

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2009

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
ASSETS				
Cash and short-term funds	41,216,557	36,597,027	29,515,075	29,564,959
Deposits and placements with banks and other financial institutions	481,956	1,941,445	655,028	3,834,326
Securities purchased under resale agreements	2,058,943	5,141,746	975,596	4,762,407
Securities held-for-trading	9,656,282	11,349,842	9,532,456	10,846,741
Securities available-for-sale	9,344,499	5,626,372	8,415,381	4,914,144
Securities held-to-maturity	6,616,980	8,286,719	8,672,279	9,564,579
Loans, advances and financing	127,288,098	118,386,295	100,995,268	93,174,291
Derivative financial assets	473,647	590,229	473,413	589,715
Other assets	1,635,747	1,548,674	1,303,374	2,197,184
Statutory deposits with Central Banks	1,120,672	2,636,708	790,000	1,998,200
Deferred tax assets	524,690	488,855	409,355	387,572
Investment in subsidiary companies	-	-	3,619,681	3,419,681
Investment in associated companies	134,243	127,802	101,325	101,325
Investment properties	74,010	66,012	-	-
Prepaid land lease payments	295,186	291,873	14	15
Property and equipment	1,025,329	1,011,489	645,467	648,322
Intangible assets	2,091,164	2,072,018	695,393	695,393
TOTAL ASSETS	204,038,003	196,163,106	166,799,105	166,698,854
LIABILITIES				
Deposits from customers	173,780,410	162,279,564	138,818,759	134,062,248
Deposits and placements of banks and other financial institutions	6,182,177	5,589,879	6,917,115	7,121,517
Bills and acceptances payable	1,585,871	3,062,374	1,782,863	3,062,374
Recourse obligations on loans sold to Cagamas	30,574	4,537,277	30,574	4,537,277
Derivative financial liabilities	297,599	495,146	268,203	442,654
Other liabilities	2,551,395	2,422,817	1,470,075	1,503,433
Borrowings	738,395	860,234	-	-
Subordinated notes	4,150,810	4,178,195	4,170,949	4,198,220
Hybrid capital securities	1,990,204	2,124,484	1,990,204	2,124,484
Stapled securities	1,187,305	-	1,187,305	-
Provision for tax expense and zakat	507,262	382,454	345,840	254,818
Deferred tax liabilities	2,432	1,950	-	-
TOTAL LIABILITIES	193,004,434	185,934,374	156,981,887	157,307,025

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

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	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
EQUITY				
Share capital	3,531,926	3,531,926	3,531,926	3,531,926
Reserves	7,373,532	7,278,892	6,866,878	7,134,015
Treasury shares	(581,586)	(1,274,112)	(581,586)	(1,274,112)
Equity attributable to equity holders of the Bank	10,323,872	9,536,706	9,817,218	9,391,829
Minority interests	709,697	692,026	-	-
TOTAL EQUITY	11,033,569	10,228,732	9,817,218	9,391,829
TOTAL LIABILITIES AND EQUITY	204,038,003	196,163,106	166,799,105	166,698,854
OFF-BALANCE SHEET EXPOSURES	61,902,668	52,866,868	57,666,775	47,752,572
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	9.5%	8.3%	12.2%	10.9%
Risk-Weighted Capital Ratio	14.6%	13.7%	14.4%	13.4%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	8.7%	7.7%	11.2%	10.1%
Risk-Weighted Capital Ratio	13.9%	13.1%	13.6%	12.8%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	2.99	2.84	2.84	2.80

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Operating revenue	2,350,620	2,515,579	4,782,081	5,151,591
Interest income	1,763,486	2,022,700	3,675,412	4,030,264
Interest expense	(780,726)	(1,102,015)	(1,733,804)	(2,214,880)
Net interest income	982,760	920,685	1,941,608	1,815,384
Net income from Islamic banking business				
Net financing income	161,106	126,693	302,364	248,458
Other Islamic banking income	3,882	1,903	7,430	3,773
	1,147,748	1,049,281	2,251,402	2,067,615
Other operating income	367,110	313,505	661,361	871,041
Net income	1,514,858	1,362,786	2,912,763	2,938,656
Other operating expenses	(515,903)	(411,654)	(1,013,036)	(862,365)
Operating profit	998,955	951,132	1,899,727	2,076,291
Allowance for losses on loans, advances and financing	(180,305)	(147,053)	(336,659)	(291,439)
- General allowance	(88,683)	(80,696)	(156,691)	(142,746)
- Other loan loss allowances	(91,622)	(66,357)	(179,968)	(148,693)
Impairment loss	(1,157)	(17,368)	(2,943)	(30,773)
	817,493	786,711	1,560,125	1,754,079
Share of profit after tax of equity accounted associated companies	2,289	4,855	4,585	8,119
Profit before tax expense and zakat	819,782	791,566	1,564,710	1,762,198
Tax expense and zakat	(199,843)	(184,542)	(348,958)	(423,672)
Profit for the period	619,939	607,024	1,215,752	1,338,526
Attributable to :				
Equity holders of the Bank	610,741	593,535	1,200,026	1,310,922
Minority interests	9,198	13,489	15,726	27,604
Profit for the period	619,939	607,024	1,215,752	1,338,526
Earnings per RM1.00 share:				
- basic (sen)	17.7	17.7	35.1	39.1
- diluted (sen)	17.7	17.7	35.1	39.1

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

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UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
<u>Bank</u>				
Operating revenue	1,779,308	2,101,951	3,543,996	4,310,971
Interest income	1,525,594	1,778,170	3,209,788	3,537,403
Interest expense	(730,494)	(1,009,405)	(1,642,254)	(2,014,269)
Net interest income	795,100	768,765	1,567,534	1,523,134
Net income from Islamic banking business				
Net financing income	-	126,693	-	248,458
Other Islamic banking income	-	1,903	-	3,773
	795,100	897,361	1,567,534	1,775,365
Other operating income	379,878	245,989	472,409	637,097
Net income	1,174,978	1,143,350	2,039,943	2,412,462
Other operating expenses	(353,079)	(294,100)	(693,736)	(631,981)
Operating profit	821,899	849,250	1,346,207	1,780,481
Allowance for losses on loans, advances and financing	(83,598)	(126,256)	(169,161)	(254,832)
- General allowance	(58,041)	(81,305)	(118,887)	(154,502)
- Other loan loss allowances	(25,557)	(44,951)	(50,274)	(100,330)
Impairment loss	(1,157)	(1,986)	(2,943)	(189)
Profit before tax expense and zakat	737,144	721,008	1,174,103	1,525,460
Tax expense and zakat	(159,672)	(162,352)	(265,972)	(374,446)
Net profit for the period	577,472	558,656	908,131	1,151,014

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

<u>Group</u>	<----- Attributable to Equity Holders of the Bank ----->							
	Non-distributable			Distributable		Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Reserves Retained Profits RM'000	Treasury Shares RM'000			
At 1 January 2009	3,531,926	2,132,499	3,243,735	1,902,658	(1,274,112)	9,536,706	692,026	10,228,732
Currency translation differences in respect of foreign operations	-	-	38,946	-	-	38,946	10,397	49,343
Currency translation differences in respect of net investment hedge	-	-	(25,457)	-	-	(25,457)	-	(25,457)
Unrealised net gain on revaluation of securities available-for-sale	-	-	207,282	-	-	207,282	(1,781)	205,501
Net change in cash flow hedges	-	-	(4,365)	-	-	(4,365)	-	(4,365)
Net income recognised								
directly in equity	-	-	216,406	-	-	216,406	8,616	225,022
Net profit for the period	-	-	-	1,200,026	-	1,200,026	15,726	1,215,752
Total recognised income for the period	-	-	216,406	1,200,026	-	1,416,432	24,342	1,440,774
Buy-back of shares	-	-	-	-	(88)	(88)	-	(88)
Transfer to statutory reserves	-	-	76,580	(76,580)	-	-	-	-
Transfer to regulatory reserves	-	-	13,960	(13,960)	-	-	-	-
Dividends paid	-	-	-	(629,178)	-	(629,178)	(6,671)	(635,849)
Share dividend	-	(692,614)	-	-	692,614	-	-	-
At 30 June 2009	3,531,926	1,439,885	3,550,681	2,382,966	(581,586)	10,323,872	709,697	11,033,569

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

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

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

<u>Group</u>	Non-distributable <u>Reserves</u>			Distributable <u>Reserves</u>		Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000			
At 1 January 2008	3,527,891	2,112,204	3,613,724	1,362,252	(1,273,897)	9,342,174	636,249	9,978,423
Currency translation differences in respect of foreign operations	-	-	(18,432)	-	-	(18,432)	(5,839)	(24,271)
Currency translation differences in respect of net investment hedge	-	-	13,892	-	-	13,892	-	13,892
Unrealised net loss on revaluation of securities available-for-sale	-	-	(61,724)	-	-	(61,724)	(2,340)	(64,064)
Net change in cash flow hedges	-	-	(418)	-	-	(418)	-	(418)
Net expense recognised directly in equity	-	-	(66,682)	-	-	(66,682)	(8,179)	(74,861)
Net profit for the period	-	-	-	1,310,922	-	1,310,922	27,604	1,338,526
Total recognised (expense) / income for the period	-	-	(66,682)	1,310,922	-	1,244,240	19,425	1,263,665
Issue of shares pursuant to the exercise of share options	4,035	20,295	-	-	-	24,330	-	24,330
Buy-back of shares	-	-	-	-	(113)	(113)	-	(113)
Minority interests' subscription of shares of a subsidiary (net)	-	-	-	-	-	-	9,107	9,107
Transfer to statutory reserves	-	-	11,997	(11,997)	-	-	-	-
Transfer to regulatory reserves	-	-	24,150	(24,150)	-	-	-	-
Dividends paid	-	-	-	(1,241,231)	-	(1,241,231)	(6,152)	(1,247,383)
At 30 June 2008	<u>3,531,926</u>	<u>2,132,499</u>	<u>3,583,189</u>	<u>1,395,796</u>	<u>(1,274,010)</u>	<u>9,369,400</u>	<u>658,629</u>	<u>10,028,029</u>

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

<u>Bank</u>	<----- Attributable to Equity Holders of the Bank ----->						
	Share Capital RM'000	Non-distributable Reserves		Distributable Reserves		Treasury Shares RM'000	Total RM'000
		Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	-		
At 1 January 2009	3,531,926	2,132,499	3,239,059	1,762,457	(1,274,112)	9,391,829	
Unrealised net gain on revaluation of securities available-for-sale	-	-	150,889	-	-	150,889	
Net change in cash flow hedges	-	-	(4,365)	-	-	(4,365)	
Net income recognised directly in equity	-	-	146,524	-	-	146,524	
Net profit for the period	-	-	-	908,131	-	908,131	
Total recognised income for the period	-	-	146,524	908,131	-	1,054,655	
Buy-back of shares	-	-	-	-	(88)	(88)	
Dividends paid	-	-	-	(629,178)	-	(629,178)	
Share dividend	-	(692,614)	-	-	692,614	-	
At 30 June 2009	<u>3,531,926</u>	<u>1,439,885</u>	<u>3,385,583</u>	<u>2,041,410</u>	<u>(581,586)</u>	<u>9,817,218</u>	

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

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

<u>Bank</u>	Non-distributable <u>Reserves</u>			Distributable <u>Reserves</u>		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	
At 1 January 2008	3,527,891	2,112,204	3,504,479	1,479,938	(1,273,897)	9,350,615
Unrealised net loss on revaluation of securities available-for-sale	-	-	(43,467)	-	-	(43,467)
Net change in cash flow hedges	-	-	(418)	-	-	(418)
Net expense recognised directly in equity	-	-	(43,885)	-	-	(43,885)
Net profit for the period	-	-	-	1,151,014	-	1,151,014
Total recognised (expense) / income for the period	-	-	(43,885)	1,151,014	-	1,107,129
Issue of shares pursuant to the exercise of share options	4,035	20,295	-	-	-	24,330
Buy-back of shares	-	-	-	-	(113)	(113)
Transfer to statutory reserves	-	-	4,035	(4,035)	-	-
Dividends paid	-	-	-	(1,241,231)	-	(1,241,231)
At 30 June 2008	<u>3,531,926</u>	<u>2,132,499</u>	<u>3,464,629</u>	<u>1,385,686</u>	<u>(1,274,010)</u>	<u>9,240,730</u>

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

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Group		Bank	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Profit before tax expense and zakat	1,564,710	1,762,198	1,174,103	1,525,460
Adjustments for non-cash items	419,495	393,387	103,085	205,346
Operating profit before changes in working capital	1,984,205	2,155,585	1,277,188	1,730,806
Changes in working capital:				
Net changes in operating assets	(1,666,474)	(11,050,008)	2,363,971	(10,828,444)
Net changes in operating liabilities	5,994,395	9,325,327	(1,415,322)	9,171,278
Tax expense and zakat paid	(310,996)	(288,313)	(246,225)	(244,180)
Net cash generated from / (used in) operating activities	6,001,130	142,591	1,979,612	(170,540)
Net cash (used in) / generated from investing activities	(1,910,240)	578,590	(2,596,294)	(28,019)
Net cash generated from financing activities	438,288	322,645	566,798	180,600
Net change in cash and cash equivalents	4,529,178	1,043,826	(49,884)	(17,959)
Cash and cash equivalents at beginning of the period	36,597,027	35,548,788	29,564,959	32,606,147
Exchange differences on translation of opening balances	90,352	(43,016)	-	-
Cash and cash equivalents at end of the period	<u>41,216,557</u>	<u>36,549,598</u>	<u>29,515,075</u>	<u>32,588,188</u>

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

A1. Basis of Preparation

The unaudited interim financial statements for the 2nd quarter and financial half year ended 30 June 2009 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

The 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 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2008.

