,222	-	-
Cash and cash equivalents at end of the year	<u><u>43,480,452</u></u>	<u><u>36,597,027</u></u>	<u><u>31,868,626</u></u>	<u><u>29,564,959</u></u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2008.

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Part A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia

A1. Basis of Preparation

The audited interim financial statements for the 4th quarter and financial year ended 31 December 2009 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

The audited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2008.

The audited interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied in the audited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2008. The following Financial Reporting Standards ("FRS"), amendments to FRSs, IC Interpretations and Technical Release have been issued by the MASB but are not yet effective:

FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 123	Borrowing Costs
FRS 101	Presentation of Financial Statements
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations	
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	
Amendments to FRS 132 Financial Instruments: Presentation and FRS 101 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	

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A1. Basis of Preparation (Continued)

Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"
TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
SOP i-1 Financial Reporting from an Islamic Perspective

All the new FRSs, amendments to FRSs, IC Interpretations and Technical Release and SOP above are effective from 1 January 2010. The Group and the Bank have adopted FRS 8 Operating Segments which is effective from 1 July 2009 in the previous financial year. The Group and the Bank have chosen to early adopt FRS 123, IC Interpretations 10, 11, 13 and 14, Amendments to FRSs 1 and 127, 2 and 132 and 101, Amendments to FRSs contained in the document entitled "Improvements to FRS (2009)" and SOP i-1 in this financial year, which has no significant financial impact on the Group and the Bank.

Subsequent to the end of the financial year, on 8 January 2010, the MASB issued the following revised FRSs, new IC Interpretations and Amendments to FRSs:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The new requirements above take effect for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which applies for annual periods beginning on or after 1 January 2010. IC Interpretations 12 and 15 are not expected to have any impact on the Financial Statements of the Group and the Bank as they are not relevant to the operations of the Group and the Bank. The adoption of the other revised FRSs, amendments to FRSs and IC Interpretations is not expected to have a significant financial impact on the Group and the Bank, other than the Amendments to FRS 139.

The Amendments to FRS 139 include an additional transitional arrangement for entities in the financial services sector, whereby BNM may prescribe the use of an alternative basis for collective assessment of impairment for banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective impairment provisions of at least 1.5% of total outstanding loans/financing, net of individual impairment provision. Subject to the prior written approval from BNM, banking institutions are allowed to maintain a lower collective impairment assessment provision.

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A1. Basis of Preparation (Continued)

Loans, advances and financing are stated at cost less any allowance for bad and doubtful debts and financing. Allowance for bad and doubtful debts and financing are made with regard to specific risks and relate to those loans or trade receivables that have been individually reviewed and specifically identified as sub-standard, doubtful or bad.

The allowance for bad and doubtful debts and financing are computed in conformity with BNM/GP3. Consistent with previous years, the Group and the Bank have adopted a more stringent policies on classification of non-performing loans and specific allowances, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date with a 20% specific allowance.

A general allowance based on a percentage of total outstanding loans (including accrued interest), net of specific allowance for bad and doubtful debts, is maintained by the Group and the Bank against risks which are not specifically identified.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the opinion of management, there is no prospect of recovery.

Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties, being the force sale value provided by independent parties/valuers, on the following basis:

- (i) Assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
- (ii) No value will be assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.

The portion of non-performing loans where no realisable value has been assigned will be written off.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2008 was not qualified.

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A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and the financial year ended 31 December 2009.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 4th quarter and the financial year ended 31 December 2009.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 4th quarter and the financial year ended 31 December 2009.

A6. Debt and Equity Securities

Save as disclosed below, there were no issuances of shares, share buy-backs, and repayment of debt and equity securities by the Bank ("PBB"):

(a) Share Buy-back

On 25 February 2009, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year ended 31 December 2009, the Bank bought back from the open market, 10,000 PBB Shares listed and quoted as "Local" and 5,000 PBB Shares listed and quoted as "Foreign" on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy back price of RM9.27 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year, including transaction costs, was RM139,494 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.

A total of 95,834,632 treasury shares were distributed as share dividend on 11 March 2009 on the basis of one (1) PBB treasury share listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad for every thirty-five (35) ordinary shares of RM1.00 each held in PBB on 2 March 2009.

As at 31 December 2009, the number of treasury shares held after deducting share dividend distributed during the year were 80,477,168 PBB Shares.

A total of approximately 50,756,598 treasury shares had been declared by the Directors to be distributed to the shareholders as share dividend for the financial year ended 31 December 2009, on the basis of one (1) treasury share for every sixty-eight (68) ordinary shares of RM1.00 each held in PBB, fractions of treasury shares to be disregarded. Subsequent to the distribution of the share dividend, the treasury shares balance will be approximately 29,720,570 PBB shares at a carrying amount of RM214,801,422.

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A6. Debt and Equity Securities (Continued)

(b) Non-innovative Tier I Stapled Securities

On 16 March 2009, the Bank obtained the approval of Bank Negara Malaysia for its Non-Innovative Tier 1 Stapled Securities Programme (the "Programme"). Under the Programme, the Bank can issue up to RM5.0 billion of Non-Cumulative Perpetual Capital Securities ("NCPCS") which are stapled to Subordinated Notes issued by a wholly-owned subsidiary company, PBFIN Berhad ("PBFIN") ("Subordinated Notes"). The issuance structure is collectively referred to as the "Stapled Securities". Approval was also obtained for the NCPCS to be classified as Non-Innovative Tier 1 Capital for inclusion in the computation of the risk-weighted capital adequacy ratios of the Bank and the Group. The approval of the Securities Commission for the above Programme was obtained on 4 May 2009.

During the financial year, the Group has issued the following tranches of Stapled Securities under the Programme:

- i) On 5 June 2009, the Group issued the first tranche of RM1,200 million in nominal value of Stapled Securities. The first optional redemption date of the NCPCS will be on 5 June 2019, whilst the Sub Notes are due on 5 June 2059. The Stapled Securities were issued at par. The Sub-Notes bear interest at a rate of 7.50% per annum, payable semi-annually. Should an assignment event occur, the NCPCS will also accrue interest at a rate of 7.50% per annum.
- ii) On 13 November 2009, the Group issued the second tranche of RM888 million in nominal value of Stapled Securities. The first optional redemption date of the NCPCS will be on 13 November 2019, whilst the Sub-Notes are due on 13 November 2059. The Stapled Securities were issued at par. The Sub-Notes bear interest at a rate of 7.20% per annum, payable semi-annually. Should an assignment event occur, the NCPCS will also accrue interest at a rate of 7.20% per annum.

Under the above issuances, the proceeds from the NCPCS were used by the Bank to acquire the rights under a note assignment agreement for the Subordinated Notes. The proceeds from the Subordinated Notes were used by PBFIN to on-lend to the Bank pursuant to an inter-company subordinated loan on terms and conditions which are the same as that of the Subordinated Notes. The proceeds of the inter-company subordinated loan by PBFIN to the Bank was used for working capital, general banking and other corporate purposes of the Bank.

(c) Subordinated Notes

On 22 September 2009, the Bank fully redeemed the USD350 million 5.625% Subordinated Notes together with accrued interest. The Subordinated Notes, which were listed on the Singapore Stock Exchange, were delisted with effect from 23 September 2009 upon full redemption by the Bank on 22 September 2009.

On 13 March 2008, the Bank had obtained approval from Bank Negara Malaysia for a Subordinated Medium Term Note Programme ("the MTN Programme") for the issuance of up to RM5.0 billion in aggregate principal value of Subordinated Notes.

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A6. Debt and Equity Securities (Continued)

(c) Subordinated Notes (Continued)

During the financial year, the Bank has issued the following tranches of Subordinated Notes under the MTN Programme:

- i) On 6 November 2009, the Bank issued the second tranche of RM200 million in aggregate principal amount of Subordinated Notes due in 2019 callable with step-up in 2014. The Notes bear interest at 4.60% per annum from (and including) 6 November 2009 to (but excluding) 6 November 2014 and thereafter, at a rate of 5.60% per annum from (and including) 6 November 2014 to (but excluding) the date of early redemption in full of such Notes or the maturity date of the Notes (whichever is earlier). The interest is payable semi-annually in arrears on 6 May and 6 November each year commencing 6 May 2010.
- ii) On 10 December 2009, the Bank issued the third tranche of RM223 million in aggregate principal amount of Subordinated Notes due in 2019 callable with step-up in 2014. The Notes bear interest at 4.60% per annum from (and including) 10 December 2009 to (but excluding) 10 December 2014 and thereafter, at a rate of 5.60% per annum from (and including) 10 December 2014 to (but excluding) the date of early redemption in full of such Notes or the maturity date of the Notes (whichever is earlier). The interest is payable semi-annually in arrears on 10 June and 10 December each year commencing 10 June 2010.
- iii) On 31 December 2009, the Bank issued the fourth tranche of RM50 million in aggregate principal amount of Subordinated Notes due in 2019 callable with step-up in 2014. The Notes bear interest at 4.60% per annum from (and including) 31 December 2009 to (but excluding) 31 December 2014 and thereafter, at a rate of 5.60% per annum from (and including) 31 December 2014 to (but excluding) the date of early redemption in full of such Notes or the maturity date of the Notes (whichever is earlier). The interest is payable semi-annually in arrears on 30 June and 31 December each year commencing 30 June 2010.

The proceeds from the issuances of Subordinated Notes were used to finance the working capital, general banking and other corporate purposes of the Bank.

A7. Dividends Paid and Distributed

During the financial year ended 31 December 2009, the final dividend of 25%, less 25% tax in respect of the financial year ended 31 December 2008, amounting to RM629,178,379 was paid on 11 March 2009.

A share dividend distribution consisting of 95,834,632 treasury shares as mentioned in A6(a) above was also completed on 11 March 2009.

A first interim dividend of 30% less 25% tax in respect of the financial year ended 31 December 2009, amounting to RM776,577,075 was paid on 13 August 2009.

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A8. Securities Held-for-trading

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
At fair value				
Money market instruments:				
Malaysian Government Treasury Bills	66,735	-	66,735	-
Malaysian Government Securities	433,224	255,573	433,224	255,573
Malaysian Government Investment Certificates	131,661	-	101,356	-
Cagamas bonds	125,367	4,896,761	100,323	4,514,465
Negotiable instruments of deposit Bank Negara Malaysia Monetary Notes	6,243,362	5,139,352	6,193,679	5,139,352
Bank Negara Malaysia Bills	744,463	890,201	744,463	890,201
	124,937	49,807	-	-
	<u>7,869,749</u>	<u>11,231,694</u>	<u>7,639,780</u>	<u>10,799,591</u>
Quoted securities:				
Shares in Malaysia	925	980	925	980
	<u>925</u>	<u>980</u>	<u>925</u>	<u>980</u>
Unquoted securities:				
Private debt securities in Malaysia	86,601	117,168	15,110	46,170
	<u>86,601</u>	<u>117,168</u>	<u>15,110</u>	<u>46,170</u>
Total securities held-for-trading	<u>7,957,275</u>	<u>11,349,842</u>	<u>7,655,815</u>	<u>10,846,741</u>

A9. Securities Available-for-sale

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	2,772,548	-	2,762,225	-
Malaysian Government Investment Certificates	2,066,106	-	1,199,819	-
Negotiable instruments of deposit	50,637	42,363	310,039	464,017
	<u>4,889,291</u>	<u>42,363</u>	<u>4,272,083</u>	<u>464,017</u>
Quoted securities:				
Shares and convertible loan stocks in Malaysia	49,765	44,964	46,323	41,954
Shares outside Malaysia	6,846	11,546	-	-
Trust units in Malaysia				
- Public Institutional Bond Fund	1,415,767	1,256,645	1,315,851	1,160,239
- Others	2,996,838	1,257,839	2,588,541	857,336
	<u>4,469,216</u>	<u>2,570,994</u>	<u>3,950,715</u>	<u>2,059,529</u>
Unquoted securities:				
Shares in Malaysia	20,579	20,853	20,009	20,283
Shares outside Malaysia	3,067	3,295	61	253
Private debt securities in Malaysia	2,783,624	2,988,867	2,215,291	2,370,062
	<u>2,807,270</u>	<u>3,013,015</u>	<u>2,235,361</u>	<u>2,390,598</u>
Total securities available-for-sale	<u>12,165,777</u>	<u>5,626,372</u>	<u>10,458,159</u>	<u>4,914,144</u>

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A10. Securities Held-to-maturity

