

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

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| ASSETS | | | | |
| Cash and balances with banks | 34,690,439 | 46,663,156 | 27,172,447 | 34,984,593 |
| Reverse repurchase agreements | 365,877 | 1,200,243 | 10,737 | - |
| Financial assets held-for-trading | 6,360,620 | 7,957,275 | 5,812,736 | 7,655,815 |
| Derivative financial assets | 326,622 | 310,311 | 322,596 | 302,861 |
| Financial investments available-for-sale | 17,852,284 | 12,165,777 | 14,269,479 | 10,458,159 |
| Financial investments held-to-maturity | 5,229,617 | 6,620,207 | 5,230,399 | 7,637,258 |
| Loans, advances and financing | 153,982,980 | 135,335,784 | 125,062,183 | 107,962,807 |
| Other assets | 1,995,880 | 1,758,578 | 1,703,642 | 1,453,540 |
| Statutory deposits with Central Banks | 1,612,575 | 1,022,181 | 1,106,330 | 588,362 |
| Deferred tax assets | 519,215 | 506,607 | 416,470 | 390,826 |
| Investment in subsidiary companies | - | - | 3,888,581 | 3,694,681 |
| Investment in associated companies | 118,624 | 128,318 | 101,325 | 101,325 |
| Investment properties | 65,552 | 69,327 | - | - |
| Property and equipment | 1,278,319 | 1,340,779 | 617,544 | 650,981 |
| Intangible assets | 1,930,372 | 2,057,611 | 695,393 | 695,393 |
| TOTAL ASSETS | 226,328,976 | 217,136,154 | 186,409,862 | 176,576,601 |
| LIABILITIES | | | | |
| Deposits from customers | 176,872,119 | 170,891,589 | 140,789,266 | 135,387,490 |
| Deposits from banks | 21,327,476 | 22,614,300 | 21,069,781 | 20,783,929 |
| Bills and acceptances payable | 2,308,836 | 612,730 | 2,450,006 | 612,730 |
| Recourse obligations on loans sold to Cagamas | 16,319 | 21,763 | 16,319 | 21,763 |
| Derivative financial liabilities | 375,529 | 270,056 | 340,995 | 243,396 |
| Debt securities issued and other borrowed funds | 8,094,880 | 8,032,345 | 7,196,528 | 7,399,461 |
| Other liabilities | 2,839,874 | 2,511,757 | 1,675,651 | 1,399,378 |
| Provision for tax expense and zakat | 800,464 | 464,290 | 568,565 | 286,242 |
| Deferred tax liabilities | 8,391 | 2,000 | - | - |
| TOTAL LIABILITIES | 212,643,888 | 205,420,830 | 174,107,111 | 166,134,389 |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

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

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| EQUITY | | | | |
| Share capital | 3,531,926 | 3,531,926 | 3,531,926 | 3,531,926 |
| Reserves | 9,716,277 | 8,072,918 | 8,986,128 | 7,491,924 |
| Treasury shares | <u>(215,303)</u> | <u>(581,638)</u> | <u>(215,303)</u> | <u>(581,638)</u> |
| Equity attributable to equity holders of the Bank | 13,032,900 | 11,023,206 | 12,302,751 | 10,442,212 |
| Minority interests | <u>652,188</u> | <u>692,118</u> | <u>-</u> | <u>-</u> |
| TOTAL EQUITY | <u>13,685,088</u> | <u>11,715,324</u> | <u>12,302,751</u> | <u>10,442,212</u> |
| TOTAL LIABILITIES AND EQUITY | <u>226,328,976</u> | <u>217,136,154</u> | <u>186,409,862</u> | <u>176,576,601</u> |
| COMMITMENTS AND CONTINGENCIES | <u>69,205,908</u> | <u>61,435,239</u> | <u>64,532,682</u> | <u>56,878,933</u> |
| CAPITAL ADEQUACY | | | | |
| <u>Before deducting second interim dividends</u> | | | | |
| Tier I Capital Ratio | 10.7% | 10.5% | 13.2% | 13.0% |
| Risk-Weighted Capital Ratio | <u>14.4%</u> | <u>14.6%</u> | <u>14.1%</u> | <u>14.1%</u> |
| <u>After deducting second interim dividends</u> | | | | |
| Tier I Capital Ratio | 10.0% | 9.9% | 12.4% | 12.4% |
| Risk-Weighted Capital Ratio | <u>13.7%</u> | <u>14.0%</u> | <u>13.3%</u> | <u>13.5%</u> |
| Net assets per share attributable to ordinary equity holders of the Bank (RM) | <u>3.72</u> | <u>3.19</u> | <u>3.51</u> | <u>3.03</u> |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

| <u>Group</u> | 4th Quarter Ended | | Financial Year Ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Operating revenue | 2,971,194 | 2,495,452 | 11,035,597 | 9,715,568 |
| Interest income | 2,200,542 | 1,870,529 | 8,113,531 | 7,353,051 |
| Interest expense | (998,776) | (795,476) | (3,516,111) | (3,316,609) |
| Net interest income | 1,201,766 | 1,075,053 | 4,597,420 | 4,036,442 |
| Net income from Islamic banking business | 202,724 | 206,706 | 781,288 | 691,591 |
| | 1,404,490 | 1,281,759 | 5,378,708 | 4,728,033 |
| Net fee and commission income | 290,677 | 220,703 | 1,031,770 | 855,881 |
| Net gains and losses on financial instruments | 27,815 | 50,573 | 129,745 | 159,942 |
| Other operating income | 72,569 | 41,731 | 298,277 | 213,829 |
| Net income | 1,795,551 | 1,594,766 | 6,838,500 | 5,957,685 |
| Other operating expenses | (525,812) | (510,805) | (2,100,235) | (1,942,630) |
| Operating profit | 1,269,739 | 1,083,961 | 4,738,265 | 4,015,055 |
| Allowance for impairment on loans, advances and financing | (142,831) | (177,879) | (659,566) | (690,970) |
| Impairment on other assets | (1,229) | (10,082) | (5,188) | (15,079) |
| | 1,125,679 | 896,000 | 4,073,511 | 3,309,006 |
| Share of profit after tax of equity accounted associated companies | 4,585 | 4,215 | 12,686 | 12,427 |
| Profit before tax expense and zakat | 1,130,264 | 900,215 | 4,086,197 | 3,321,433 |
| Tax expense and zakat | (270,169) | (211,852) | (987,120) | (769,893) |
| Profit for the period / year | 860,095 | 688,363 | 3,099,077 | 2,551,540 |
| Profit for the period / year attributable to : | | | | |
| - Equity holders of the Bank | 846,188 | 678,231 | 3,048,224 | 2,517,302 |
| - Minority interests | 13,907 | 10,132 | 50,853 | 34,238 |
| | 860,095 | 688,363 | 3,099,077 | 2,551,540 |
| Earnings per RM1.00 share: | | | | |
| - basic / diluted (sen) | 24.2 | 19.7 | 87.2 | 73.3 |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