The 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 2008. The following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations have been issued by the MASB but are not yet effective:

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

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A1. Basis of Preparation (Continued)

All the new FRSs, amendments to FRSs and IC Interpretations above are effective from 1 January 2010 with the exception of FRS 8, which is effective from 1 July 2009. The Group and the Bank have adopted FRS 8 in the previous financial year. The Group and the Bank have chosen to early adopt FRS 123 in this financial year which has no significant financial impact on the Group and the Bank.

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

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

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

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

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

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

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

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 2nd quarter and the financial half year ended 30 June 2009.

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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 2nd quarter and the financial half year ended 30 June 2009.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 2nd quarter and the financial half year ended 30 June 2009.

A6. Debt and Equity Securities

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

(a) Share Buy-back

On 25 February 2009, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial half year ended 30 June 2009, the Bank bought back from the open market, 10,000 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM8.75 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial half year ended 30 June 2009, including transaction costs, was RM87,811 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.

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

As at 30 June 2009, the number of treasury shares held after deducting share dividend distributed were 80,472,168 PBB Shares.

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A6. Debt and Equity Securities (Continued)

(b) Stapled Securities

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

On 5 June 2009, the Bank and PBFIN issued RM1.2 billion of Stapled Securities under the Programme, comprising the issuance of NCPCS of RM1.2 billion by the Bank which are stapled to an equivalent nominal value of Subordinated Notes issued by PBFIN. The tenor of the NCPCS is perpetual whilst the Subordinated Notes have a maturity of fifty (50) years and which is due on 5 June 2059, with the first optional redemption date on 5 June 2019. The Stapled Securities were issued at par. Under this issuance, the proceeds from the NCPCS were used by the Bank to acquire the rights under a note assignment agreement for the Subordinated Notes. The proceeds from the Subordinated Notes were used by PBFIN to on-lend to the Bank pursuant to an inter-company subordinated loan on terms and conditions which are the same as that of the Subordinated Notes. The proceeds of the inter-company subordinated loan by PBFIN to the Bank was used for working capital, general banking and other corporate purposes of the Bank. The NCPCS are not subject to any distribution unless upon the occurrence of an assignment event, whereas the Subordinated Notes bear interest at the rate of 7.50% per annum, payable semi-annually.

A7. Dividends Paid and Distributed

During the financial half year ended 30 June 2009, the final dividend of 25%, less 25% tax in respect of the financial year ended 31 December 2008, amounting to RM629,178,379 was paid on 11 March 2009.

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

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A8. Securities Held-for-trading

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
At fair value				
Malaysian Government Securities	71,698	255,573	71,698	255,573
Malaysian Government Investment Certificates	25,806	-	25,806	-
Cagamas bonds	45,645	4,896,761	-	4,514,465
Negotiable instruments of deposit Bank Negara Malaysia Monetary Notes	8,111,737	5,139,352	8,111,737	5,139,352
Bank Negara Malaysia Bills	1,377,951	890,201	1,322,077	890,201
	-	49,807	-	-
	<u>9,632,837</u>	<u>11,231,694</u>	<u>9,531,318</u>	<u>10,799,591</u>
Quoted securities:				
Shares in Malaysia	1,138	980	1,138	980
	<u>1,138</u>	<u>980</u>	<u>1,138</u>	<u>980</u>
Unquoted securities:				
Private debt securities in Malaysia	22,307	117,168	-	46,170
	<u>22,307</u>	<u>117,168</u>	<u>-</u>	<u>46,170</u>
Total securities held-for-trading	<u>9,656,282</u>	<u>11,349,842</u>	<u>9,532,456</u>	<u>10,846,741</u>

A9. Securities Available-for-sale

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
At fair value				
Malaysian Government Securities	1,911,250	-	1,911,250	-
Malaysian Government Investment Certificates	357,338	-	46,451	-
Negotiable instruments of deposit	43,700	42,363	476,745	464,017
	<u>2,312,288</u>	<u>42,363</u>	<u>2,434,446</u>	<u>464,017</u>
Quoted securities:				
Shares and convertible loan stocks in Malaysia	51,685	44,964	48,903	41,954
Shares outside Malaysia	4,368	11,546	-	-
Trust units in Malaysia				
- Public Institutional Bond Fund	1,382,274	1,256,645	1,284,096	1,160,239
- Others	2,966,678	1,257,839	2,563,437	857,336
	<u>4,405,005</u>	<u>2,570,994</u>	<u>3,896,436</u>	<u>2,059,529</u>
Unquoted securities:				
Shares in Malaysia	21,224	20,853	20,654	20,283
Shares outside Malaysia	3,151	3,295	62	253
Private debt securities in Malaysia	2,602,831	2,988,867	2,063,783	2,370,062
	<u>2,627,206</u>	<u>3,013,015</u>	<u>2,084,499</u>	<u>2,390,598</u>
Total securities available-for-sale	<u>9,344,499</u>	<u>5,626,372</u>	<u>8,415,381</u>	<u>4,914,144</u>

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A10. Securities Held-to-maturity

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	-	44,557	-	44,557
Malaysian Government Securities	2,371,794	3,220,432	2,314,937	3,215,441
Malaysian Government Investment Certificates	409,573	378,828	409,573	378,828
Bankers' acceptances and Islamic accepted bills	1,544,700	21,326	963,410	-
Cagamas bonds	15,028	15,164	5,059	15,164
Negotiable instruments of deposit	818,450	3,864,744	4,721,525	5,594,802
Bank Negara Malaysia Monetary Notes	-	100,651	-	100,651
Hong Kong Government Treasury Bills	145,047	142,931	-	-
Sri Lanka Government Treasury Bills	34,064	1,554	34,064	1,554
	<u>5,338,656</u>	<u>7,790,187</u>	<u>8,448,568</u>	<u>9,350,997</u>
Quoted securities:				
Private debt securities outside Malaysia	9,078	8,938	-	-
	<u>9,078</u>	<u>8,938</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Shares in Malaysia	88,022	88,021	87,579	87,578
Private debt securities in Malaysia	154,185	150,102	149,119	140,069
Private debt securities outside Malaysia	1,040,026	263,536	-	-
	<u>1,282,233</u>	<u>501,659</u>	<u>236,698</u>	<u>227,647</u>
Accumulated impairment losses	<u>(12,987)</u>	<u>(14,065)</u>	<u>(12,987)</u>	<u>(14,065)</u>
Total securities held-to-maturity	<u>6,616,980</u>	<u>8,286,719</u>	<u>8,672,279</u>	<u>9,564,579</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Overdrafts	9,689,929	9,607,890	8,139,774	8,071,878
Term loans				
- Housing loans / financing	34,989,448	32,699,324	29,451,404	27,275,929
- Syndicated term loan / financing	1,997,624	2,085,055	1,097,550	1,136,904
- Hire purchase receivables	34,440,511	33,172,280	23,557,327	22,153,569
- Other term loans / financing	45,647,077	39,999,452	34,782,106	29,955,354
Credit card receivables	1,049,799	1,028,806	1,040,269	1,019,464
Bills receivables	137,802	129,934	99,302	105,869
Trust receipts	398,604	481,078	317,214	352,593
Claims on customers under acceptance credits	3,043,395	3,071,979	3,033,085	3,057,674
Lease, factored and confirming receivables	1,581	1,581	-	-
Revolving credits	3,421,735	3,659,977	3,352,983	3,660,214
*Staff loans	764,769	693,402	715,593	652,119
	<u>135,582,274</u>	<u>126,630,758</u>	<u>105,586,607</u>	<u>97,441,567</u>
Unearned interest and income	<u>(6,203,946)</u>	<u>(5,962,165)</u>	<u>(2,954,000)</u>	<u>(2,750,835)</u>
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	129,378,328	120,668,593	102,632,607	94,690,732
Islamic house financing sold to Cagamas	-	(350,009)	-	-
Gross loans, advances and financing (excluding Islamic house financing sold to Cagamas)	129,378,328	120,318,584	102,632,607	94,690,732
Allowance for bad and doubtful debts and financing:				
- general	(1,917,395)	(1,759,487)	(1,539,038)	(1,419,932)
- specific	(172,835)	(172,802)	(98,301)	(96,509)
Net loans, advances and financing	<u>127,288,098</u>	<u>118,386,295</u>	<u>100,995,268</u>	<u>93,174,291</u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM1,544,346 (2008: RM1,753,341) and RM777,713 (2008 - RM959,654) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Domestic banking institutions	70,284	-	-	-
Domestic non-bank financial institutions				
- Stock-broking companies	2,017	2,053	2,017	2,053
- Others	3,715,050	3,162,348	3,706,168	3,156,663
Domestic business enterprises				
- Small and medium enterprises	21,342,853	20,664,386	20,352,538	19,657,035
- Others	16,345,897	13,292,658	15,800,408	12,972,116
Government and statutory bodies	383	774	305	687
Individuals	72,380,600	68,150,416	60,823,157	56,944,505
Other domestic entities	24,867	25,636	23,548	24,223
Foreign entities	15,496,377	15,370,322	1,924,466	1,933,450
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	129,378,328	120,668,593	102,632,607	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	129,378,328	120,318,584	102,632,607	94,690,732

A11b. By interest / profit rate sensitivity

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Fixed rate				
- Housing loans / financing	3,126,240	3,909,425	1,980,986	2,579,080
- Hire purchase receivables	28,940,560	27,920,958	20,675,074	19,479,396
- Other fixed rate loans / financing	13,339,484	12,869,448	6,774,761	6,431,674
Variable rate				
- Base lending rate plus	63,240,122	57,224,661	61,995,658	56,544,122
- Cost plus	11,304,642	9,199,229	10,608,606	8,696,698
- Other variable rates	9,427,280	9,544,872	597,522	959,762
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	129,378,328	120,668,593	102,632,607	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	129,378,328	120,318,584	102,632,607	94,690,732

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A11c. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Purchase of securities	2,257,199	1,811,257	1,967,637	1,794,046
Purchase of transport vehicles	30,372,273	29,268,666	20,769,369	19,572,613
Purchase of landed properties	60,012,033	56,032,168	51,587,904	47,971,151
(of which: - residential	34,628,649	32,223,660	29,899,624	27,680,839
- non-residential)	25,383,384	23,808,508	21,688,280	20,290,312
Purchase of fixed assets (excluding landed properties)	326,890	272,420	280,598	265,548
Personal use	7,725,192	7,264,917	3,747,965	3,570,301
Credit card	1,049,799	1,028,806	1,040,269	1,019,464
Purchase of consumer durables	51,276	59,064	35,459	41,853
Construction	1,469,692	1,399,355	856,052	780,484
Mergers & Acquisitions	92,773	10,204	92,773	10,204
Working capital	19,485,590	18,820,617	15,940,944	15,107,077
Other purpose	6,535,611	4,701,119	6,313,637	4,557,991
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	129,378,328	120,668,593	102,632,607	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	129,378,328	120,318,584	102,632,607	94,690,732

A11c. Gross loans, advances and financing by sectors

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Agriculture, hunting, forestry and fishing	2,492,035	1,706,516	2,210,324	1,462,438
Mining and quarrying	100,070	93,749	90,247	84,729
Manufacturing	5,856,363	5,739,672	5,504,882	5,331,885
Electricity, gas and water	46,195	47,600	37,192	34,157
Construction	5,409,151	4,973,467	4,656,385	4,213,719
Wholesale & retail trade and restaurants & hotels	12,318,395	11,599,187	11,279,308	10,550,164
Transport, storage and communication	1,477,907	1,353,015	1,415,064	1,300,761
Finance, insurance and business services	7,413,104	6,785,617	6,747,040	6,155,949
Real estate	8,811,971	7,461,501	8,203,925	7,080,740
Community, social and personal services	934,665	897,690	874,747	837,748
Households	82,574,579	77,695,951	61,265,592	57,359,675
(of which: - purchase of residential properties	33,914,815	31,578,669	29,209,009	27,062,600
- purchase of transport vehicles	25,315,347	24,345,338	16,225,682	15,220,212
- others)	23,344,417	21,771,944	15,830,901	15,076,863
Others	1,943,893	2,314,628	347,901	278,767
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	129,378,328	120,668,593	102,632,607	94,690,732
Less: Islamic house financing sold to Cagamas	-	(350,009)	-	-
	129,378,328	120,318,584	102,632,607	94,690,732

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A11. Loans, Advances and Financing (continued)