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	9,826	44,557	9,826	44,557
Malaysian Government Securities	2,702,667	3,220,432	2,620,859	3,215,441
Malaysian Government Investment Certificates	566,529	378,828	566,529	378,828
Bankers' acceptances and Islamic accepted bills	1,020,955	21,326	129,387	-
Cagamas bonds	15,107	15,164	5,059	15,164
Negotiable instruments of deposit	513,121	3,864,744	4,028,238	5,594,802
Bank Negara Malaysia Monetary Notes	-	100,651	-	100,651
Hong Kong Government Treasury Bills	220,788	142,931	-	-
Sri Lanka Government Treasury Bills	53,523	1,554	53,523	1,554
	<u>5,102,516</u>	<u>7,790,187</u>	<u>7,413,421</u>	<u>9,350,997</u>
Quoted securities:				
Private debt securities outside Malaysia	-	8,938	-	-
	<u>-</u>	<u>8,938</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Shares in Malaysia	88,016	88,021	87,573	87,578
Private debt securities in Malaysia	159,065	150,102	148,976	140,069
Private debt securities outside Malaysia	1,283,322	263,536	-	-
	<u>1,530,403</u>	<u>501,659</u>	<u>236,549</u>	<u>227,647</u>
Accumulated impairment losses	(12,712)	(14,065)	(12,712)	(14,065)
Total securities held-to-maturity	<u>6,620,207</u>	<u>8,286,719</u>	<u>7,637,258</u>	<u>9,564,579</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Overdrafts	9,624,895	9,607,890	8,183,430	8,071,878
Term loans				
- Housing loans / financing	38,239,258	32,699,324	32,520,706	27,275,929
- Syndicated term loan / financing	2,263,231	2,085,055	1,101,921	1,136,904
- Hire purchase receivables	35,999,213	33,172,280	24,572,823	22,153,569
- Other term loans / financing	49,605,543	39,999,452	37,995,612	29,955,354
Credit card receivables	1,178,526	1,028,806	1,169,668	1,019,464
Bills receivables	114,879	129,934	83,338	105,869
Trust receipts	407,432	481,078	333,042	352,593
Claims on customers under acceptance credits	3,132,655	3,071,979	3,120,974	3,057,674
Lease, factored and confirming receivables	-	1,581	-	-
Revolving credits	2,961,241	3,659,977	2,997,450	3,660,214
*Staff loans	832,315	693,402	776,225	652,119
	<u>144,359,188</u>	<u>126,630,758</u>	<u>112,855,189</u>	<u>97,441,567</u>
Unearned interest and income	<u>(6,748,761)</u>	<u>(5,962,165)</u>	<u>(3,165,885)</u>	<u>(2,750,835)</u>
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	<u>137,610,427</u>	<u>120,668,593</u>	<u>109,689,304</u>	<u>94,690,732</u>
Islamic house financing sold to Cagamas	<u>-</u>	<u>(350,009)</u>	<u>-</u>	<u>-</u>
Gross loans, advances and financing (excluding Islamic house financing sold to Cagamas)	<u>137,610,427</u>	<u>120,318,584</u>	<u>109,689,304</u>	<u>94,690,732</u>
Allowance for bad and doubtful debts and financing:				
- general	(2,051,659)	(1,759,487)	(1,645,143)	(1,419,932)
- specific	(222,984)	(172,802)	(81,354)	(96,509)
Net loans, advances and financing	<u><u>135,335,784</u></u>	<u><u>118,386,295</u></u>	<u><u>107,962,807</u></u>	<u><u>93,174,291</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM1,426,094 (2008: RM1,753,341) and RM711,601 (2008 - RM959,654) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Domestic banking institutions	68,625	-	-	-
Domestic non-bank financial institutions				
- Stock-broking companies	2,010	2,053	2,010	2,053
- Others	3,663,839	3,162,348	3,649,462	3,156,663
Domestic business enterprises				
- Small and medium enterprises	22,485,538	20,664,386	21,405,515	19,657,035
- Others	17,554,970	13,292,658	17,066,195	12,972,116
Government and statutory bodies	316,353	774	534	687
Individuals	78,402,722	68,150,416	65,622,842	56,944,505
Other domestic entities	26,919	25,636	25,438	24,223
Foreign entities	15,089,451	15,370,322	1,917,308	1,933,450
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	137,610,427	120,668,593	109,689,304	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	<u>137,610,427</u>	<u>120,318,584</u>	<u>109,689,304</u>	<u>94,690,732</u>

A11b. By interest / profit rate sensitivity

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Fixed rate				
- Housing loans / financing	2,399,719	3,909,425	1,375,787	2,579,080
- Hire purchase receivables	30,149,942	27,920,958	21,473,821	19,479,396
- Other fixed rate loans / financing	14,283,642	12,869,448	7,114,932	6,431,674
Variable rate				
- Base lending rate plus	69,865,606	57,224,661	68,141,186	56,544,122
- Cost plus	11,802,092	9,199,229	10,958,834	8,696,698
- Other variable rates	9,109,426	9,544,872	624,744	959,762
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	137,610,427	120,668,593	109,689,304	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	<u>137,610,427</u>	<u>120,318,584</u>	<u>109,689,304</u>	<u>94,690,732</u>

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A11c. Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Purchase of securities	2,383,280	1,811,257	2,233,886	1,794,046
Purchase of transport vehicles	31,628,208	29,268,666	21,601,524	19,572,613
Purchase of landed properties	64,887,271	56,032,168	56,783,539	47,971,151
(of which: - residential	37,953,145	32,223,660	32,962,816	27,680,839
- non-residential)	26,934,126	23,808,508	23,820,723	20,290,312
Purchase of fixed assets (excluding landed properties)	390,129	272,420	317,880	265,548
Personal use	8,477,853	7,264,917	3,847,006	3,570,301
Credit card	1,178,526	1,028,806	1,169,668	1,019,464
Purchase of consumer durables	16,495	59,064	12,644	41,853
Construction	1,552,576	1,399,355	947,445	780,484
Mergers & Acquisitions	99,835	10,204	99,835	10,204
Working capital	21,053,154	18,820,617	17,083,443	15,107,077
Other purpose	5,943,100	4,701,119	5,592,434	4,557,991
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	137,610,427	120,668,593	109,689,304	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	137,610,427	120,318,584	109,689,304	94,690,732

A11c. Gross loans, advances and financing by sectors

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Agriculture, hunting, forestry and fishing	3,080,074	1,706,516	2,776,774	1,462,438
Mining and quarrying	102,570	93,749	93,681	84,729
Manufacturing	6,573,612	5,739,672	5,751,532	5,331,885
Electricity, gas and water	46,053	47,600	25,004	34,157
Construction	5,836,418	4,973,467	5,052,239	4,213,719
Wholesale & retail trade and restaurants & hotels	12,797,310	11,599,187	11,590,257	10,550,164
Transport, storage and communication	1,556,251	1,353,015	1,492,542	1,300,761
Finance, insurance and business services	7,680,286	6,785,617	6,815,720	6,155,949
Real estate	9,403,595	7,461,501	8,732,707	7,080,740
Community, social and personal services	1,260,033	897,690	887,750	837,748
Households	88,179,612	77,695,951	66,143,492	57,359,675
(of which: - purchase of residential properties	37,211,245	31,578,669	32,243,051	27,062,600
- purchase of transport vehicles	26,326,889	24,345,338	16,789,954	15,220,212
- others)	24,641,478	21,771,944	17,110,487	15,076,863
Others	1,094,613	2,314,628	327,606	278,767
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	137,610,427	120,668,593	109,689,304	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	137,610,427	120,318,584	109,689,304	94,690,732

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A11. Loans, Advances and Financing (continued)

A11d. Non-performing loans by economic purpose

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Purchase of securities	2,722	4,084	2,722	4,084
Purchase of transport vehicles	145,096	187,630	91,048	118,786
Purchase of landed properties	564,424	622,538	478,758	558,438
(of which: - residential	451,954	523,429	402,129	470,132
- non-residential)	112,470	99,109	76,629	88,306
Purchase of fixed assets (excluding landed properties)	7,021	535	6,843	405
Personal use	153,777	111,530	47,513	57,280
Credit card	13,998	15,943	13,955	15,943
Purchase of consumer durables	242	1,757	222	1,582
Construction	4,861	-	-	-
Working capital	410,861	251,964	155,944	185,935
Other purpose	16,625	14,118	16,351	13,876
	1,319,627	1,210,099	813,356	956,329

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>Non-performing loans by sectors</u>				
Agriculture, hunting, forestry and fishing	5,823	3,086	2,188	3,033
Mining and quarrying	104	162	104	162
Manufacturing	176,694	83,890	74,987	82,340
Electricity, gas and water	394	264	394	264
Construction	50,741	43,705	44,881	42,439
Wholesale & retail trade and restaurants & hotels	129,710	81,805	67,159	78,447
Transport, storage and communication	4,772	5,901	4,527	5,667
Finance, insurance and business services	44,188	19,302	16,249	18,964
Real estate	25,145	20,147	14,823	19,352
Community, social and personal services	3,710	4,337	3,659	3,681
Households	820,172	880,247	582,405	700,497
(of which: - purchase of residential properties	444,561	517,762	394,870	464,644
- purchase of transport vehicles	124,827	163,315	74,438	98,429
- others)	250,784	199,170	113,097	137,424
Others	58,174	67,253	1,980	1,483
	1,319,627	1,210,099	813,356	956,329

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A11. Loans, Advances and Financing (continued)

A11e. Movements in non-performing loans, advances and financing ("NPL") are as follows:

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
At 1 January	1,210,099	1,403,760	956,329	1,341,370
Non-performing during the year	2,483,525	2,314,078	1,652,963	2,023,579
Reclassified as performing	(1,694,775)	(1,906,369)	(1,435,151)	(1,839,860)
Recoveries	(145,601)	(94,853)	(116,824)	(90,270)
Amount written off	(490,821)	(460,099)	(203,478)	(272,082)
Loans converted to foreclosed properties / securities	(41,436)	(50,006)	(40,457)	(50,006)
Amount vested over to Public Islamic Bank Berhad	-	-	-	(156,585)
Exchange differences	(1,364)	3,588	(26)	183
Closing balance	<u>1,319,627</u>	<u>1,210,099</u>	<u>813,356</u>	<u>956,329</u>
Specific allowance	<u>(222,984)</u>	<u>(172,802)</u>	<u>(81,354)</u>	<u>(96,509)</u>
Net non-performing loans, advances and financing	<u><u>1,096,643</u></u>	<u><u>1,037,297</u></u>	<u><u>732,002</u></u>	<u><u>859,820</u></u>
Net NPL as % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>0.80%</u></u>	<u><u>0.86%</u></u>	<u><u>0.67%</u></u>	<u><u>0.91%</u></u>

A11f. Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>General Allowance</u>				
At 1 January	1,759,487	1,522,964	1,419,932	1,374,846
Allowance made during the year	293,607	232,101	225,120	232,437
Amount vested over to Public Islamic Bank Berhad	-	-	-	(187,085)
Exchange differences	(1,435)	4,422	91	(266)
Closing balance	<u>2,051,659</u>	<u>1,759,487</u>	<u>1,645,143</u>	<u>1,419,932</u>
As % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>1.49%</u></u>	<u><u>1.46%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

The general allowance of the Group is below 1.50% due to the local regulatory requirements and applicable accounting standards of the Group's overseas subsidiaries in their respective jurisdictions. In addition to general allowance, the Group also maintains regulatory reserves in equity as an additional credit risk absorbent in accordance with the local regulatory requirement of certain overseas subsidiary companies.

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A11. Loans, Advances and Financing (continued)

A11f. Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows: (continued)

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>Specific Allowance</u>				
At 1 January	172,802	153,959	96,509	135,871
Allowance made during the year	621,338	542,651	244,243	330,367
Amount written back in respect of recoveries	(73,611)	(74,660)	(57,763)	(70,419)
Amount written off	(490,821)	(460,099)	(203,478)	(272,082)
Reinstatement of amount written off previously due to restructuring / rescheduling, now being classified as performing loan	6,286	721	5,745	670
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	(3,960)	(295)	(3,880)	(295)
Amount vested over to Public Islamic Bank Berhad	-	-	-	(28,263)
Exchange differences	(9,050)	10,525	(22)	660
Closing balance	<u>222,984</u>	<u>172,802</u>	<u>81,354</u>	<u>96,509</u>

A12. Other Assets

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Deferred handling fees	185,114	166,293	130,372	114,548
Interest / Income receivable	54,184	70,803	38,196	51,803
Other receivables, deposits and prepayments	968,160	984,417	736,148	845,488
Manager's stocks	40,730	25,696	-	-
Amount due from trust funds	154,740	96,108	-	-
Foreclosed properties	131,371	129,713	130,369	129,604
Taxi licenses	6,664	9,748	-	-
Outstanding contracts on clients' accounts	217,615	65,896	-	-
Amount due from subsidiary companies	-	-	51,966	824,476
Dividend receivable from subsidiary companies	-	-	366,489	231,265
	<u>1,758,578</u>	<u>1,548,674</u>	<u>1,453,540</u>	<u>2,197,184</u>

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A13. Deposits from Customers

	Group		Bank	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
<u>By type of customer</u>				
Federal and state governments	1,031,886	1,264,639	545,672	952,163
Local government and statutory authorities	2,440,356	2,195,715	1,759,319	1,658,138
Business enterprises	50,290,996	39,923,804	41,227,046	34,495,900
Individuals	70,755,509	69,735,065	66,742,087	66,117,793
Foreign customers	19,232,990	13,924,463	5,541,648	1,997,651
Others	27,139,852	24,141,612	19,571,718	18,869,214
	<u>170,891,589</u>	<u>151,185,298</u>	<u>135,387,490</u>	<u>124,090,859</u>

A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Licensed banks	15,331,108	10,016,033	12,524,465	8,435,209
Licensed Islamic banks	1,923,325	149,824	-	-
Licensed investment banks	2,027,848	733,510	2,594,024	973,879
Bank Negara Malaysia	3,651	869,270	-	866,435
Other financial institutions	3,328,368	4,915,508	5,665,440	6,817,383
	<u>22,614,300</u>	<u>16,684,145</u>	<u>20,783,929</u>	<u>17,092,906</u>

A15. Other Liabilities

	Group		Bank	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Interest / income payable	687,036	878,147	607,897	776,927
Other payables and accruals	1,463,226	1,365,328	794,835	708,733
Amount due to trust funds	78,827	37,625	-	-
Unprocessed sales and / or redemptions	64,761	22,873	-	-
Employee benefits	(66,325)	(76,901)	(63,844)	(74,024)
Profit Equalisation Reserves	11,876	34,784	-	-
Finance lease liabilities	42,852	70,133	42,852	70,133
Outstanding contracts on clients' accounts	208,912	63,115	-	-
Dividend payable to shareholders	20,592	27,713	3,712	4,063
Amount due to subsidiary companies	-	-	13,926	17,601
	<u>2,511,757</u>	<u>2,422,817</u>	<u>1,399,378</u>	<u>1,503,433</u>