| <u>Group</u> | 4th Quarter Ended | | Financial Year Ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Profit for the period / year | <u>860,095</u> | 688,363 | <u>3,099,077</u> | <u>2,551,540</u> |
| Other comprehensive (loss) / income: | | | | |
| Currency translation differences in respect of foreign operations | (9,839) | (43,898) | (386,680) | (44,162) |
| Currency translation differences in respect of net investment hedge | 3,226 | 26,515 | 292,272 | 35,193 |
| Net gain on revaluation of financial investments available-for-sale | 26,109 | 68,771 | 53,931 | 476,941 |
| Net change in cash flow hedges | (360) | (711) | (4,361) | (3,320) |
| Income tax relating to components of other comprehensive income | <u>(8,193)</u> | <u>(12,987)</u> | <u>(11,795)</u> | <u>(100,333)</u> |
| Other comprehensive income / (loss) for the period / year, net of tax | <u>10,943</u> | <u>37,690</u> | <u>(56,633)</u> | <u>364,319</u> |
| Total comprehensive income for the period / year | <u><u>871,038</u></u> | <u><u>726,053</u></u> | <u><u>3,042,444</u></u> | <u><u>2,915,859</u></u> |
| Total comprehensive income / (loss) for the period / year attributable to: | | | | |
| - Equity holders of the Bank | 859,581 | 725,363 | 3,065,105 | 2,892,395 |
| - Minority interests | <u>11,457</u> | <u>690</u> | <u>(22,661)</u> | <u>23,464</u> |
| | <u><u>871,038</u></u> | <u><u>726,053</u></u> | <u><u>3,042,444</u></u> | <u><u>2,915,859</u></u> |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

| <u>Bank</u> | 4th Quarter Ended | | Financial Year Ended | |
|--|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Operating revenue | 2,218,250 | 1,847,747 | 8,165,635 | 7,171,221 |
| Interest income | 1,968,188 | 1,622,913 | 7,145,714 | 6,391,787 |
| Interest expense | (936,593) | (724,907) | (3,256,730) | (3,093,687) |
| Net interest income | 1,031,595 | 898,006 | 3,888,984 | 3,298,100 |
| Net fee and commission income | 131,300 | 93,951 | 411,589 | 367,262 |
| Net gains and losses on financial instruments | 27,620 | 45,625 | 137,372 | 146,462 |
| Other operating income | 244,925 | 231,187 | 1,054,567 | 631,276 |
| Net income | 1,435,440 | 1,268,769 | 5,492,512 | 4,443,100 |
| Other operating expenses | (349,484) | (328,680) | (1,420,637) | (1,323,157) |
| Operating profit | 1,085,956 | 940,089 | 4,071,875 | 3,119,943 |
| Allowance for impairment on loans, advances and financing | (84,848) | (70,568) | (383,940) | (321,237) |
| Impairment on other assets | (6,391) | (4,539) | (10,278) | (9,536) |
| Profit before tax expense and zakat | 994,717 | 864,982 | 3,677,657 | 2,789,170 |
| Tax expense and zakat | (195,474) | (167,621) | (746,096) | (607,505) |
| Profit for the period / year | 799,243 | 697,361 | 2,931,561 | 2,181,665 |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

| | 4th Quarter Ended | | Financial Year Ended | |
|--|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Bank</u> | | | | |
| Profit for the period / year | <u>799,243</u> | <u>697,361</u> | <u>2,931,561</u> | <u>2,181,665</u> |
| Other comprehensive income / (loss): | | | | |
| Net gain on revaluation of financial investments available-for-sale | 15,491 | 44,397 | 37,617 | 374,220 |
| Net change in cash flow hedges | (360) | (711) | (4,361) | (3,320) |
| Income tax relating to components of other comprehensive income | <u>(3,783)</u> | <u>(10,922)</u> | <u>(8,314)</u> | <u>(96,287)</u> |
| Other comprehensive income for the period / year, net of tax | <u>11,348</u> | <u>32,764</u> | <u>24,942</u> | <u>274,613</u> |
| Total comprehensive income for the period / year | <u><u>810,591</u></u> | <u><u>730,125</u></u> | <u><u>2,956,503</u></u> | <u><u>2,456,278</u></u> |