A11d. Non-performing loans by economic purpose

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Purchase of securities	2,771	4,084	2,771	4,084
Purchase of transport vehicles	157,315	187,630	100,653	118,786
Purchase of landed properties	589,022	622,538	520,542	558,438
(of which: - residential	481,677	523,429	430,670	470,132
- non-residential)	107,345	99,109	89,872	88,306
Purchase of fixed assets (excluding landed properties)	1,202	535	1,072	405
Personal use	149,125	111,530	53,592	57,280
Credit card	16,563	15,943	16,563	15,943
Purchase of consumer durables	1,109	1,757	1,001	1,582
Working capital	279,240	251,964	180,158	185,935
Other purpose	12,130	14,118	12,071	13,876
	1,208,477	1,210,099	888,423	956,329

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
<u>Non-performing loans by sectors</u>				
Agriculture, hunting, forestry and fishing	2,870	3,086	2,721	3,033
Mining and quarrying	301	162	301	162
Manufacturing	183,906	83,890	92,588	82,340
Electricity, gas and water	328	264	328	264
Construction	38,379	43,705	37,575	42,439
Wholesale & retail trade and restaurants & hotels	90,825	81,805	80,328	78,447
Transport, storage and communication	3,652	5,901	3,544	5,667
Finance, insurance and business services	18,884	19,302	17,657	18,964
Real estate	15,343	20,147	15,159	19,352
Community, social and personal services	4,533	4,337	4,127	3,681
Households	846,698	880,247	633,101	700,497
(of which: - purchase of residential properties	473,319	517,762	422,462	464,644
- purchase of transport vehicles	137,825	163,315	84,782	98,429
- others)	235,554	199,170	125,857	137,424
Others	2,758	67,253	994	1,483
	1,208,477	1,210,099	888,423	956,329

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
At 1 January	1,210,099	1,403,760	956,329	1,341,370
Non-performing during the period / year	1,197,614	2,314,078	822,310	2,023,579
Reclassified as performing	(856,399)	(1,906,369)	(722,072)	(1,839,860)
Recoveries	(72,014)	(94,853)	(55,417)	(90,270)
Amount written off	(255,384)	(460,099)	(95,616)	(272,082)
Loans converted to foreclosed properties / securities	(17,228)	(50,006)	(17,141)	(50,006)
Amount vested over to Public Islamic Bank Berhad	-	-	-	(156,585)
Exchange differences	1,789	3,588	30	183
Closing balance	<u>1,208,477</u>	<u>1,210,099</u>	<u>888,423</u>	<u>956,329</u>
Specific allowance	<u>(172,835)</u>	<u>(172,802)</u>	<u>(98,301)</u>	<u>(96,509)</u>
Net non-performing loans, advances and financing	<u><u>1,035,642</u></u>	<u><u>1,037,297</u></u>	<u><u>790,122</u></u>	<u><u>859,820</u></u>
Net NPL as % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>0.80%</u></u>	<u><u>0.86%</u></u>	<u><u>0.77%</u></u>	<u><u>0.91%</u></u>

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

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
<u>General Allowance</u>				
At 1 January	1,759,487	1,522,964	1,419,932	1,374,846
Allowance made during the period / year	156,691	232,101	118,887	232,437
Amount vested over to Public Islamic Bank Berhad	-	-	-	(187,085)
Exchange differences	1,217	4,422	219	(266)
Closing balance	<u>1,917,395</u>	<u>1,759,487</u>	<u>1,539,038</u>	<u>1,419,932</u>
As % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>1.48%</u></u>	<u><u>1.46%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

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

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
<u>Specific Allowance</u>				
At 1 January	172,802	153,959	96,509	135,871
Allowance made during the period / year	287,436	542,651	120,492	330,367
Amount written back in respect of recoveries	(33,765)	(74,660)	(25,701)	(70,419)
Amount written off	(255,384)	(460,099)	(95,616)	(272,082)
Reinstatement of amount written off previously due to restructuring / rescheduling, now being classified as performing loan	3,068	721	2,726	670
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	(125)	(295)	(125)	(295)
Amount vested over to Public Islamic Bank Berhad	-	-	-	(28,263)
Exchange differences	(1,197)	10,525	16	660
Closing balance	<u>172,835</u>	<u>172,802</u>	<u>98,301</u>	<u>96,509</u>

A12. Other Assets

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Deferred handling fees	172,436	166,293	122,429	114,548
Interest / Income receivable	41,516	70,803	29,410	51,803
Other receivables, deposits and prepayments	756,352	984,417	563,586	845,488
Manager's stocks	26,036	25,696	-	-
Amount due from trust funds	284,813	96,108	-	-
Foreclosed properties	132,001	129,713	131,811	129,604
Taxi licenses	8,537	9,748	-	-
Outstanding contracts on clients' accounts	214,056	65,896	-	-
Amount due from subsidiary companies	-	-	193,603	824,476
Dividend receivable from subsidiary companies	-	-	262,535	231,265
	<u>1,635,747</u>	<u>1,548,674</u>	<u>1,303,374</u>	<u>2,197,184</u>

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A13. Deposits from Customers

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
<u>By type of customer</u>				
Federal and state governments	1,297,832	1,264,639	651,096	952,163
Local government and statutory authorities	2,788,939	2,198,860	1,935,405	1,658,448
Business enterprises	34,499,073	36,613,403	35,293,472	34,495,900
Individuals	71,597,457	69,735,065	67,791,557	66,117,793
Foreign customers	16,459,636	13,939,357	2,181,022	1,997,651
Others	47,137,473	38,528,240	30,966,207	28,840,293
	<u>173,780,410</u>	<u>162,279,564</u>	<u>138,818,759</u>	<u>134,062,248</u>

A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Licensed banks	3,721,612	1,846,423	1,340,769	265,209
Licensed investment banks	150,000	200,000	158,480	-
Bank Negara Malaysia	527,100	866,125	527,100	866,125
Other financial institutions	1,783,465	2,677,331	4,890,766	5,990,183
	<u>6,182,177</u>	<u>5,589,879</u>	<u>6,917,115</u>	<u>7,121,517</u>

A15. Other Liabilities

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Interest / income payable	763,291	878,147	676,089	776,927
Other payables and accruals	1,293,920	1,365,328	788,809	708,733
Amount due to trust funds	248,375	37,625	-	-
Unprocessed sales and / or redemptions	18,147	22,873	-	-
Employee benefits	(71,296)	(76,901)	(68,711)	(74,024)
Profit Equalisation Reserves	38,210	34,784	-	-
Finance lease liabilities	56,618	70,133	56,618	70,133
Outstanding contracts on clients' accounts	194,021	63,115	-	-
Dividend payable to shareholders	10,109	27,713	3,438	4,063
Amount due to subsidiary companies	-	-	13,832	17,601
	<u>2,551,395</u>	<u>2,422,817</u>	<u>1,470,075</u>	<u>1,503,433</u>

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A16. Interest Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,423,706	1,475,151	2,869,118	2,901,483
- Recoveries from NPLs	18,740	19,511	36,722	41,886
Money at call and deposit placements with financial institutions	186,075	409,862	456,049	842,240
Securities held-for-trading	49,079	74,069	142,119	147,782
Securities available-for-sale	32,763	29,747	54,020	67,255
Securities held-to-maturity	70,520	30,291	156,758	63,840
Others	14,417	13,815	27,780	25,405
	<u>1,795,300</u>	<u>2,052,446</u>	<u>3,742,566</u>	<u>4,089,891</u>
Amortisation of premium less accretion of discount	(3,865)	(867)	(10,528)	(958)
Net interest / income suspended	<u>(27,949)</u>	<u>(28,879)</u>	<u>(56,626)</u>	<u>(58,669)</u>
	<u><u>1,763,486</u></u>	<u><u>2,022,700</u></u>	<u><u>3,675,412</u></u>	<u><u>4,030,264</u></u>

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Bank				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,233,201	1,302,635	2,508,296	2,556,142
- Recoveries from NPLs	18,740	21,796	36,722	41,886
Money at call and deposit placements with financial institutions	160,020	371,603	385,770	768,967
Securities held-for-trading	44,271	65,839	133,235	129,823
Securities available-for-sale	27,231	24,012	50,159	56,072
Securities held-to-maturity	60,830	9,498	137,223	22,119
Others	14,443	13,812	27,821	25,391
	<u>1,558,736</u>	<u>1,809,195</u>	<u>3,279,226</u>	<u>3,600,400</u>
Amortisation of premium less accretion of discount	(5,171)	(2,146)	(12,826)	(4,328)
Net interest / income suspended	<u>(27,971)</u>	<u>(28,879)</u>	<u>(56,612)</u>	<u>(58,669)</u>
	<u><u>1,525,594</u></u>	<u><u>1,778,170</u></u>	<u><u>3,209,788</u></u>	<u><u>3,537,403</u></u>

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A17. Interest Expense

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	30,527	61,538	66,207	123,811
Deposits from customers	697,641	949,148	1,520,620	1,902,607
Loans sold to Cagamas	2,934	33,120	39,987	69,471
Subordinated notes	28,183	35,148	63,971	70,231
Hybrid capital securities	14,607	20,513	33,671	43,141
Stapled securities	4,385	-	4,385	-
Borrowings	1,231	1,839	2,366	4,527
Others	1,218	709	2,597	1,092
	<u>780,726</u>	<u>1,102,015</u>	<u>1,733,804</u>	<u>2,214,880</u>

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	17,864	46,237	43,918	96,734
Deposits from customers	661,149	873,729	1,453,403	1,733,734
Loans sold to Cagamas	2,934	33,120	39,987	69,471
Subordinated notes	28,419	35,182	64,440	70,265
Hybrid capital securities	14,607	20,513	33,671	43,141
Stapled securities	4,385	-	4,385	-
Others	1,136	624	2,450	924
	<u>730,494</u>	<u>1,009,405</u>	<u>1,642,254</u>	<u>2,014,269</u>

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A18. Other Operating Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Group				
(a) Fee income:				
Commissions	34,851	40,935	68,562	76,692
Service charges and fees	51,894	50,985	101,201	96,302
Guarantee fees	7,507	7,492	15,921	14,953
Processing fees	2,929	6,536	8,521	13,412
Commitment fees	12,955	11,542	25,612	22,871
Unit trust management fees	86,316	90,651	157,185	178,550
Fee on sale of trust units	14,342	16,491	29,670	44,539
Net brokerage and commissions from stockbroking activities	27,527	19,234	37,544	42,818
Other fee income	21,977	23,273	31,173	32,186
	<u>260,298</u>	<u>267,139</u>	<u>475,389</u>	<u>522,323</u>
(b) Net gain / (loss) arising from sale of securities:				
- held-for-trading	1,487	508	7,693	1,915
- available-for-sale	31,511	(598)	37,531	14,275
	<u>32,998</u>	<u>(90)</u>	<u>45,224</u>	<u>16,190</u>
(c) Gross dividend income from:				
Securities held-for-trading	7	21	14	37
Securities available-for-sale	11,843	13,261	29,497	20,241
Securities held-to-maturity	102	2,639	124	2,686
	<u>11,952</u>	<u>15,921</u>	<u>29,635</u>	<u>22,964</u>
(d) Unrealised (loss) / gain on revaluation of:				
- securities held-for-trading	247	2,356	3,464	3,214
- trading derivatives	(4,856)	(1,870)	(7,063)	(2,113)
	<u>(4,609)</u>	<u>486</u>	<u>(3,599)</u>	<u>1,101</u>
(e) Unrealised (loss) / gain on hedging derivatives	<u>(108)</u>	<u>767</u>	<u>(79)</u>	<u>18</u>
(f) Other income:				
Foreign exchange profit	47,428	17,376	87,646	94,773
Rental income from:				
- investment properties	1,394	1,213	2,812	2,414
- other properties	2,217	1,671	4,194	3,410
Net gain on disposal of property and equipment	1,067	207	1,085	226
Net loss on disposal of foreclosed properties	(1,205)	(3,297)	(2,105)	(6,884)
Gain on revaluation of investment properties	7,081	7,784	7,081	7,784
Lease income and factoring charges	-	-	-	44
Goodwill income	-	-	-	200,000
Others	8,597	4,328	14,078	6,678
	<u>66,579</u>	<u>29,282</u>	<u>114,791</u>	<u>308,445</u>
Total other operating income	<u>367,110</u>	<u>313,505</u>	<u>661,361</u>	<u>871,041</u>

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A18. Other Operating Income (continued)