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A16. Interest Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>Group</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,535,584	1,566,360	5,894,413	6,012,156
- Recoveries from NPLs	19,621	20,310	74,611	82,389
Money at call and deposit placements with financial institutions	165,182	329,779	783,059	1,552,005
Securities held-for-trading	41,392	62,721	225,590	296,899
Securities available-for-sale	49,384	41,917	151,511	144,185
Securities held-to-maturity	81,601	116,211	310,740	268,460
Others	19,642	16,222	63,164	57,911
	1,912,406	2,153,520	7,503,088	8,414,005
Amortisation of premium less accretion of discount	(15,211)	(5,020)	(39,362)	(6,777)
Net interest / income suspended	(26,666)	(30,747)	(110,675)	(117,520)
	1,870,529	2,117,753	7,353,051	8,289,708
	4th Quarter Ended	31 December	31 December	Financial Year Ended
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>Bank</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,328,975	1,389,435	5,126,445	5,312,156
- Recoveries from NPLs	19,621	20,310	74,611	82,389
Money at call and deposit placements with financial institutions	146,502	286,906	662,643	1,398,635
Securities held-for-trading	34,404	56,680	203,608	266,999
Securities available-for-sale	47,036	34,218	137,246	118,868
Securities held-to-maturity	69,464	116,749	277,997	206,878
Others	19,653	16,222	63,229	57,896
	1,665,655	1,920,520	6,545,779	7,443,821
Amortisation of premium less accretion of discount	(16,099)	(6,436)	(43,352)	(12,685)
Net interest / income suspended	(26,643)	(30,747)	(110,640)	(117,520)
	1,622,913	1,883,337	6,391,787	7,313,616

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A17. Interest Expense

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	29,913	51,485	127,246	232,420
Deposits from customers	709,509	1,001,824	2,927,871	3,932,019
Loans sold to Cagamas	228	43,157	40,512	144,646
Subordinated notes	17,383	42,731	105,800	152,319
Innovative Tier I capital securities	12,691	21,760	60,340	86,193
Non-innovative Tier I stapled securities	21,505	-	41,413	-
Borrowings	3,654	3,540	9,298	11,337
Others	593	1,384	4,129	3,462
	<u>795,476</u>	<u>1,165,881</u>	<u>3,316,609</u>	<u>4,562,396</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	15,607	43,279	77,446	186,551
Deposits from customers	656,755	926,625	2,763,455	3,612,358
Loans sold to Cagamas	228	43,157	40,512	144,646
Subordinated notes	17,621	43,050	106,746	152,915
Innovative Tier I capital securities	12,691	21,760	60,340	86,193
Non-innovative Tier I stapled securities	21,505	-	41,413	-
Others	500	1,323	3,775	3,177
	<u>724,907</u>	<u>1,079,194</u>	<u>3,093,687</u>	<u>4,185,840</u>

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A18. Other Operating Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Group				
(a) Fee income:				
Commissions	42,314	39,714	147,999	157,612
Service charges and fees	46,124	51,207	202,203	200,692
Guarantee fees	6,811	6,054	29,540	29,153
Processing fees	2,243	3,614	14,511	22,032
Commitment fees	14,304	12,493	53,301	47,561
Unit trust management fees	112,436	69,795	373,752	331,588
Fee on sale of trust units	17,101	5,925	68,941	64,899
Net brokerage and commissions from stockbroking activities	26,346	13,132	87,044	69,526
Other fee income	3,981	13,136	45,873	51,783
	<u>271,660</u>	<u>215,070</u>	<u>1,023,164</u>	<u>974,846</u>
(b) Net gain / (loss) arising from sale of securities:				
- held-for-trading	2,144	6,782	11,678	10,919
- available-for-sale	8,402	23	46,113	13,514
	<u>10,546</u>	<u>6,805</u>	<u>57,791</u>	<u>24,433</u>
(c) Gross dividend income from:				
Securities held-for-trading	-	20	42	89
Securities available-for-sale	24,888	16,793	84,295	47,345
Securities held-to-maturity	3,652	433	7,644	6,657
	<u>28,540</u>	<u>17,246</u>	<u>91,981</u>	<u>54,091</u>
(d) Unrealised gain / (loss) on revaluation of:				
- securities held-for-trading	4,413	(2,608)	14,946	1,700
- trading derivatives	2,721	9,263	(9,047)	(3,815)
	<u>7,134</u>	<u>6,655</u>	<u>5,899</u>	<u>(2,115)</u>
(e) Unrealised gain / (loss) on hedging derivatives	4,353	3,368	4,271	(44)
(f) Other income:				
Foreign exchange profit	34,714	51,555	169,792	174,300
Rental income from:				
- investment properties	1,450	1,436	5,695	5,201
- other properties	2,231	2,115	8,830	7,434
Net gain / (loss) on disposal of property and equipment	162	(272)	1,159	(1,773)
Net loss on disposal of foreclosed properties	(426)	(1,305)	(3,144)	(8,652)
Net gain on revaluation of investment properties	1,353	75	8,396	7,956
Lease income and factoring charges	-	-	-	44
Gain on disposal of prepaid land lease payments	12	-	12	-
Gain on disposal of investment properties	-	-	4	-
Goodwill income	-	-	-	200,000
Others	2,235	10,492	23,085	17,806
	<u>41,731</u>	<u>64,096</u>	<u>213,829</u>	<u>402,316</u>
Total other operating income	<u>363,964</u>	<u>313,240</u>	<u>1,396,935</u>	<u>1,453,527</u>

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A18. Other Operating Income (continued)

	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>Bank</u>				
(a) Fee income:				
Commissions	50,035	38,262	168,100	166,245
Service charges and fees	40,375	37,102	152,913	139,445
Guarantee fees	5,175	4,327	22,798	23,316
Processing fees	381	198	1,369	1,046
Commitment fees	13,393	11,484	49,474	43,995
Other fee income	6,165	8,360	41,566	40,600
	<u>115,524</u>	<u>99,733</u>	<u>436,220</u>	<u>414,647</u>
(b) Net gain / (loss) arising from sale of securities:				
- held-for-trading	(464)	6,581	8,201	11,344
- available-for-sale	8,511	-	33,354	13,491
	<u>8,047</u>	<u>6,581</u>	<u>41,555</u>	<u>24,835</u>
(c) Gross dividend income from:				
Securities held-for-trading	-	20	42	89
Securities available-for-sale	21,943	15,866	78,211	43,215
Securities held-to-maturity	3,606	387	7,488	6,461
Associated companies	10,379	-	10,379	5,130
Subsidiary companies				
- quoted outside Malaysia	46,203	64,698	64,452	81,468
- unquoted in Malaysia	97,660	106,344	335,184	272,558
	<u>179,791</u>	<u>187,315</u>	<u>495,756</u>	<u>408,921</u>
(d) Unrealised gain / (loss) on revaluation of:				
- securities held-for-trading	4,477	(2,893)	15,273	1,417
- trading derivatives	4,536	(25,893)	763	(37,036)
	<u>9,013</u>	<u>(28,786)</u>	<u>16,036</u>	<u>(35,619)</u>
(e) Unrealised gain on hedging derivatives	<u>3,016</u>	2,812	<u>3,130</u>	190
(f) Other income:				
Foreign exchange profit	69,602	24,965	194,874	25,120
Rental income from other properties	1,302	1,251	5,038	4,123
Net (loss) / gain on disposal of property and equipment	(56)	(274)	864	(1,748)
Net loss on disposal of foreclosed properties	(426)	(1,465)	(3,304)	(8,812)
Goodwill income	-	-	-	180,000
Others	6,523	5,304	23,789	16,441
	<u>76,945</u>	<u>29,781</u>	<u>221,261</u>	<u>215,124</u>
Total other operating income	<u>392,336</u>	<u>297,436</u>	<u>1,213,958</u>	<u>1,028,098</u>

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A19. Other Operating Expenses

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Personnel costs				
- Salaries, allowances and bonuses	275,885	259,801	1,041,399	913,011
- Pension costs	30,170	15,448	127,455	62,475
- Others	26,780	25,563	100,459	86,185
	332,835	300,812	1,269,313	1,061,671
Establishment costs				
- Depreciation and amortisation	33,368	33,039	133,495	118,859
- Rental	18,598	17,253	71,096	62,666
- Insurance	3,689	3,077	16,812	14,985
- Water and electricity	9,982	9,418	37,780	32,492
- General repairs and maintenance	15,266	6,836	62,024	57,141
- Information technology expenses	3,620	5,213	22,016	22,136
- Others	7,530	7,067	31,065	30,126
	92,053	81,903	374,288	338,405
Marketing expenses				
- Sales commission	27,543	8,876	91,364	82,041
- Advertisement and publicity	17,139	15,407	82,187	71,747
- Others	24,023	14,670	83,838	70,110
	68,705	38,953	257,389	223,898
Administration and general expenses				
- Communication expenses	20,790	18,437	73,003	62,551
- Legal and professional fees	13,087	11,943	52,511	48,304
- Others	34,292	16,107	83,409	56,272
	68,169	46,487	208,923	167,127
Total other operating expenses	561,762	468,155	2,109,913	1,791,101

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A19. Other Operating Expenses (continued)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Personnel costs				
- Salaries, allowances and bonuses	202,612	193,840	801,873	721,562
- Pension costs	26,049	12,379	110,920	49,451
- Others	23,788	22,456	88,348	75,888
	252,449	228,675	1,001,141	846,901
Establishment costs				
- Depreciation and amortisation	26,003	26,028	104,121	92,520
- Rental	18,422	17,560	71,175	67,502
- Insurance	3,044	2,238	13,352	12,181
- Water and electricity	7,234	7,014	27,895	24,115
- General repairs and maintenance	13,486	5,633	54,880	51,817
- Information technology expenses	834	2,595	11,076	13,080
- Others	5,076	4,465	19,833	19,807
	74,099	65,533	302,332	281,022
Marketing expenses				
- Advertisement and publicity	4,272	4,204	32,092	29,524
- Others	14,253	13,588	53,564	48,769
	18,525	17,792	85,656	78,293
Administration and general expenses				
- Communication expenses	20,237	16,779	70,339	51,401
- Legal and professional fees	9,665	8,894	41,892	40,065
- Others	9,582	7,046	27,170	31,947
	39,484	32,719	139,401	123,413
Shared service cost charged to Public Islamic Bank Berhad	(34,304)	(21,100)	(136,415)	(21,100)
Total other operating expenses	350,253	323,619	1,392,115	1,308,529

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A20. Allowance for Losses on Loans, Advances and Financing

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	58,215	38,597	293,607	232,101
- specific allowance	178,841	160,977	621,338	542,651
- specific allowance written back	(20,315)	(16,220)	(73,611)	(74,660)
Bad debts recovered from stock broking activities	(264)	-	(512)	(9)
Bad debts and financing written off	166	270	2,308	539
Bad debts and financing recovered	(38,764)	(33,425)	(152,160)	(152,060)
	177,879	150,199	690,970	548,562

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	47,352	27,736	225,120	232,437
- specific allowance	63,283	66,217	244,243	330,367
- specific allowance written back	(16,140)	(11,998)	(57,763)	(70,419)
Bad debts and financing written off	150	116	599	385
Bad debts and financing recovered	(24,077)	(19,842)	(90,962)	(98,581)
	70,568	62,229	321,237	394,189

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A21. Segment Information

4th Quarter Ended 31 December 2009	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	429,812	1,096,556	143,354	306,582	56,200	123,609	1,149	71,402	2,228,664	266,788	-	2,495,452
Revenue from other segments	-	211,808	2,028	71,029	7,573	362	6,873	251,204	550,877	314,397	(865,274)	-
	<u>429,812</u>	<u>1,308,364</u>	<u>145,382</u>	<u>377,611</u>	<u>63,773</u>	<u>123,971</u>	<u>8,022</u>	<u>322,606</u>	<u>2,779,541</u>	<u>581,185</u>	<u>(865,274)</u>	<u>2,495,452</u>
Net interest income and Islamic banking income	220,987	758,518	55,783	26,610	3,147	351	(806)	43,415	1,108,005	173,754	-	1,281,759
Other operating income	820	111,595	9,564	36,879	19,760	123,839	7,957	28,104	338,518	46,566	(21,120)	363,964
Net income	<u>221,807</u>	<u>870,113</u>	<u>65,347</u>	<u>63,489</u>	<u>22,907</u>	<u>124,190</u>	<u>7,151</u>	<u>71,519</u>	<u>1,446,523</u>	<u>220,320</u>	<u>(21,120)</u>	<u>1,645,723</u>
Other operating expenses	(36,029)	(296,382)	(1,687)	(5,049)	(12,004)	(64,182)	(3,398)	(60,563)	(479,294)	(103,588)	21,120	(561,762)
Allowance for losses on loans, advances and financing excluding general allowance	(9,277)	(18,416)	(3,421)	-	264	-	-	-	(30,850)	(88,814)	-	(119,664)
Impairment loss	-	(4,539)	-	-	(5,443)	(100)	-	-	(10,082)	-	-	(10,082)
Profit by segments	<u>176,501</u>	<u>550,776</u>	<u>60,239</u>	<u>58,440</u>	<u>5,724</u>	<u>59,908</u>	<u>3,753</u>	<u>10,956</u>	<u>926,297</u>	<u>27,918</u>	<u>-</u>	<u>954,215</u>
Reconciliation of segment profits to consolidated profits:												
General allowance									(79,232)	21,017		(58,215)
Share of profit after tax of equity accounted associated companies									82	4,133		4,215
Profit before tax expense and zakat									<u>847,147</u>	<u>53,068</u>		<u>900,215</u>

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A21. Segment Information (continued)

4th Quarter Ended 31 December 2008	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	388,648	1,164,521	148,622	349,110	53,793	75,797	1,128	78,100	2,259,719	297,838	-	2,557,557
Revenue from other segments	-	236,282	7,665	253,167	8,468	(1,578)	6,786	96,781	607,571	9,430	(617,001)	-
	<u>388,648</u>	<u>1,400,803</u>	<u>156,287</u>	<u>602,277</u>	<u>62,261</u>	<u>74,219</u>	<u>7,914</u>	<u>174,881</u>	<u>2,867,290</u>	<u>307,268</u>	<u>(617,001)</u>	<u>2,557,557</u>
Net interest income and												
Islamic banking income	109,119	730,098	32,434	54,319	2,765	(583)	(1,754)	34,787	961,185	156,059	-	1,117,244
Other operating income	875	134,652	7,881	40,310	10,953	73,459	7,900	18,885	294,915	33,334	(15,009)	313,240
Net income	109,994	864,750	40,315	94,629	13,718	72,876	6,146	53,672	1,256,100	189,393	(15,009)	1,430,484
Other operating expenses	(31,533)	(276,097)	(3,988)	(4,158)	(7,535)	(27,043)	(3,351)	(47,551)	(401,256)	(81,908)	15,009	(468,155)
Allowance for losses on loans, advances and financing excluding general allowance	(17,828)	(21,207)	(2,435)	-	-	-	-	-	(41,470)	(70,132)	-	(111,602)
Impairment loss	-	(292)	-	-	-	-	-	-	(292)	(601)	-	(893)
Profit by segments	<u>60,633</u>	<u>567,154</u>	<u>33,892</u>	<u>90,471</u>	<u>6,183</u>	<u>45,833</u>	<u>2,795</u>	<u>6,121</u>	<u>813,082</u>	<u>36,752</u>	<u>-</u>	<u>849,834</u>
Reconciliation of segment profits to consolidated profits:												
General allowance									(29,763)	(8,834)		(38,597)
Share of profit after tax of equity accounted associated companies									40	1,666		1,706
Profit before tax expense and zakat									<u>783,359</u>	<u>29,584</u>		<u>812,943</u>

