

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
ASSETS				
Cash and balances with banks	44,016,069	46,663,156	33,830,834	34,984,593
Reverse repurchase agreements	1,292,707	1,200,243	316,414	-
Financial assets held-for-trading	6,055,674	7,957,275	5,505,279	7,655,815
Derivative financial assets	371,538	310,311	368,993	302,861
Financial investments available-for-sale	12,066,981	12,165,777	10,364,534	10,458,159
Financial investments held-to-maturity	7,727,468	6,620,207	8,873,270	7,637,258
Loans, advances and financing	140,111,157	135,335,784	112,489,700	107,962,807
Other assets	1,880,952	1,758,578	1,416,966	1,453,540
Statutory deposits with Central Banks	1,523,471	1,022,181	1,081,215	588,362
Deferred tax assets	490,980	506,607	373,964	390,826
Investment in subsidiary companies	-	-	3,694,681	3,694,681
Investment in associated companies	124,807	128,318	101,325	101,325
Investment properties	68,440	69,327	-	-
Prepaid land lease payments	272,866	289,228	13	13
Property and equipment	1,033,070	1,051,551	633,353	650,968
Intangible assets	1,999,611	2,057,611	695,393	695,393
TOTAL ASSETS	219,035,791	217,136,154	179,745,934	176,576,601
LIABILITIES				
Deposits from customers	175,609,533	170,891,589	139,525,880	135,387,490
Deposits from banks	18,878,338	22,614,300	18,979,149	20,783,929
Bills and acceptances payable	950,609	612,730	950,609	612,730
Recourse obligations on loans sold to Cagamas	21,059	21,763	21,059	21,763
Derivative financial liabilities	400,989	270,056	371,852	243,396
Debt securities issued and other borrowed funds	7,976,464	8,032,345	7,366,707	7,399,461
Other liabilities	2,550,792	2,511,757	1,413,540	1,399,378
Provision for tax expense and zakat	636,151	464,290	424,055	286,242
Deferred tax liabilities	4,494	2,000	-	-
TOTAL LIABILITIES	207,028,429	205,420,830	169,052,851	166,134,389

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	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
EQUITY				
Share capital	3,531,926	3,531,926	3,531,926	3,531,926
Reserves	8,012,289	8,072,918	7,376,338	7,491,924
Treasury shares	(215,181)	(581,638)	(215,181)	(581,638)
Equity attributable to equity holders of the Bank	11,329,034	11,023,206	10,693,083	10,442,212
Minority interests	678,328	692,118	-	-
TOTAL EQUITY	12,007,362	11,715,324	10,693,083	10,442,212
TOTAL LIABILITIES AND EQUITY	219,035,791	217,136,154	179,745,934	176,576,601
COMMITMENTS AND CONTINGENCIES	67,208,453	61,435,239	62,617,968	56,878,933
CAPITAL ADEQUACY				
Tier 1 Capital Ratio	9.6%	9.9% *	12.0%	12.4% *
Risk-Weighted Capital Ratio	13.7%	14.2% *	13.2%	13.6% *
Net assets per share attributable to ordinary equity holders of the Bank (RM)	3.23	3.19	3.05	3.03

* After deducting second interim dividend.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Operating revenue	<u>2,507,759</u>	2,431,461	<u>2,507,759</u>	2,431,461
Interest income	<u>1,827,497</u>	1,911,926	<u>1,827,497</u>	1,911,926
Interest expense	<u>(748,030)</u>	(953,078)	<u>(748,030)</u>	(953,078)
Net interest income	<u>1,079,467</u>	958,848	<u>1,079,467</u>	958,848
Net income from Islamic banking business				
- Net financing income	<u>180,327</u>	141,258	<u>180,327</u>	141,258
- Other Islamic banking income	<u>4,867</u>	3,548	<u>4,867</u>	3,548
	<u>1,264,661</u>	1,103,654	<u>1,264,661</u>	1,103,654
Other operating income	<u>386,925</u>	294,251	<u>386,925</u>	294,251
Net income	<u>1,651,586</u>	1,397,905	<u>1,651,586</u>	1,397,905
Other operating expenses	<u>(590,091)</u>	(497,133)	<u>(590,091)</u>	(497,133)
Operating profit	<u>1,061,495</u>	900,772	<u>1,061,495</u>	900,772
Allowance for impairment on loans, advances and financing	<u>(139,762)</u>	(156,354)	<u>(139,762)</u>	(156,354)
Impairment on other assets	<u>(1,792)</u>	(1,786)	<u>(1,792)</u>	(1,786)
	<u>919,941</u>	742,632	<u>919,941</u>	742,632
Share of profit after tax of equity accounted associated companies	<u>2,634</u>	2,296	<u>2,634</u>	2,296
Profit before tax expense and zakat	<u>922,575</u>	744,928	<u>922,575</u>	744,928
Tax expense and zakat	<u>(224,921)</u>	(149,115)	<u>(224,921)</u>	(149,115)
Profit for the period	<u>697,654</u>	595,813	<u>697,654</u>	595,813
Profit for the period attributable to :				
- Equity holders of the Bank	<u>685,255</u>	589,285	<u>685,255</u>	589,285
- Minority interests	<u>12,399</u>	6,528	<u>12,399</u>	6,528
	<u>697,654</u>	595,813	<u>697,654</u>	595,813
Earnings per RM1.00 share:				
- basic / diluted (sen)	<u>19.7</u>	17.4	<u>19.7</u>	17.4

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 2009.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Profit for the period	<u>697,654</u>	595,813	<u>697,654</u>	595,813
Other comprehensive (loss) / income:				
Currency translation differences in respect of foreign operations	(175,883)	180,387	(175,883)	180,387
Currency translation differences in respect of net investment hedge	134,238	(101,601)	134,238	(101,601)
Net gain on revaluation of financial investments available-for-sale	14,296	83,957	14,296	83,957
Net change in cash flow hedges	(1,430)	98	(1,430)	98
Income tax relating to components of other comprehensive income	<u>(2,920)</u>	(14,210)	<u>(2,920)</u>	(14,210)
Other comprehensive (loss) / income for the period, net of tax	<u>(31,699)</u>	148,631	<u>(31,699)</u>	148,631
Total comprehensive income for the period	<u><u>665,955</u></u>	<u>744,444</u>	<u><u>665,955</u></u>	<u>744,444</u>
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	686,914	701,150	686,914	701,150
- Minority interests	<u>(20,959)</u>	43,294	<u>(20,959)</u>	43,294
	<u><u>665,955</u></u>	<u>744,444</u>	<u><u>665,955</u></u>	<u>744,444</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 2009.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

<u>Bank</u>	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Operating revenue	1,834,387	1,764,688	1,834,387	1,764,688
Interest income	1,581,093	1,684,194	1,581,093	1,684,194
Interest expense	(683,191)	(911,760)	(683,191)	(911,760)
Net interest income	897,902	772,434	897,902	772,434
Other operating income	408,485	92,531	408,485	92,531
Net income	1,306,387	864,965	1,306,387	864,965
Other operating expenses	(390,796)	(340,657)	(390,796)	(340,657)
Operating profit	915,591	524,308	915,591	524,308
Allowance for impairment on loans, advances and financing	(80,799)	(85,563)	(80,799)	(85,563)
Impairment on other assets	(1,718)	(1,786)	(1,718)	(1,786)
Profit before tax expense and zakat	833,074	436,959	833,074	436,959
Tax expense and zakat	(167,206)	(106,300)	(167,206)	(106,300)
Profit for the period	665,868	330,659	665,868	330,659

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 2009.

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
<u>Bank</u>				
Profit for the period	<u>665,868</u>	<u>330,659</u>	<u>665,868</u>	<u>330,659</u>
Other comprehensive income:				
Net gain on revaluation of financial investments available-for-sale	10,763	55,553	10,763	55,553
Net change in cash flow hedges	(1,430)	98	(1,430)	98
Income tax relating to components of other comprehensive income	<u>(2,691)</u>	<u>(13,916)</u>	<u>(2,691)</u>	<u>(13,916)</u>
Other comprehensive income for the period, net of tax	<u>6,642</u>	<u>41,735</u>	<u>6,642</u>	<u>41,735</u>
Total comprehensive income for the period	<u><u>672,510</u></u>	<u><u>372,394</u></u>	<u><u>672,510</u></u>	<u><u>372,394</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 2009.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

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

Group	Non-distributable			Distributable		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 2010								
- as previously stated	3,531,926	1,439,885	3,762,784	2,870,249	(581,638)	11,023,206	692,118	11,715,324
- effect of adopting FRS 139	-	-	24,486	241,689	-	266,175	7,169	273,344
At 1 January 2010, as restated	3,531,926	1,439,885	3,787,270	3,111,938	(581,638)	11,289,381	699,287	11,988,668
Profit for the period	-	-	-	685,255	-	685,255	12,399	697,654
Other comprehensive income	-	-	1,659	-	-	1,659	(33,358)	(31,699)
Total comprehensive income for the period	-	-	1,659	685,255	-	686,914	(20,959)	665,955
Buy-back of shares	-	-	-	-	(118)	(118)	-	(118)
Transfer to regulatory reserves	-	-	2,450	(2,450)	-	-	-	-
Dividends paid	-	-	-	(647,143)	-	(647,143)	-	(647,143)
Share dividends	-	(366,575)	-	-	366,575	-	-	-
At 31 March 2010	3,531,926	1,073,310	3,791,379	3,147,600	(215,181)	11,329,034	678,328	12,007,362

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

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

Group	Non-distributable Reserves			Distributable Reserves		Treasury Shares	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	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	
Profit for the period	-	-	-	589,285	-	589,285	6,528	595,813	
Other comprehensive income	-	-	111,865	-	-	111,865	36,766	148,631	
Total comprehensive income for the period	-	-	111,865	589,285	-	701,150	43,294	744,444	
Buy-back of shares	-	-	-	-	(88)	(88)	-	(88)	
Transfer to regulatory reserves	-	-	14,823	(14,823)	-	-	-	-	
Dividends paid	-	-	-	(629,178)	-	(629,178)	-	(629,178)	
Share dividends	-	(692,614)	-	-	692,614	-	-	-	
At 31 March 2009	<u>3,531,926</u>	<u>1,439,885</u>	<u>3,370,423</u>	<u>1,847,942</u>	<u>(581,586)</u>	<u>9,608,590</u>	<u>735,320</u>	<u>10,343,910</u>	