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Bank				
(a) Fee income:				
Commissions	38,078	38,737	71,821	84,447
Service charges and fees	38,820	34,235	72,882	65,367
Guarantee fees	5,811	6,219	12,476	12,478
Processing fees	364	247	570	493
Commitment fees	11,974	10,717	23,587	21,262
Other fee income	19,441	19,914	26,759	24,792
	<u>114,488</u>	<u>110,069</u>	<u>208,095</u>	<u>208,839</u>
(b) Net gain / (loss) arising from sale of securities:				
- held-for-trading	1,456	1,284	6,996	2,520
- available-for-sale	19,443	(598)	24,597	14,275
	<u>20,899</u>	<u>686</u>	<u>31,593</u>	<u>16,795</u>
(c) Gross dividend income from:				
Securities held-for-trading	7	21	14	37
Securities available-for-sale	10,549	11,586	27,285	17,994
Securities held-to-maturity	60	2,639	82	2,639
Subsidiary companies				
- quoted outside Malaysia	18,249	16,770	18,249	16,770
- unquoted in Malaysia	102,111	87,451	112,111	87,451
	<u>130,976</u>	<u>118,467</u>	<u>157,741</u>	<u>124,891</u>
(d) Unrealised gain / (loss) on revaluation of:				
- securities held-for-trading	193	2,371	3,678	3,233
- trading derivatives	2,285	18,900	653	(3,463)
	<u>2,478</u>	<u>21,271</u>	<u>4,331</u>	<u>(230)</u>
(e) Unrealised gain / (loss) on hedging derivatives	56	1,073	43	(141)
(f) Other income:				
Foreign exchange profit / (loss)	102,718	(6,854)	56,837	105,714
Rental income from other properties	1,251	954	2,317	1,867
Net gain on disposal of property and equipment	1,069	207	1,093	248
Net loss on disposal of foreclosed properties	(1,365)	(3,297)	(2,265)	(6,884)
Goodwill income	-	-	-	180,000
Others	7,308	3,413	12,624	5,998
	<u>110,981</u>	<u>(5,577)</u>	<u>70,606</u>	<u>286,943</u>
Total other operating income	<u>379,878</u>	<u>245,989</u>	<u>472,409</u>	<u>637,097</u>

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A19. Other Operating Expenses

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Personnel costs				
- Salaries, allowances and bonuses	250,461	196,575	504,157	419,625
- Pension costs	32,458	13,069	65,130	29,591
- Others	25,864	20,586	48,408	38,337
	308,783	230,230	617,695	487,553
Establishment costs				
- Depreciation and amortisation	33,505	27,160	66,904	54,344
- Rental	18,029	14,932	35,092	29,445
- Insurance	4,312	3,738	8,771	7,939
- Water and electricity	9,427	7,445	17,872	14,208
- General repairs and maintenance	14,067	16,419	30,866	33,287
- Information technology expenses	6,341	5,714	12,287	11,216
- Others	8,007	6,858	15,575	15,701
	93,688	82,266	187,367	166,140
Marketing expenses				
- Sales commission	20,811	25,200	37,714	51,085
- Advertisement and publicity	22,695	19,689	41,335	37,602
- Others	20,522	18,513	35,529	37,947
	64,028	63,402	114,578	126,634
Administration and general expenses				
- Communication expenses	18,618	15,061	35,103	30,026
- Legal and professional fees	12,746	12,125	25,678	22,610
- Others	18,040	8,570	32,615	29,402
	49,404	35,756	93,396	82,038
Total other operating expenses	515,903	411,654	1,013,036	862,365

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A19. Other Operating Expenses (continued)

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	200,753	150,089	400,833	333,389
- Pension costs	28,415	9,890	56,715	23,183
- Others	22,245	17,808	42,038	33,563
	<u>251,413</u>	<u>177,787</u>	<u>499,586</u>	<u>390,135</u>
Establishment costs				
- Depreciation and amortisation	26,115	21,235	52,078	41,686
- Rental	18,073	16,658	35,292	33,160
- Insurance	3,907	3,070	6,947	6,563
- Water and electricity	7,050	5,457	13,505	10,660
- General repairs and maintenance	12,342	15,068	27,019	30,772
- Information technology expenses	3,414	3,495	6,828	6,990
- Others	4,927	5,119	9,933	10,637
	<u>75,828</u>	<u>70,102</u>	<u>151,602</u>	<u>140,468</u>
Marketing expenses				
- Advertisement and publicity	10,115	8,699	18,593	17,149
- Others	12,799	11,230	25,937	21,499
	<u>22,914</u>	<u>19,929</u>	<u>44,530</u>	<u>38,648</u>
Administration and general expenses				
- Communication expenses	17,731	11,685	33,058	23,135
- Legal and professional fees	11,038	10,645	20,979	19,551
- Others	6,826	3,952	11,494	20,044
	<u>35,595</u>	<u>26,282</u>	<u>65,531</u>	<u>62,730</u>
Shared service cost charged to Public Islamic Bank Berhad	(32,671)	-	(67,513)	-
Total other operating expenses	<u>353,079</u>	<u>294,100</u>	<u>693,736</u>	<u>631,981</u>

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A20. Allowance for Losses on Loans, Advances and Financing

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
<u>Group</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	88,683	80,696	156,691	142,746
- specific allowance	145,867	127,007	287,436	265,940
- specific allowance written back	(15,067)	(18,232)	(33,765)	(38,612)
Bad debts recovered from stock broking activities	(93)	-	(102)	(9)
Bad debts and financing written off	700	82	1,200	124
Bad debts and financing recovered	(39,785)	(42,500)	(74,801)	(78,750)
	180,305	147,053	336,659	291,439

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	58,041	81,305	118,887	154,502
- specific allowance	61,447	90,035	120,492	190,701
- specific allowance written back	(11,237)	(18,225)	(25,701)	(38,598)
Bad debts and financing written off	31	82	304	124
Bad debts and financing recovered	(24,684)	(26,941)	(44,821)	(51,897)
	83,598	126,256	169,161	254,832

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A21. Segment Information

i) By Business Segments

	<----- Operating Segments ----->									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	Head Office RM'000	Inter- segment Elimination RM'000	
2nd Quarter Ended 30 June 2009										
External revenue	418,166	1,225,202	190,848	303,000	65,450	100,754	4,304	42,896	-	2,350,620
Revenue from other segments	-	159,512	-	1,614	-	-	12	196,601	(357,739)	-
	418,166	1,384,714	190,848	304,614	65,450	100,754	4,316	239,497	(357,739)	2,350,620
Net interest income and Islamic banking income	240,146	776,322	65,610	30,695	4,737	428	(349)	30,159	-	1,147,748
Other operating income	1,144	157,140	19,138	40,833	43,194	98,067	17,886	7,895	(18,187)	367,110
Net income	241,290	933,462	84,748	71,528	47,931	98,495	17,537	38,054	(18,187)	1,514,858
Other operating expenses	(38,323)	(338,991)	(8,185)	(7,095)	(13,539)	(50,996)	(10,137)	(66,824)	18,187	(515,903)
Allowance for losses on loans, advances and financing excluding general allowance	(15,416)	(69,125)	(7,174)	-	93	-	-	-	-	(91,622)
Impairment loss	-	(1,157)	-	-	-	-	-	-	-	(1,157)
Profit by segments	187,551	524,189	69,389	64,433	34,485	47,499	7,400	(28,770)	-	906,176
Reconciliation of segment profits to consolidated profits:										
General allowance										(88,683)
Share of profit after tax of equity accounted associate companies										2,289
Profit before tax expense and zakat										819,782

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A21. Segment Information (continued)

i) By Business Segments (continued)

	<----- Operating Segments ----->									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	Head Office RM'000	Inter- segment Elimination RM'000	
2nd Quarter Ended 30 June 2008										
External revenue	384,234	1,258,660	147,033	493,911	76,020	107,290	3,118	45,313	-	2,515,579
Revenue from other segments	-	244,741	-	26,018	-	-	45	280,186	(550,990)	-
	<u>384,234</u>	<u>1,503,401</u>	<u>147,033</u>	<u>519,929</u>	<u>76,020</u>	<u>107,290</u>	<u>3,163</u>	<u>325,499</u>	<u>(550,990)</u>	<u>2,515,579</u>
Net interest income and Islamic banking income	116,512	813,459	33,468	42,121	2,695	(88)	(1,032)	42,146	-	1,049,281
Other operating income	2,080	142,455	14,589	10,265	32,370	102,551	17,545	10,553	(18,903)	313,505
Net income	118,592	955,914	48,057	52,386	35,065	102,463	16,513	52,699	(18,903)	1,362,786
Other operating expenses	(32,731)	(259,343)	(12,353)	(9,132)	(11,238)	(55,116)	(8,583)	(42,061)	18,903	(411,654)
Allowance for losses on loans, advances and financing excluding general allowance	(27,821)	(31,851)	(6,699)	-	14	-	-	-	-	(66,357)
Impairment loss	-	(4,472)	-	(12,896)	-	-	-	-	-	(17,368)
Profit by segments	<u>58,040</u>	<u>660,248</u>	<u>29,005</u>	<u>30,358</u>	<u>23,841</u>	<u>47,347</u>	<u>7,930</u>	<u>10,638</u>	<u>-</u>	<u>867,407</u>
Reconciliation of segment profits to consolidated profits:										
General allowance										(80,696)
Share of profit after tax of equity accounted associate companies										4,855
Profit before tax expense and zakat										<u>791,566</u>

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A21. Segment Information (continued)

i) By Business Segments (continued)

Half Year Ended 30 June 2009	<----- Operating Segments ----->									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	Head Office RM'000	Inter- segment Elimination RM'000	
External revenue	828,700	2,459,834	326,217	755,956	108,988	187,033	8,361	106,992	-	4,782,081
Revenue from other segments	-	339,697	-	2,958	-	-	31	422,861	(765,547)	-
	<u>828,700</u>	<u>2,799,531</u>	<u>326,217</u>	<u>758,914</u>	<u>108,988</u>	<u>187,033</u>	<u>8,392</u>	<u>529,853</u>	<u>(765,547)</u>	<u>4,782,081</u>
Net interest income and										
Islamic banking income	430,206	1,537,366	117,122	96,381	10,596	244	(877)	60,364	-	2,251,402
Other operating income	2,106	280,576	34,961	66,635	57,214	182,192	28,267	43,451	(34,041)	661,361
Net income	<u>432,312</u>	<u>1,817,942</u>	<u>152,083</u>	<u>163,016</u>	<u>67,810</u>	<u>182,436</u>	<u>27,390</u>	<u>103,815</u>	<u>(34,041)</u>	<u>2,912,763</u>
Other operating expenses	(74,709)	(678,526)	(25,160)	(19,870)	(23,165)	(84,311)	(15,371)	(125,965)	34,041	(1,013,036)
Allowance for losses on loans, advances and financing excluding general allowance	(32,714)	(136,110)	(11,246)	-	102	-	-	-	-	(179,968)
Impairment loss	-	(2,943)	-	-	-	-	-	-	-	(2,943)
Profit by segments	<u>324,889</u>	<u>1,000,363</u>	<u>115,677</u>	<u>143,146</u>	<u>44,747</u>	<u>98,125</u>	<u>12,019</u>	<u>(22,150)</u>	<u>-</u>	<u>1,716,816</u>
Reconciliation of segment profits to consolidated profits:										
General allowance										(156,691)
Share of profit after tax of equity accounted associated companies										4,585
Profit before tax expense and zakat										<u>1,564,710</u>
Cost income ratio	17.3%	37.3%	16.5%	12.2%	34.2%	46.2%	56.1%	121.3%		34.8%
Gross loans	30,366,362	79,243,138	19,508,623	-	228,337	29,788	2,080	-		129,378,328
Net non-performing loans	110,487	842,866	82,289	-	-	-	-	-		1,035,642
Deposits from customers	-	117,395,775	-	52,169,960	4,214,675	-	-	-		173,780,410
Segment assets	<u>30,089,680</u>	<u>116,634,680</u>	<u>19,243,848</u>	<u>64,525,233</u>	<u>6,260,492</u>	<u>461,130</u>	<u>273,194</u>	<u>107,669</u>	<u>(36,703,597)</u>	<u>200,892,329</u>
Reconciliation of segment assets to consolidated assets:										
Investment in associated companies										134,243
Unallocated assets										920,267
Intangible assets										2,091,164
Total assets										<u>204,038,003</u>

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A21. Segment Information (continued)

i) By Business Segments (continued)