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A21. Segment Information (continued)

Financial Year Ended 31 December 2009	----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	1,641,665	4,264,940	544,676	1,261,726	194,142	437,049	4,482	263,132	8,611,812	1,103,756	-	9,715,568
Revenue from other segments	-	819,292	8,576	268,613	35,875	(13,519)	27,401	885,179	2,031,417	333,626	(2,365,043)	-
	<u>1,641,665</u>	<u>5,084,232</u>	<u>553,252</u>	<u>1,530,339</u>	<u>230,017</u>	<u>423,530</u>	<u>31,883</u>	<u>1,148,311</u>	<u>10,643,229</u>	<u>1,437,382</u>	<u>(2,365,043)</u>	<u>9,715,568</u>
Net interest income and												
Islamic banking income	842,519	2,699,590	202,109	137,432	17,215	1,100	(3,274)	144,064	4,040,755	687,278	-	4,728,033
Other operating income	3,244	491,415	47,285	131,341	68,936	423,161	31,705	100,615	1,297,702	172,756	(73,523)	1,396,935
Net income	<u>845,763</u>	<u>3,191,005</u>	<u>249,394</u>	<u>268,773</u>	<u>86,151</u>	<u>424,261</u>	<u>28,431</u>	<u>244,679</u>	<u>5,338,457</u>	<u>860,034</u>	<u>(73,523)</u>	<u>6,124,968</u>
Other operating expenses	(132,926)	(1,156,738)	(6,662)	(18,033)	(40,989)	(211,323)	(14,214)	(249,665)	(1,830,550)	(352,886)	73,523	(2,109,913)
Allowance for losses on loans, advances and financing excluding general allowance	(56,237)	(73,998)	(3,076)	-	512	-	-	-	(132,799)	(264,564)	-	(397,363)
Impairment loss	-	(9,536)	-	-	(5,443)	(100)	-	-	(15,079)	-	-	(15,079)
Profit by segments	<u>656,600</u>	<u>1,950,733</u>	<u>239,656</u>	<u>250,740</u>	<u>40,231</u>	<u>212,838</u>	<u>14,217</u>	<u>(4,986)</u>	<u>3,360,029</u>	<u>242,584</u>	<u>-</u>	<u>3,602,613</u>
Reconciliation of segment profits to consolidated profits:												
General allowance									(278,754)	(14,853)		(293,607)
Share of profit after tax of equity accounted associated companies									297	12,130		12,427
Profit before tax expense and zakat									<u>3,081,572</u>	<u>239,861</u>		<u>3,321,433</u>
Cost income ratio	15.7%	36.2%	2.7%	6.7%	47.6%	49.8%	50.0%	102.0%	34.3%	41.0%		34.4%
Gross loans	29,915,177	78,189,838	15,985,587	-	235,494	34,372	2,018	-	124,362,486	13,247,941		137,610,427
Net non-performing loans	103,972	721,393	13,468	-	-	-	-	-	838,833	257,810		1,096,643
Deposits from customers	-	105,132,084	304,110	46,174,346	4,199,258	-	-	-	155,809,798	15,081,791		170,891,589
Segment assets	<u>29,632,808</u>	<u>108,792,451</u>	<u>15,732,505</u>	<u>67,347,468</u>	<u>6,671,519</u>	<u>279,817</u>	<u>256,640</u>	<u>11,547,524</u>	<u>240,260,732</u>	<u>19,776,821</u>	<u>(46,003,504)</u>	<u>214,034,049</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									1,712	126,606		128,318
Unallocated assets									916,176	-		916,176
Intangible assets									769,251	1,288,360		2,057,611
Total assets									<u>241,947,871</u>	<u>21,191,787</u>		<u>217,136,154</u>

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A21. Segment Information (continued)

Financial Year Ended 31 December 2008	-----<----- Operating Segments ----->-----							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	1,502,996	4,421,113	556,460	2,042,254	229,060	396,949	5,891	208,449	9,363,172	1,137,135	-	10,500,307
Revenue from other segments	-	1,026,378	20,204	451,338	27,475	(24,149)	25,674	918,713	2,445,633	23,561	(2,469,194)	-
	<u>1,502,996</u>	<u>5,447,491</u>	<u>576,664</u>	<u>2,493,592</u>	<u>256,535</u>	<u>372,800</u>	<u>31,565</u>	<u>1,127,162</u>	<u>11,808,805</u>	<u>1,160,696</u>	<u>(2,469,194)</u>	<u>10,500,307</u>
Net interest income and												
Islamic banking income	422,479	2,814,987	110,334	155,085	10,936	(1,386)	(5,631)	179,153	3,685,957	599,772	-	4,285,729
Other operating income	4,083	667,273	34,018	136,343	56,643	369,925	33,036	39,711	1,341,032	180,140	(67,645)	1,453,527
Net income	<u>426,562</u>	<u>3,482,260</u>	<u>144,352</u>	<u>291,428</u>	<u>67,579</u>	<u>368,539</u>	<u>27,405</u>	<u>218,864</u>	<u>5,026,989</u>	<u>779,912</u>	<u>(67,645)</u>	<u>5,739,256</u>
Other operating expenses	(119,773)	(993,009)	(15,623)	(14,868)	(33,571)	(185,214)	(14,296)	(204,144)	(1,580,498)	(278,248)	67,645	(1,791,101)
Allowance for losses on loans, advances and financing excluding general allowance	(87,484)	(53,527)	(21,940)	-	446	-	-	-	(162,505)	(153,956)	-	(316,461)
Impairment loss	-	(3,665)	-	-	-	-	-	-	(3,665)	(29,197)	-	(32,862)
Profit by segments	<u>219,305</u>	<u>2,432,059</u>	<u>106,789</u>	<u>276,560</u>	<u>34,454</u>	<u>183,325</u>	<u>13,109</u>	<u>14,720</u>	<u>3,280,321</u>	<u>318,511</u>	<u>-</u>	<u>3,598,832</u>
Reconciliation of segment profits to consolidated profits:												
General allowance									(222,315)	(9,786)		(232,101)
Share of profit after tax of equity accounted associated companies									155	12,302		12,457
Profit before tax expense and zakat									<u>3,058,161</u>	<u>321,027</u>		<u>3,379,188</u>
Cost income ratio	28.1%	28.5%	10.8%	5.1%	49.7%	50.3%	52.2%	93.3%	31.4%	35.7%		31.2%
Gross loans	27,603,883	66,418,999	12,155,796	-	237,747	23,049	1,977	-	106,441,451	13,877,133		120,318,584
Net non-performing loans	126,361	828,793	15,589	-	-	-	-	-	970,743	66,554		1,037,297
Deposits from customers	-	95,615,974	-	40,549,900	3,328,134	-	-	-	139,494,008	11,691,290		151,185,298
Segment assets	<u>27,268,706</u>	<u>101,964,329</u>	<u>11,968,047</u>	<u>53,606,494</u>	<u>4,867,926</u>	<u>260,965</u>	<u>186,358</u>	<u>10,789,710</u>	<u>210,912,535</u>	<u>18,625,049</u>	<u>(36,211,503)</u>	<u>193,326,081</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									1,414	126,388		127,802
Unallocated assets									637,205	-		637,205
Intangible assets									769,251	1,302,767		2,072,018
Total assets									<u>212,320,405</u>	<u>20,054,204</u>		<u>196,163,106</u>

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A21. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

The Group has operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the People's Democratic Republic of Laos.

Certain comparative figures have been reclassified to conform with current year's presentation.

A22. Subsequent Events

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the audited interim financial statements.

A23. Changes in the Composition of the Group

There were no significant changes in the composition of the Group during the 4th quarter and financial year ended 31 December 2009.

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A24. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 31 December 2009 are as follows:
Value of contracts classified by remaining period to maturity / next repricing date (whichever is earlier).

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	806,819	432,095	186,546	145,740	37,376	5,062	-
- swaps	10,354,354	4,834,422	5,201,812	318,120	-	-	-
- options	47,045	-	-	-	47,045	-	-
Sub total	11,208,218	5,266,517	5,388,358	463,860	84,421	5,062	-
Interest rate related contracts							
- swaps	11,076,520	1,147,600	8,489,160	1,439,760	-	-	-
Equity related contracts							
- options	480,456	-	-	-	-	480,456	-
Precious metal contracts							
- forwards	3,767	3,767	-	-	-	-	-
Total	22,768,961	6,417,884	13,877,518	1,903,620	84,421	485,518	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	761,996	390,278	183,540	145,740	37,376	5,062	-
- swaps	9,717,788	4,825,754	4,807,320	84,714	-	-	-
- options	47,045	-	-	-	47,045	-	-
Sub total	10,526,829	5,216,032	4,990,860	230,454	84,421	5,062	-
Interest rate related contracts							
- swaps	10,545,180	1,027,620	8,146,360	1,371,200	-	-	-
Equity related contracts							
- options	480,456	-	-	-	-	480,456	-
Precious metal contracts							
- forwards	3,767	3,767	-	-	-	-	-
Total	21,556,232	6,247,419	13,137,220	1,601,654	84,421	485,518	-

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A24. Derivative Financial Instruments (continued)

The Group and the Bank's derivative financial instruments are subject to market and credit risk, as follows:

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2009, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,121,926,000 (31 December 2008 : RM1,060,000,000).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2009, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM310,312,000 (31 December 2008 : RM590,191,000) and RM302,861,000 (31 December 2008 : RM589,676,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

Financial derivatives are recognised at fair value upon inception in the balance sheet, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the income statement. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

A24. Derivative Financial Instruments (continued)

Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the income statement over the expected life of the hedged item.

Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

Net investment hedge

Net investment hedges are hedges against the exposure to exchange rate fluctuations on the net assets of the Group's foreign operations and are accounted for similarly to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are taken directly to the foreign currency translation reserve while those relating to the ineffective portion of the hedge are recognised in the income statement. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the income statement.

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A25. Interest / Profit Rate Risk

Non trading book

Group As at 31 December 2009	<----->									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
ASSETS													
Cash and short-term funds	42,368,283	-	-	-	-	-	-	-	-	1,112,169	-	43,480,452	1.95
Deposits and placements with banks and other financial institutions	4,427	3,088,957	89,320	-	-	-	-	-	-	-	-	3,182,704	2.00
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-	-	1,200,243	1,200,243	2.01
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	7,957,275	7,957,275	2.20
Securities available-for-sale	-	157,102	92,240	4,447,443	321,980	42,710	1,415,317	1,087,872	4,601,113	-	-	12,165,777	2.16
Securities held-to-maturity	1,673,687	960,226	1,429,223	847,321	517,227	315,929	603,682	184,166	88,746	-	-	6,620,207	2.99
Loans, advances and financing													
- performing	86,823,139	8,118,975	9,954,579	7,977,834	6,575,325	5,151,787	3,286,607	8,402,554	-	-	-	136,290,800	5.34
- non-performing *	-	-	-	-	-	-	-	-	(955,016)	-	-	(955,016)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	7,165,175	28,537	7,193,712	-
TOTAL ASSETS	130,869,536	12,325,260	11,565,362	13,272,598	7,414,532	5,510,426	5,305,606	9,674,592	12,012,187	9,186,055	217,136,154		

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A25. Interest / Profit Rate Risk (continued)

Group As at 31 December 2009	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	86,999,103	36,225,731	27,192,665	385,139	171,199	269,979	173,724	-	19,474,049	-	170,891,589	1.87
Deposits and placements of banks and other financial institutions	13,023,409	8,783,194	634,522	8,506	-	-	-	-	164,669	-	22,614,300	2.06
Bills and acceptances payable	7,481	14,963	-	-	-	-	-	-	590,286	-	612,730	2.15
Recourse obligations on loans sold to Cagamas	2,402	2,382	7,848	5,547	3,584	-	-	-	-	-	21,763	4.19
Borrowings	653,101	-	-	-	-	-	-	-	-	-	653,101	1.72
Subordinated notes	-	-	-	-	1,371,200	1,379,783	473,000	-	111,339	-	3,335,322	2.14
Innovative Tier I capital securities	-	-	-	-	-	-	-	1,885,600	86,733	-	1,972,333	2.71
Non-innovative Tier I stapled securities	-	-	-	-	-	-	-	2,088,000	(16,411)	-	2,071,589	5.05
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,120,230	127,873	3,248,103	-
Total Liabilities	100,685,496	45,026,270	27,835,035	399,192	1,545,983	1,649,762	646,724	3,973,600	23,530,895	127,873	205,420,830	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	11,023,206	-	11,023,206	-
Minority interests	-	-	-	-	-	-	-	-	692,118	-	692,118	-
Total Liabilities and Equity	100,685,496	45,026,270	27,835,035	399,192	1,545,983	1,649,762	646,724	3,973,600	35,246,219	127,873	217,136,154	
On-balance sheet interest sensitivity gap	30,184,040	(32,701,010)	(16,269,673)	12,873,406	5,868,549	3,860,664	4,658,882	5,700,992	(23,234,032)	9,058,182	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	833,600	(3,884,040)	(1,419,192)	(51,940)	1,019,252	1,552,000	(1,049,860)	3,000,180	-	-	-	
Total interest sensitivity gap	31,017,640	(36,585,050)	(17,688,865)	12,821,466	6,887,801	5,412,664	3,609,022	8,701,172	(23,234,032)	9,058,182	-	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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A25. Interest / Profit Rate Risk (continued)