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

<----- 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	
Bank						
At 1 January 2010						
- as previously stated	3,531,926	1,439,885	3,513,672	2,538,367	(581,638)	10,442,212
- effect of adopting FRS 139	-	-	-	225,622	-	225,622
At 1 January 2010, as restated	<u>3,531,926</u>	<u>1,439,885</u>	<u>3,513,672</u>	<u>2,763,989</u>	<u>(581,638)</u>	<u>10,667,834</u>
Profit for the period	-	-	-	665,868	-	665,868
Other comprehensive income	-	-	6,642	-	-	6,642
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>6,642</u>	<u>665,868</u>	<u>-</u>	<u>672,510</u>
Buy-back of shares	-	-	-	-	(118)	(118)
Dividends paid	-	-	-	(647,143)	-	(647,143)
Share dividends	-	(366,575)	-	-	366,575	-
At 31 March 2010	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,520,314</u>	<u>2,782,714</u>	<u>(215,181)</u>	<u>10,693,083</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

<----- 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	
Bank						
At 1 January 2009	3,531,926	2,132,499	3,239,059	1,762,457	(1,274,112)	9,391,829
Profit for the period	-	-	-	330,659	-	330,659
Other comprehensive income	-	-	41,735	-	-	41,735
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>41,735</u>	<u>330,659</u>	<u>-</u>	<u>372,394</u>
Buy-back of shares	-	-	-	-	(88)	(88)
Dividends paid	-	-	-	(629,178)	-	(629,178)
Share dividends	-	(692,614)	-	-	692,614	-
At 31 March 2009	<u><u>3,531,926</u></u>	<u><u>1,439,885</u></u>	<u><u>3,280,794</u></u>	<u><u>1,463,938</u></u>	<u><u>(581,586)</u></u>	<u><u>9,134,957</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 2009.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

	Group		Bank	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Profit before tax expense and zakat	922,575	744,928	833,074	436,959
Adjustments for non-cash items	176,724	218,784	(89,039)	111,543
Operating profit before changes in working capital	1,099,299	963,712	744,035	548,502
Changes in working capital:				
Net changes in operating assets	(399,782)	(7,627,955)	(1,190,894)	(5,566,829)
Net changes in operating liabilities	1,712,828	2,605,260	2,710,974	1,497,228
Tax expense and zakat paid	(129,214)	(183,980)	(91,013)	(133,985)
Net cash generated from operating activities	2,283,131	(4,242,963)	2,173,102	(3,655,084)
Net cash used in investing activities	(959,650)	1,240,816	(816,216)	1,408,091
Net cash used in financing activities	(670,178)	(582,911)	(647,261)	(629,266)
Net change in cash and cash equivalents	653,303	(3,585,058)	709,625	(2,876,259)
Cash and cash equivalents at beginning of the year	43,480,452	36,597,027	31,868,626	29,564,959
Exchange differences on translation of opening balances	(284,949)	322,323	-	-
Cash and cash equivalents at end of the period (Note)	43,848,806	33,334,292	32,578,251	26,688,700
Note:				
Cash and balances with banks	44,016,069	33,803,864	33,830,834	28,628,847
Less: Balances with banks with maturity more than one month	(167,263)	(469,572)	(1,252,583)	(1,940,147)
Cash and cash equivalents at end of the period	43,848,806	33,334,292	32,578,251	26,688,700

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 2009.

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

A1. Basis of Preparation

The unaudited interim financial statements for the 1st quarter ended 31 March 2010 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 investments, derivative financial instruments and investment properties.

The unaudited 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 unaudited 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 2009. 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 2009.

The unaudited 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 unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2009, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs, IC Interpretations and Technical Release ("TR"):

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions
Amendments to FRS 132	Financial Instruments: Presentation

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A1. Basis of Preparation (Continued)

The adoption of FRS 4 did not have any material impact on the financial results of the Group and the Bank as only an immaterial amount of revenue is generated from the insurance business. The adoption of FRS 7, FRS 101, TR i-3 and Amendments to FRS 132 also did not impact the financial results of the Group and the Bank, as the changes introduced are presentational in nature. The principal effects of the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs and IC Interpretations are disclosed in Note A28.

The Amendments to FRS 139 above included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe the use of an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement, as prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing, and its principal effects is also disclosed in Note A28.

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, and have yet to be adopted by the Group and the Bank:

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 IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2009 was not qualified.

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 1st quarter ended 31 March 2010.

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 1st quarter ended 31 March 2010.

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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 1st quarter ended 31 March 2010.

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"):

Share Buy-back

On 2 March 2010, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the 1st quarter ended 31 March 2010, the Bank bought back from the open market, 10,000 PBB Shares listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM11.74 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the 1st quarter ended 31 March 2010, including transaction costs, was RM117,817 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 50,716,464 treasury shares were distributed as share dividend 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 sixty-eight (68) ordinary shares of RM1.00 each held in PBB on 5 February 2010. The distribution of the share dividend was completed on 13 February 2010.

As at 31 March 2010, the number of treasury shares held after deducting the above share dividend distribution was 29,770,704 PBB Shares.

A7. Dividends Paid and Distributed

During the financial quarter ended 31 March 2010, the second interim dividend of 25%, less 25% tax in respect of the financial year ended 31 December 2009, amounting to RM647,143,359 was paid on 13 February 2010.

A share dividend distribution consisting of 50,716,464 treasury shares as mentioned in Note A6 above was also completed on 13 February 2010.

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A8. Financial Assets Held-for-trading

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
At fair value				
Money market instruments:				
Malaysian Government Treasury Bills	-	66,735	-	66,735
Malaysian Government Securities	144,978	433,224	144,978	433,224
Malaysian Government Investment Certificates	79,930	131,661	79,930	101,356
Cagamas bonds	20,199	125,367	-	100,323
Negotiable instruments of deposit Bank Negara Malaysia Monetary Notes	5,257,526	6,243,362	4,808,499	6,193,679
Bank Negara Malaysia Bills	395,135	744,463	395,135	744,463
	-	124,937	-	-
	5,897,768	7,869,749	5,428,542	7,639,780
Quoted securities:				
Shares in Malaysia	849	925	849	925
Unquoted securities:				
Private debt securities in Malaysia	157,057	86,601	75,888	15,110
Total financial assets held-for-trading	6,055,674	7,957,275	5,505,279	7,655,815

A9. Financial Investments Available-for-sale

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	2,631,840	2,772,548	2,540,739	2,762,225
Malaysian Government Investment Certificates	2,005,263	2,066,106	1,200,105	1,199,819
Negotiable instruments of deposit	44,429	50,637	310,967	310,039
	4,681,532	4,889,291	4,051,811	4,272,083
Quoted securities:				
Shares and convertible loan stocks in Malaysia	48,579	49,765	45,305	46,323
Shares outside Malaysia	7,321	6,846	-	-
Trust units in Malaysia				
- Public Institutional Bond Fund	1,556,770	1,415,767	1,455,081	1,315,851
- Others	3,006,364	2,996,838	2,596,581	2,588,541
	4,619,034	4,469,216	4,096,967	3,950,715
Unquoted securities:				
Shares in Malaysia	106,675	20,579	105,670	20,009
Shares outside Malaysia	3,060	3,067	196	61
Private debt securities in Malaysia	2,656,680	2,783,624	2,109,890	2,215,291
	2,766,415	2,807,270	2,215,756	2,235,361
Total financial investments available-for-sale	12,066,981	12,165,777	10,364,534	10,458,159

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A10. Financial Investments Held-to-maturity

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	13,469	9,826	13,469	9,826
Malaysian Government Securities	2,856,811	2,702,667	2,695,253	2,620,859
Malaysian Government Investment Certificates	629,504	566,529	629,504	566,529
Bankers' acceptances and Islamic accepted bills	1,719,010	1,020,955	1,202,426	129,387
Cagamas bonds	15,154	15,107	5,001	5,059
Negotiable instruments of deposit	824,899	513,121	4,156,670	4,028,238
Hong Kong Government Treasury Bills	315,587	220,788	-	-
Sri Lanka Government Treasury Bills	39,873	53,523	39,873	53,523
	<u>6,414,307</u>	<u>5,102,516</u>	<u>8,742,196</u>	<u>7,413,421</u>
Unquoted securities:				
Shares in Malaysia	-	88,016	-	87,573
Private debt securities in Malaysia	151,737	159,065	141,663	148,976
Private debt securities outside Malaysia	1,172,013	1,283,322	-	-
	<u>1,323,750</u>	<u>1,530,403</u>	<u>141,663</u>	<u>236,549</u>
Accumulated impairment losses	(10,589)	(12,712)	(10,589)	(12,712)
Total financial investments held-to-maturity	<u>7,727,468</u>	<u>6,620,207</u>	<u>8,873,270</u>	<u>7,637,258</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
At amortised cost				
Overdrafts	9,430,290	9,624,895	8,207,921	8,183,430
Term loans				
- Housing loans / financing	39,934,847	38,239,258	34,173,993	32,520,706
- Syndicated term loan / financing	2,179,584	2,263,231	1,079,950	1,101,921
- Hire purchase receivables	37,370,186	35,999,213	25,540,966	24,572,823
- Other term loans / financing	51,407,079	49,605,543	39,556,218	37,995,612
Credit card receivables	1,162,074	1,178,526	1,154,218	1,169,668
Bills receivables	111,934	114,879	88,419	83,338
Trust receipts	384,888	407,432	306,109	333,042
Claims on customers under acceptance credits	3,363,946	3,132,655	3,351,755	3,120,974
Revolving credits	3,244,016	2,961,241	3,290,373	2,997,450
*Staff loans	865,778	832,315	813,353	776,225
	<u>149,454,622</u>	<u>144,359,188</u>	<u>117,563,275</u>	<u>112,855,189</u>
Unearned interest and income	(7,026,449)	(6,748,761)	(3,253,773)	(3,165,885)
Gross loans, advances and financing	<u>142,428,173</u>	<u>137,610,427</u>	<u>114,309,502</u>	<u>109,689,304</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(2,089,457)	-	(1,713,040)	-
- individual assessment allowance	(227,559)	-	(106,762)	-
- general allowance	-	(2,051,659)	-	(1,645,143)
- specific allowance	-	(222,984)	-	(81,354)
Net loans, advances and financing	<u><u>140,111,157</u></u>	<u><u>135,335,784</u></u>	<u><u>112,489,700</u></u>	<u><u>107,962,807</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,232,124 (2009: RM1,426,094) and RM2,549,805 (2009 - RM711,601) respectively.