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

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

| <u>Group</u> | Non-distributable | | | Distributable | | Total Shareholders' Equity | Minority Interests | Total Equity |
|--|-------------------|------------------|------------------|------------------|------------------|----------------------------|--------------------|-------------------|
| | Share Capital | Share Premium | Other Reserves | Retained Profits | Treasury Shares | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2010 | | | | | | | | |
| - as previously stated | 3,531,926 | 1,439,885 | 3,762,784 | 2,870,249 | (581,638) | 11,023,206 | 692,118 | 11,715,324 |
| - effect of adopting FRS 139 | - | - | 24,487 | 224,138 | - | 248,625 | 7,169 | 255,794 |
| At 1 January 2010, as restated | 3,531,926 | 1,439,885 | 3,787,271 | 3,094,387 | (581,638) | 11,271,831 | 699,287 | 11,971,118 |
| Profit for the year | - | - | - | 3,048,224 | - | 3,048,224 | 50,853 | 3,099,077 |
| Other comprehensive income / (loss) | - | - | 16,881 | - | - | 16,881 | (73,514) | (56,633) |
| Total comprehensive income / (loss) for the year | - | - | 16,881 | 3,048,224 | - | 3,065,105 | (22,661) | 3,042,444 |
| Buy-back of shares | - | - | - | - | (240) | (240) | - | (240) |
| Transfer to statutory reserves | - | - | 68,189 | (68,189) | - | - | - | - |
| Transfer to regulatory reserves | - | - | 16,221 | (16,221) | - | - | - | - |
| Dividends paid | - | - | - | (1,303,796) | - | (1,303,796) | (24,438) | (1,328,234) |
| Share dividends | - | (366,575) | - | - | 366,575 | - | - | - |
| At 31 December 2010 | 3,531,926 | 1,073,310 | 3,888,562 | 4,754,405 | (215,303) | 13,032,900 | 652,188 | 13,685,088 |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

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

| <u>Group</u> | 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 | 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 |
| Profit for the year | - | - | - | 2,517,302 | - | 2,517,302 | 34,238 | 2,551,540 |
| Other comprehensive income / (loss) | - | - | 375,093 | - | - | 375,093 | (10,774) | 364,319 |
| Total comprehensive income for the year | - | - | 375,093 | 2,517,302 | - | 2,892,395 | 23,464 | 2,915,859 |
| Buy-back of shares | - | - | - | - | (140) | (140) | - | (140) |
| Transfer to statutory reserves | - | - | 133,961 | (133,961) | - | - | - | - |
| Transfer to regulatory reserves | - | - | 9,995 | (9,995) | - | - | - | - |
| Dividends paid | - | - | - | (1,405,755) | - | (1,405,755) | (23,372) | (1,429,127) |
| Share dividends | - | (692,614) | - | - | 692,614 | - | - | - |
| At 31 December 2009 | 3,531,926 | 1,439,885 | 3,762,784 | 2,870,249 | (581,638) | 11,023,206 | 692,118 | 11,715,324 |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

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

| | Non-distributable | | | Distributable | | Total RM'000 |
|---|----------------------------|----------------------------|-----------------------------|---|------------------------------|-------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Other Reserves RM'000 | Reserves Retained Profits RM'000 | Treasury Shares RM'000 | |
| Bank | | | | | | |
| At 1 January 2010 | | | | | | |
| - as previously stated | 3,531,926 | 1,439,885 | 3,513,672 | 2,538,367 | (581,638) | 10,442,212 |
| - effect of adopting FRS 139 | - | - | - | 208,072 | - | 208,072 |
| At 1 January 2010, as restated | <u>3,531,926</u> | <u>1,439,885</u> | <u>3,513,672</u> | <u>2,746,439</u> | <u>(581,638)</u> | <u>10,650,284</u> |
| Profit for the year | - | - | - | 2,931,561 | - | 2,931,561 |
| Other comprehensive income | - | - | 24,942 | - | - | 24,942 |
| Total comprehensive income for the year | <u>-</u> | <u>-</u> | <u>24,942</u> | <u>2,931,561</u> | <u>-</u> | <u>2,956,503</u> |
| Buy-back of shares | - | - | - | - | (240) | (240) |
| Dividends paid | - | - | - | (1,303,796) | - | (1,303,796) |
| Share dividends | - | (366,575) | - | - | 366,575 | - |
| At 31 December 2010 | <u>3,531,926</u> | <u>1,073,310</u> | <u>3,538,614</u> | <u>4,374,204</u> | <u>(215,303)</u> | <u>12,302,751</u> |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2010

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

| | Non-distributable | | | Distributable | | Total RM'000 |
|---|----------------------------|----------------------------|-----------------------------|---|------------------------------|-----------------|
| | Share Capital RM'000 | Share Premium RM'000 | Other Reserves RM'000 | Reserves Retained Profits RM'000 | Treasury Shares RM'000 | |
| At 1 January 2009 | 3,531,926 | 2,132,499 | 3,239,059 | 1,762,457 | (1,274,112) | 9,391,829 |
| Profit for the year | - | - | - | 2,181,665 | - | 2,181,665 |
| Other comprehensive income | - | - | 274,613 | - | - | 274,613 |
| Total comprehensive income for the year | - | - | 274,613 | 2,181,665 | - | 2,456,278 |
| Buy-back of shares | - | - | - | - | (140) | (140) |
| Dividends paid | - | - | - | (1,405,755) | - | (1,405,755) |
| Share dividends | - | (692,614) | - | - | 692,614 | - |
| At 31 December 2009 | 3,531,926 | 1,439,885 | 3,513,672 | 2,538,367 | (581,638) | 10,442,212 |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Profit before tax expense and zakat | 4,086,197 | 3,321,433 | 3,677,657 | 2,789,170 |
| Adjustments for non-cash items | 861,950 | 816,132 | (172,809) | (5,337) |
| Operating profit before changes in working capital | 4,948,147 | 4,137,565 | 3,504,848 | 2,783,833 |
| Changes in working capital: | | | | |
| Net changes in operating assets | (16,993,633) | (10,350,756) | (15,608,770) | (4,296,752) |
| Net changes in operating liabilities | 7,178,796 | 18,793,050 | 7,686,152 | 7,864,157 |
| Tax expense and zakat paid | (748,164) | (805,189) | (564,623) | (645,557) |
| Net cash (used in) / generated from operating activities | (5,614,854) | 11,774,670 | (4,982,393) | 5,705,681 |
| Net cash used in investing activities | (4,209,740) | (4,528,502) | (890,568) | (3,337,337) |
| Net cash used in financing activities | (1,083,223) | (295,182) | (1,304,036) | (64,677) |
| Net change in cash and cash equivalents | (10,907,817) | 6,950,986 | (7,176,997) | 2,303,667 |
| Cash and cash equivalents at beginning of the year | 43,480,452 | 36,597,027 | 31,868,626 | 29,564,959 |
| Exchange differences on translation of opening balances | (490,066) | (67,561) | - | - |
| Cash and cash equivalents at end of the year (Note) | 32,082,569 | 43,480,452 | 24,691,629 | 31,868,626 |
| Note: | | | | |
| Cash and balances with banks | 34,690,439 | 46,663,156 | 27,172,447 | 34,984,593 |
| Less: Balances with banks with maturity more than one month | (2,607,870) | (3,182,704) | (2,480,818) | (3,115,967) |
| Cash and cash equivalents at end of the year | 32,082,569 | 43,480,452 | 24,691,629 | 31,868,626 |