Group As at 31 December 2008	Non trading book									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
ASSETS													
Cash and short-term funds	33,979,116	-	-	-	-	-	-	-	-	2,617,911	-	36,597,027	3.24
Deposits and placements with banks and other financial institutions	4,496	1,581,038	179,393	-	-	-	-	-	-	176,518	-	1,941,445	3.74
Securities purchased under resale agreements	3,962,485	799,922	-	-	-	-	-	-	-	-	379,339	5,141,746	2.96
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	11,349,842	11,349,842	3.39
Securities available-for-sale	87,591	-	553,321	161,004	411,816	332,671	-	1,494,450	2,585,519	-	-	5,626,372	3.71
Securities held-to-maturity	2,722,137	2,422,240	1,057,146	984,232	308,723	312,084	127,921	263,451	88,785	-	-	8,286,719	3.76
Loans, advances and financing													
- performing	74,633,947	6,187,337	9,973,247	7,192,884	6,048,162	4,628,514	3,655,891	7,138,512	-	-	-	119,458,494	6.12
- non-performing *	-	-	-	-	-	-	-	-	(722,190)	-	-	(722,190)	-
- Islamic house financing sold to Cagamas	(200,008)	(150,001)	-	-	-	-	-	-	-	-	-	(350,009)	3.74
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	8,730,572	103,088	8,833,660	-
TOTAL ASSETS	115,189,764	10,840,536	11,763,107	8,338,120	6,768,701	5,273,269	3,783,812	8,896,413	13,477,115	11,832,269	196,163,106		

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A25. Interest / Profit Rate Risk (continued)

Group As at 31 December 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	87,995,916	21,186,551	24,350,228	345,119	334,486	179,881	257,695	12,560	16,522,862	-	151,185,298	2.98
Deposits and placements of banks and other financial institutions	10,011,625	4,481,695	1,225,826	-	-	-	-	-	964,999	-	16,684,145	3.15
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Borrowings	860,234	-	-	-	-	-	-	-	-	-	860,234	1.11
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,450,555	-	-	-	4,178,195	3.65
Innovative Tier I capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,073,076	229,291	3,302,367	-
Total Liabilities	100,922,392	30,369,933	27,137,447	348,498	334,944	1,674,160	1,708,250	2,137,044	21,072,415	229,291	185,934,374	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,536,706	-	9,536,706	-
Minority interests	-	-	-	-	-	-	-	-	692,026	-	692,026	-
Total Liabilities and Equity	100,922,392	30,369,933	27,137,447	348,498	334,944	1,674,160	1,708,250	2,137,044	31,301,147	229,291	196,163,106	
On-balance sheet interest sensitivity gap	14,267,372	(19,529,397)	(15,374,340)	7,989,622	6,433,757	3,599,109	2,075,562	6,759,369	(17,824,032)	11,602,978	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	391,480	(2,810,423)	(257,962)	(67,793)	(55,773)	1,070,531	1,500,000	229,940	-	-	-	-
Total interest sensitivity gap	14,658,852	(22,339,820)	(15,632,302)	7,921,829	6,377,984	4,669,640	3,575,562	6,989,309	(17,824,032)	11,602,978	-	-

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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A25. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
As at 31 December 2009													
ASSETS													
Cash and short-term funds	31,084,709	-	-	-	-	-	-	-	-	783,917	-	31,868,626	2.00
Deposits and placements with banks and other financial institutions	-	3,115,967	-	-	-	-	-	-	-	-	-	3,115,967	1.93
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	7,655,815	7,655,815	2.19
Securities available-for-sale	-	-	92,240	3,913,097	311,948	42,710	1,283,288	735,840	4,079,036	-	-	10,458,159	2.27
Securities held-to-maturity	682,719	597,821	3,231,100	882,313	1,076,628	295,592	598,625	184,166	88,294	-	-	7,637,258	3.30
Loans, advances and financing													
- performing	75,980,384	6,294,293	7,133,200	5,350,893	4,456,673	3,543,717	2,037,082	4,079,706	-	-	-	108,875,948	5.08
- non-performing *	-	-	-	-	-	-	-	-	(913,141)	-	-	(913,141)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	7,854,582	23,387	7,877,969	-
TOTAL ASSETS	107,747,812	10,008,081	10,456,540	10,146,303	5,845,249	3,882,019	3,918,995	4,999,712	11,892,688	7,679,202	176,576,601		

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A25. Interest / Profit Rate Risk (continued)

Bank	Non trading book										Trading book	Total	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non-interest sensitive RM'000	RM'000			
As at 31 December 2009													
LIABILITIES AND EQUITY													
Deposits from customers	66,969,784	27,457,604	23,287,497	254,755	168,135	269,324	172,067	-	16,808,324	-	135,387,490	2.04	
Deposits and placements of banks and other financial institutions	12,118,917	8,150,076	19,862	273,636	-	-	-	-	221,438	-	20,783,929	1.68	
Bills and acceptances payable	7,481	14,963	-	-	-	-	-	-	590,286	-	612,730	2.15	
Recourse obligations on loans sold to Cagamas	2,402	2,382	7,848	5,547	3,584	-	-	-	-	-	21,763	4.19	
Subordinated notes	-	-	-	-	1,371,200	1,400,000	473,000	-	111,339	-	3,355,539	2.14	
Innovative Tier I capital securities	-	-	-	-	-	-	-	1,885,600	86,733	-	1,972,333	2.71	
Non-innovative Tier I stapled securities	-	-	-	-	-	-	-	2,088,000	(16,411)	-	2,071,589	5.05	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,801,880	127,136	1,929,016	-	
Total Liabilities	79,098,584	35,625,025	23,315,207	533,938	1,542,919	1,669,324	645,067	3,973,600	19,603,589	127,136	166,134,389		
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	10,442,212	-	10,442,212	-	
Total Liabilities and Equity	79,098,584	35,625,025	23,315,207	533,938	1,542,919	1,669,324	645,067	3,973,600	30,045,801	127,136	176,576,601		
On-balance sheet interest sensitivity gap	28,649,228	(25,616,944)	(12,858,667)	9,612,365	4,302,330	2,212,695	3,273,928	1,026,112	(18,153,113)	7,552,066	-	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	713,620	(4,226,840)	(1,487,752)	16,620	1,019,252	1,552,000	(929,880)	3,342,980	-	-	-	-	
Total interest sensitivity gap	29,362,848	(29,843,784)	(14,346,419)	9,628,985	5,321,582	3,764,695	2,344,048	4,369,092	(18,153,113)	7,552,066	-	-	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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A25. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Trading book	Total	Effective interest rate	
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 2 years	> 2 - 3 years	> 3 - 4 years	> 4 - 5 years	over 5 years	Non-interest sensitive				
As at 31 December 2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS													
Cash and short-term funds	27,458,539	-	-	-	-	-	-	-	-	2,106,420	-	29,564,959	3.22
Deposits and placements with banks and other financial institutions	-	2,605,145	1,052,664	-	-	-	-	-	-	176,517	-	3,834,326	3.99
Securities purchased under resale agreements	3,962,485	799,922	-	-	-	-	-	-	-	-	-	4,762,407	2.91
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	10,846,741	10,846,741	3.38
Securities available-for-sale	77,968	-	528,153	161,004	557,770	332,671	-	1,176,513	2,080,065	-	-	4,914,144	3.46
Securities held-to-maturity	2,578,577	1,919,408	1,291,322	2,589,255	399,220	312,084	122,930	263,451	88,332	-	-	9,564,579	3.73
Loans, advances and financing													
- performing	65,590,132	3,929,734	6,592,174	4,639,410	3,978,219	3,012,085	2,430,455	3,562,194	-	-	-	93,734,403	5.98
- non-performing *	-	-	-	-	-	-	-	-	(560,112)	-	-	(560,112)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	9,934,833	102,574	10,037,407	-
TOTAL ASSETS	99,667,701	9,254,209	9,464,313	7,389,669	4,935,209	3,656,840	2,553,385	5,002,158	13,826,055	10,949,315	166,698,854		

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A25. Interest / Profit Rate Risk (continued)

Bank As at 31 December 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	69,620,395	16,235,247	23,062,244	208,907	190,523	179,289	256,930	12,560	14,324,764	-	124,090,859	3.08
Deposits and placements of banks and other financial institutions	10,742,387	4,438,079	1,403,970	-	266,817	-	-	-	241,653	-	17,092,906	2.91
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,470,580	-	-	-	4,198,220	3.65
Innovative Tier I capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,973,469	227,436	2,200,905	-
Total Liabilities	82,417,399	25,375,013	26,027,607	212,286	457,798	1,673,568	1,727,510	2,137,044	17,051,364	227,436	157,307,025	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,391,829	-	9,391,829	-
Total Liabilities and Equity	82,417,399	25,375,013	26,027,607	212,286	457,798	1,673,568	1,727,510	2,137,044	26,443,193	227,436	166,698,854	
On-balance sheet interest sensitivity gap	17,250,302	(16,120,804)	(16,563,294)	7,177,383	4,477,411	1,983,272	825,875	2,865,114	(12,617,138)	10,721,879	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	166,288	(3,101,777)	(174,478)	(67,793)	13,517	1,070,531	1,500,000	593,712	-	-	-	
Total interest sensitivity gap	17,416,590	(19,222,581)	(16,737,772)	7,109,590	4,490,928	3,053,803	2,325,875	3,458,826	(12,617,138)	10,721,879	-	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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A26. Capital Adequacy

a) The capital adequacy ratios of the Group and the Bank as at the following dates:

	Group		Bank	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
<u>Before deducting second interim / final dividends:</u>				
Core capital ratio	10.5%	8.3%	13.0%	10.9%
Risk-weighted capital ratio	<u>14.7%</u>	<u>13.7%</u>	<u>14.3%</u>	<u>13.4%</u>
<u>After deducting second interim / final dividends:</u>				
Core capital ratio	9.9%	7.7%	12.4%	10.1%
Risk-weighted capital ratio	<u>14.2%</u>	<u>13.1%</u>	<u>13.6%</u>	<u>12.8%</u>
	Group		Bank	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,531,926	3,531,926	3,531,926	3,531,926
Share premium	1,439,885	2,132,499	1,439,885	2,132,499
Other reserves	3,740,586	3,604,386	3,548,569	3,552,599
Retained profits	2,870,249	1,902,658	2,624,153	1,772,724
Innovative Tier I capital securities	1,883,186	1,439,510	1,883,186	1,541,477
Non-innovative Tier I stapled securities	2,080,878	-	2,080,878	-
Treasury shares	(581,638)	(1,274,112)	(581,638)	(1,274,112)
Minority interests	692,118	692,026	-	-
Less: Goodwill	(2,031,105)	(2,045,669)	(695,393)	(695,393)
Less: Deferred tax assets, net	(500,684)	(386,484)	(384,741)	(285,201)
Total Tier I capital	<u>13,125,401</u>	<u>9,596,740</u>	<u>13,446,825</u>	<u>10,276,519</u>
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	2,051,659	1,759,487	1,653,936	1,433,444
Subordinated notes	3,217,828	3,968,793	3,238,045	3,988,818
Innovative Tier I capital securities	-	450,609	-	348,642
Total Tier II capital	<u>5,269,487</u>	<u>6,178,889</u>	<u>4,891,981</u>	<u>5,770,904</u>
Total capital	18,394,888	15,775,629	18,338,806	16,047,423
Less: Investment in subsidiary companies and associated companies	(960)	(960)	(3,593,384)	(3,318,384)
Capital base	<u>18,393,928</u>	<u>15,774,669</u>	<u>14,745,422</u>	<u>12,729,039</u>

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and from its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd.

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2008 - 8.0%) for the risk-weighted capital ratio.

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A26. Capital Adequacy (continued)

a) The capital adequacy ratios of the Group and the Bank (continued):

The detailed disclosures on the capital base and risk-weighted assets, as set out in Note 26(c), (d), (e) and (f) are presented in accordance with para 4.4 of Bank Negara Malaysia's Concept Paper - Risk-Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3).

b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows:

	Public Islamic Bank Berhad¹	Public Investment Bank Berhad²	Public Bank (L) Ltd³	Public Bank (Hong Kong) Limited⁴	Public Finance Limited⁴	Cambodian Public Bank Plc⁵
31 December 2009						
<u>Before deducting interim dividends: *</u>						
Core capital ratio	11.6%	19.8%	8.9%	15.9%	31.1%	N/A
Risk-weighted capital ratio	13.4%	20.1%	9.2%	15.9%	32.2%	20.3%
<u>After deducting interim dividends: *</u>						
Core capital ratio	10.5%	18.7%	8.9%	15.4%	28.6%	N/A
Risk-weighted capital ratio	12.3%	19.0%	9.2%	15.4%	29.8%	20.3%
31 December 2008						
<u>Before deducting proposed dividends:</u>						
Core capital ratio	9.1%	20.6%	8.3%	15.3%	20.6%	N/A
Risk-weighted capital ratio	11.0%	20.9%	8.8%	15.3%	21.8%	21.1%
<u>After deducting proposed dividends:</u>						
Core capital ratio	9.1%	19.7%	8.3%	15.3%	20.6%	N/A
Risk-weighted capital ratio	11.0%	20.0%	8.8%	15.3%	21.8%	21.1%

* Interim dividends which have been declared subsequent to the financial year end.