A11a. By type of customer

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Domestic banking institutions	98,030	68,625	-	-
Domestic non-bank financial institutions				
- Stock-broking companies	5,882	2,010	5,882	2,010
- Others	3,953,964	3,669,909	3,937,572	3,655,532
Domestic business enterprises				
- Small and medium enterprises	25,828,937	24,840,973	22,506,611	21,520,341
- Others	22,151,636	22,424,951	17,644,301	17,072,519
Government and statutory bodies	329,565	316,353	497	534
Individuals	88,230,129	83,606,472	68,570,535	65,745,217
Other domestic entities	26,507	26,919	23,632	25,438
Foreign entities	1,803,523	2,654,215	1,620,472	1,667,713
	<u>142,428,173</u>	<u>137,610,427</u>	<u>114,309,502</u>	<u>109,689,304</u>

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A11. Loans, Advances and Financing (continued)

A11b. By interest / profit rate sensitivity

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Fixed rate				
- Housing loans / financing	2,252,222	2,399,719	1,221,221	1,375,787
- Hire purchase receivables	31,224,425	30,149,942	22,294,108	21,473,821
- Other fixed rate loans / financing	14,609,134	14,283,642	7,545,377	7,114,932
Variable rate				
- Base lending rate plus	73,375,666	69,865,606	71,379,959	68,141,186
- Cost plus	12,098,961	11,802,092	11,246,534	10,958,834
- Other variable rates	8,867,765	9,109,426	622,303	624,744
	<u>142,428,173</u>	<u>137,610,427</u>	<u>114,309,502</u>	<u>109,689,304</u>

A11c. By residual contractual maturity

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Maturity within one year	24,643,452	23,963,064	20,577,942	19,380,641
More than one year to three years	14,706,929	14,871,529	10,764,627	10,813,628
More than three years to five years	16,355,079	16,104,439	12,342,334	12,116,481
More than five years	86,722,713	82,671,395	70,624,599	67,378,554
	<u>142,428,173</u>	<u>137,610,427</u>	<u>114,309,502</u>	<u>109,689,304</u>

A11d. By geographical distribution

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Malaysia	129,243,738	123,785,497	113,623,817	108,993,916
Hong Kong SAR and the People's Republic of China	10,821,823	11,316,886	378,809	397,610
Cambodia	1,917,767	2,079,755	-	-
Other countries	444,845	428,289	306,876	297,778
	<u>142,428,173</u>	<u>137,610,427</u>	<u>114,309,502</u>	<u>109,689,304</u>

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A11. Loans, Advances and Financing (continued)

A11e. Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Purchase of securities	2,329,694	2,383,280	2,220,667	2,233,886
Purchase of transport vehicles	32,805,822	31,628,208	22,442,603	21,601,524
Purchase of landed properties	67,798,277	64,887,271	59,619,227	56,783,539
(of which: - residential	39,575,778	37,953,145	34,554,872	32,962,816
- non-residential)	28,222,499	26,934,126	25,064,355	23,820,723
Purchase of fixed assets (excluding landed properties)	376,458	390,129	303,660	317,880
Personal use	8,545,983	8,477,853	3,902,417	3,847,006
Credit card	1,162,074	1,178,526	1,154,218	1,169,668
Purchase of consumer durables	16,294	16,495	12,135	12,644
Construction	1,547,583	1,552,576	984,149	947,445
Mergers & Acquisitions	15,953	99,835	15,953	99,835
Working capital	21,720,483	21,053,154	17,893,977	17,083,443
Other purpose	6,109,552	5,943,100	5,760,496	5,592,434
	142,428,173	137,610,427	114,309,502	109,689,304

A11f. Gross loans, advances and financing by sectors

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Agriculture, hunting, forestry and fishing	3,209,873	3,080,074	2,922,890	2,776,774
Mining and quarrying	105,915	102,570	97,057	93,681
Manufacturing	6,810,454	6,573,612	6,021,310	5,751,532
Electricity, gas and water	34,187	46,053	13,191	25,004
Construction	5,980,979	5,836,418	5,203,447	5,052,239
Wholesale & retail trade and restaurants & hotels	13,266,529	12,797,310	12,043,575	11,590,257
Transport, storage and communication	1,601,220	1,556,251	1,540,675	1,492,542
Finance, insurance and business services	8,028,492	7,680,286	7,173,463	6,815,720
Real estate	9,740,642	9,403,595	9,102,033	8,732,707
Community, social and personal services	1,301,964	1,260,033	913,567	887,750
Households	91,383,972	88,179,612	68,981,888	66,143,492
(of which: - purchase of residential properties	38,797,143	37,211,245	33,800,909	32,243,051
- purchase of transport vehicles	27,324,209	26,326,889	17,438,607	16,789,954
- others)	25,262,620	24,641,478	17,742,372	17,110,487
Others	963,946	1,094,613	296,406	327,606
	142,428,173	137,610,427	114,309,502	109,689,304

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A11. Loans, Advances and Financing (continued)

A11g. Loans, advances and financing pledged as collateral are as follows:

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Bankers' acceptances rediscounted	<u>263,682</u>	<u>22,444</u>	<u>263,682</u>	<u>22,444</u>

A11h. Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
At 1 January				
- as previously stated	1,319,627	1,210,099	813,356	956,329
- effect of adopting FRS 139	<u>68,715</u>	-	<u>65,049</u>	-
At 1 January, as restated	<u>1,388,342</u>	1,210,099	<u>878,405</u>	956,329
Impaired during the period / year	575,413	2,483,525	443,452	1,652,963
Reclassified as non-impaired	(445,561)	(1,694,775)	(347,766)	(1,435,151)
Recoveries	(43,775)	(145,601)	(35,810)	(116,824)
Amount written off	(106,916)	(490,821)	(43,915)	(203,478)
Loans converted to foreclosed properties / securities	(5,434)	(41,436)	(4,850)	(40,457)
Exchange differences	(17,638)	(1,364)	(78)	(26)
Closing balance	<u>1,344,431</u>	<u>1,319,627</u>	<u>889,438</u>	<u>813,356</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.94%</u>	<u>0.96%</u>	<u>0.78%</u>	<u>0.74%</u>

A11i. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Malaysia	1,025,284	945,809	885,517	811,737
Hong Kong SAR and the People's Republic of China	205,657	232,902	-	-
Cambodia	109,569	139,297	-	-
Other countries	3,921	1,619	3,921	1,619
	<u>1,344,431</u>	<u>1,319,627</u>	<u>889,438</u>	<u>813,356</u>

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Purchase of securities	2,718	2,722	2,718	2,722
Purchase of transport vehicles	148,059	145,096	93,702	91,048
Purchase of landed properties	597,378	564,424	507,807	478,758
(of which: - residential	468,535	451,954	414,890	402,129
- non-residential)	128,843	112,470	92,917	76,629
Purchase of fixed assets (excluding landed properties)	7,380	7,021	7,201	6,843
Personal use	145,873	153,777	51,870	47,513
Credit card	13,832	13,998	13,738	13,955
Purchase of consumer durables	248	242	227	222
Construction	19,757	4,861	812	-
Working capital	393,483	410,861	195,846	155,944
Other purpose	15,703	16,625	15,517	16,351
	1,344,431	1,319,627	889,438	813,356

A11k. Impaired loans, advances and financing by sectors

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Agriculture, hunting, forestry and fishing	2,135	5,823	2,013	2,188
Mining and quarrying	597	104	469	104
Manufacturing	155,903	176,694	88,516	74,987
Electricity, gas and water	2,229	394	67	394
Construction	83,706	50,741	63,443	44,881
Wholesale & retail trade and restaurants & hotels	140,757	129,710	81,567	67,159
Transport, storage and communication	5,201	4,772	5,000	4,527
Finance, insurance and business services	46,622	44,188	20,537	16,249
Real estate	22,625	25,145	17,568	14,823
Community, social and personal services	4,051	3,710	4,051	3,659
Households	833,544	820,172	604,772	582,405
(of which: - purchase of residential properties	460,712	444,561	407,323	394,870
- purchase of transport vehicles	127,698	124,827	76,931	74,438
- others)	245,134	250,784	120,518	113,097
Others	47,061	58,174	1,435	1,980
	1,344,431	1,319,627	889,438	813,356

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A11. Loans, Advances and Financing (continued)

A11I. Movements in the allowance for impaired loans, advances and financing are as follows:

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
<u>Collective Assessment Allowance</u>				
At 1 January				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	2,019,299	-	1,648,687	-
At 1 January, as restated	2,019,299	-	1,648,687	-
Allowance made during the period / year	126,761	-	106,957	-
Amount written off	(52,965)	-	(42,430)	-
Exchange differences	(3,638)	-	(174)	-
	<u>2,089,457</u>	<u>-</u>	<u>1,713,040</u>	<u>-</u>

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	233,710	-	108,766	-
At 1 January, as restated	233,710	-	108,766	-
Allowance made during the period / year	67,499	-	1,968	-
Amount written back in respect of recoveries	(11,966)	-	(2,487)	-
Amount written off	(53,951)	-	(1,485)	-
Exchange differences	(7,733)	-	-	-
	<u>227,559</u>	<u>-</u>	<u>106,762</u>	<u>-</u>

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A11. Loans, Advances and Financing (continued)

A11I. Movements in the allowance for impaired loans, advances and financing are as follows (continued):

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
<u>General Allowance</u>				
At 1 January				
- as previously stated	2,051,659	1,759,487	1,645,143	1,419,932
- effect of adopting FRS 139	(2,051,659)	-	(1,645,143)	-
At 1 January, as restated	-	1,759,487	-	1,419,932
Allowance made during the period / year	-	293,607	-	225,120
Exchange differences	-	(1,435)	-	91
Closing balance	-	2,051,659	-	1,645,143
As % of gross loans, advances and financing less specific allowance	-	1.49%	-	1.50%

The general allowance of the Group in the previous year 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.