Half Year Ended 30 June 2008	<----- Operating Segments ----->									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	Head Office RM'000	Inter-segment Elimination RM'000	
External revenue	757,636	2,478,471	326,070	1,129,475	130,356	223,379	6,245	99,959	-	5,151,591
Revenue from other segments	-	481,524	-	93,149	-	-	170	602,742	(1,177,585)	-
	<u>757,636</u>	<u>2,959,995</u>	<u>326,070</u>	<u>1,222,624</u>	<u>130,356</u>	<u>223,379</u>	<u>6,415</u>	<u>702,701</u>	<u>(1,177,585)</u>	<u>5,151,591</u>
Net interest income and Islamic banking income	234,858	1,592,242	64,050	88,527	5,061	(607)	(2,094)	85,578	-	2,067,615
Other operating income	3,495	484,070	25,336	80,885	65,206	205,663	27,354	15,796	(36,764)	871,041
Net income	238,353	2,076,312	89,386	169,412	70,267	205,056	25,260	101,374	(36,764)	2,938,656
Other operating expenses	(62,672)	(542,251)	(25,483)	(21,117)	(21,667)	(112,847)	(13,666)	(99,426)	36,764	(862,365)
Allowance for losses on loans, advances and financing excluding general allowance	(52,923)	(74,654)	(21,485)	-	369	-	-	-	-	(148,693)
Impairment loss	-	(2,530)	-	(28,243)	-	-	-	-	-	(30,773)
Profit by segments	<u>122,758</u>	<u>1,456,877</u>	<u>42,418</u>	<u>120,052</u>	<u>48,969</u>	<u>92,209</u>	<u>11,594</u>	<u>1,948</u>	<u>-</u>	<u>1,896,825</u>
Reconciliation of segment profits to consolidated profits:										
General allowance										(142,746)
Share of profit after tax of equity accounted associated companies										8,119
Profit before tax expense and zakat										<u>1,762,198</u>
Cost income ratio	26.3%	26.1%	28.5%	12.5%	30.8%	55.0%	54.1%	98.1%		29.3%
Gross loans	28,378,813	68,389,103	16,042,312	-	225,163	19,008	1,966	-		113,056,365
Net non-performing loans	136,254	898,614	17,773	-	-	-	-	-		1,052,641
Deposits from customers	-	99,963,222	-	49,580,777	2,630,212	-	-	-		152,174,211
Segment assets	<u>28,098,785</u>	<u>100,393,747</u>	<u>15,830,657</u>	<u>64,441,197</u>	<u>5,049,471</u>	<u>552,163</u>	<u>264,473</u>	<u>252,147</u>	<u>(32,192,840)</u>	<u>182,689,800</u>
Reconciliation of segment assets to consolidated assets:										
Investment in associated companies										51,943
Unallocated assets										501,404
Intangible assets										1,993,215
Total assets										<u>185,236,362</u>

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

(ii) By Geographical Locations

Group	2nd Quarter Ended		Half Year Ended		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Assets RM'000
<u>30 June 2009</u>					
Malaysia	2,085,810	747,262	4,261,637	1,426,441	183,491,459
Overseas	264,810	72,520	520,444	138,269	20,546,544
	<u>2,350,620</u>	<u>819,782</u>	<u>4,782,081</u>	<u>1,564,710</u>	<u>204,038,003</u>
<u>30 June 2008</u>					
Malaysia	2,258,151	686,893	4,610,883	1,559,463	168,652,590
Overseas	257,428	104,673	540,708	202,735	16,583,772
	<u>2,515,579</u>	<u>791,566</u>	<u>5,151,591</u>	<u>1,762,198</u>	<u>185,236,362</u>

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

The were no material events subsequent to the balance sheet date 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 2nd quarter and financial half year ended 30 June 2009.

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A24. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 30 June 2009 are as follows:

Value of contracts classified by remaining period to maturity / next repricing date (whichever is earlier).

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	1,153,055	700,726	302,429	125,011	20,504	4,385	-
- swaps	11,250,960	6,399,616	4,809,679	12,314	29,351	-	-
- options	44,546	-	-	-	-	44,546	-
Sub total	12,448,561	7,100,342	5,112,108	137,325	49,855	48,931	-
Interest rate related contracts							
- swaps	11,173,660	1,398,220	8,299,560	1,475,880	-	-	-
Equity related contracts							
- options	344,656	-	-	-	-	344,656	-
Precious metal contracts							
- forwards	85	85	-	-	-	-	-
Total	23,966,962	8,498,647	13,411,668	1,613,205	49,855	393,587	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	1,108,171	655,842	302,429	125,011	20,504	4,385	-
- swaps	11,075,535	6,342,807	4,703,377	-	29,351	-	-
- options	44,546	-	-	-	-	44,546	-
Sub total	12,228,252	6,998,649	5,005,806	125,011	49,855	48,931	-
Interest rate related contracts							
- swaps	10,628,990	1,169,810	8,053,580	1,405,600	-	-	-
Equity related contracts							
- options	344,656	-	-	-	-	344,656	-
Precious metal contracts							
- forwards	85	85	-	-	-	-	-
Total	23,201,983	8,168,544	13,059,386	1,530,611	49,855	393,587	-

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A24. Derivative Financial Instruments (continued)

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

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 June 2009, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,135,620,000 (31 December 2008 : RM1,060,000,000).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 June 2009, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM473,673,000 (31 December 2008 : RM590,191,000) and RM473,439,000 (31 December 2008 : RM589,676,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

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

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

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

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

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A24. Derivative Financial Instruments (continued)

Fair value hedge

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

Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the derivative is taken to a separate component in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statements. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement.

Net investment hedge

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

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A25. Interest / Profit Rate Risk

Non trading book

Group	<----->											
As at 30 June 2009	Up to	> 1 - 3	> 3 - 12	> 1 - 2	> 2 - 3	> 3 - 4	> 4 - 5	over 5	Non-	Trading	Total	Effective
	1 month	months	months	years	years	years	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
									RM'000			%
ASSETS												
Cash and short-term funds	40,086,997	-	-	-	-	-	-	-	1,129,560	-	41,216,557	1.89
Deposits and placements with banks and other financial institutions	4,728	350,073	127,155	-	-	-	-	-	-	-	481,956	1.51
Securities purchased under resale agreements	975,596	-	-	-	-	-	-	-	-	1,083,347	2,058,943	2.00
Securities held-for-trading	-	-	-	-	-	-	-	-	-	9,656,282	9,656,282	2.13
Securities available-for-sale	108,087	-	310,887	2,028,348	319,774	-	468,292	1,710,251	4,398,860	-	9,344,499	2.25
Securities held-to-maturity	1,337,476	1,372,098	1,762,918	360,955	722,664	243,094	588,416	140,752	88,607	-	6,616,980	2.87
Loans, advances and financing												
- performing	81,954,712	6,127,690	10,254,608	7,627,173	6,257,660	5,124,054	3,253,087	7,570,867	-	-	128,169,851	5.36
- non-performing *	-	-	-	-	-	-	-	-	(881,753)	-	(881,753)	-
- Islamic house financing sold to Cagamas	-	-	-	-	-	-	-	-	-	-	-	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,152,264	222,424	7,374,688	-
TOTAL ASSETS	124,467,596	7,849,861	12,455,568	10,016,476	7,300,098	5,367,148	4,309,795	9,421,870	11,887,538	10,962,053	204,038,003	

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A25. Interest / Profit Rate Risk (continued)

Group As at 30 June 2009	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	96,029,735	28,848,875	30,156,259	340,865	189,742	321,209	240,485	17,855	17,635,385	-	173,780,410	2.01
Deposits and placements of banks and other financial institutions	4,880,695	551,228	588,055	-	-	-	-	-	162,199	-	6,182,177	1.47
Bills and acceptances payable	511,338	344,965	12,934	-	-	-	-	-	716,634	-	1,585,871	2.11
Recourse obligations on loans sold to Cagamas	7,511	10,756	8,309	2,876	1,122	-	-	-	-	-	30,574	4.59
Borrowings	261,748	476,647	-	-	-	-	-	-	-	-	738,395	0.63
Subordinated notes	-	1,229,900	-	-	1,385,461	1,400,000	-	-	135,449	-	4,150,810	2.42
Hybrid capital securities	-	-	-	-	-	-	-	1,902,800	87,404	-	1,990,204	3.05
Stapled securities	-	-	-	-	-	-	-	1,200,000	(12,695)	-	1,187,305	5.15
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,224,998	133,690	3,358,688	-
Total Liabilities	101,691,027	31,462,371	30,765,557	343,741	1,576,325	1,721,209	240,485	3,120,655	21,949,374	133,690	193,004,434	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	10,323,872	-	10,323,872	-
Minority interests	-	-	-	-	-	-	-	-	709,697	-	709,697	-
Total Liabilities and Equity	101,691,027	31,462,371	30,765,557	343,741	1,576,325	1,721,209	240,485	3,120,655	32,982,943	133,690	204,038,003	
On-balance sheet interest sensitivity gap	22,776,569	(23,612,510)	(18,309,989)	9,672,735	5,723,773	3,645,939	4,069,310	6,301,215	(21,095,405)	10,828,363	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	762,800	(2,715,940)	(1,285,320)	(197,876)	1,103,256	1,420,000	(503,000)	1,416,080	-	-	-	
Total interest sensitivity gap	23,539,369	(26,328,450)	(19,595,309)	9,474,859	6,827,029	5,065,939	3,566,310	7,717,295	(21,095,405)	10,828,363	-	

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

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A25. Interest / Profit Rate Risk (continued)

Group As at 31 December 2008	Non trading book									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
ASSETS													
Cash and short-term funds	33,979,116	-	-	-	-	-	-	-	-	2,617,911	-	36,597,027	3.24
Deposits and placements with banks and other financial institutions	4,496	1,581,038	179,393	-	-	-	-	-	-	176,518	-	1,941,445	3.74
Securities purchased under resale agreements	3,962,485	799,922	-	-	-	-	-	-	-	-	379,339	5,141,746	2.96
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	11,349,842	11,349,842	3.39
Securities available-for-sale	87,591	-	553,321	161,004	411,816	332,671	-	1,494,450	2,585,519	-	-	5,626,372	3.71
Securities held-to-maturity	2,722,137	2,422,240	1,057,146	984,232	308,723	312,084	127,921	263,451	88,785	-	-	8,286,719	3.76
Loans, advances and financing													
- performing	74,633,947	6,187,337	9,973,247	7,192,884	6,048,162	4,628,514	3,655,891	7,138,512	-	-	-	119,458,494	6.05
- non-performing *	-	-	-	-	-	-	-	-	(722,190)	-	-	(722,190)	-
- Islamic house financing sold to Cagamas	(200,008)	(150,001)	-	-	-	-	-	-	-	-	-	(350,009)	3.74
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	8,730,572	103,088	8,833,660	-
TOTAL ASSETS	115,189,764	10,840,536	11,763,107	8,338,120	6,768,701	5,273,269	3,783,812	8,896,413	13,477,115	11,832,269	196,163,106		

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A25. Interest / Profit Rate Risk (continued)

Group As at 31 December 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	93,704,176	25,428,376	25,467,966	345,119	334,486	179,881	257,695	12,560	16,549,305	-	162,279,564	3.02
Deposits and placements of banks and other financial institutions	4,303,365	239,870	108,088	-	-	-	-	-	938,556	-	5,589,879	2.36
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Borrowings	860,234	-	-	-	-	-	-	-	-	-	860,234	1.11
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,450,555	-	-	-	4,178,195	3.65
Hybrid capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,073,076	229,291	3,302,367	-
Total Liabilities	100,922,392	30,369,933	27,137,447	348,498	334,944	1,674,160	1,708,250	2,137,044	21,072,415	229,291	185,934,374	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,536,706	-	9,536,706	-
Minority interests	-	-	-	-	-	-	-	-	692,026	-	692,026	-
Total Liabilities and Equity	100,922,392	30,369,933	27,137,447	348,498	334,944	1,674,160	1,708,250	2,137,044	31,301,147	229,291	196,163,106	
On-balance sheet interest sensitivity gap	14,267,372	(19,529,397)	(15,374,340)	7,989,622	6,433,757	3,599,109	2,075,562	6,759,369	(17,824,032)	11,602,978	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	391,480	(2,810,423)	(257,962)	(67,793)	(55,773)	1,070,531	1,500,000	229,940	-	-	-	
Total interest sensitivity gap	14,658,852	(22,339,820)	(15,632,302)	7,921,829	6,377,984	4,669,640	3,575,562	6,989,309	(17,824,032)	11,602,978	-	

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

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A25. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
As at 30 June 2009													
ASSETS													
Cash and short-term funds	28,687,517	-	-	-	-	-	-	-	-	827,558	-	29,515,075	1.94
Deposits and placements with banks and other financial institutions	-	655,028	-	-	-	-	-	-	-	-	-	655,028	1.71
Securities purchased under resale agreements	975,596	-	-	-	-	-	-	-	-	-	-	975,596	2.04
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	9,532,456	9,532,456	2.13
Securities available-for-sale	-	171,267	-	2,213,053	319,774	-	468,292	1,356,363	3,886,632	-	-	8,415,381	2.33
Securities held-to-maturity	321,147	967,288	3,094,325	2,006,222	1,248,350	232,731	573,311	140,752	88,153	-	-	8,672,279	3.20
Loans, advances and financing													
- performing	71,719,215	4,311,678	6,898,681	5,147,066	4,202,206	3,567,923	2,068,714	3,828,701	-	-	-	101,744,184	5.08
- non-performing *	-	-	-	-	-	-	-	-	(748,916)	-	-	(748,916)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	7,815,832	222,190	8,038,022	-
TOTAL ASSETS	101,703,475	6,105,261	9,993,006	9,366,341	5,770,330	3,800,654	3,110,317	5,325,816	11,869,259	9,754,646	166,799,105		