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

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

A1. Basis of Preparation

The audited interim financial statements for the 4th quarter and financial year ended 31 December 2010 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial investments, derivative financial instruments and investment properties.

The audited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2009.

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

The significant accounting policies and methods of computation applied in the audited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2009, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs, IC Interpretation and Technical Release ("TR"), which are effective from 1 January 2010:

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

The Group and the Bank have also chosen to early adopt the following Amendment to FRS, IC Interpretations and Amendment to IC Interpretation:

| | |
|------------------------------------|---|
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 17 | Distributions of Non-cash Assets to Owners |
| IC Interpretation 18 | Transfers of Assets from Customers |
| Amendments to FRS 2 | Group Cash-settled Share-based Payment Transactions |
| Amendments to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement |

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A1. Basis of Preparation (Continued)

The adoption of FRS 4 did not have any material impact on the financial results of the Group and the Bank as only an immaterial amount of revenue is generated from the insurance business. The adoption of FRS 7, FRS 101 and TR i-3 also did not impact the financial results of the Group and the Bank, as the changes introduced are presentational in nature. The early adoption of the Amendment to FRS, IC Interpretations and Amendment to IC Interpretation also did not have any impact on the financial results of the Group and the Bank. The principal effects of the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs and IC Interpretations are disclosed in Note A31.

The Amendments to FRS 139 above included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe the use of an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement, as prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing, and its principal effects is also disclosed in Note A31.

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Bank:

Effective for annual periods commencing on or after 1 March 2010:

Amendments to FRS 132 Financial Instruments: Presentation - Classification of Rights Issues

Effective for annual periods commencing on or after 1 July 2010:

| | |
|-----------------------------------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations |
| FRS 127 | Consolidated and Separate Financial Statements |
| IC Interpretation 12 | Service Concession Arrangements |
| Amendments to FRS 2 | Share-based Payment |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |

Effective for annual periods commencing on or after 1 January 2011:

| | |
|---|---|
| IC Interpretation 4 | Determining whether an Arrangement contains a Lease |
| Amendments to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters Additional Exemptions for First-time Adopters |
| Amendments to FRS 7 | Improving Disclosures about Financial Instruments |
| TR i-4 | Shariah Compliant Sale Contracts |
| Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)" | |

Effective for annual periods commencing on or after 1 January 2011:

| | |
|----------------------|---|
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |
|----------------------|---|

Effective for annual periods commencing on or after 1 January 2012:

| | |
|----------------------|--|
| FRS 124 | Related Party Transactions |
| IC Interpretation 15 | Agreements for the Construction of Real Estate |

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A1. Basis of Preparation (Continued)

IC Interpretations 12 and 15 are not expected to have any impact on the Financial Statements of the Group and the Bank as they are not relevant to the operations of the Group and the Bank. The adoption of the other revised FRSs, amendment to FRSs, IC Interpretations and TR i-4 is not expected to have a material impact on the financial statements of the Group and the Bank.

A2. Auditors' Report on Preceding Annual Financial Statements

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

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and the financial year ended 31 December 2010.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 4th quarter and the financial year ended 31 December 2010.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 4th quarter and the financial year ended 31 December 2010.

A6. Debt and Equity Securities

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

Share Buy-back

On 2 March 2010, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year ended 31 December 2010, the Bank bought back from the open market, 20,000 PBB Shares listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM11.97 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year ended 31 December 2010, including transaction costs, was RM240,250 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.

A total of 50,716,464 treasury shares were distributed as share dividend on the basis of one (1) PBB treasury share listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad for every sixty-eight (68) ordinary shares of RM1.00 each held in PBB on 5 February 2010. The distribution of the share dividend was completed on 13 February 2010.

As at 31 December 2010, the number of treasury shares held after deducting the above share dividend distribution was 29,780,704 PBB Shares.

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A7. Dividends Paid and Distributed

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

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

An interim dividend of 25%, less 25% tax in respect of the financial year ended 31 December 2010, amounting to RM656,652,607 was paid on 13 August 2010.