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
<u>Specific Allowance</u>				
At 1 January				
- as previously stated	222,984	172,802	81,354	96,509
- effect of adopting FRS 139	(222,984)	-	(81,354)	-
At 1 January, as restated	-	172,802	-	96,509
Allowance made during the period / year	-	621,338	-	244,243
Amount written back in respect of recoveries	-	(73,611)	-	(57,763)
Amount written off	-	(490,821)	-	(203,478)
Reinstatement of amount written off previously due to restructuring / rescheduling, now being classified as performing loan	-	6,286	-	5,745
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	-	(3,960)	-	(3,880)
Exchange differences	-	(9,050)	-	(22)
Closing balance	-	222,984	-	81,354

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A12. Other Assets

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Deferred handling fees	194,389	185,114	136,979	130,372
Interest / Income receivable	65,471	54,184	50,254	38,196
Other receivables, deposits and prepayments	1,012,954	968,160	810,878	736,148
Manager's stocks	30,632	40,730	-	-
Amount due from trust funds	139,573	154,740	-	-
Foreclosed properties	129,365	131,371	127,898	130,369
Taxi licenses	6,349	6,664	-	-
Outstanding contracts on clients' accounts	302,219	217,615	-	-
Amount due from subsidiary companies	-	-	41,797	51,966
Dividend receivable from subsidiary companies	-	-	249,160	366,489
	<u>1,880,952</u>	<u>1,758,578</u>	<u>1,416,966</u>	<u>1,453,540</u>

A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Demand deposits	19,206,752	18,976,859	16,173,077	15,936,503
Savings deposits	23,054,200	22,858,130	16,593,910	16,124,134
Fixed deposits	85,541,862	85,787,925	66,535,462	65,550,396
Negotiable instruments of deposit	3,674,831	3,394,628	577,946	2,540,777
Money market deposits	43,605,508	38,694,799	39,119,954	34,058,387
Other deposits	526,380	1,179,248	525,531	1,177,293
	<u>175,609,533</u>	<u>170,891,589</u>	<u>139,525,880</u>	<u>135,387,490</u>

b) By type of customer

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Federal and state governments	1,350,026	1,034,892	561,183	548,678
Local government and statutory authorities	2,187,996	2,440,787	1,850,177	1,759,750
Business enterprises	55,814,600	55,506,241	42,413,061	41,257,683
Individuals	81,384,050	80,493,668	68,557,324	66,868,296
Foreign customers	4,345,311	4,203,078	3,853,055	5,345,529
Others	30,527,550	27,212,923	22,291,080	19,607,554
	<u>175,609,533</u>	<u>170,891,589</u>	<u>139,525,880</u>	<u>135,387,490</u>

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A13. Deposits from Customers (continued)

- c) The maturity structure of fixed deposits, negotiable instruments of deposit and money market deposits are as follows:

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Due within six months	114,189,802	112,029,003	90,294,832	87,562,161
More than six months to one year	17,436,592	15,189,248	15,396,365	14,073,917
More than one year to three years	1,168,230	621,041	517,098	494,807
More than three years to five years	27,577	38,060	25,067	18,675
	<u>132,822,201</u>	<u>127,877,352</u>	<u>106,233,362</u>	<u>102,149,560</u>

A14. Deposits from Banks

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Licensed banks	12,635,960	15,331,108	9,824,699	12,524,465
Licensed Islamic banks	2,057,201	1,923,325	-	-
Licensed investment banks	746,116	2,027,848	1,166,445	2,594,024
Bank Negara Malaysia	639,429	3,651	636,736	-
Other financial institutions	2,799,632	3,328,368	7,351,269	5,665,440
	<u>18,878,338</u>	<u>22,614,300</u>	<u>18,979,149</u>	<u>20,783,929</u>

A15. Other Liabilities

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Interest / income payable	613,234	687,036	541,735	607,897
Other payables and accruals	1,529,089	1,463,226	881,744	794,835
Amount due to trust funds	119,951	78,827	-	-
Unprocessed sales and / or redemptions	6,772	64,761	-	-
Employee benefits	(68,019)	(66,325)	(65,471)	(63,844)
Profit Equalisation Reserves	22,159	11,876	-	-
Finance lease liabilities	35,873	42,852	35,873	42,852
Outstanding contracts on clients' accounts	285,476	208,912	-	-
Dividend payable to shareholders	6,257	20,592	6,257	3,712
Amount due to subsidiary companies	-	-	13,402	13,926
	<u>2,550,792</u>	<u>2,511,757</u>	<u>1,413,540</u>	<u>1,399,378</u>

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A16. Interest Income

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Group				
Loans, advances and financing	1,519,751	1,434,717	1,519,751	1,434,717
Balances with banks	126,930	269,974	126,930	269,974
Financial investments available-for-sale	37,782	20,633	37,782	20,633
Financial investments held-to-maturity	91,333	81,039	91,333	81,039
Others	18,759	13,363	18,759	13,363
	<u>1,794,555</u>	<u>1,819,726</u>	<u>1,794,555</u>	<u>1,819,726</u>
Financial assets held-for-trading	32,942	92,200	32,942	92,200
	<u>1,827,497</u>	<u>1,911,926</u>	<u>1,827,497</u>	<u>1,911,926</u>

Of which:

Interest income earned on impaired loans,
advances and financing

<u>10,850</u>	-	<u>10,850</u>	-
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	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans, advances and financing	1,316,169	1,264,436	1,316,169	1,264,436
Balances with banks	120,902	225,750	120,902	225,750
Financial investments available-for-sale	33,642	21,305	33,642	21,305
Financial investments held-to-maturity	65,732	71,223	65,732	71,223
Others	18,594	13,378	18,594	13,378
	<u>1,555,039</u>	<u>1,596,092</u>	<u>1,555,039</u>	<u>1,596,092</u>
Financial assets held-for-trading	26,054	88,102	26,054	88,102
	<u>1,581,093</u>	<u>1,684,194</u>	<u>1,581,093</u>	<u>1,684,194</u>

Of which:

Interest income earned on impaired loans,
advances and financing

<u>7,428</u>	-	<u>7,428</u>	-
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A17. Interest Expense

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks	40,250	35,680	40,250	35,680
Deposits from customers	647,432	822,979	647,432	822,979
Loans sold to Cagamas	221	37,053	221	37,053
Debt securities issued and other borrowed funds	59,392	55,987	59,392	55,987
Others	735	1,379	735	1,379
	748,030	953,078	748,030	953,078

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits from banks	24,742	26,054	24,742	26,054
Deposits from customers	601,591	792,254	601,591	792,254
Loans sold to Cagamas	221	37,053	221	37,053
Debt securities issued and other borrowed funds	56,015	55,085	56,015	55,085
Others	622	1,314	622	1,314
	683,191	911,760	683,191	911,760

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A18. Other Operating Income

	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Group				
(a) Fee income:				
Commissions	37,678	33,711	37,678	33,711
Service charges and fees	52,255	49,307	52,255	49,307
Guarantee fees	7,454	8,414	7,454	8,414
Processing fees	2,037	5,592	2,037	5,592
Commitment fees	15,217	12,657	15,217	12,657
Unit trust management fees	114,742	70,869	114,742	70,869
Fee on sale of trust units	23,433	15,328	23,433	15,328
Net brokerage and commissions from stockbroking activities	24,037	10,017	24,037	10,017
Other fee income	8,926	9,196	8,926	9,196
	<u>285,779</u>	<u>215,091</u>	<u>285,779</u>	<u>215,091</u>
(b) Net gain arising on financial assets held-for-trading				
- net gain on disposal	911	6,206	911	6,206
- gross dividend income	9	7	9	7
- unrealised revaluation gain	1,685	3,217	1,685	3,217
	<u>2,605</u>	<u>9,430</u>	<u>2,605</u>	<u>9,430</u>
(c) Unrealised gain / (loss) on revaluation of trading derivatives	<u>473</u>	<u>(2,207)</u>	<u>473</u>	<u>(2,207)</u>
(d) Net gain arising on financial investments available-for-sale				
- net gain on disposal	1,960	6,020	1,960	6,020
- gross dividend income	26,726	17,654	26,726	17,654
	<u>28,686</u>	<u>23,674</u>	<u>28,686</u>	<u>23,674</u>
(e) Gross dividend income from financial investments held-to-maturity	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
(f) Ineffectiveness arising from hedging derivatives	<u>(457)</u>	<u>29</u>	<u>(457)</u>	<u>29</u>
(g) Other income:				
Foreign exchange profit	60,698	40,218	60,698	40,218
Rental income from:				
- investment properties	1,407	1,418	1,407	1,418
- other properties	2,405	1,977	2,405	1,977
Net gain on disposal of property and equipment	15	18	15	18
Net gain / (loss) on disposal of foreclosed properties	295	(900)	295	(900)
Others	5,019	5,481	5,019	5,481
	<u>69,839</u>	<u>48,212</u>	<u>69,839</u>	<u>48,212</u>
Total other operating income	<u>386,925</u>	<u>294,251</u>	<u>386,925</u>	<u>294,251</u>

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A18. Other Operating Income (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
<u>Bank</u>				
(a) Fee income:				
Commissions	48,828	33,743	48,828	33,743
Service charges and fees	27,718	34,062	27,718	34,062
Guarantee fees	5,751	6,665	5,751	6,665
Processing fees	279	206	279	206
Commitment fees	14,347	11,613	14,347	11,613
Other fee income	(331)	7,318	(331)	7,318
	<u>96,592</u>	<u>93,607</u>	<u>96,592</u>	<u>93,607</u>
(b) Net gain arising on financial assets held-for-trading				
- net gain on disposal	923	5,540	923	5,540
- gross dividend income	6	7	6	7
- unrealised revaluation gain	1,734	3,485	1,734	3,485
	<u>2,663</u>	<u>9,032</u>	<u>2,663</u>	<u>9,032</u>
(c) Unrealised gain / (loss) on revaluation of trading derivatives	<u>2,551</u>	<u>(1,632)</u>	<u>2,551</u>	<u>(1,632)</u>
(d) Net gain arising on financial investments available-for-sale				
- net gain on disposal	1,960	5,154	1,960	5,154
- gross dividend income	25,742	16,736	25,742	16,736
	<u>27,702</u>	<u>21,890</u>	<u>27,702</u>	<u>21,890</u>
(e) Gross dividend income from financial investments held-to-maturity	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
(f) Ineffectiveness arising from hedging derivatives	<u>75</u>	<u>(13)</u>	<u>75</u>	<u>(13)</u>
(g) Gross dividend income from:				
- subsidiary companies				
- unquoted in Malaysia	<u>150,174</u>	<u>10,000</u>	<u>150,174</u>	<u>10,000</u>
(f) Other income:				
Foreign exchange profit / (loss)	123,105	(45,881)	123,105	(45,881)
Rental income from other properties	1,428	1,066	1,428	1,066
Net gain on disposal of property and equipment	29	24	29	24
Net loss on disposal of foreclosed properties	(807)	(900)	(807)	(900)
Others	4,973	5,316	4,973	5,316
	<u>128,728</u>	<u>(40,375)</u>	<u>128,728</u>	<u>(40,375)</u>
Total other operating income	<u>408,485</u>	<u>92,531</u>	<u>408,485</u>	<u>92,531</u>