¹ The capital adequacy ratios of Public Islamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Public Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

² The capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Public Investment Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

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A26. Capital Adequacy (continued)

- b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows (continued):
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Offshore Financial Services Authority (LOFSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the core capital ratio and risk-weighted capital ratio respectively.
 - ⁴ The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking (Capital) Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
 - ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

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A26. Capital Adequacy (continued)

(c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

Group As At 31 December 2009 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns / Central Banks	52,147,725	50,947,482	-	-
Public Sector Entities	522,950	522,950	104,590	8,367
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	8,038,717	8,038,717	2,084,322	166,746
Insurance Companies, Securities Firms and Fund Managers	171,795	165,750	135,253	10,820
Corporates	38,464,275	36,465,866	32,475,929	2,598,074
Regulatory Retail	70,159,269	69,482,194	52,928,455	4,234,276
Residential Mortgages	30,284,816	30,241,515	12,508,156	1,000,653
Higher Risk Assets	157,279	157,134	235,701	18,856
Other Assets	3,884,280	3,884,280	2,872,284	229,783
Equity Exposures	4,545,222	4,545,222	4,520,464	361,637
Total On-Balance Sheet Exposures	208,376,328	204,451,110	107,865,154	8,629,212
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	8,150,735	7,763,759	5,572,089	445,767
Derivative Financial Instruments	997,257	997,257	227,612	18,209
Other Treasury-related Off-Balance Sheet Exposures	91,201	91,201	15,171	1,214
Total Off-Balance Sheet Exposures	9,239,193	8,852,217	5,814,872	465,190
Total On and Off-Balance Sheet Exposures	217,615,521	213,303,327	113,680,026	9,094,402
(ii) Large Exposure Risk Requirement	-	-	-	-
(iii) Market Risk				
	Long Position	Short Position		
Interest Rate Risk	20,281,782	(11,104,063)	539,239	43,139
Foreign Currency Risk	520,324	(620,549)	621,165	49,693
Equity Risk	925	-	1,214	97
Total	20,803,031	(11,724,612)	1,161,618	92,929
(iv) Operational Risk			10,436,307	834,905
Total RWA and Capital Requirements			125,277,951	10,022,236

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A26. Capital Adequacy (continued)

(c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows (continued):

Group As At 31 December 2008 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns / Central Banks	45,529,703	40,392,203	7,079	566
Public Sector Entities	226,399	226,399	45,280	3,622
Banks, DFIs and MDBs	9,647,008	9,647,008	2,656,110	212,489
Insurance Companies, Securities Firms and Fund Managers	30,192	24,538	14,711	1,177
Corporates	31,587,342	29,788,698	27,412,005	2,192,960
Regulatory Retail	59,098,305	58,514,484	44,325,939	3,546,075
Residential Mortgages	31,354,081	31,331,706	15,754,491	1,260,359
Higher Risk Assets	144,845	144,817	217,225	17,378
Other Assets	3,166,272	3,166,272	2,133,482	170,679
Equity Exposures	2,657,984	2,657,984	2,633,226	210,658
Total On-Balance Sheet Exposures	183,442,131	175,894,109	95,199,548	7,615,963
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	11,553,542	11,077,426	8,691,505	695,320
Derivative Financial Instruments	1,062,516	1,062,516	269,196	21,536
Other Treasury-related Off-Balance Sheet Exposures	15,874	15,874	3,175	254
Total Off-Balance Sheet Exposures	12,631,932	12,155,816	8,963,876	717,110
Total On and Off-Balance Sheet Exposures	196,074,063	188,049,925	104,163,424	8,333,073
(ii) Large Exposure Risk Requirement	-	-	-	-
(iii) Market Risk				
	Long Position	Short Position		
Interest Rate Risk	20,841,662	(9,101,710)	732,535	58,603
Foreign Currency Risk	1,101,726	(42,943)	1,101,726	88,138
Equity Risk	980	-	1,363	109
Total	21,944,368	(9,144,653)	1,835,624	146,850
(iv) Operational Risk			9,342,863	747,429
Total RWA and Capital Requirements			115,341,911	9,227,352

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A26. Capital Adequacy (continued)

- (c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows (continued):

Bank As At 31 December 2009 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns / Central Banks	39,398,350	39,398,350	-	-
Public Sector Entities	533	533	107	9
Banks, DFIs and MDBs	7,625,372	7,625,372	3,017,168	241,373
Insurance Companies, Securities Firms and Fund Managers	2,361	2,361	3,365	269
Corporates	34,075,354	32,325,336	28,274,623	2,261,970
Regulatory Retail	53,101,775	52,530,194	40,023,498	3,201,880
Residential Mortgages	25,097,787	25,069,662	10,588,938	847,115
Higher Risk Assets	142,939	142,829	214,244	17,139
Other Assets	2,675,230	2,675,230	1,912,073	152,966
Equity Exposures	4,033,204	4,033,204	4,008,445	320,676
Total On-Balance Sheet Exposures	<u>166,152,905</u>	<u>163,803,071</u>	<u>88,042,461</u>	<u>7,043,397</u>
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	7,501,979	7,235,546	5,169,292	413,543
Derivative Financial Instruments	982,574	982,574	224,676	17,974
Other Treasury-related Off-Balance Sheet Exposures	15,344	15,344	-	-
Total Off-Balance Sheet Exposures	<u>8,499,897</u>	<u>8,233,464</u>	<u>5,393,968</u>	<u>431,517</u>
Total On and Off-Balance Sheet Exposures	<u>174,652,802</u>	<u>172,036,535</u>	<u>93,436,429</u>	<u>7,474,914</u>
(ii) Large Exposure Risk Requirement	-	-	-	-
(iii) <u>Market Risk</u>				
	Long Position	Short Position		
Interest Rate Risk	18,659,428	(11,036,933)	508,288	40,663
Foreign Currency Risk	966,173	(1,571,235)	1,571,478	125,718
Equity Risk	925	-	1,214	97
Total	<u>19,626,526</u>	<u>(12,608,168)</u>	<u>2,080,980</u>	<u>166,478</u>
(iv) Operational Risk			7,815,769	625,262
Total RWA and Capital Requirements			<u>103,333,178</u>	<u>8,266,654</u>

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A26. Capital Adequacy (continued)

- (c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows (continued):

Bank As At 31 December 2008 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000										
(i) Credit Risk														
On-Balance Sheet Exposures:														
Sovereigns / Central Banks	37,240,902	32,487,731	7,080	566										
Public Sector Entities	687	687	137	11										
Banks, DFIs and MDBs	13,097,186	13,097,186	3,554,021	284,322										
Insurance Companies, Securities Firms and Fund Managers	2,847	2,847	3,851	308										
Corporates	27,739,697	26,119,513	23,717,302	1,897,384										
Regulatory Retail	42,385,979	41,844,274	31,731,983	2,538,559										
Residential Mortgages	27,421,752	27,404,232	14,149,127	1,131,930										
Higher Risk Assets	135,867	135,853	203,779	16,302										
Other Assets	2,984,616	2,984,616	2,075,270	166,022										
Equity Exposures	2,154,635	2,154,635	2,129,876	170,390										
Total On-Balance Sheet Exposures	153,164,168	146,231,574	77,572,426	6,205,794										
Off-Balance Sheet Exposures:														
Credit-related Off-Balance Sheet Exposures	10,219,352	9,931,894	7,818,361	625,469										
Derivative Financial Instruments	1,051,784	1,051,784	267,050	21,364										
Other Treasury-related Off-Balance Sheet Exposures	1,594	1,594	319	26										
Total Off-Balance Sheet Exposures	11,272,730	10,985,272	8,085,730	646,859										
Total On and Off-Balance Sheet Exposures	164,436,898	157,216,846	85,658,156	6,852,653										
(ii) Large Exposure Risk Requirement	-	-	-	-										
(iii) Market Risk	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Long Position</th> <th style="width: 50%; text-align: center;">Short Position</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">20,082,657</td> <td style="text-align: right;">(9,273,390)</td> </tr> <tr> <td style="text-align: right;">924,347</td> <td style="text-align: right;">(306,358)</td> </tr> <tr> <td style="text-align: right;">980</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: right;">21,007,984</td> <td style="text-align: right;">(9,579,748)</td> </tr> </tbody> </table>		Long Position	Short Position	20,082,657	(9,273,390)	924,347	(306,358)	980	-	21,007,984	(9,579,748)	827,062	66,165
Long Position	Short Position													
20,082,657	(9,273,390)													
924,347	(306,358)													
980	-													
21,007,984	(9,579,748)													
Interest Rate Risk			924,347	73,948										
Foreign Currency Risk			1,363	109										
Equity Risk			1,752,772	140,222										
Total														
(iv) Operational Risk			7,236,385	578,911										
Total RWA and Capital Requirements			94,647,313	7,571,786										

The Group and the Bank do not have any issuances of Profit-Sharing Investment Account ("PSIA") used as a risk absorbent.

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A26. Capital Adequacy (continued)

(d) The breakdown of credit risk exposures by risk weights for the current financial year are as follows:

Group As At 31 December 2009	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns / Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	50,962,829	-	-	-	25,203	-	-	-	924,074	-	-	51,912,106	-
20%	-	522,980	7,531,439	-	3,936,830	2,376	-	-	109,903	30,948	-	12,134,476	2,426,895
35%	-	-	-	-	-	-	18,715,667	-	-	-	-	18,715,667	6,550,483
50%	-	-	1,521,093	63,004	2,457,641	28,161	12,551,548	-	-	-	-	16,621,447	8,310,724
75%	-	-	-	-	-	73,109,604	-	-	-	-	-	73,109,604	54,832,203
100%	-	-	54,396	102,459	31,520,036	34,186	234,986	-	2,850,303	4,514,274	-	39,310,640	39,310,640
150%	-	-	-	2,010	227,965	1,102,360	783	166,269	-	-	-	1,499,387	2,249,081
Total Exposures	50,962,829	522,980	9,106,928	167,473	38,167,675	74,276,687	31,502,984	166,269	3,884,280	4,545,222	213,303,327	113,680,026	
Risk-Weighted Assets by Exposures	-	104,596	2,321,230	136,976	33,878,170	56,534,485	13,062,418	249,403	2,872,284	4,520,464	113,680,026		
Average Risk Weight	0.0%	20.0%	25.5%	81.8%	88.8%	76.1%	41.5%	150.0%	73.9%	99.5%	53.3%		
Deduction from Capital Base													

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A26. Capital Adequacy (continued)

(d) The breakdown of credit risk exposures by risk weights for the current financial year are as follows (continued):

Group As At 31 December 2008	<----- Exposures after Netting and Credit Risk Mitigation ----->											Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000			
0%	40,456,818	-	-	-	-	-	-	-	1,032,790	-	-	41,489,608	-
20%	35,397	226,463	8,464,565	-	2,151,182	4,279	-	-	-	30,948	-	10,912,834	2,182,567
35%	-	-	-	-	-	-	14,552,057	-	-	-	-	14,552,057	5,093,220
50%	-	-	2,187,727	21,662	2,167,671	33,734	9,066,151	-	-	-	-	13,476,945	6,738,473
75%	-	-	-	-	-	62,145,163	9,917,653	-	-	-	-	72,062,816	54,047,112
100%	-	-	173,029	12,220	29,236,038	30,951	250,134	-	2,133,482	2,627,036	-	34,462,890	34,462,890
150%	-	-	-	2,010	94,190	587,946	253,351	155,278	-	-	-	1,092,775	1,639,162
Total Exposures	40,492,215	226,463	10,825,321	35,892	33,649,081	62,802,073	34,039,346	155,278	3,166,272	2,657,984	188,049,925	104,163,424	
Risk-Weighted Assets by Exposures	7,079	45,293	2,959,805	26,066	30,891,395	47,539,467	17,694,694	232,917	2,133,482	2,633,226	104,163,424		
Average Risk Weight	0.0%	20.0%	27.3%	72.6%	91.8%	75.7%	52.0%	150.0%	67.4%	99.1%	55.4%		
Deduction from Capital Base													

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A26. CAPITAL ADEQUACY (continued)

(d) The breakdown of credit risk exposures by risk weights for the current financial year are as follows (continued):

Bank As At 31 December 2009	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns/ Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers		Regulatory Retail Corporates	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
				RM'000	RM'000							
0%	39,413,697	-	-	-	10,115	-	-	-	763,157	-	40,186,969	-
20%	-	563	3,641,997	-	3,921,760	2,376	-	-	-	30,948	7,597,644	1,519,529
35%	-	-	-	-	-	-	14,168,172	-	-	-	14,168,172	4,958,860
50%	-	-	4,906,954	-	2,511,314	22,663	11,892,036	-	-	-	19,332,967	9,666,484
75%	-	-	-	-	-	56,050,351	-	-	-	-	56,050,351	42,037,763
100%	-	-	54,093	2,073	27,391,296	19,917	212,003	-	1,912,073	4,002,256	33,593,711	33,593,711
150%	-	-	-	2,010	105,797	847,883	65	150,966	-	-	1,106,721	1,660,082
Total Exposures	39,413,697	563	8,603,044	4,083	33,940,282	56,943,190	26,272,276	150,966	2,675,230	4,033,204	172,036,535	93,436,429
Risk-Weighted Assets by Exposures	-	113	3,235,969	5,088	29,590,002	43,341,311	11,116,979	226,449	1,912,073	4,008,445	93,436,429	
Average Risk Weight	0.0%	20.0%	37.6%	124.6%	87.2%	76.1%	42.3%	150.0%	71.5%	99.4%	54.3%	
Deduction from Capital Base			-								-	-

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A26. CAPITAL ADEQUACY (continued)

(d) The breakdown of credit risk exposures by risk weights for the current financial year are as follows (continued):

Bank As At 31 December 2008	<----- Exposures after Netting and Credit Risk Mitigation ----->										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000		Regulatory Retail Corporates RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
0%	32,552,345	-	-	-	-	-	-	-	909,346	-	33,461,691	-
20%	35,398	752	11,100,934	-	2,131,356	4,279	-	-	-	30,948	13,303,667	2,660,733
35%	-	-	-	-	-	-	11,203,232	-	-	-	11,203,232	3,921,131
50%	-	-	3,034,047	-	2,192,488	28,245	8,590,767	-	-	-	13,845,547	6,922,774
75%	-	-	-	-	-	45,386,825	9,413,940	-	-	-	54,800,765	41,100,574
100%	-	-	115,504	12,191	25,127,046	18,751	227,493	-	2,075,271	2,123,687	29,699,943	29,699,943
150%	-	-	-	2,010	59,689	468,289	227,444	144,569	-	-	902,001	1,353,001
Total Exposures	32,587,743	752	14,250,485	14,201	29,510,579	45,906,389	29,662,876	144,569	2,984,617	2,154,635	157,216,846	85,658,156
Risk-Weighted Assets by Exposures	7,080	150	3,852,714	15,206	26,739,095	34,776,282	15,845,630	216,853	2,075,270	2,129,876	85,658,156	
Average Risk Weight	0.0%	20.0%	27.0%	107.1%	90.6%	75.8%	53.4%	150.0%	69.5%	98.9%	54.5%	
Deduction from Capital Base												