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A8. Financial Assets Held-for-trading

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| At fair value | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Treasury Bills | - | 66,735 | - | 66,735 |
| Malaysian Government Securities | 75,734 | 433,224 | 75,734 | 433,224 |
| Malaysian Government Investment Certificates | - | 131,661 | - | 101,356 |
| Bank Negara Malaysia Monetary Notes | 412,508 | 744,463 | 412,508 | 744,463 |
| Bank Negara Malaysia Bills | 99,803 | 124,937 | - | - |
| | <u>588,045</u> | <u>1,501,020</u> | <u>488,242</u> | <u>1,345,778</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit | <u>5,622,472</u> | <u>6,243,362</u> | <u>5,323,626</u> | <u>6,193,679</u> |
| Non-money market instruments: | | | | |
| Equity securities: | | | | |
| - Quoted shares in Malaysia | 868 | 925 | 868 | 925 |
| Debt securities | | | | |
| - Cagamas bonds | 15,134 | 125,367 | - | 100,323 |
| - Unquoted private debt securities | 134,101 | 86,601 | - | 15,110 |
| | <u>150,103</u> | <u>212,893</u> | <u>868</u> | <u>116,358</u> |
| Total financial assets held-for-trading | <u><u>6,360,620</u></u> | <u><u>7,957,275</u></u> | <u><u>5,812,736</u></u> | <u><u>7,655,815</u></u> |

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A9. Financial Investments Available-for-sale

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| At fair value | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Securities | 2,115,849 | 2,772,548 | 2,105,763 | 2,762,225 |
| Malaysian Government Investment Certificates | 2,002,864 | 2,066,106 | 1,199,611 | 1,199,819 |
| Bank Negara Malaysia Monetary Notes | 5,485,605 | - | 4,568,078 | - |
| Bank Negara Malaysia Bills | 1,063,115 | - | - | - |
| | <u>10,667,433</u> | <u>4,838,654</u> | <u>7,873,452</u> | <u>3,962,044</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit | - | 50,637 | 272,599 | 310,039 |
| Non-money market instruments: | | | | |
| Equity securities: | | | | |
| - Quoted shares and convertible loan stocks in Malaysia | 37,212 | 49,765 | 34,947 | 46,323 |
| - Quoted shares and convertible loan stocks outside Malaysia | 8,674 | 6,846 | - | - |
| - Unquoted shares | 108,193 | 23,646 | 104,479 | 20,070 |
| Debt securities: | | | | |
| - Unquoted private debt securities | 2,358,606 | 2,783,624 | 1,833,351 | 2,215,291 |
| Unit trust funds: | | | | |
| - Public Institutional Bond Fund | 1,609,313 | 1,415,767 | 1,505,140 | 1,315,851 |
| - Others | 3,062,853 | 2,996,838 | 2,645,511 | 2,588,541 |
| | <u>7,184,851</u> | <u>7,276,486</u> | <u>6,123,428</u> | <u>6,186,076</u> |
| Total financial investments available-for-sale | <u>17,852,284</u> | <u>12,165,777</u> | <u>14,269,479</u> | <u>10,458,159</u> |

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A10. Financial Investments Held-to-maturity

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| At amortised cost | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Treasury Bills | 3,654 | 9,826 | 3,654 | 9,826 |
| Malaysian Government Securities | 1,933,735 | 2,702,667 | 1,772,055 | 2,620,859 |
| Malaysian Government Investment Certificates | 549,330 | 566,529 | 549,330 | 566,529 |
| Foreign Government Treasury Bills | 515,429 | 274,311 | 80,010 | 53,523 |
| | <u>3,002,148</u> | <u>3,553,333</u> | <u>2,405,049</u> | <u>3,250,737</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit | 1,010,727 | 513,121 | 2,689,862 | 4,028,238 |
| Bankers' acceptances and Islamic accepted bills | 492,166 | 1,020,955 | - | 129,387 |
| | <u>1,502,893</u> | <u>1,534,076</u> | <u>2,689,862</u> | <u>4,157,625</u> |
| Non-money market instruments: | | | | |
| Equity securities | | | | |
| - Unquoted shares | - | 88,016 | - | 87,573 |
| Debt securities | | | | |
| - Cagamas bonds | 5,059 | 15,107 | 5,059 | 5,059 |
| - Unquoted private debt securities | 729,530 | 1,442,387 | 140,442 | 148,976 |
| | <u>734,589</u> | <u>1,545,510</u> | <u>145,501</u> | <u>241,608</u> |
| Accumulated impairment losses | (10,013) | (12,712) | (10,013) | (12,712) |
| Total financial investments held-to-maturity | <u>5,229,617</u> | <u>6,620,207</u> | <u>5,230,399</u> | <u>7,637,258</u> |

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A11. Loans, Advances and Financing

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| At amortised cost | | | | |
| Overdrafts | 9,597,674 | 9,624,895 | 8,500,942 | 8,183,430 |
| Term loans | | | | |
| - Housing loans / financing | 43,891,024 | 37,518,424 | 38,382,386 | 32,520,706 |
| - Syndicated term loan / financing | 2,871,817 | 2,263,231 | 1,635,281 | 1,101,921 |
| - Hire purchase receivables | 35,328,422 | 31,510,038 | 24,839,999 | 21,478,839 |
| - Other term loans / financing | 54,989,863 | 48,078,431 | 44,069,685 | 37,935,351 |
| Credit card receivables | 1,348,902 | 1,178,526 | 1,340,914 | 1,169,668 |
| Bills receivables | 108,856 | 114,876 | 95,828 | 83,335 |
| Trust receipts | 377,087 | 407,432 | 329,412 | 333,042 |
| Claims on customers under acceptance credits | 3,582,630 | 3,121,018 | 3,572,220 | 3,109,337 |
| Revolving credits | 3,486,986 | 2,961,241 | 3,473,437 | 2,997,450 |
| Staff loans * | 960,811 | 832,315 | 903,078 | 776,225 |
| Gross loans, advances and financing | <u>156,544,072</u> | <u>137,610,427</u> | <u>127,143,182</u> | <u>109,689,304</u> |
| Allowance for impaired loans and financing: | | | | |
| - collective assessment allowance | (2,296,158) | - | (1,914,653) | - |
| - individual assessment allowance | (264,934) | - | (166,346) | - |
| - general allowance | - | (2,051,659) | - | (1,645,143) |
| - specific allowance | - | (222,984) | - | (81,354) |
| Net loans, advances and financing | <u><u>153,982,980</u></u> | <u><u>135,335,784</u></u> | <u><u>125,062,183</u></u> | <u><u>107,962,807</u></u> |

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,505,221 (2009: RM1,426,094) and RM2,891,154 (2009 - RM711,601) respectively.