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A19. Other Operating Expenses

Group	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Personnel costs				
- Salaries, allowances and bonuses	299,087	253,696	299,087	253,696
- Pension costs	31,617	32,672	31,617	32,672
- Others	25,667	22,544	25,667	22,544
	356,371	308,912	356,371	308,912
Establishment costs				
- Depreciation and amortisation	34,011	33,399	34,011	33,399
- Rental	18,057	17,063	18,057	17,063
- Insurance	5,432	4,459	5,432	4,459
- Water and electricity	9,110	8,445	9,110	8,445
- General repairs and maintenance	16,019	16,799	16,019	16,799
- Information technology expenses	6,647	5,946	6,647	5,946
- Others	8,464	7,568	8,464	7,568
	97,740	93,679	97,740	93,679
Marketing expenses				
- Sales commission	26,762	16,903	26,762	16,903
- Advertisement and publicity	21,410	18,640	21,410	18,640
- Others	26,032	15,007	26,032	15,007
	74,204	50,550	74,204	50,550
Administration and general expenses				
- Communication expenses	21,958	16,485	21,958	16,485
- Legal and professional fees	13,431	12,932	13,431	12,932
- Others	26,387	14,575	26,387	14,575
	61,776	43,992	61,776	43,992
Total other operating expenses	590,091	497,133	590,091	497,133

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A19. Other Operating Expenses (continued)

<u>Bank</u>	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Personnel costs				
- Salaries, allowances and bonuses	227,833	200,080	227,833	200,080
- Pension costs	27,310	28,300	27,310	28,300
- Others	23,158	19,793	23,158	19,793
	<u>278,301</u>	<u>248,173</u>	<u>278,301</u>	<u>248,173</u>
Establishment costs				
- Depreciation and amortisation	27,015	25,963	27,015	25,963
- Rental	17,877	17,219	17,877	17,219
- Insurance	3,929	3,040	3,929	3,040
- Water and electricity	6,787	6,455	6,787	6,455
- General repairs and maintenance	14,141	14,677	14,141	14,677
- Information technology expenses	3,911	3,414	3,911	3,414
- Others	5,521	5,006	5,521	5,006
	<u>79,181</u>	<u>75,774</u>	<u>79,181</u>	<u>75,774</u>
Marketing expenses				
- Advertisement and publicity	8,304	8,478	8,304	8,478
- Others	14,419	13,138	14,419	13,138
	<u>22,723</u>	<u>21,616</u>	<u>22,723</u>	<u>21,616</u>
Administration and general expenses				
- Communication expenses	21,112	15,327	21,112	15,327
- Legal and professional fees	10,315	9,941	10,315	9,941
- Others	19,159	4,668	19,159	4,668
	<u>50,586</u>	<u>29,936</u>	<u>50,586</u>	<u>29,936</u>
Shared service cost charged to Public Islamic Bank Berhad	(39,995)	(34,842)	(39,995)	(34,842)
Total other operating expenses	<u>390,796</u>	<u>340,657</u>	<u>390,796</u>	<u>340,657</u>

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A20. Allowance for Impairment on Loans, Advances and Financing

	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
<u>Group</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	126,761	-	126,761	-
Individual assessment allowance	55,533	-	55,533	-
General allowance	-	68,008	-	68,008
Specific allowance	-	122,871	-	122,871
Bad debts recovered from				
stock broking activities	-	(9)	-	(9)
Impaired loans and financing written off	118	500	118	500
Impaired loans and financing recovered	(42,650)	(35,016)	(42,650)	(35,016)
	139,762	156,354	139,762	156,354

	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
<u>Bank</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	106,957	-	106,957	-
Individual assessment allowance	(519)	-	(519)	-
General allowance	-	60,846	-	60,846
Specific allowance	-	44,581	-	44,581
Impaired loans and financing written off	87	273	87	273
Impaired loans and financing recovered	(25,726)	(20,137)	(25,726)	(20,137)
	80,799	85,563	80,799	85,563

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A21. Segment Information

Three Months Ended 31 March 2010	----- 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	447,823	1,105,418	153,307	336,840	51,785	138,306	1,261	19,779	2,254,519	253,240	-	2,507,759
Revenue from other segments	-	149,413	1,944	71,004	8,876	(10,847)	6,849	359,230	586,469	1,304	(587,773)	-
	<u>447,823</u>	<u>1,254,831</u>	<u>155,251</u>	<u>407,844</u>	<u>60,661</u>	<u>127,459</u>	<u>8,110</u>	<u>379,009</u>	<u>2,840,988</u>	<u>254,544</u>	<u>(587,773)</u>	<u>2,507,759</u>
Net interest income and												
Islamic banking income	232,723	708,875	59,644	26,931	3,219	1,279	(1,246)	58,074	1,089,499	175,162	-	1,264,661
Other operating income	780	141,206	14,207	88,885	19,407	126,926	8,084	(21,806)	377,689	32,013	(22,777)	386,925
Net income	<u>233,503</u>	<u>850,081</u>	<u>73,851</u>	<u>115,816</u>	<u>22,626</u>	<u>128,205</u>	<u>6,838</u>	<u>36,268</u>	<u>1,467,188</u>	<u>207,175</u>	<u>(22,777)</u>	<u>1,651,586</u>
Other operating expenses	(38,542)	(334,390)	(2,317)	(5,348)	(10,032)	(65,007)	(3,519)	(65,468)	(524,623)	(88,245)	22,777	(590,091)
Allowance for impairment on loans, advances and financing	(28,079)	(61,356)	(10,023)	-	(149)	-	-	5	(99,602)	(40,160)	-	(139,762)
Impairment on other assets	-	(1,718)	-	(74)	-	-	-	-	(1,792)	-	-	(1,792)
Profit by segments	<u>166,882</u>	<u>452,617</u>	<u>61,511</u>	<u>110,394</u>	<u>12,445</u>	<u>63,198</u>	<u>3,319</u>	<u>(29,195)</u>	<u>841,171</u>	<u>78,770</u>	<u>-</u>	<u>919,941</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									78	2,556		2,634
Profit before tax expense and zakat									<u>841,249</u>	<u>81,326</u>		<u>922,575</u>
Cost income ratio	16.5%	39.3%	3.1%	4.6%	44.3%	50.7%	51.5%	180.5%	35.8%	42.6%		35.7%
Gross loans	31,016,484	81,758,090	16,766,301	-	248,093	36,352	2,053	-	129,827,373	12,600,800		142,428,173
Impaired loans, advances and financing	144,452	816,703	64,128	-	-	-	-	-	1,025,283	319,148		1,344,431
Impaired loan ratio	0.5%	1.0%	0.4%	-	-	-	-	-	0.8%	2.5%		0.9%
Deposits from customers	-	103,627,221	278,586	53,630,368	4,146,772	-	-	-	161,682,947	13,926,586		175,609,533
Segment assets	<u>30,765,036</u>	<u>106,683,926</u>	<u>16,457,150</u>	<u>70,329,827</u>	<u>6,135,016</u>	<u>251,910</u>	<u>261,359</u>	<u>13,539,709</u>	<u>244,423,933</u>	<u>18,425,834</u>	<u>(47,079,309)</u>	<u>215,770,458</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									1,788	123,019		124,807
Unallocated assets									1,140,915	-		1,140,915
Intangible assets									769,251	1,230,360		1,999,611
Total assets									<u>246,335,887</u>	<u>19,779,213</u>		<u>219,035,791</u>

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A21. Segment Information (continued)

Three Months Ended 31 March 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	394,325	1,052,503	131,685	387,465	43,603	86,279	1,107	46,352	2,143,319	288,142	-	2,431,461
Revenue from other segments	-	215,220	1,938	90,697	8,274	(1,870)	6,805	130,608	451,672	11,344	(463,016)	-
	<u>394,325</u>	<u>1,267,723</u>	<u>133,623</u>	<u>478,162</u>	<u>51,877</u>	<u>84,409</u>	<u>7,912</u>	<u>176,960</u>	<u>2,594,991</u>	<u>299,486</u>	<u>(463,016)</u>	<u>2,431,461</u>
Net interest income and												
Islamic banking income	180,321	623,146	38,684	56,137	5,841	(184)	(899)	30,055	933,101	170,553	-	1,103,654
Other operating income	799	98,714	13,804	22,378	9,324	84,125	7,905	35,556	272,605	37,496	(15,850)	294,251
Net income	<u>181,120</u>	<u>721,860</u>	<u>52,488</u>	<u>78,515</u>	<u>15,165</u>	<u>83,941</u>	<u>7,006</u>	<u>65,611</u>	<u>1,205,706</u>	<u>208,049</u>	<u>(15,850)</u>	<u>1,397,905</u>
Other operating expenses	(33,224)	(283,806)	(4,469)	(4,514)	(7,442)	(33,315)	(3,823)	(58,764)	(429,357)	(83,626)	15,850	(497,133)
Allowance for impairment on loans, advances and financing	(24,010)	(43,545)	(28,005)	-	106	-	-	-	(95,454)	(60,900)	-	(156,354)
Impairment on other assets	-	(1,786)	-	-	-	-	-	-	(1,786)	-	-	(1,786)
Profit by segments	<u>123,886</u>	<u>392,723</u>	<u>20,014</u>	<u>74,001</u>	<u>7,829</u>	<u>50,626</u>	<u>3,183</u>	<u>6,847</u>	<u>679,109</u>	<u>63,523</u>	<u>-</u>	<u>742,632</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									70	2,226		2,296
Profit before tax expense and zakat									<u>679,179</u>	<u>65,749</u>		<u>744,928</u>
Cost income ratio	18.3%	39.3%	8.5%	5.7%	49.1%	39.7%	54.6%	89.6%	35.6%	40.2%		35.6%
Gross loans	28,080,839	68,784,392	14,087,714	-	242,911	26,045	2,116	-	111,224,017	14,207,375		125,431,392
Impaired loans, advances and financing	176,086	849,549	41,978	-	-	-	-	-	1,067,613	164,504		1,232,117
Impaired loan ratio	0.6%	1.2%	0.3%	-	-	-	-	-	1.0%	1.2%		1.0%
Deposits from customers	-	102,662,240	255,081	37,585,177	2,569,093	-	-	-	143,071,591	13,209,819		156,281,410
Segment assets	<u>27,793,899</u>	<u>107,859,100</u>	<u>13,865,778</u>	<u>62,134,017</u>	<u>4,517,229</u>	<u>307,810</u>	<u>186,633</u>	<u>1,036,393</u>	<u>217,700,859</u>	<u>19,383,449</u>	<u>(41,133,628)</u>	<u>195,950,680</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									1,485	135,412		136,897
Unallocated assets									1,001,121	-		1,001,121
Intangible assets									769,251	1,368,668		2,137,919
Total assets									<u>219,472,716</u>	<u>20,887,529</u>		<u>199,226,617</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 end of the reporting period that require disclosure or adjustments to the unaudited interim financial statements.