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A26. Capital Adequacy (continued)

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

Group	Principal	Positive	Credit	Risk-
As At 31 December 2009	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,439,868		1,439,868	864,160
Transaction-related contingent items	627,016		313,508	181,889
Short term self-liquidating trade-related contingencies	567,838		113,568	81,594
Obligations under an on-going underwriting agreement	75,000		37,500	37,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	13,477,346		5,598,305	3,920,956
- not exceeding one year	19,148,076		-	-
Unutilised credit card lines	3,239,933		647,986	485,990
	38,575,077		8,150,735	5,572,089
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	11,203,156	41,303	165,755	47,586
- one year to less than five years	5,062	40	293	293
Interest rate related contracts:				
- less than one year	166,552	2,623	2,964	593
- one year to less than five years	5,962,948	151,373	318,358	64,546
- five years and above	4,947,020	92,859	449,300	91,916
Commodity related contracts:				
- less than one year	3,767	17	55	55
Equity related contracts:				
- one year to less than five years	480,456	22,096	60,532	22,623
	22,768,961	310,311	997,257	227,612
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	91,201		91,201	15,171
	61,435,239	310,311	9,239,193	5,814,872

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A26. Capital Adequacy (continued)

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Group	Principal	Positive	Credit	Risk-
As At 31 December 2008	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,707,324		1,707,324	967,059
Transaction-related contingent items	597,837		298,918	179,717
Short term self-liquidating				
trade-related contingencies	662,108		132,422	82,666
Assets sold with recourse	341,988		341,988	163,770
Obligations under an on-going				
underwriting agreement	75,000		37,500	37,500
Other commitments, such as formal				
standby facilities and credit lines,				
with an original maturity of:				
- exceeding one year	9,939,339		4,969,670	3,959,368
- not exceeding one year	17,418,621		3,483,724	2,864,928
Unutilised credit card lines	2,909,982		581,996	436,497
	33,652,199		11,553,542	8,691,505
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	9,115,195	90,945	184,974	78,183
- one year to less than five years	37,532	592	2,468	1,234
Interest rate related contracts:				
- less than one year	2,177,466	32,880	37,557	7,533
- one year to less than five years	4,040,636	216,196	342,340	68,572
- five years and above	3,555,860	234,366	458,159	95,165
Equity related contracts:				
- one year to less than five years	272,106	15,250	37,018	18,509
	19,198,795	590,229	1,062,516	269,196
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	15,874		15,874	3,175
	52,866,868	590,229	12,631,932	8,963,876

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A26. Capital Adequacy (continued)

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Bank	Principal	Positive	Credit	Risk-
As At 31 December 2009	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
The Bank (excl. Public Bank (L) Ltd.)				
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,321,526		1,321,526	836,660
Transaction-related contingent items	577,945		288,973	166,195
Short term self-liquidating trade-related contingencies	422,644		84,529	77,505
Obligations under an on-going underwriting agreement	75,000		37,500	37,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	12,381,050		5,137,648	3,572,009
- not exceeding one year	17,481,585		-	-
Unutilised credit card lines	3,047,607		609,521	457,141
	35,307,357		7,479,697	5,147,010
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	10,521,767	36,153	151,072	44,650
- one year to less than five years	5,062	40	293	293
Interest rate related contracts:				
- less than one year	166,552	2,623	2,964	593
- one year to less than five years	5,774,408	151,373	312,873	63,398
- five years and above	4,604,220	90,559	425,746	87,206
Commodity related contracts:				
- less than one year	3,767	17	55	55
Equity related contracts:				
- one year to less than five years	480,456	22,096	60,532	22,623
	21,556,232	302,861	953,535	218,818
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	15,344		15,344	-
	56,878,933	302,861	8,448,576	5,365,828
Public Bank (L) Ltd.				
<u>Credit-related Exposures</u>				
Direct credit substitutes	5,142		5,142	5,142
Other commitments such as formal standby facilities and credit lines, with an original maturity of :				
- exceeding one year	34,280		17,140	17,140
- not exceeding one year	16,538		-	-
	55,960		22,282	22,282

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A26. Capital Adequacy (continued)

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Bank (continued)	Principal	Positive	Credit	Risk-
As At 31 December 2009	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000	RM'000	RM'000
Public Bank (L) Ltd. (continued)				
<u>Derivative Financial Contracts</u>				
Interest rate related contracts:				
- one year to less than five years	188,540	-	5,485	1,147
- five years and above	342,800	2,300	23,554	4,711
	<u>531,340</u>	<u>2,300</u>	<u>29,039</u>	<u>5,858</u>
	<u>587,300</u>	<u>2,300</u>	<u>51,321</u>	<u>28,140</u>
	<u>57,466,233</u>	<u>305,161</u>	<u>8,499,897</u>	<u>5,393,968</u>

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A26. Capital Adequacy (continued)

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Bank	Principal	Positive	Credit	Risk-
As At 31 December 2008	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
The Bank (excl. Public Bank (L) Ltd.)				
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,564,420		1,564,420	997,053
Transaction-related contingent items	549,206		274,603	162,481
Short term self-liquidating trade-related contingencies	498,861		99,773	63,237
Obligations under an on-going underwriting agreement	75,000		37,500	37,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	9,224,333		4,612,166	3,666,939
- not exceeding one year	15,380,577		3,076,116	2,473,726
Unutilised credit card lines	2,740,982		548,196	411,147
	30,033,379		10,212,774	7,812,083
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	8,254,482	90,431	174,241	76,038
- one year to less than five years	37,532	592	2,468	1,234
Interest rate related contracts:				
- less than one year	1,990,047	32,880	37,214	7,443
- one year to less than five years	3,971,345	216,196	340,955	68,191
- five years and above	3,192,087	234,366	437,545	91,042
Equity related contracts:				
- one year to less than five years	272,106	15,250	37,018	18,509
	17,717,599	589,715	1,029,441	262,457
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	1,594		1,594	319
	47,752,572	589,715	11,243,809	8,074,859
Public Bank (L) Ltd.				
<u>Credit-related Exposures</u>				
Direct credit substitutes	2,772		2,772	2,772
Other commitments such as formal standby facilities and credit lines, with an original maturity of :				
- not exceeding one year	19,032		3,806	3,506
	21,804		6,578	6,278

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A26. Capital Adequacy (continued)

(e) The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Bank (continued)	Principal	Positive	Credit	Risk-
As At 31 December 2008	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000	RM'000	RM'000
Public Bank (L) Ltd. (continued)				
<u>Derivative Financial Contracts</u>				
Interest rate related contracts:				
- less than one year	187,419	-	343	89
- one year to less than five years	69,291	-	1,386	381
- five years and above	363,773	-	20,614	4,123
	620,483	-	22,343	4,593
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	-	-	-	-
	642,287	-	28,921	10,871
	48,394,859	589,715	11,272,730	8,085,730

The Off-Balance Sheet exposures of the Bank include those of its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd for capital adequacy compliance purposes.

The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework ("RWCAF") and Capital Adequacy for Islamic Banks ("CAFIB") guidelines.

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A26. Capital Adequacy (continued)

(f) The risk-weighted assets and capital requirements for the various categories of risk under Market Risk are as follows:

Group	As At 31 December 2009		As At 31 December 2008	
	Risk-weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-weighted Assets Equivalent RM'000	Capital Required RM'000
Interest rate risk				
- General interest rate risk	319,689	25,575	403,760	32,301
- Specific interest rate risk	219,550	17,564	328,775	26,302
	539,239	43,139	732,535	58,603
Equity position risk				
- General risk	925	74	975	78
- Specific risk	289	23	388	31
	1,214	97	1,363	109
Foreign exchange risk	621,165	49,693	1,101,726	88,138
	1,161,618	92,929	1,835,624	146,850

Bank	As At 31 December 2009		As At 31 December 2008	
	Risk-weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-weighted Assets Equivalent RM'000	Capital Required RM'000
Interest rate risk				
- General interest rate risk	309,713	24,777	519,612	41,569
- Specific interest rate risk	198,575	15,886	307,450	24,596
	508,288	40,663	827,062	66,165
Equity position risk				
- General risk	925	74	975	78
- Specific risk	289	23	388	31
	1,214	97	1,363	109
Foreign exchange risk	1,571,478	125,718	924,347	73,948
	2,080,980	166,478	1,752,772	140,222

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A27. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Outstanding credit exposures with connected parties (RM'000)	713,200	1,031,884	922,351	1,319,862
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.53%	0.86%	0.77%	1.23%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.02%	0.12%	0.02%	0.10%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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A28. Operations of Islamic Banking

A28a. Balance Sheets as at 31 December 2009

	Group	
	31 December 2009	31 December 2008
	RM'000	RM'000
ASSETS		
Cash and short-term funds	6,727,664	3,323,580
Securities held-for-trading	79,988	382,296
Securities available-for-sale	1,274,512	400,454
Securities held-to-maturity	5,022	-
Financing and advances	14,472,828	12,023,665
Other assets	70,551	65,039
Statutory deposits with Bank Negara Malaysia	144,000	341,600
Deferred tax assets	84,102	72,304
Property and equipment	464	359
Total Assets	22,859,131	16,609,297
 LIABILITIES AND ISLAMIC		
BANKING FUNDS		
Deposits from customers	13,073,701	9,622,325
Deposits and placements of banks and other financial institutions	8,051,182	4,864,825
Other liabilities	48,915	974,266
Provision for zakat and taxation	50,921	44,013
Total Liabilities	21,224,719	15,505,429
Islamic Banking Funds	1,634,412	1,103,868
Total Liabilities and Islamic Banking Funds	22,859,131	16,609,297
 OFF-BALANCE SHEET EXPOSURES	1,144,291	1,050,966

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A28b. Income Statements for the 4th Quarter and Financial Year Ended 31 December 2009

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	259,218	197,289	916,568	751,646
Allowance for losses on financing and advances	(23,439)	(14,376)	(68,263)	(64,372)
- General allowance	(14,921)	(5,361)	(32,302)	(25,651)
- Other financing loss allowances	(8,518)	(9,015)	(35,961)	(38,721)
Transfer from / (to) profit equalisation reserves, net	19,147	(1,899)	22,908	(22,059)
Total attributable income	254,926	181,014	871,213	665,215
Income attributable to the depositors	(91,664)	(52,518)	(320,825)	(276,778)
Income attributable to the reporting institutions	163,262	128,496	550,388	388,437
Income derived from investment of Islamic Banking Funds	20,005	22,500	72,940	105,608
Total net income	183,267	150,996	623,328	494,045
Other operating expenses	(39,239)	(52,439)	(154,407)	(152,631)
Profit before zakat and taxation	144,028	98,557	468,921	341,414
Zakat	(103)	(45)	(250)	(179)
Taxation	(32,354)	(25,959)	(112,942)	(90,316)
Profit after zakat and taxation	111,571	72,553	355,729	250,919

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A28c. Financing and Advances

	Group	
	31 December 2009 RM'000	31 December 2008 RM'000
Bai Bithaman Ajil-i (deferred payment sale)	4,800,448	4,169,347
Ijarah Thamma Al-Bai'-i (leasing)	9,753,338	9,345,331
Ijarah Muntahia Bittamlik	66,105	-
Bai-Al-Einah-i	<u>3,739,891</u>	<u>2,357,827</u>
	<u>18,359,782</u>	<u>15,872,505</u>
Unearned income	<u>(3,642,736)</u>	<u>(3,284,067)</u>
Gross financing and advances (including Islamic house financing sold to Cagamas)	14,717,046	12,588,438
Less: Islamic house financing sold to Cagamas	<u>-</u>	<u>(350,009)</u>
Gross financing and advances (excluding Islamic house financing sold to Cagamas)	14,717,046	12,238,429
Allowance for losses on financing and advances:		
- general	(223,048)	(190,746)
- specific	<u>(21,170)</u>	<u>(24,018)</u>
Net financing and advances	<u><u>14,472,828</u></u>	<u><u>12,023,665</u></u>

i) Movements in non-performing financing and advances (“NPF”) are as follows:

	Group	
	31 December 2009 RM'000	31 December 2008 RM'000
At 1 January	144,359	169,490
Non-performing during the year	339,566	350,014
Reclassified as performing	(266,451)	(295,926)
Recoveries	(28,844)	(27,151)
Amount written off	(49,587)	(52,068)
Loans converted to foreclosed properties / securities	<u>(979)</u>	<u>-</u>
Closing balance	138,064	144,359
Specific allowance	<u>(21,170)</u>	<u>(24,018)</u>
Net non-performing financing and advances	<u><u>116,894</u></u>	<u><u>120,341</u></u>
Net NPF as % of gross financing and advances (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>0.80%</u></u>	<u><u>0.96%</u></u>

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A28c. Financing and Advances (continued)

ii) Movements in the allowance for losses on financing and advances are as follows:

	Group	
	31 December 2009	31 December 2008
	RM'000	RM'000
<u>General allowance</u>		
At 1 January	190,746	165,095
Allowance made during the year	32,302	25,651
Closing balance	223,048	190,746
As % of gross financing and advances (including Islamic house financing sold to Cagamas) less specific allowance	1.52%	1.52%

	Group	
	31 December 2009	31 December 2008
	RM'000	RM'000
<u>Specific allowance</u>		
At 1 January	24,018	27,883
Allowance made during the year	62,155	66,766
Amount written back	(15,877)	(18,589)
Amount written off	(49,587)	(52,068)
Reinstatement of amount written off previously due to restructuring / rescheduling, now being classified as performing financing	541	51
Amount transferred to accumulated impairment losses in value of foreclosed properties	(80)	(25)
Closing balance	21,170	24,018