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A25. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
As at 30 June 2009												
LIABILITIES AND EQUITY												
Deposits from customers	73,755,849	21,526,523	27,179,227	388,960	244,088	220,885	239,280	17,855	15,246,092	-	138,818,759	2.17
Deposits and placements of banks and other financial institutions	5,512,095	277,095	54,372	-	-	-	-	-	1,073,553	-	6,917,115	0.90
Bills and acceptances payable	609,741	443,554	12,934	-	-	-	-	-	716,634	-	1,782,863	2.11
Recourse obligations on loans sold to Cagamas	7,511	10,756	8,309	2,876	1,122	-	-	-	-	-	30,574	4.59
Subordinated notes	-	1,229,900	-	-	1,405,600	1,400,000	-	-	135,449	-	4,170,949	2.42
Hybrid capital securities	-	-	-	-	-	-	-	1,902,800	87,404	-	1,990,204	3.05
Stapled securities	-	-	-	-	-	-	-	1,200,000	(12,695)	-	1,187,305	5.15
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,951,891	132,227	2,084,118	-
Total Liabilities	79,885,196	23,487,828	27,254,842	391,836	1,650,810	1,620,885	239,280	3,120,655	19,198,328	132,227	156,981,887	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,817,218	-	9,817,218	-
Total Liabilities and Equity	79,885,196	23,487,828	27,254,842	391,836	1,650,810	1,620,885	239,280	3,120,655	29,015,546	132,227	166,799,105	
On-balance sheet interest sensitivity gap	21,818,279	(17,382,567)	(17,261,836)	8,974,505	4,119,520	2,179,769	2,871,037	2,205,161	(17,146,287)	9,622,419	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	639,810	(2,961,920)	(1,355,600)	(145,166)	1,120,826	1,420,000	(503,000)	1,785,050	-	-	-	-
Total interest sensitivity gap	22,458,089	(20,344,487)	(18,617,436)	8,829,339	5,240,346	3,599,769	2,368,037	3,990,211	(17,146,287)	9,622,419	-	-

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

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A25. Interest / Profit Rate Risk (continued)

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

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A25. Interest / Profit Rate Risk (continued)

Bank As at 31 December 2008	Non trading book ----->									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	73,779,904	20,477,072	24,348,083	208,907	457,340	179,289	256,930	12,560	14,342,163	-	134,062,248	3.12
Deposits and placements of banks and other financial institutions	6,582,878	196,254	118,131	-	-	-	-	-	224,254	-	7,121,517	2.03
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,470,580	-	-	-	4,198,220	3.65
Hybrid capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,973,469	227,436	2,200,905	-
Total Liabilities	82,417,399	25,375,013	26,027,607	212,286	457,798	1,673,568	1,727,510	2,137,044	17,051,364	227,436	157,307,025	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,391,829	-	9,391,829	-
Total Liabilities and Equity	82,417,399	25,375,013	26,027,607	212,286	457,798	1,673,568	1,727,510	2,137,044	26,443,193	227,436	166,698,854	
On-balance sheet interest sensitivity gap	17,250,302	(16,120,804)	(16,563,294)	7,177,383	4,477,411	1,983,272	825,875	2,865,114	(12,617,138)	10,721,879	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	166,288	(3,101,777)	(174,478)	(67,793)	13,517	1,070,531	1,500,000	593,712	-	-	-	
Total interest sensitivity gap	17,416,590	(19,222,581)	(16,737,772)	7,109,590	4,490,928	3,053,803	2,325,875	3,458,826	(12,617,138)	10,721,879	-	

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

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A26. Capital Adequacy

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

	Group		Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
<u>Before deducting proposed dividends:</u>				
Core capital ratio	9.5%	8.3%	12.2%	10.9%
Risk-weighted capital ratio	<u>14.6%</u>	<u>13.7%</u>	<u>14.4%</u>	<u>13.4%</u>
<u>After deducting proposed dividends:</u>				
Core capital ratio	8.7%	7.7%	11.2%	10.1%
Risk-weighted capital ratio	<u>13.9%</u>	<u>13.1%</u>	<u>13.6%</u>	<u>12.8%</u>

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,531,926	3,531,926	3,531,926	3,531,926
Share premium	1,439,885	2,132,499	1,439,885	2,132,499
Other reserves	3,672,549	3,604,386	3,552,599	3,552,599
Retained profits	2,266,523	1,902,658	2,051,677	1,772,724
Hybrid capital securities	1,714,944	1,439,510	1,788,463	1,541,477
Stapled securities	1,196,092	-	1,196,092	-
Treasury shares	(581,586)	(1,274,112)	(581,586)	(1,274,112)
Minority interests	693,971	692,026	-	-
Less: Intangible assets	(2,064,812)	(2,045,669)	(695,393)	(695,393)
Less: Deferred tax assets, net	(436,535)	(386,484)	(360,574)	(285,201)
Total Tier I capital	<u>11,432,957</u>	<u>9,596,740</u>	<u>11,923,089</u>	<u>10,276,519</u>
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	1,917,395	1,759,487	1,553,038	1,433,444
Subordinated notes	4,007,391	3,968,793	4,027,530	3,988,818
Hybrid capital securities	185,233	450,609	111,714	348,642
Total Tier II capital	<u>6,110,019</u>	<u>6,178,889</u>	<u>5,692,282</u>	<u>5,770,904</u>
Total capital	17,542,976	15,775,629	17,615,371	16,047,423
Less: Investment in subsidiary companies and associated companies	(960)	(960)	(3,518,384)	(3,318,384)
Capital base	<u>17,542,016</u>	<u>15,774,669</u>	<u>14,096,987</u>	<u>12,729,039</u>

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

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

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A26. Capital Adequacy (continued)

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

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

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

	Public Islamic Bank 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
30 June 2009						
<u>Before deducting proposed dividends:</u>						
Core capital ratio	11.2%	17.4%	9.3%	15.5%	28.7%	N/A
Risk-weighted capital ratio	12.9%	17.7%	9.8%	15.5%	29.8%	22.5%
<u>After deducting proposed dividends:</u>						
Core capital ratio	10.3%	17.4%	9.3%	15.5%	28.7%	N/A
Risk-weighted capital ratio	12.0%	17.7%	9.8%	15.5%	29.8%	22.5%
31 December 2008						
<u>Before deducting proposed dividends:</u>						
Core capital ratio	9.1%	20.6%	8.3%	15.4%	20.6%	N/A
Risk-weighted capital ratio	11.0%	20.9%	8.8%	15.4%	21.8%	19.0%
<u>After deducting proposed dividends:</u>						
Core capital ratio	9.1%	19.7%	8.3%	15.4%	20.6%	N/A
Risk-weighted capital ratio	11.0%	20.0%	8.8%	15.4%	21.8%	19.0%

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 (continued):

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

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A26. Capital Adequacy (continued)

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

Group As At 30 June 2009 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns / Central Banks	43,517,194	41,409,071	-	-
Public Sector Entities Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")	247,863	247,863	49,573	3,966
Insurance Companies, Securities Firms and Fund Managers	9,741,426	9,741,426	2,417,133	193,371
Corporates	268,402	262,224	234,269	18,742
Regulatory Retail	36,598,650	34,577,479	30,550,096	2,444,008
Residential Mortgages	58,706,026	58,117,044	44,166,905	3,533,352
Higher Risk Assets	35,872,370	35,847,643	17,966,431	1,437,314
Other Assets	163,951	163,919	245,878	19,670
Equity Exposures	3,635,412	3,635,412	2,699,232	215,939
Total On-Balance Sheet Exposures	193,231,482	188,482,269	102,784,947	8,222,796
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	7,715,319	7,326,077	5,653,829	452,306
Derivative Financial Instruments	1,071,025	1,071,024	256,229	20,498
Other Treasury-related Off-Balance Sheet Exposures	408,987	408,987	66,434	5,315
Total Off-Balance Sheet Exposures	9,195,331	8,806,088	5,976,492	478,119
Total On and Off-Balance Sheet Exposures	202,426,813	197,288,357	108,761,439	8,700,915
(ii) Large Exposure Risk Requirement				
	-	-	-	-
(iii) Market Risk				
	Long Position	Short Position		
Interest Rate Risk	23,107,188	(12,353,618)	521,874	41,750
Foreign Currency Risk	1,120,168	(226,015)	1,120,168	89,613
Equity Risk	1,138	-	1,613	129
Total	24,228,494	(12,579,633)	1,643,655	131,492
(iv) Operational Risk				
			9,861,453	788,916
Total RWA and Capital Requirements			120,266,547	9,621,323

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A26. Capital Adequacy (continued)

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

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

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A26. Capital Adequacy (continued)

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

Bank As At 30 June 2009 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns / Central Banks	31,075,200	30,107,281	-	-
Public Sector Entities	305	305	61	5
Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")	11,289,193	11,289,193	3,118,781	249,502
Insurance Companies, Securities Firms and Fund Managers	2,748	2,748	3,753	300
Corporates	32,130,629	30,344,343	26,281,177	2,102,494
Regulatory Retail	43,265,803	42,726,633	32,482,426	2,598,594
Residential Mortgages	30,315,725	30,297,558	15,507,149	1,240,572
Higher Risk Assets	150,857	150,840	226,259	18,101
Other Assets	2,581,981	2,581,981	1,822,208	145,777
Equity Exposures	3,975,603	3,975,603	3,950,845	316,068
Total On-Balance Sheet Exposures	154,788,044	151,476,485	83,392,659	6,671,413
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	7,133,184	6,853,285	5,277,653	422,212
Derivative Financial Instruments	1,068,619	1,068,619	255,747	20,460
Other Treasury-related Off-Balance Sheet Exposures	245,246	245,246	33,686	2,695
Total Off-Balance Sheet Exposures	8,447,049	8,167,150	5,567,086	445,367
Total On and Off-Balance Sheet Exposures	163,235,093	159,643,635	88,959,745	7,116,780
(ii) Large Exposure Risk Requirement	-	-	-	-
(iii) <u>Market Risk</u>				
Interest Rate Risk	22,247,096	(12,759,809)	546,501	43,720
Foreign Currency Risk	934,018	(543,260)	934,018	74,721
Equity Risk	1,138	-	1,613	129
Total	23,182,252	(13,303,069)	1,482,132	118,570
(iv) Operational Risk			7,543,460	603,477
Total RWA and Capital Requirements			97,985,337	7,838,827

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A26. Capital Adequacy (continued)

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

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

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

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A26. Capital Adequacy (continued)

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

Group As At 30 June 2009	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns / Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	41,505,967	-	-	-	10,112	-	-	-	861,851	-	-	42,377,930	-
20%	-	247,873	9,534,317	-	3,824,663	3,001	-	-	92,910	30,948	-	13,733,712	2,746,742
35%	-	-	-	-	-	-	16,295,658	-	-	-	-	16,295,658	5,703,480
50%	-	-	1,560,064	57,920	2,636,973	31,595	10,700,126	-	-	-	-	14,986,678	7,493,339
75%	-	-	-	-	-	59,685,218	11,393,202	-	-	-	-	71,078,420	53,308,815
100%	-	-	46,108	203,926	29,685,623	36,425	327,780	-	2,680,650	4,449,240	-	37,429,752	37,429,752
150%	-	-	-	2,010	178,237	772,491	259,945	173,524	-	-	-	1,386,207	2,079,311
Total Exposures	41,505,967	247,873	11,140,489	263,856	36,335,608	60,528,730	38,976,711	173,524	3,635,411	4,480,188	4,480,188	197,288,357	108,761,439
Risk-Weighted Assets by Exposures	-	49,575	2,733,003	235,901	32,036,398	45,975,473	20,316,141	260,286	2,699,232	4,455,430	-	108,761,439	-
Average Risk Weight	0.0%	20.0%	24.5%	89.4%	88.2%	76.0%	52.1%	150.0%	74.2%	99.4%	-	55.1%	-
Deduction from Capital Base													

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A26. Capital Adequacy (continued)

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

Group As At 31 December 2008	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns / Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	40,456,818	-	-	-	-	-	-	-	1,032,791	-	-	41,489,609	-
20%	35,397	226,463	8,464,565	-	2,151,182	4,279	-	-	-	30,948	-	10,912,834	2,182,567
35%	-	-	-	-	-	-	14,552,057	-	-	-	-	14,552,057	5,093,220
50%	-	-	2,187,727	21,662	2,167,671	33,734	9,066,151	-	-	-	-	13,476,945	6,738,473
75%	-	-	-	-	-	62,145,163	9,917,653	-	-	-	-	72,062,816	54,047,112
100%	-	-	173,029	12,220	29,236,038	30,951	250,134	-	2,133,482	2,627,036	-	34,462,890	34,462,890
150%	-	-	-	2,010	94,190	587,946	253,351	155,278	-	-	-	1,092,775	1,639,162
Total Exposures	40,492,215	226,463	10,825,321	35,892	33,649,081	62,802,073	34,039,346	155,278	3,166,273	2,657,984	188,049,926	104,163,424	
Risk-Weighted Assets by Exposures	7,079	45,293	2,959,805	26,066	30,891,395	47,539,467	17,694,694	232,917	2,133,482	2,633,226	104,163,424		
Average Risk Weight	0.0%	20.0%	27.3%	72.6%	91.8%	75.7%	52.0%	150.0%	67.4%	99.1%	55.4%		
Deduction from Capital Base													

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A26. CAPITAL ADEQUACY (continued)