A23. Changes in the Composition of the Group

There were no significant changes in the composition of the Group during the period ended 31 March 2010.

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A24. Commitments and Contingencies

The commitments and contingencies and their related counterparty credit risk of the Group and the Bank are as follows:

Group As At 31 March 2010	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Commitments and Contingent Liabilities</u>				
Direct credit substitutes	1,433,756		1,433,756	863,619
Transaction-related contingent items	633,262		316,631	180,498
Short term self-liquidating trade-related contingencies	639,408		127,882	118,999
Forward asset purchases	927,105		927,105	37,609
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	12,907,715		5,314,074	3,732,445
- not exceeding one year	20,747,993		-	-
Unutilised credit card lines	3,036,418		607,284	455,463
	40,400,657		8,764,232	5,426,133
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	15,409,693	59,831	190,955	53,167
Interest rate related contracts:				
- less than one year	195,258	2,605	2,996	599
- one year to less than five years	6,367,597	138,182	320,053	64,432
- five years and above	4,382,105	149,773	477,453	96,714
Commodity related contracts:				
- less than one year	1,448	-	14	14
Equity related contracts:				
- one year to less than five years	451,695	21,147	57,282	21,444
	26,807,796	371,538	1,048,753	236,370
	67,208,453	371,538	9,812,985	5,662,503

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A24. Commitments and Contingencies (continued)

The commitments and contingencies and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Group As At 31 December 2009	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Commitments and Contingent Liabilities</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
Forward asset purchases	91,201		91,201	15,171
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
	<u>38,666,278</u>		<u>8,241,936</u>	<u>5,587,260</u>
<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
	<u>22,768,961</u>	<u>310,311</u>	<u>997,257</u>	<u>227,612</u>
	<u>61,435,239</u>	<u>310,311</u>	<u>9,239,193</u>	<u>5,814,872</u>

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A24. Commitments and Contingencies (continued)

The commitments and contingencies and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Bank	Principal	Positive	Credit	Risk-
As At 31 March 2010	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
	RM'000	Contracts	RM'000	RM'000
The Bank (excl. Public Bank (L) Ltd.)				
<u>Commitments and Contingent Liabilities</u>				
Direct credit substitutes	1,318,672		1,318,672	837,710
Transaction-related contingent items	584,206		292,103	175,627
Short term self-liquidating trade-related contingencies	446,972		89,394	82,768
Forward asset purchases	739,062		739,062	-
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	11,883,202		4,917,251	3,446,387
- not exceeding one year	18,961,810		-	-
Unutilised credit card lines	2,852,546		570,509	427,882
	36,861,470		7,964,491	5,007,874
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	14,948,960	57,532	185,879	52,151
Interest rate related contracts:				
- less than one year	111,078	2,594	2,774	555
- one year to less than five years	6,057,232	138,182	309,599	63,292
- five years and above	4,186,085	149,538	463,496	93,925
Commodity related contracts:				
- less than one year	1,448	-	14	14
Equity related contracts:				
- one year to less than five years	451,695	21,147	57,282	21,444
	25,756,498	368,993	1,019,044	231,381
	62,617,968	368,993	8,983,535	5,239,255
Public Bank (L) Ltd.				
<u>Commitments and Contingent Liabilities</u>				
Direct credit substitutes	4,900		4,900	4,900
Other commitments such as formal standby facilities and credit lines, with an original maturity of :				
- not exceeding one year	13,030		-	-
	17,930		4,900	4,900

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A24. Commitments and Contingencies (continued)

The commitments and contingencies and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Bank (continued) As At 31 March 2010	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Public Bank (L) Ltd. (continued)				
<u>Derivative Financial Contracts</u>				
Interest rate related contracts:				
- one year to less than five years	310,365	-	10,454	2,140
- five years and above	96,020	235	13,957	2,791
	406,385	235	24,411	4,931
	424,315	235	29,311	9,831
	63,042,283	369,228	9,012,846	5,249,086

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A24. Commitments and Contingencies (continued)

The commitments and contingencies and their related counterparty credit risk of the Group and the Bank are as follows (continued):

Bank As At 31 December 2009	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
The Bank (excl. Public Bank (L) Ltd.)				
<u>Commitments and Contingent Liabilities</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
Forward asset purchases	15,344		15,344	-
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
	<u>35,322,701</u>		<u>7,495,041</u>	<u>5,147,010</u>
<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
	<u>21,556,232</u>	<u>302,861</u>	<u>953,535</u>	<u>218,818</u>
	<u>56,878,933</u>	<u>302,861</u>	<u>8,448,576</u>	<u>5,365,828</u>
Public Bank (L) Ltd.				
<u>Commitments and Contingent Liabilities</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		-	-
	<u>55,960</u>		<u>22,282</u>	<u>22,282</u>

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A24. Commitments and Contingencies (continued)

The commitments and contingencies 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
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
	531,340	2,300	29,039	5,858
	587,300	2,300	51,321	28,140
	57,466,233	305,161	8,499,897	5,393,968

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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A25. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 31 March 2010 are as follows:

- i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:

Group	As at 31 March 2010			As at 31 December 2009		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards	1,290,140	10,214	13,914	806,819	4,760	4,955
- Currency swaps	14,074,294	48,968	197,840	10,354,354	35,292	68,989
- Currency options purchased	45,259	649	-	47,045	1,291	-
Interest rate related contracts						
- Interest rate swaps	168,530	36	127	84,350	84	36
Equity related contracts						
- Options purchased	451,695	21,147	-	480,456	22,096	-
Precious metal contracts						
- Forwards	1,448	-	4	3,767	17	1
	16,031,366	81,014	211,885	11,776,791	63,540	73,981
Hedging derivatives:						
Fair value hedge						
Interest rate related contracts						
- Interest rate swaps	10,292,430	281,128	188,783	10,458,170	235,459	195,688
Cash flow hedge						
Interest rate related contracts						
- Interest rate swaps	484,000	9,396	321	534,000	11,312	387
	10,776,430	290,524	189,104	10,992,170	246,771	196,075
Total	26,807,796	371,538	400,989	22,768,961	310,311	270,056

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A25. Derivative Financial Instruments (continued)

- i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Bank	As at 31 March 2010			As at 31 December 2009		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards	1,049,796	9,853	13,643	761,996	4,663	4,786
- Currency swaps	13,853,905	47,030	197,537	9,717,788	30,239	68,421
- Currency options purchased	45,259	649	-	47,045	1,291	-
Interest rate related contracts						
- Interest rate swaps	544,997	6,943	30,855	567,698	6,461	34,085
Equity related contracts						
- Options purchased	451,695	21,147	-	480,456	22,096	-
Precious metal contracts						
- Forwards	1,448	-	4	3,767	17	1
	15,947,100	85,622	242,039	11,578,750	64,767	107,293
Hedging derivatives:						
Fair value hedge						
Interest rate related contracts						
- Interest rate swaps	9,325,398	273,975	129,492	9,443,482	226,782	135,716
Cash flow hedge						
Interest rate related contracts						
- Interest rate swaps	484,000	9,396	321	534,000	11,312	387
	9,809,398	283,371	129,813	9,977,482	238,094	136,103
Total	25,756,498	368,993	371,852	21,556,232	302,861	243,396

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A25. Derivative Financial Instruments (continued)

ii) Derivative financial instruments classified by remaining period to maturity:

Group

Items	Contract / Notional 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 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,290,140	875,605	181,204	156,249	77,082	-	-
- currency swaps	14,074,294	7,372,006	6,068,886	630,473	2,929	-	-
- currency options purchased	45,259	-	-	45,259	-	-	-
	15,409,693	8,247,611	6,250,090	831,981	80,011	-	-
Interest rate related contracts							
- interest rate swaps	10,944,960	-	-	65,340	129,918	2,375,132	8,374,570
Equity related contracts							
- options purchased	451,695	-	-	-	-	246,466	205,229
Precious metal contracts							
- forwards	1,448	1,448	-	-	-	-	-
Total	26,807,796	8,249,059	6,250,090	897,321	209,929	2,621,598	8,579,799

Bank

Items	Contract / Notional 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 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,049,796	636,577	179,888	156,249	77,082	-	-
- currency swaps	13,853,905	7,155,865	6,064,638	630,473	2,929	-	-
- currency options purchased	45,259	-	-	45,259	-	-	-
	14,948,960	7,792,442	6,244,526	831,981	80,011	-	-
Interest rate related contracts							
- interest rate swaps	10,354,395	-	-	65,340	45,738	2,309,792	7,933,525
Equity related contracts							
- options purchased	451,695	-	-	-	-	246,466	205,229
Precious metal contracts							
- forwards	1,448	1,448	-	-	-	-	-
Total	25,756,498	7,793,890	6,244,526	897,321	125,749	2,556,258	8,138,754

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A25. Derivative Financial Instruments (continued)

iii) 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 items on and off the statement of financial position.

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 March 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM371,540,000 (31 December 2009 : RM310,312,000) and RM368,993,000 (31 December 2009 : RM302,861,000) 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.

iv) There have been no changes since the end of the previous financial year in respect of the following:

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2009 and the Risk Management section of the 2009 Annual Report.