A11a. By class

| | Group | | Bank | |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Retail loans / financing | | | | |
| - Housing loans / financing | 43,891,024 | 37,518,424 | 38,382,386 | 32,520,706 |
| - Hire purchase | 35,328,422 | 31,510,038 | 24,839,999 | 21,478,839 |
| - Credit cards | 1,348,902 | 1,178,526 | 1,340,914 | 1,169,668 |
| - Other loans / financing * | 52,904,601 | 47,173,845 | 44,786,687 | 39,081,995 |
| | <u>133,472,949</u> | <u>117,380,833</u> | <u>109,349,986</u> | <u>94,251,208</u> |
| Corporate loans / financing | 23,071,123 | 20,229,594 | 17,793,196 | 15,438,096 |
| | <u><u>156,544,072</u></u> | <u><u>137,610,427</u></u> | <u><u>127,143,182</u></u> | <u><u>109,689,304</u></u> |

* Included in other loans / financing are term loans, trade financing, overdrafts and revolving credits.

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A11. Loans, Advances and Financing (continued)

A11b. By type of customer

| | Group | | Bank | |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Banking institutions | 92,478 | 68,625 | - | - |
| Non-bank financial institutions | | | | |
| - Stock-broking companies | 2,010 | 2,010 | 2,010 | 2,010 |
| - Others | 5,751,848 | 3,669,909 | 5,530,247 | 3,655,532 |
| Business enterprises | | | | |
| - Small and medium enterprises | 28,022,864 | 24,840,973 | 25,109,061 | 21,520,341 |
| - Others | 22,226,128 | 22,424,951 | 17,595,432 | 17,072,519 |
| Government and statutory bodies | 326,226 | 316,353 | 371 | 534 |
| Individuals | 98,089,469 | 83,606,472 | 77,045,005 | 65,745,217 |
| Other entities | 30,207 | 26,919 | 27,340 | 25,438 |
| Foreign entities | 2,002,842 | 2,654,215 | 1,833,716 | 1,667,713 |
| | <u>156,544,072</u> | <u>137,610,427</u> | <u>127,143,182</u> | <u>109,689,304</u> |

A11c. By interest / profit rate sensitivity

| | Group | | Bank | |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Fixed rate | | | | |
| - Housing loans / financing | 1,928,071 | 2,399,719 | 1,005,466 | 1,375,787 |
| - Hire purchase receivables | 33,750,002 | 30,149,942 | 24,832,082 | 21,473,821 |
| - Other fixed rate loans / financing | 16,155,876 | 14,283,642 | 8,827,158 | 7,114,932 |
| Variable rate | | | | |
| - Base lending rate plus | 83,051,326 | 69,865,606 | 80,438,068 | 68,141,186 |
| - Cost plus | 12,370,856 | 11,802,092 | 11,565,882 | 10,958,834 |
| - Other variable rates | 9,287,941 | 9,109,426 | 474,526 | 624,744 |
| | <u>156,544,072</u> | <u>137,610,427</u> | <u>127,143,182</u> | <u>109,689,304</u> |

A11d. By residual contractual maturity

| | Group | | Bank | |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Maturity within one year | 25,130,683 | 23,963,064 | 21,330,140 | 19,380,641 |
| More than one year to three years | 16,618,501 | 14,871,529 | 12,363,350 | 10,813,628 |
| More than three years to five years | 18,258,072 | 16,104,439 | 14,188,733 | 12,116,481 |
| More than five years | 96,536,816 | 82,671,395 | 79,260,959 | 67,378,554 |
| | <u>156,544,072</u> | <u>137,610,427</u> | <u>127,143,182</u> | <u>109,689,304</u> |

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Malaysia | 143,821,595 | 124,362,486 | 126,889,859 | 109,439,708 |
| Hong Kong SAR and the People's Republic of China | 10,699,655 | 10,919,276 | - | - |
| Cambodia | 1,769,499 | 2,079,069 | - | - |
| Other countries | 253,323 | 249,596 | 253,323 | 249,596 |
| | <u>156,544,072</u> | <u>137,610,427</u> | <u>127,143,182</u> | <u>109,689,304</u> |

A11f. Gross loans, advances and financing by economic purpose

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Purchase of securities | 2,445,735 | 2,383,280 | 2,302,077 | 2,233,886 |
| Purchase of transport vehicles | 35,560,624 | 31,628,208 | 25,044,969 | 21,601,524 |
| Purchase of landed properties | 77,877,177 | 64,887,271 | 68,574,344 | 56,783,539 |
| (of which: - residential | 44,440,429 | 37,953,145 | 38,942,235 | 32,962,816 |
| - non-residential) | 33,436,748 | 26,934,126 | 29,632,109 | 23,820,723 |
| Purchase of fixed assets (excluding landed properties) | 282,626 | 390,129 | 276,826 | 317,880 |
| Personal use | 9,035,621 | 8,477,853 | 4,018,917 | 3,847,006 |
| Credit card | 1,348,902 | 1,178,526 | 1,340,914 | 1,169,668 |
| Purchase of consumer durables | 16,351 | 16,495 | 13,110 | 12,644 |
| Construction | 1,490,749 | 1,552,576 | 910,135 | 947,445 |
| Mergers and acquisitions | 8,183 | 99,835 | 8,183 | 99,835 |
| Working capital | 22,321,467 | 21,053,154 | 18,781,703 | 17,083,443 |
| Other purpose | 6,156,637 | 5,943,100 | 5,872,004 | 5,592,434 |
| | <u>156,544,072</u> | <u>137,610,427</u> | <u>127,143,182</u> | <u>109,689,304</u> |