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

Bank As At 30 June 2009	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns/ Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	30,204,178	-	-	-	10,113	-	-	-	759,773	-	30,974,064	-
20%	-	314	10,274,740	-	3,804,577	3,001	-	-	-	30,948	14,113,580	2,822,716
35%	-	-	-	-	-	-	12,530,106	-	-	-	12,530,106	4,385,537
50%	-	-	1,801,712	-	2,695,883	25,935	9,811,971	-	-	-	14,335,501	7,167,751
75%	-	-	-	-	-	44,274,753	10,384,446	-	-	-	54,659,199	40,994,399
100%	-	-	445,608	2,370	25,375,768	22,482	301,781	-	1,822,208	3,944,655	31,914,872	31,914,872
150%	-	-	-	2,010	133,445	586,358	234,610	159,890	-	-	1,116,313	1,674,470
Total Exposures	30,204,178	314	12,522,060	4,380	32,019,786	44,912,529	33,262,914	159,890	2,581,981	3,975,603	159,643,635	88,959,745
Risk-Weighted Assets by Exposures	-	63	3,401,412	5,385	27,684,792	34,121,651	17,733,554	239,835	1,822,208	3,950,845	88,959,745	
Average Risk Weight	0.0%	20.0%	27.2%	122.9%	86.5%	76.0%	53.3%	150.0%	70.6%	99.4%	55.7%	
Deduction from Capital Base			-							-		-

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A26. CAPITAL ADEQUACY (continued)

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

Bank As At 31 December 2008	Exposures after Netting and Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns/ Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Regulatory Retail Corporates	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	32,552,345	-	-	-	-	-	-	-	909,346	-	33,461,691	-
20%	35,398	752	11,100,934	-	2,131,356	4,279	-	-	-	30,948	13,303,667	2,660,733
35%	-	-	-	-	-	-	11,203,232	-	-	-	11,203,232	3,921,131
50%	-	-	3,034,047	-	2,192,488	28,245	8,590,767	-	-	-	13,845,547	6,922,774
75%	-	-	-	-	-	45,386,825	9,413,940	-	-	-	54,800,765	41,100,574
100%	-	-	115,504	12,191	25,127,046	18,751	227,493	-	2,075,271	2,123,687	29,699,943	29,699,943
150%	-	-	-	2,010	59,689	468,289	227,444	144,569	-	-	902,001	1,353,001
Total Exposures	32,587,743	752	14,250,485	14,201	29,510,579	45,906,389	29,662,876	144,569	2,984,617	2,154,635	157,216,846	85,658,156
Risk-Weighted Assets by Exposures	7,080	150	3,852,714	15,206	26,739,095	34,776,282	15,845,629	216,853	2,075,271	2,129,876	85,658,156	
Average Risk Weight	0.0%	20.0%	27.0%	107.1%	90.6%	75.8%	53.4%	150.0%	69.5%	98.9%	54.5%	
Deduction from Capital Base												

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A26. Capital Adequacy (continued)

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

Group As At 30 June 2009	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,663,223		1,663,223	1,079,664
Transaction-related contingent items	603,903		301,950	177,908
Short term self-liquidating trade-related contingencies	710,999		142,200	104,637
Assets sold with recourse	-		-	-
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	12,350,214		4,932,625	3,775,754
- not exceeding one year	18,934,275		-	-
Unutilised credit card lines	3,189,105		637,821	478,366
	37,526,719		7,715,319	5,653,829
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	12,399,630	176,877	303,332	74,576
- one year to less than five years	48,931	917	3,363	1,793
Interest rate related contracts:				
- less than one year	1,735,320	61,243	13,737	2,747
- one year to less than five years	4,648,820	120,983	283,333	59,871
- five years and above	4,789,520	96,869	422,928	95,075
Commodity related contracts:				
- less than one year	85	-	1	1
Equity related contracts:				
- one year to less than five years	344,656	16,759	44,331	22,166
	23,966,962	473,648	1,071,025	256,229
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	408,987		408,987	66,434
	61,902,668	473,648	9,195,331	5,976,492

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A26. Capital Adequacy (continued)

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

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

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A26. Capital Adequacy (continued)

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

Bank	Principal	Positive	Credit	Risk-
As At 30 June 2009	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
The Bank (excl. Public Bank (L) Ltd.)				
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,521,242		1,521,242	1,036,951
Transaction-related contingent items	572,088		286,044	169,905
Short term self-liquidating trade-related contingencies	527,301		105,460	75,343
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	11,314,093		4,580,987	3,505,789
- not exceeding one year	17,214,124		-	-
Unutilised credit card lines	2,995,698		599,140	449,355
	34,219,546		7,130,373	5,274,843
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
- less than one year	12,179,321	176,643	300,926	74,095
- one year to less than five years	48,931	917	3,363	1,793
Interest rate related contracts:				
- less than one year	1,629,900	61,243	13,737	2,747
- one year to less than five years	4,578,540	120,983	282,630	59,678
- five years and above	4,420,550	96,869	404,479	91,385
Commodity related contracts:				
- less than one year	85	-	1	1
Equity related contracts:				
- one year to less than five years	344,656	16,759	44,331	22,166
	23,201,983	473,414	1,049,467	251,865
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	245,246		245,246	33,686
	57,666,775	473,414	8,425,086	5,560,394
Public Bank (L) Ltd.				
<u>Credit-related Exposures</u>				
Direct credit substitutes	2,811		2,811	2,809
Other commitments such as formal standby facilities and credit lines, with an original maturity of :				
- not exceeding one year	29,557		-	-
	32,368		2,811	2,809

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A26. Capital Adequacy (continued)

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

Bank (continued) As At 30 June 2009	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:				
- less than one year	105,420	-	-	-
- one year to less than five years	70,280	-	703	193
- five years and above	368,970	-	18,449	3,690
	544,670	-	19,152	3,883
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	-		-	-
	577,038	-	21,963	6,692
	58,243,813	473,414	8,447,049	5,567,086

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

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

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A26. Capital Adequacy (continued)

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

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

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A26. Capital Adequacy (continued)

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

Bank (continued) As At 31 December 2008	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:				
- less than one year	187,419	-	343	89
- one year to less than five years	69,291	-	1,386	381
- five years and above	363,773	-	20,614	4,123
	620,483	-	22,343	4,593
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	-	-	-	-
	642,287	-	28,921	10,871
	48,394,859	589,715	11,272,730	8,085,730

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

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

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A26. Capital Adequacy (continued)

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

Group	As At 30 June 2009		As At 31 December 2008	
	Risk-weighted		Risk-weighted	
	Assets Equivalent RM'000	Capital Required RM'000	Assets Equivalent RM'000	Capital Required RM'000
Interest rate risk				
- General interest rate risk	263,999	21,120	403,760	32,301
- Specific interest rate risk	257,875	20,630	328,775	26,302
	521,874	41,750	732,535	58,603
Equity position risk				
- General risk	1,138	91	975	78
- Specific risk	475	38	388	31
	1,613	129	1,363	109
Foreign exchange risk	1,120,168	89,613	1,101,726	88,138
Option risk	-	-	-	-
	1,643,655	131,492	1,835,624	146,850

Bank	As At 30 June 2009		As At 31 December 2008	
	Risk-weighted		Risk-weighted	
	Assets Equivalent RM'000	Capital Required RM'000	Assets Equivalent RM'000	Capital Required RM'000
Interest rate risk				
- General interest rate risk	293,013	23,441	519,612	41,569
- Specific interest rate risk	253,488	20,279	307,450	24,596
	546,501	43,720	827,062	66,165
Equity position risk				
- General risk	1,138	91	975	78
- Specific risk	475	38	388	31
	1,613	129	1,363	109
Foreign exchange risk	934,018	74,721	924,347	73,948
	1,482,132	118,570	1,752,772	140,222

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A27. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Outstanding credit exposures with connected parties (RM'000)	820,247	1,031,884	1,035,498	1,319,862
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.64%	0.86%	0.90%	1.23%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.04%	0.12%	0.03%	0.10%

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

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A28. Operations of Islamic Banking

A28a. Balance Sheets as at 30 June 2009

	Group	
	30 June	31 December
	2009	2008
	RM'000	RM'000
ASSETS		
Cash and short-term funds	7,651,240	3,323,580
Securities held-for-trading	55,874	382,296
Securities available-for-sale	714,075	400,454
Financing and advances	12,868,915	12,023,665
Other assets	86,342	65,039
Statutory deposits with Bank Negara Malaysia	118,100	341,600
Deferred tax assets	75,464	72,304
Property and equipment	523	359
Total Assets	21,570,533	16,609,297
 LIABILITIES AND ISLAMIC		
BANKING FUNDS		
Deposits from customers	19,916,410	13,786,574
Deposits and placements of banks and other financial institutions	50,000	700,576
Other liabilities	54,511	974,266
Provision for zakat and taxation	86,744	44,013
Total Liabilities	20,107,665	15,505,429
Islamic Banking Funds	1,462,868	1,103,868
Total Liabilities and Islamic Banking Funds	21,570,533	16,609,297
 OFF-BALANCE SHEET EXPOSURES	1,055,106	1,050,966

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A28b. Income Statements for the 2nd Quarter and Financial Half Year Ended 30 June 2009

	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Group				
Income derived from investment of depositors' funds and others	213,836	207,254	421,659	375,521
Allowance for losses on financing and advances	(15,642)	(19,189)	(25,374)	(31,950)
- General allowance	(6,691)	(8,080)	(7,703)	(10,580)
- Other financing loss allowances	(8,951)	(11,109)	(17,671)	(21,370)
Transfer from / (to) profit equalisation reserves, net	4,994	(8,812)	(3,426)	(18,516)
Total attributable income	203,188	179,253	392,859	325,055
Income attributable to the depositors	(70,546)	(96,229)	(142,491)	(157,835)
Income attributable to the reporting institutions	132,642	83,024	250,368	167,220
Income derived from investment of Islamic Banking Funds	16,704	26,383	34,052	53,061
Total net income	149,346	109,407	284,420	220,281
Other operating expenses	(36,963)	(29,316)	(76,426)	(64,729)
Profit before zakat and taxation	112,383	80,091	207,994	155,552
Zakat	(49)	(44)	(98)	(89)
Taxation	(26,324)	(21,225)	(50,045)	(41,221)
Profit after zakat and taxation	86,010	58,822	157,851	114,242

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A28c. Financing and Advances

	Group	
	30 June 2009 RM'000	31 December 2008 RM'000
Bai Bithaman Ajil-i (deferred payment sale)	4,365,171	4,169,347
Ijarah Thamma Al-Bai'-i (leasing)	9,185,172	9,345,331
Bai-Al-Einah-i	<u>2,854,510</u>	<u>2,357,827</u>
	<u>16,404,853</u>	<u>15,872,505</u>
Unearned income	<u>(3,316,618)</u>	<u>(3,284,067)</u>
Gross financing and advances (including Islamic house financing sold to Cagamas)	13,088,235	12,588,438
Less: Islamic house financing sold to Cagamas	-	(350,009)
Gross financing and advances (excluding Islamic house financing sold to Cagamas)	<u>13,088,235</u>	<u>12,238,429</u>
Allowance for losses on financing and advances:		
- general	(198,449)	(190,746)
- specific	<u>(20,871)</u>	<u>(24,018)</u>
Net financing and advances	<u><u>12,868,915</u></u>	<u><u>12,023,665</u></u>

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

	Group	
	30 June 2009 RM'000	31 December 2008 RM'000
At 1 January	144,359	169,490
Non-performing during the period / year	164,561	350,014
Reclassified as performing	(137,100)	(295,926)
Recoveries	(16,608)	(27,151)
Amount written off	(26,018)	(52,068)
Loans converted to foreclosed properties / securities	(87)	-
Closing balance	<u>129,107</u>	<u>144,359</u>
Specific allowance	<u>(20,871)</u>	<u>(24,018)</u>
Net non-performing financing and advances	<u><u>108,236</u></u>	<u><u>120,341</u></u>
Net NPF as % of gross financing and advances (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>0.83%</u></u>	<u><u>0.96%</u></u>

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A28c. Financing and Advances (continued)

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

	Group	
	30 June 2009 RM'000	31 December 2008 RM'000
<u>General allowance</u>		
At 1 January	190,746	165,095
Allowance made during the period / year	7,703	25,651
Closing balance	198,449	190,746
As % of gross financing and advances (including Islamic house financing sold to Cagamas) less specific allowance	1.52%	1.52%

	Group	
	30 June 2009 RM'000	31 December 2008 RM'000
<u>Specific allowance</u>		
At 1 January	24,018	27,883
Allowance made during the period / year	30,613	66,766
Amount written back	(8,084)	(18,589)
Amount written off	(26,018)	(52,068)
Reinstatement of amount written off previously due to restructuring / rescheduling, now being classified as performing financing	342	51
Amount transferred to accumulated impairment losses in value of foreclosed properties	-	(25)
Closing balance	20,871	24,018

A28d. Other Assets

	Group	
	30 June 2009 RM'000	31 December 2008 RM'000
Deferred handling fees	50,007	51,745
Income receivable	4,636	388
Other receivables, deposits and prepayments	31,699	12,906
	86,342	65,039

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A28e. Deposits from Customers

i) By type of deposit

	Group	
	30 June	31 December
	2009	2008
	RM'000	RM'000
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	1,989,668	1,828,887
Wadiah savings deposits-i	3,399,330	3,232,045
Negotiable debt certificate-i	8,293,955	4,487,970
Others	3,743	2,836
	13,686,696	9,551,738
 <u>Mudharabah Fund</u>		
Mudharabah savings deposits-i	77,106	74,033
Mudharabah general investment deposits-i	5,133,298	3,493,453
Mudharabah special investment deposits-i	1,019,310	667,350
	6,229,714	4,234,836
	19,916,410	13,786,574

A28f. Other liabilities

	Group	
	30 June	31 December
	2009	2008
	RM'000	RM'000
Income payable	12,723	16,126
Other payables and accruals	4,989	924,871
Employee benefits	(1,411)	(1,515)
Profit equalisation reserves	38,210	34,784
	54,511	974,266

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

B1. Performance Review

The Group achieved a pre-tax profit of RM1,564.7 million and net profit attributable to equity holders of RM1,200.0 million. These profits represented a decrease of 11.2% and 8.5% respectively from the previous corresponding half year, due to a one-off goodwill payment of RM200 million received from ING in respect of a regional strategic alliance on bancassurance distribution included in the previous corresponding half year which is non-recurring in the current period. Excluding the one-off ING goodwill, the underlying operating pre-tax profit and net profit attributable to equity holders have actually improved by RM2.5 million (0.2%) and RM34.4 million (3.0%) respectively. The profit improvement was primarily due to higher net interest and financing income by RM180.1 million (8.7%) and lower impairment loss by RM27.8 million. These were partially offset by higher other operating expenses by RM150.7 million and higher loan loss allowance by RM45.2 million resulting from higher business volumes.