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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 March 2010	31 December 2009	31 March 2010	31 December 2009
Tier 1 capital ratio	9.6%	9.9% *	12.0%	12.4% *
Risk-weighted capital ratio	<u>13.7%</u>	<u>14.2% *</u>	<u>13.2%</u>	<u>13.6% *</u>

* After deducting second interim dividend.

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 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	1,073,310	1,439,885	1,073,310	1,439,885
Other reserves	3,740,586	3,740,586	3,548,569	3,548,569
Retained profits	2,223,106	2,870,249	1,977,010	2,624,153
Innovative Tier I capital securities	1,851,125	1,883,186	1,851,125	1,883,186
Non-innovative Tier I stapled securities	2,081,064	2,080,878	2,081,064	2,080,878
Treasury shares	(215,181)	(581,638)	(215,181)	(581,638)
Minority interests	658,760	692,118	-	-
Less: Goodwill	(1,973,120)	(2,031,105)	(695,393)	(695,393)
Less: Deferred tax assets, net	(500,684)	(500,684)	(384,741)	(384,741)
Total Tier I capital	<u>12,470,892</u>	<u>13,125,401</u>	<u>12,767,689</u>	<u>13,446,825</u>
<u>Tier II capital</u>				
Collective assessment allowance	2,089,457	-	1,721,965	-
General allowance	-	2,051,659	-	1,653,936
Subordinated notes	3,153,446	3,217,828	3,173,872	3,238,045
Total Tier II capital	<u>5,242,903</u>	<u>5,269,487</u>	<u>4,895,837</u>	<u>4,891,981</u>
Total capital	17,713,795	18,394,888	17,663,526	18,338,806
Less: Investment in subsidiary companies and associated companies	(960)	(960)	(3,593,384)	(3,593,384)
Capital base	<u>17,712,835</u>	<u>18,393,928</u>	<u>14,070,142</u>	<u>14,745,422</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)

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

	Public Islamic Bank Berhad ¹	Public Investment Bank Berhad ²	Public Bank (L) Ltd ³	Public Bank (Hong Kong) Limited ⁴	Public Finance Limited ⁴	Cambodian Public Bank Plc ⁵
31 March 2010						
Tier 1 capital ratio	10.0%	14.5%	11.1%	16.1%	30.0%	N/A
Risk-weighted capital ratio	11.8%	14.7%	11.4%	16.1%	31.1%	22.7%
31 December 2009						
Tier 1 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%	24.0%

* After deducting 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 Tier 1 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%.
- c) The breakdown of risk-weighted assets by each major risk category is as follows:

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
Credit risk	117,514,067	113,680,026	96,674,917	93,436,429
Market risk	1,113,189	1,161,618	1,898,811	2,080,980
Operational risk	10,716,585	10,436,307	7,987,181	7,815,769
	129,343,841	125,277,951	106,560,909	103,333,178

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A27. Operations of Islamic Banking

A27a. Statement of Financial Position As At 31 March 2010

	Group	
	31 March	31 December
	2010	2009
	RM'000	RM'000
ASSETS		
Cash and balances with banks	9,069,429	6,727,664
Financial assets held-for-trading	449,027	79,988
Financial investments available-for-sale	1,214,876	1,274,512
Financial investments held-to-maturity	5,066	5,022
Financing and advances	15,153,716	14,472,828
Other assets	199,014	70,551
Statutory deposits with Bank Negara Malaysia	148,450	144,000
Deferred tax assets	88,430	84,102
Property and equipment	451	464
Total Assets	26,328,459	22,859,131
LIABILITIES AND ISLAMIC		
BANKING FUNDS		
Deposits from customers	13,425,702	13,073,701
Deposits from banks	11,180,480	8,051,182
Other liabilities	47,893	48,915
Provision for zakat and taxation	62,404	50,921
Total Liabilities	24,716,479	21,224,719
Islamic Banking Funds	1,611,980	1,634,412
Total Liabilities and Islamic	26,328,459	22,859,131
Banking Funds	26,328,459	22,859,131
 COMMITMENTS AND CONTINGENCIES	 1,093,990	 1,144,291

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A27b. Income Statements for the 1st Quarter and Three Months Ended 31 March 2010

	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	267,740	207,823	267,740	207,823
Allowance for impairment on financing and advances	(19,987)	(9,732)	(19,987)	(9,732)
Transfer to profit equalisation reserves, net	(10,284)	(8,420)	(10,284)	(8,420)
Total attributable income	237,469	189,671	237,469	189,671
Income attributable to the depositors	(91,809)	(71,945)	(91,809)	(71,945)
Income attributable to the reporting institutions	145,660	117,726	145,660	117,726
Income derived from investment of Islamic Banking Funds	19,547	17,348	19,547	17,348
Total net income	165,207	135,074	165,207	135,074
Other operating expenses	(46,845)	(39,463)	(46,845)	(39,463)
Profit before zakat and taxation	118,362	95,611	118,362	95,611
Zakat	(64)	(49)	(64)	(49)
Taxation	(29,000)	(23,721)	(29,000)	(23,721)
Profit for the period	89,298	71,841	89,298	71,841

A27c. Statement of Comprehensive Income for the 1st Quarter and Three Months Ended 31 March 2010

	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
<u>Group</u>				
Profit for the period	89,298	71,841	89,298	71,841
Other comprehensive (loss) / income:				
Net (loss) / gain on revaluation of financial investments available-for-sale	(1,184)	1,175	(1,184)	1,175
Income tax relating to components of other comprehensive income	296	(294)	296	(294)
Other comprehensive (loss) / income for the period, net of tax	(888)	881	(888)	881
Total comprehensive income for the period	88,410	72,722	88,410	72,722

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A27d. Financing and Advances

	Group	
	31 March 2010 RM'000	31 December 2009 RM'000
Bai Bithaman Ajil-i (deferred payment sale)	4,928,941	4,800,448
Ijarah Thamma Al-Bai'-i (leasing)	10,086,606	9,753,338
Ijarah Muntahia Bittamlik	66,099	66,105
Bai-Al-Einah-i	4,075,169	3,739,891
	<u>19,156,815</u>	<u>18,359,782</u>
Unearned income	(3,772,330)	(3,642,736)
Gross financing and advances	15,384,485	14,717,046
Allowance for impairment on financing and advances:		
- collective assessment allowance	(230,769)	-
- general allowance	-	(223,048)
- specific allowance	-	(21,170)
Net financing and advances	<u>15,153,716</u>	<u>14,472,828</u>

i) Movements in impaired financing and advances are as follows:

	Group	
	31 March 2010 RM'000	31 December 2009 RM'000
At 1 January		
- as previously stated	138,064	144,359
- effect of adopting FRS 139	3,767	-
At 1 January, as restated	<u>141,831</u>	144,359
Impaired during the period / year	83,889	339,566
Reclassified as non-impaired	(66,770)	(266,451)
Recoveries	(7,970)	(28,844)
Amount written off	(12,481)	(49,587)
Loans converted to foreclosed properties / securities	(584)	(979)
Closing balance	<u>137,915</u>	<u>138,064</u>
Impaired financing and advances as a percentage of gross financing and advances	<u>0.90%</u>	<u>0.94%</u>

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A27e. Deposits from Customers
i) By type of deposit

	Group	
	31 March	31 December
	2010	2009
	RM'000	RM'000
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	1,910,147	1,999,422
Wadiah savings deposits-i	3,706,731	3,591,720
Negotiable instruments of deposit-i	1,693,976	1,326,084
	7,310,854	6,917,226
<u>Mudharabah Fund</u>		
Mudharabah savings deposits-i	77,238	78,626
Mudharabah general investment deposits-i	3,867,380	3,795,302
Mudharabah special investment deposits-i	2,170,230	2,282,547
	6,114,848	6,156,475
	13,425,702	13,073,701
Deposits from customers	13,425,702	13,073,701

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A28. Change in Accounting Policies

(a) Change in Accounting Policies

The adoption of new FRSs, amendments to FRSs, IC Interpretations and TR during the financial period have resulted in the following changes in accounting policies:

- i) FRS 139 Financial Instruments: Recognition and Measurement
- ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- iii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- iv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. However, since the adoption of BNM's revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting which are similar to those prescribed by FRS 139 have already been adopted by the Group and the Bank. Therefore, the full adoption of FRS 139 on 1 January 2010 has resulted in the following material changes in accounting policies as follows:

1) Impairment of Loans and Advances

The adoption of FRS 139 has resulted in a change in the accounting policy relating to the assessment for impairment of financial assets, particularly loans and advances. The existing accounting policies relating to the assessment of impairment of other financial assets of the Group and the Bank are already largely in line with those of FRS 139. Prior to the adoption of FRS 139, allowances for impaired loans and advances (previously referred to as non-performing loans) were computed in conformity with the BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. Upon the adoption of FRS 139, the Group and the Bank assesses at the end of each reporting period whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that the loss event has an impact on future estimated cash flows of the loan or group of loans that can be reliably estimated.

The Group and the Bank first assesses individually whether objective evidence of impairment exists individually for loans which are individually significant, and collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loans with similar credit risk characteristics and collectively assessed for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

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A28. Change in Accounting Policies (continued)

In the Amendments to FRS 139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by 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 assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowance of the Bank and its domestic banking subsidiaries as at the reporting date have been arrived at based on this transitional arrangement issued by BNM.

The changes in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting the income statement as at the beginning of the current financial period being adjusted to opening retained profits. As a result of the adoption of the loans impairment basis under FRS 139 and the transitional arrangements under BNM's guidelines on Classification and Impairment Provisions for Loans/Financing, the Group and the Bank wrote back general allowance of RM2,051,659,000 and RM1,645,143,000 respectively and specific allowance of RM222,984,000 and RM81,354,000 respectively against opening retained profits as at 1 January 2010. In addition, the Group and the Bank have also recognised opening collective assessment allowance of RM2,019,299,000 and RM1,648,687,000 respectively and opening individual assessment allowance of RM233,710,000 and RM108,766,000 respectively against opening retained profits as at 1 January 2010. Any further collective assessment allowance and individual assessment allowance charged subsequent to the initial adoption of FRS 139 is recognised as allowance for impairment on loans, advances and financing in the income statement.