A28d. Other Assets

	Group	
	31 December 2009	31 December 2008
	RM'000	RM'000
Deferred handling fees	54,742	51,745
Income receivable	7,773	388
Other receivables, deposits and prepayments	8,036	12,906
	70,551	65,039

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A28e. Deposits from Customers

i) By type of deposit

	Group	
	31 December 2009	31 December 2008
	RM'000	RM'000
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	1,999,422	1,816,947
Wadiah savings deposits-i	3,591,720	3,232,046
Negotiable instruments of deposit-i	<u>1,326,084</u>	<u>1,681,055</u>
	<u>6,917,226</u>	<u>6,730,048</u>
 <u>Mudharabah Fund</u>		
Mudharabah savings deposits-i	78,626	74,033
Mudharabah general investment deposits-i	3,795,302	2,350,894
Mudharabah special investment deposits-i	<u>2,282,547</u>	<u>467,350</u>
	<u>6,156,475</u>	<u>2,892,277</u>
 Deposits from customers	 <u>13,073,701</u>	 <u>9,622,325</u>

A28f. Other liabilities

	Group	
	31 December 2009	31 December 2008
	RM'000	RM'000
Income payable	15,690	16,126
Other payables and accruals	22,656	924,871
Employee benefits	(1,307)	(1,515)
Profit equalisation reserves	<u>11,876</u>	<u>34,784</u>
	<u>48,915</u>	<u>974,266</u>

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

The Group achieved a pre-tax profit of RM3,321.4 million and net profit attributable to equity holders of RM2,517.3 million for the financial year ended 31 December 2009. These profits represented a decrease of 1.7% and 2.5% respectively from the previous year, due to a one-off goodwill income of RM200 million received from ING in respect of a regional strategic alliance on bancassurance distribution included in the previous year which is non-recurring in the current year. Excluding the one-off ING goodwill, the underlying operating pre-tax profit and net profit attributable to equity holders have actually improved by RM142.2 million (4.5%) and RM81.3 million (3.3%) respectively. The profit improvement was primarily due to higher net interest and financing income by RM435.3 million (10.2%) and higher other operating income by RM143.4 million (11.4%). These were partially offset by higher other operating expenses by RM318.8 million and higher loan loss and impairment loss allowances by RM124.6 million resulting from higher business volumes.

The higher other operating income was mainly due to higher fee income and investment income. The higher other operating expenses was mainly due to increase in personnel costs resulting from the expansion of the marketing sales force, whereas the higher loan loss allowance was partly due to higher general allowance by RM61.5 million resulting from higher loan growth achieved during the year.

The Group's net interest and financing income continued to show a growth of 10.2% as compared to the previous year, despite the slowing economy and the negative impact of the reductions in the overnight policy rate by BNM from 3.5% to 2.0% at the end of 2008 and beginning of 2009. The growth in the Group's net interest and financing income was driven by continued strong loans and deposits growth coupled with a stable asset quality. Gross loans had grown by 14.4% to RM137.6 billion as at 31 December 2009 as compared to RM120.3 billion as at 31 December 2008 mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total deposits from customers had also grown by 13.0% or RM19.7 billion as compared to 31 December 2008, mainly driven by strong growth in core customer deposits of RM16.4 billion or 14.8%. Despite the high loan growth over the past 12 months, the Group's net non-performing loan ratio had further improved to 0.80% from 0.86% a year ago.

The Group's domestic commercial bank, Public Bank, recorded a pre-tax profit of RM2,789.2 million for the financial year ended 31 December 2009 and was lower than the pre-tax profit of RM2,897.7 million achieved in the previous year. The drop in profit was mainly due to the one-off ING goodwill income received in the previous year as well as the vesting of its Islamic banking business to its wholly-owned subsidiary, Public Islamic Bank Berhad, on 1 November 2008.

Pre-tax profit contribution from the Group's overseas operations decreased by RM81.1 million or 25.3% from the previous year to RM239.9 million, mainly due to the one-off ING goodwill of RM20 million received and recognised by Public Bank (Hong Kong) Limited in the previous year and higher loan loss allowance in the current year.

For the 4th quarter ended 31 December 2009, the Group registered a pre-tax profit of RM900.2 million, an improvement of RM87.3 million or 10.7% as compared to the previous corresponding quarter. This was achieved on the back of strong loans and deposits growth and stable asset quality, despite the negative impact of the drop in BNM's overnight policy rate and the slowing economy. Earnings attributable to equity holders grew by 3.7% or RM24.3 million over the same period.

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B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM900.2 million for the 4th quarter ended 31 December 2009 shows an increase of RM43.7 million or 5.1% as compared to the pre-tax profit of RM856.5 million for the preceding quarter ended 30 September 2009. Net profit attributable to equity holders increased by RM39.2 million or 6.1% over the same period. The improved performance was mainly attributable to a strong growth of net interest and financing income by 7.3% or RM86.8 million, partially offset by higher other operating expenses by RM26.6 million.

B3. Prospects for 2010

The Malaysian economy is expected to further improve in 2010, on the back of the government's fiscal stimulus, accommodative monetary policy and the expected recovery in major developed economies. The improved consumer and business sentiment in recent months support the positive outlook for the economy in 2010. The banking industry is expected to remain healthy. However, competition will continue to intensify due to strong domestic players, liberal operating environment and the potential of new entrants. Domestic banks are expected to further build capacity and capability to compete, differentiate their business strategies and focus on new products and services. Product pricing will remain competitive.

Based on the positive economic outlook, the Public Bank Group will continue to grow its market share in its core business of consumer financing (mainly in home mortgages, passenger vehicle financing and personal financing) and lending to viable SMEs across economic sectors. The Group will remain prudent and take proactive measures to ensure that its strong asset quality continues to be maintained. The Group will also continue to promote fee-based activities. To sustain its strong business growth, the Group will continue to focus on improving its superior delivery standards and infrastructure, cost efficiency, customer analytics and marketing strategy. In addition, the Group will continue to tap on its extensive branch network and strong franchise, wide array of innovative products and packages and multiple delivery channels.

The Public Bank Group will continue to grow its overseas business by expanding its retail loans and deposits. The Group will continue to strengthen its marketing force and strategies to grow its market share and transfer the Group's best banking practices in Malaysia to accelerate its overseas business growth.

The Group will continue to enhance its risk management capabilities and uphold its strong corporate governance culture and practices. Barring unforeseen circumstances, the Group is expected to continue to record satisfactory performance in 2010.

B4. Profit Forecast or Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Bank.

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B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2009 are as follows:

<u>Group</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	220,791	199,600	851,970	798,283
Overseas income tax	8,949	11,943	37,061	63,153
	229,740	211,543	889,031	861,436
(Over) / under provision in prior years				
- Malaysian income tax	(1,409)	(2,675)	(3,062)	(26,532)
- Overseas income tax	(140)	(708)	1,786	1,589
	228,191	208,160	887,755	836,493
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(16,442)	(51,869)	(118,112)	(80,144)
Tax expense	211,749	156,291	769,643	756,349
Zakat	103	45	250	179
	211,852	156,336	769,893	756,528

The Group's effective tax rates for the 4th quarter and financial year ended 31 December 2009 and 31 December 2008 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

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B5. Tax Expense and Zakat (Contd.)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Malaysian income tax	174,133	134,221	701,413	679,512
Overseas income tax	3,299	2,127	4,691	2,777
	177,432	136,348	706,104	682,289
Under provision in prior years				
- Overseas income tax	223	-	942	2,519
	177,655	136,348	707,046	684,808
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(10,034)	(22,053)	(99,541)	(59,977)
Tax expense	167,621	114,295	607,505	624,831
Zakat	-	15	-	149
	167,621	114,310	607,505	624,980

The Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2009 and 31 December 2008 were lower than the statutory tax rate due to certain income not subject to tax.

B6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the 4th quarter and financial year ended 31 December 2009 other than in the ordinary course of business.

B7. Quoted Securities

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 31 December 2009.

B9. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuance of Non-innovative Tier I stapled securities and subordinated notes in the current financial year and the issuances of subordinated notes and Innovative Tier I capital securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

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B10. Deposits and Placements of Customers and Financial Institutions and Debt Securities

	Group		Bank	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	85,637,200	76,128,403	65,420,208	61,256,897
More than one year	150,725	287,160	130,188	243,585
- Negotiable instruments of deposits				
One year or less	2,886,252	5,936,380	2,157,483	3,412,350
More than one year	508,376	350,788	383,294	83,971
- Money market deposits				
One year or less	38,694,799	32,428,323	34,058,387	30,430,866
- Savings deposits	22,858,130	19,036,598	16,124,134	14,083,581
- Demand deposits	18,976,859	15,751,979	15,936,503	13,316,359
- Others	1,179,248	1,265,667	1,177,293	1,263,250
	170,891,589	151,185,298	135,387,490	124,090,859
Deposits and placements of banks and other financial institutions				
- One year or less	22,614,300	16,684,145	20,783,929	16,826,089
- More than one year	-	-	-	266,817
	22,614,300	16,684,145	20,783,929	17,092,906
Borrowings denominated in HKD (unsecured)				
Term loan				
- One year or less	-	860,234	-	-
- More than one year	653,101	-	-	-
	653,101	860,234	-	-
Subordinated notes denominated in USD (unsecured)				
- More than one year	1,451,546	2,727,640	1,451,546	2,727,640
Subordinated notes denominated in RM (unsecured)				
- More than one year	1,883,776	1,450,555	1,903,993	1,470,580
	3,335,322	4,178,195	3,355,539	4,198,220
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	769,493	847,644	769,493	847,644
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	1,202,840	1,276,840	1,202,840	1,276,840
	1,972,333	2,124,484	1,972,333	2,124,484
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	2,071,589	-	2,071,589	-

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B11. Derivative Financial Instruments

The value of derivative financial instruments classified by remaining period to maturity / next repricing date (whichever is earlier) as at the latest practicable date, 14 January 2010, is as follows :

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	1,421,844	1,012,811	206,641	146,585	54,771	1,036	-
- swaps	11,440,841	5,525,872	4,678,854	1,236,115	-	-	-
- options	47,343	-	-	-	47,343	-	-
Sub total	12,910,028	6,538,683	4,885,495	1,382,700	102,114	1,036	-
Interest rate related contracts							
- swaps	10,951,231	1,011,865	8,605,566	1,333,800	-	-	-
Equity related contracts							
- options	469,829	-	-	-	-	469,829	-
Precious metal contracts							
- forwards	2,355	2,355	-	-	-	-	-
Total	24,333,443	7,552,903	13,491,061	2,716,500	102,114	470,865	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	1,127,409	718,376	206,641	146,585	54,771	1,036	-
- swaps	10,554,278	5,463,858	4,164,436	925,984	-	-	-
- options	47,343	-	-	-	47,343	-	-
Sub total	11,729,030	6,182,234	4,371,077	1,072,569	102,114	1,036	-
Interest rate related contracts							
- swaps	10,434,383	811,795	8,288,788	1,333,800	-	-	-
Equity related contracts							
- options	469,829	-	-	-	-	469,829	-
Precious metal contracts							
- forwards	2,355	2,355	-	-	-	-	-
Total	22,635,597	6,996,384	12,659,865	2,406,369	102,114	470,865	-

Foreign exchange and interest rate related contracts are subject to market and credit risk.

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B12. Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank.

B13. Dividends

(a) (i) The Directors had declared a first interim cash dividend of 30 sen, less 25% tax in respect of financial year ended 31 December 2009, which was paid on 13 August 2009.

(ii) The Directors had declared the following in respect of financial year ended 31 December 2009:

- A second interim cash dividend of 25% less 25% tax, amounting to RM647,146,625, if calculated based on the outstanding issued and paid-up capital excluding treasury shares as at 31 December 2009; and
- A distribution of share dividend on the basis of one (1) Public Bank Berhad ("PBB") treasury share listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad for every sixty-eight (68) ordinary shares of RM1.00 each held in PBB, fractions of treasury shares to be disregarded.

Amount per share : Cash dividend of 25 sen less 25% tax and share dividend of one (1) treasury share for every sixty-eight (68) shares held.

Entitlement date for second interim cash dividend and share dividend: 5 February 2010.

Cash dividend payment date : 13 February 2010

Share dividend crediting date: Within eight (8) market days from the entitlement date of 5 February 2010.

(b) Total dividend paid for the previous financial year 2008:

- Interim cash dividend of 30 sen less 26% tax.
- Final cash dividend of 25 sen less 25% tax.
- Share dividend of one (1) share for every thirty-five (35) shares held.

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B14. Earnings Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the Group's net profit attributable to the equity holders divided by the weighted average number of ordinary shares of RM1.00 each in issue during the year excluding the weighted average treasury shares held by the Bank.

	4th Quarter Ended		Financial Year Ended	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Net profit attributable to equity holders (RM'000)	<u>678,231</u>	<u>653,975</u>	<u>2,517,302</u>	<u>2,581,237</u>
Weighted average number of PBB Shares ('000)	<u>3,451,449</u>	<u>3,355,629</u>	<u>3,433,336</u>	<u>3,355,128</u>
Basic earnings per share (sen)	<u>19.7</u>	<u>19.5</u>	<u>73.3</u>	<u>76.9</u>

Diluted

In the previous year, the calculation of the diluted earnings per share was based on the Group's net profit attributable to the equity holders divided by the adjusted weighted average number of PBB Shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme, which expired on 25 February 2008.

	4th Quarter Ended		Financial Year Ended	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Weighted average number of PBB Shares ('000)	<u>3,451,449</u>	<u>3,355,629</u>	<u>3,433,336</u>	<u>3,355,128</u>
Effects of share options ('000)	<u>-</u>	<u>-</u>	<u>-</u>	<u>508</u>
Adjusted weighted average number of PBB shares in issue or issuable ('000)	<u>3,451,449</u>	<u>3,355,629</u>	<u>3,433,336</u>	<u>3,355,636</u>
Diluted earnings per share (sen)	<u>19.7</u>	<u>19.5</u>	<u>73.3</u>	<u>76.9</u>