The higher other operating expenses was mainly due to increase in personnel costs resulting from the expansion of the marketing sales force, whereas the higher loan loss allowance was partially due to higher general allowance by RM13.9 million resulting from higher loan growth achieved.

The Group's net interest and financing income continued to show a growth of 8.7% as compared to the previous corresponding half year, despite the negative impact of the drops in overnight policy rate by BNM from 3.5% to 2.0% at the end of 2008 and beginning of 2009. The growth in the Group's net interest and financing income was driven by continued strong loans and deposits growth coupled with further improvement in asset quality. Gross loans before deducting Islamic house financing sold to Cagamas has grown by 14.0% to RM129.4 billion as at 30 June 2009 as compared to RM113.5 billion as at 30 June 2008 mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total deposits from customers had also grown by 14.2% or RM21.6 billion as compared to 30 June 2008 which partly contributed to the higher net interest income for the current financial half year. Despite the high loan growth over the past 12 months, the Group's asset quality continued to improve with its gross non-performing loan ("NPL") balance decreasing by RM10.6 million or 0.9% to RM1.21 billion as at 30 June 2009 as compared to RM1.22 billion as at 30 June 2008 and the Group's net NPL ratio further improved to 0.80% from 0.93% a year ago.

The Group's domestic commercial bank, Public Bank, recorded a pre-tax profit of RM1,174.1 million for the financial half year ended 30 June 2009 and was lower than the pre-tax profit of RM1,525.5 million achieved in the previous corresponding half year. The drop in profit was mainly due to the one-off ING goodwill payment received in the previous corresponding half year as well as the vesting of its Islamic banking business to its wholly-owned subsidiary, Public Islamic Bank Berhad, on 1 November 2008.

Pre-tax profit contribution from the Group's overseas operations decreased by RM64.5 million or 31.8% from the previous corresponding half year to RM138.3 million, mainly due to the one-off ING goodwill of RM20 million received and recognised by Public Bank (Hong Kong) Limited in the previous corresponding half year and higher loan loss allowance in the current financial half year.

For the 2nd quarter ended 30 June 2009, the Group registered a pre-tax profit of RM819.8 million, an improvement of RM28.2 million or 3.6% as compared to the previous corresponding quarter. This was achieved on the back of strong loans and deposits growth and improved asset quality, despite the negative impact of the drop in BNM's overnight policy rate. Earnings attributable to equity holders grew by 2.9% or RM17.2 million over the same period.

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B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM819.8 million for the 2nd quarter ended 30 June 2009 shows an increase of RM74.9 million or 10.0% as compared to the pre-tax profit of RM744.9 million for the preceding quarter ended 31 March 2009. Net profit attributable to equity holders increased by RM21.5 million or 3.6% over the same period. The improved performance was mainly attributable to higher net interest and financing income by RM43.8 million. In addition, the improved performance of the Bursa Securities and global stock market had also resulted in higher brokerage and commission from stockbroking activities by RM17.5 million, higher management fee income from the fund management business by RM15.4 million and higher investment income by RM9.3 million. These were partially offset by higher general allowance by RM20.7 million resulting from higher loan growth achieved in the 2nd quarter.

B3. Prospects for 2009

Despite the slowing economy, the banking industry in Malaysia is expected to grow positively and remain resilient due to its strong capitalisation, healthy asset quality and improved risk management practices. Amidst excess liquidity and the recent liberalisation of the financial services sector, the banking industry will remain competitive, particularly in the retail sector, and the pressure on net interest margins will remain. Banks are expected to introduce innovative and competitive products and services at a faster pace, pursue competitive pricing strategies and strengthen their customer relationship management and delivery standards to gain market share. The banking industry's loan growth is expected to moderate as households and businesses turn more cautious. Factors that will continue to support loan growth include low financing costs, promotion of BNM funds to support SMEs and the Government's fiscal stimulus to boost economic activity.

The Public Bank Group will continue to focus on its core business of home mortgages, passenger vehicle hire purchase financing and SME loans, whilst sourcing its funds from retail and wholesale deposits, foreign currency deposits and structured deposit products. The Group will continue to grow its Islamic banking business through its wholly-owned subsidiary company, Public Islamic Bank Berhad, by expanding Islamic retail financing and Islamic wealth management products. To expand its business, the Public Bank Group will continue to tap on its extensive branch network, wide array of innovative products and packages, multiple delivery channels, strong corporate image and the PB brand, strong sales and marketing force and superior delivery standards.

The Public Bank Group will continue to accelerate growth in its overseas operations, particularly in Hong Kong and the People's Republic of China, and Cambodia by focusing on financing, lending to SMEs and on the deposit-taking business. The Group's initiatives to promote the PB brand abroad will continue. In its pursuit of business expansion, the Public Bank Group will continue to remain prudent, uphold strong corporate governance and implement sound risk management policies. As a responsible corporate citizen, the Public Bank Group will continue to implement its Corporate Social Responsibility programmes. Despite the current challenging operating environment, the Public Bank Group is expected to continue to record satisfactory performance in 2009.

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 2nd quarter and financial half year ended 30 June 2009 are as follows:

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Malaysian income tax	269,189	180,102	417,514	428,574
Overseas income tax	10,104	17,335	20,416	34,809
	279,293	197,437	437,930	463,383
(Over) / under provision in prior years				
- Malaysian income tax	-	-	(58)	(22,891)
- Overseas income tax	(12)	1	1,933	2,300
	279,281	197,438	439,805	442,792
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(79,487)	(12,940)	(90,945)	(19,209)
Tax expense	199,794	184,498	348,860	423,583
Zakat	49	44	98	89
	199,843	184,542	348,958	423,672

The Group's effective tax rates for the 2nd quarter and financial half year ended 30 June 2009 and 30 June 2008 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

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B5. Tax Expense and Zakat (Contd.)

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Malaysian income tax	225,900	173,968	339,652	398,608
Overseas income tax	566	103	975	391
	226,466	174,071	340,627	398,999
Under provision in prior years				
- Overseas income tax	-	-	719	2,519
	226,466	174,071	341,346	401,518
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(66,794)	(11,763)	(75,374)	(27,161)
Tax expense	159,672	162,308	265,972	374,357
Zakat	-	44	-	89
	159,672	162,352	265,972	374,446

The Bank's effective tax rate for the 2nd quarter and financial half year ended 30 June 2009 and 30 June 2008 were lower than the statutory tax rate due to certain income not subject to tax.

B6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the 2nd quarter and financial half year ended 30 June 2009 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 30 June 2009.

B9. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuance of Stapled Securities in the current financial period and the issuances of Subordinated Notes and Hybrid Capital securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

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

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	86,967,195	77,293,631	66,700,315	61,263,312
More than one year	146,010	270,706	125,285	243,585
- Negotiable instruments of deposits				
One year or less	20,919,304	14,778,850	17,560,890	12,273,069
More than one year	386,182	350,788	369,423	350,788
- Money market deposits				
One year or less	26,011,006	33,504,902	23,435,280	31,250,905
- Savings deposits	20,986,962	19,036,598	15,119,279	14,083,581
- Demand deposits	17,181,158	15,775,587	14,330,749	13,333,758
- Others	1,182,593	1,268,502	1,177,538	1,263,250
	<u>173,780,410</u>	<u>162,279,564</u>	<u>138,818,759</u>	<u>134,062,248</u>
Deposits and placements of banks and other financial institutions				
- One year or less	<u>6,182,177</u>	<u>5,589,879</u>	<u>6,917,115</u>	<u>7,121,517</u>
Borrowings denominated in HKD (unsecured)				
Term loan				
- One year or less	738,395	860,234	-	-
	<u>738,395</u>	<u>860,234</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	2,728,810	2,727,640	2,728,810	2,727,640
Subordinated notes denominated in RM (unsecured)				
- More than one year	1,422,000	1,450,555	1,442,139	1,470,580
	<u>4,150,810</u>	<u>4,178,195</u>	<u>4,170,949</u>	<u>4,198,220</u>
Hybrid capital securities denominated in USD (unsecured)				
- More than one year	798,414	847,644	798,414	847,644
Hybrid capital securities denominated in RM (unsecured)				
- More than one year	1,191,790	1,276,840	1,191,790	1,276,840
	<u>1,990,204</u>	<u>2,124,484</u>	<u>1,990,204</u>	<u>2,124,484</u>
Stapled securities denominated in RM (unsecured)				
- More than one year	<u>1,187,305</u>	<u>-</u>	<u>1,187,305</u>	<u>-</u>

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B11. Derivative Financial Instruments

The value of derivative financial instruments classified by remaining period to maturity / next repricing date (whichever is earlier) as at the latest practicable date, 10 July 2009, is as follows :

Group							
Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	1,481,964	902,069	332,958	213,313	29,163	4,461	-
- swaps	11,326,242	5,646,662	5,220,720	429,755	29,105	-	-
- options	43,512	-	-	-	-	43,512	-
Sub total	12,851,718	6,548,731	5,553,678	643,068	58,268	47,973	-
Interest rate related contracts							
- forwards	17,858	-	-	-	17,858	-	-
- swaps	10,820,331	570,428	8,819,703	1,430,200	-	-	-
Sub total	10,838,189	570,428	8,819,703	1,430,200	17,858	-	-
Equity related contracts							
- options	348,256	-	-	-	-	348,256	-
Precious metal contracts							
- forwards	1,166	1,166	-	-	-	-	-
Total	24,039,329	7,120,325	14,373,381	2,073,268	76,126	396,229	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forwards	1,174,412	594,517	332,958	213,313	29,163	4,461	-
- swaps	11,206,104	5,646,662	5,113,082	417,255	29,105	-	-
- options	43,512	-	-	-	-	43,512	-
Sub total	12,424,028	6,241,179	5,446,040	630,568	58,268	47,973	-
Interest rate related contracts							
- swaps	10,373,393	463,163	8,480,030	1,430,200	-	-	-
Sub total	10,373,393	463,163	8,480,030	1,430,200	-	-	-
Equity related contracts							
- options	348,256	-	-	-	-	348,256	-
Precious metal contracts							
- forwards	1,166	1,166	-	-	-	-	-
Total	23,146,843	6,705,508	13,926,070	2,060,768	58,268	396,229	-

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

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.

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B13. Proposed Dividends

- (i) An interim dividend of 30% less 25% tax for the financial year ending 31 December 2009, amounting to RM776,577,075, based on the outstanding issued and paid-up capital excluding treasury shares as at 30 June 2009, has been declared by the directors;
- (ii) Amount per share : 30 sen less 25% tax;
- (iii) Previous corresponding period : 30 sen less 26% tax;
- (iv) Payment date : 13 August 2009;
- (v) In respect of deposited securities, entitlement to the interim dividend will be determined on the basis of the Record of Depositors as at the close of business on 5 August 2009.

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.

	2nd Quarter Ended		Half Year Ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Net profit attributable to equity holders (RM'000)	610,741	593,535	1,200,026	1,310,922
Weighted average number of PBB Shares ('000)	3,451,454	3,355,639	3,414,922	3,354,641
Basic earnings per share (sen)	17.7	17.7	35.1	39.1

Diluted

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Weighted average number of PBB Shares ('000)	3,451,454	3,355,639	3,414,922	3,354,641
Effects of share options ('000)	-	-	-	1,000
Adjusted weighted average number of PBB shares in issue or issuable ('000)	3,451,454	3,355,639	3,414,922	3,355,641
Diluted earnings per share (sen)	17.7	17.7	35.1	39.1