2) Interest Income Recognition

FRS 139 prescribes that financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest method. Whilst the Group and the Bank's financial investments held-to-maturity are already measured on this basis under the requirements of BNM's revised BNM/GP8 effective from 1 January 2005, interest income on its loans and receivables continued to be recognised based on contractual interest rates. Upon the full adoption of FRS 139 on 1 January 2010, interest income is recognised using effective interest rates ("EIR"), which is the rate that exactly discounts estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

This change in accounting policy has been accounted for prospectively in line with the transitional arrangements under para 103AA of FRS 139, resulting in an adjustment of RM274,139,000 and RM266,880,000 respectively for the Group and the Bank to opening retained profits.

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A28. Change in Accounting Policies (continued)

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the interest receivable account in the statement of financial position. Thereafter, interest on the non-performing loan is recognised as income on a cash basis. Upon adoption of FRS 139, once a loan has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss. This change in accounting policy has resulted in the writeback of interest-in-suspense amounting to RM68,715,000 and RM65,049,000 by the Group and the Bank respectively to opening retained profits.

3) Recognition of Embedded Derivatives

Upon the adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured.

Based on the assessment by the Group and the Bank upon adoption of FRS 139 on 1 January 2010, there were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

(b) **Adjustments due to Change in Accounting Policies**

The changes in accounting policies as described above which resulted in adjustments to opening reserves of the Group and the Bank are as follows:

	Group RM'000	Bank RM'000
Effects on retained profits:		
At 1 January 2010, as previously stated	2,870,249	2,538,367
Effects of adoption of FRS 139	241,689	225,622
At 1 January 2010, as restated	<u>3,111,938</u>	<u>2,763,989</u>
Effects on other reserves:		
At 1 January 2010, as previously stated	3,762,784	3,513,672
Effects of adoption of FRS 139	24,486	-
At 1 January 2010, as restated	<u>3,787,270</u>	<u>3,513,672</u>
Effects on minority interest:		
At 1 January 2010, as previously stated	692,118	-
Effects of adoption of FRS 139	7,169	-
At 1 January 2010, as restated	<u>699,287</u>	<u>-</u>

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A28. Change in Accounting Policies (continued)

(c) **Comparative Figures**

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 31 March 2009 have been re-presented as two separate statements, ie. an income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period has resulted in some changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the statement of financial position as at 31 December 2009 and the income statement for the financial period ended 31 March 2009 have been restated to conform with the current period's presentation. Since these changes only affect the presentation of disclosure items, there is no impact on the financial results of the Group and the Bank for the comparative period.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
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B1. Performance Review

The Group's pre-tax profit for the 1st quarter ended 31 March 2010 of RM922.6 million was RM177.6 million or 23.8% higher than the previous corresponding quarter of RM744.9 million. Net profit attributable to equity holders improved by RM96.0 million or 16.3% to RM685.3 million. The improved earnings was mainly due to higher net interest and financing income by RM159.7 million (14.5%), higher other operating income by RM92.7 million (31.5%) which was mainly due to higher management fee income from the fund management business, higher fee income from sale of trust units, higher brokerage and commission from stockbroking activities and higher income from the foreign exchange business. In addition, loan impairment allowance also decreased by RM16.6 million (10.6%). These were partially offset by higher other operating expenses by RM93.0 million which was mainly due to the increase in personnel costs resulting from the expansion of marketing sales force and higher business volume.

The growth in the Group's net interest and financing income was driven by continued strong loans and deposits growth coupled with sustained strong asset quality. Gross loans had grown by 13.6% year-on-year to RM142.4 billion as at 31 March 2010 as compared to RM125.4 billion as at 31 March 2009 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 12.4% or RM19.3 billion as compared to 31 March 2009 which partly contributed to the higher net interest income for the current financial quarter. The Group's impaired loan ratio had further improved to 0.94% from 0.98% a year ago.

The Group's domestic commercial bank, Public Bank, recorded a pre-tax profit of RM833.1 million for the current financial quarter and was 90.7% higher than the pre-tax profit of RM437.0 million achieved in the previous corresponding quarter. This was mainly due to higher net interest income, lower loan impairment allowance, higher dividend income from subsidiaries and higher foreign exchange gain in respect of the hedging of the Group's overseas operations, partially offset by higher other operating expenses.

Pre-tax profit contribution from the Group's overseas operations increased by RM15.6 million or 23.7% from the previous corresponding quarter to RM81.3 million, mainly due to the lower loan impairment allowance in the current quarter.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM922.6 million for the 1st quarter ended 31 March 2010 shows an increase of RM22.4 million or 2.5% as compared to the pre-tax profit of RM900.2 million for the preceding quarter ended 31 December 2009. Net profit attributable to equity holders increased by RM7.0 million or 1.0% over the same period. The improved performance was mainly attributable to lower loan impairment allowance by RM38.1 million, higher other operating income resulting mainly from higher fee income from sale of trust units, higher management fee income from the fund management business and higher income from the foreign exchange business. This was partially offset by higher other operating expenses.

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 1st quarter ended 31 March 2010 are as follows:

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Malaysian income tax	233,515	148,325	233,515	148,325
Overseas income tax	16,655	10,312	16,655	10,312
	250,170	158,637	250,170	158,637
Under / (Over) provision in prior years				
- Malaysian income tax	3	(58)	3	(58)
- Overseas income tax	806	1,945	806	1,945
	250,979	160,524	250,979	160,524
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(26,122)	(11,458)	(26,122)	(11,458)
Tax expense	224,857	149,066	224,857	149,066
Zakat	64	49	64	49
	224,921	149,115	224,921	149,115

The Group's effective tax rates for the 1st quarter ended 31 March 2010 and 31 March 2009 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>	1st Quarter Ended		Three Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Malaysian income tax	184,326	113,752	184,326	113,752
Overseas income tax	440	409	440	409
	184,766	114,161	184,766	114,161
Under provision in prior years				
- Overseas income tax	806	719	806	719
	185,572	114,880	185,572	114,880
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(18,366)	(8,580)	(18,366)	(8,580)
	167,206	106,300	167,206	106,300

The Bank's effective tax rate for the 1st quarter ended 31 March 2010 and 31 March 2009 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 1st quarter ended 31 March 2010 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 March 2010.

B9. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

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B10. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds

	Group		Bank	
	31 March 2010 RM'000	31 December 2009 RM'000	31 March 2010 RM'000	31 December 2009 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	85,333,855	85,637,200	66,366,930	65,420,208
More than one year	208,007	150,725	168,532	130,188
- Negotiable instruments of deposits				
One year or less	2,687,031	2,886,252	204,313	2,157,483
More than one year	987,800	508,376	373,633	383,294
- Money market deposits				
One year or less	43,605,508	38,694,799	39,119,954	34,058,387
- Savings deposits	23,054,200	22,858,130	16,593,910	16,124,134
- Demand deposits	19,206,752	18,976,859	16,173,077	15,936,503
- Others	526,380	1,179,248	525,531	1,177,293
	<u>175,609,533</u>	<u>170,891,589</u>	<u>139,525,880</u>	<u>135,387,490</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>18,878,338</u>	<u>22,614,300</u>	<u>18,979,149</u>	<u>20,783,929</u>
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	623,893	653,101	-	-
Revolving credit				
- One year or less	6,290	-	-	-
	<u>630,183</u>	<u>653,101</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	1,385,704	1,451,546	1,385,704	1,451,546
Subordinated notes denominated in RM (unsecured)				
- More than one year	1,878,850	1,883,776	1,899,276	1,903,993
	<u>3,264,554</u>	<u>3,335,322</u>	<u>3,284,980</u>	<u>3,355,539</u>
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	743,277	769,493	743,277	769,493
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	1,211,559	1,202,840	1,211,559	1,202,840
	<u>1,954,836</u>	<u>1,972,333</u>	<u>1,954,836</u>	<u>1,972,333</u>
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	2,126,891	2,071,589	2,126,891	2,071,589
	<u>7,976,464</u>	<u>8,032,345</u>	<u>7,366,707</u>	<u>7,399,461</u>

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B11. Derivative Financial Instruments

Derivative financial instruments classified by remaining period to maturity as at the latest practicable date, 8 April 2010, is as follows:

Group

Items	Contract / Notional 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 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,259,106	820,791	202,568	180,264	55,483	-	-
- currency swaps	11,317,346	4,590,889	5,447,388	1,022,029	257,040	-	-
- currency options purchased	45,027	-	-	45,027	-	-	-
	12,621,479	5,411,680	5,649,956	1,247,320	312,523	-	-
Interest rate related contracts							
- interest rate swaps	10,871,112	-	-	64,260	465,039	2,005,583	8,336,230
Equity related contracts							
- options purchased	444,079	-	-	-	-	242,394	201,685
Precious metal contracts							
- forwards	1,048	1,048	-	-	-	-	-
Total	23,937,718	5,412,728	5,649,956	1,311,580	777,562	2,247,977	8,537,915

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 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,012,131	575,099	201,285	180,264	55,483	-	-
- currency swaps	11,198,423	4,471,966	5,447,388	1,022,029	257,040	-	-
- currency options purchased	45,027	-	-	45,027	-	-	-
	12,255,581	5,047,065	5,648,673	1,247,320	312,523	-	-
Interest rate related contracts							
- interest rate swaps	10,290,405	-	-	64,260	318,087	2,005,583	7,902,475
Equity related contracts							
- options purchased	444,079	-	-	-	-	242,394	201,685
Precious metal contracts							
- forwards	1,048	1,048	-	-	-	-	-
Total	22,991,113	5,048,113	5,648,673	1,311,580	630,610	2,247,977	8,104,160

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

No dividend has been proposed for the 1st quarter ended 31 March 2010.

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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 period excluding the weighted average treasury shares held by the Bank.

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
Net profit attributable to equity holders (RM'000)	<u><u>685,255</u></u>	<u><u>589,285</u></u>	<u><u>685,255</u></u>	<u><u>589,285</u></u>
Weighted average number of PBB Shares ('000)	<u><u>3,478,490</u></u>	<u><u>3,377,984</u></u>	<u><u>3,478,490</u></u>	<u><u>3,377,984</u></u>
Basic earnings per share (sen)	<u><u>19.7</u></u>	<u><u>17.4</u></u>	<u><u>19.7</u></u>	<u><u>17.4</u></u>

Diluted

The Group has no dilution in its earnings per ordinary share in the current quarter and preceding year corresponding quarter as there are no dilutive potential ordinary shares.