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

| | Group | | Bank | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Agriculture, hunting, forestry and fishing | 3,119,426 | 3,080,074 | 2,890,865 | 2,776,774 |
| Mining and quarrying | 120,644 | 102,570 | 112,315 | 93,681 |
| Manufacturing | 7,100,555 | 6,573,612 | 6,457,253 | 5,751,532 |
| Electricity, gas and water | 348,775 | 46,053 | 299,389 | 25,004 |
| Construction | 6,027,594 | 5,836,418 | 5,237,417 | 5,052,239 |
| Wholesale & retail trade and restaurants & hotels | 14,258,932 | 12,797,310 | 13,100,713 | 11,590,257 |
| Transport, storage and communication | 1,428,781 | 1,556,251 | 1,366,257 | 1,492,542 |
| Finance, insurance and business services | 10,173,718 | 7,680,286 | 9,055,447 | 6,815,720 |
| Real estate | 10,377,626 | 9,403,595 | 9,745,025 | 8,732,707 |
| Community, social and personal services | 1,484,692 | 1,260,033 | 1,097,004 | 887,750 |
| Households | 101,345,038 | 88,179,612 | 77,486,033 | 66,143,492 |
| Others | 758,291 | 1,094,613 | 295,464 | 327,606 |
| | <u>156,544,072</u> | <u>137,610,427</u> | <u>127,143,182</u> | <u>109,689,304</u> |

A11h. Loans, advances and financing pledged as collateral are as follows:

| | Group | | Bank | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bankers' acceptances rediscounted | <u>1,707,306</u> | <u>22,444</u> | <u>1,706,661</u> | <u>22,444</u> |

A11i. Movements in impaired loans, advances and financing ("impaired loans") are as follows:

| | Group | | Bank | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | | | | |
| - as previously stated | 1,319,627 | 1,210,099 | 813,356 | 956,329 |
| - effect of adopting FRS 139 | 572,596 | - | 562,275 | - |
| At 1 January, as restated # | <u>1,892,223</u> | 1,210,099 | <u>1,375,631</u> | 956,329 |
| Impaired during the year | 3,006,563 | 2,483,525 | 2,352,332 | 1,652,963 |
| Reclassified as non-impaired | (2,263,308) | (1,694,775) | (1,929,911) | (1,435,151) |
| Recoveries | (263,362) | (145,601) | (181,379) | (116,824) |
| Amount written off | (516,878) | (490,821) | (184,565) | (203,478) |
| Loans converted to foreclosed properties / investments | (30,435) | (41,436) | (28,670) | (40,457) |
| Exchange differences | (40,526) | (1,364) | (2,117) | (26) |
| Closing balance | <u>1,784,277</u> | <u>1,319,627</u> | <u>1,401,321</u> | <u>813,356</u> |
| Gross impaired loans as a percentage of gross loans, advances and financing | <u>1.14%</u> | 0.96% | <u>1.10%</u> | 0.74% |
| # Gross impaired loans as % of gross loans, advances and financing as at 1 January 2010, restated for the effect of adopting FRS 139 | <u>1.37%</u> | | <u>1.25%</u> | |

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Malaysia | 1,579,947 | 945,809 | 1,387,671 | 811,737 |
| Hong Kong SAR and the People's Republic of China | 131,135 | 232,902 | - | - |
| Cambodia | 59,545 | 139,297 | - | - |
| Other countries | 13,650 | 1,619 | 13,650 | 1,619 |
| | <u>1,784,277</u> | <u>1,319,627</u> | <u>1,401,321</u> | <u>813,356</u> |

A11k. Impaired loans, advances and financing by economic purpose

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Purchase of securities | 7,596 | 2,722 | 7,588 | 2,722 |
| Purchase of transport vehicles | 278,520 | 145,096 | 205,589 | 91,048 |
| Purchase of landed properties | 789,082 | 564,424 | 704,487 | 478,758 |
| (of which: - residential | 500,289 | 451,954 | 449,634 | 402,129 |
| - non-residential) | 288,793 | 112,470 | 254,853 | 76,629 |
| Purchase of fixed assets (excluding landed properties) | 9,041 | 7,021 | 8,918 | 6,843 |
| Personal use | 172,963 | 153,777 | 54,842 | 47,513 |
| Credit card | 27,296 | 13,998 | 27,290 | 13,955 |
| Purchase of consumer durables | 104 | 242 | 104 | 222 |
| Construction | 14,677 | 4,861 | 14,677 | - |
| Working capital | 442,712 | 410,861 | 335,777 | 155,944 |
| Other purpose | 42,286 | 16,625 | 42,049 | 16,351 |
| | <u>1,784,277</u> | <u>1,319,627</u> | <u>1,401,321</u> | <u>813,356</u> |

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A11. Loans, Advances and Financing (continued)

A11i. Impaired loans, advances and financing by sectors

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Agriculture, hunting, forestry and fishing | 16,545 | 5,823 | 16,407 | 2,188 |
| Mining and quarrying | 1,287 | 104 | 215 | 104 |
| Manufacturing | 198,787 | 176,694 | 160,018 | 74,987 |
| Electricity, gas and water | 1,579 | 394 | - | 394 |
| Construction | 147,581 | 50,741 | 146,236 | 44,881 |
| Wholesale & retail trade and restaurants & hotels | 140,202 | 129,710 | 125,235 | 67,159 |
| Transport, storage and communication | 150,638 | 4,772 | 145,537 | 4,527 |
| Finance, insurance and business services | 89,454 | 44,188 | 50,318 | 16,249 |
| Real estate | 77,710 | 25,145 | 76,781 | 14,823 |
| Community, social and personal services | 13,701 | 3,710 | 13,569 | 3,659 |
| Households | 930,141 | 820,172 | 665,025 | 582,405 |
| Others | 16,652 | 58,174 | 1,980 | 1,980 |
| | <u>1,784,277</u> | <u>1,319,627</u> | <u>1,401,321</u> | <u>813,356</u> |

A11m Movements in the allowance for impaired loans, advances and financing are as follows:

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Collective Assessment Allowance</u> | | | | |
| At 1 January | | | | |
| - as previously stated | - | - | - | - |
| - effect of adopting FRS 139 | 2,018,943 | - | 1,648,331 | - |
| At 1 January, as restated | 2,018,943 | - | 1,648,331 | - |
| Allowance made during the year | 519,484 | - | 447,685 | - |
| Amount written off | (235,629) | - | (181,013) | - |
| Exchange differences | (6,640) | - | (350) | - |
| | <u>2,296,158</u> | <u>-</u> | <u>1,914,653</u> | <u>-</u> |

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Individual Assessment Allowance</u> | | | | |
| At 1 January | | | | |
| - as previously stated | - | - | - | - |
| - effect of adopting FRS 139 | 257,465 | - | 132,521 | - |
| At 1 January, as restated | 257,465 | - | 132,521 | - |
| Allowance made during the year | 444,730 | - | 124,104 | - |
| Amount written back in respect of recoveries | (130,810) | - | (86,727) | - |
| Amount written off | (281,249) | - | (3,552) | - |
| Exchange differences | (25,202) | - | - | - |
| | <u>264,934</u> | <u>-</u> | <u>166,346</u> | <u>-</u> |

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A11. Loans, Advances and Financing (continued)

A11m Movements in the allowance for impaired loans, advances and financing are as follows (continued):

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

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

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

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A12. Other Assets

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Deferred handling fees | 215,499 | 185,114 | 158,187 | 130,372 |
| Interest / Income receivable | 51,236 | 54,184 | 39,624 | 38,196 |
| Other receivables, deposits and prepayments | 1,078,469 | 968,160 | 941,235 | 736,148 |
| Manager's stocks | 15,717 | 40,730 | - | - |
| Amount due from trust funds | 147,197 | 154,740 | - | - |
| Foreclosed properties | 125,539 | 131,371 | 123,178 | 130,369 |
| Taxi licenses | 6,082 | 6,664 | - | - |
| Outstanding contracts on clients' accounts | 356,141 | 217,615 | - | - |
| Amount due from subsidiary companies | - | - | 41,882 | 51,966 |
| Dividend receivable from subsidiary companies | - | - | 399,536 | 366,489 |
| | <u>1,995,880</u> | <u>1,758,578</u> | <u>1,703,642</u> | <u>1,453,540</u> |

A13. Deposits from Customers

a) By type of deposit

| | Group | | Bank | |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| At amortised cost | | | | |
| Core deposits: | | | | |
| - Demand deposits | 25,470,214 | 22,258,977 | 22,142,587 | 19,218,621 |
| - Savings deposits | 20,440,705 | 19,576,012 | 14,035,444 | 12,842,016 |
| - Fixed deposits | 97,727,833 | 85,787,925 | 76,311,260 | 65,550,396 |
| | <u>143,638,752</u> | <u>127,622,914</u> | <u>112,489,291</u> | <u>97,611,033</u> |
| Wholesale deposits: | | | | |
| - Negotiable instruments of deposit | 3,389,826 | 3,394,628 | 899,029 | 2,540,777 |
| - Money market deposits | 29,379,017 | 38,694,799 | 26,938,395 | 34,058,387 |
| | <u>32,768,843</u> | <u>42,089,427</u> | <u>27,837,424</u> | <u>36,599,164</u> |
| Other deposits | 464,524 | 1,179,248 | 462,551 | 1,177,293 |
| | <u>176,872,119</u> | <u>170,891,589</u> | <u>140,789,266</u> | <u>135,387,490</u> |

b) By type of customer

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Federal and state governments | 1,721,576 | 1,034,892 | 576,428 | 548,678 |
| Local government and statutory authorities | 2,010,704 | 2,440,787 | 1,333,049 | 1,759,750 |
| Business enterprises | 54,490,618 | 55,506,241 | 41,172,876 | 41,257,683 |
| Individuals | 86,653,048 | 80,493,668 | 73,187,600 | 66,868,296 |
| Foreign customers | 5,206,065 | 4,203,078 | 4,738,222 | 5,345,529 |
| Others | 26,790,108 | 27,212,923 | 19,781,091 | 19,607,554 |
| | <u>176,872,119</u> | <u>170,891,589</u> | <u>140,789,266</u> | <u>135,387,490</u> |

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A13. Deposits from Customers (continued)

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

| | Group | | Bank | |
|-------------------------------------|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Due within six months | 116,981,551 | 112,029,003 | 91,366,911 | 87,562,161 |
| More than six months to one year | 13,333,704 | 15,189,248 | 12,668,349 | 14,073,917 |
| More than one year to three years | 166,430 | 621,041 | 100,669 | 494,807 |
| More than three years to five years | 14,991 | 38,060 | 12,755 | 18,675 |
| | 130,496,676 | 127,877,352 | 104,148,684 | 102,149,560 |

A14. Deposits from Banks

| | Group | | Bank | |
|------------------------------|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| At amortised cost | | | | |
| Licensed banks | 3,956,369 | 15,331,108 | 1,982,454 | 12,524,465 |
| Licensed Islamic banks | 1,656,812 | 1,923,325 | 416,138 | - |
| Licensed investment banks | 8,334,268 | 2,027,848 | 8,310,404 | 2,594,024 |
| Bank Negara Malaysia | 2,820,178 | 3,651 | 2,817,551 | - |
| Other financial institutions | 4,559,849 | 3,328,368 | 7,543,234 | 5,665,440 |
| | 21,327,476 | 22,614,300 | 21,069,781 | 20,783,929 |

A15. Other Liabilities

| | Group | | Bank | |
|---|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Interest / income payable | 749,173 | 687,036 | 660,711 | 607,897 |
| Other payables and accruals | 1,579,007 | 1,463,226 | 1,050,122 | 794,835 |
| Amount due to trust funds | 89,858 | 78,827 | - | - |
| Unprocessed sales and / or redemptions | 83,708 | 64,761 | - | - |
| Employee benefits | (73,076) | (66,325) | (70,569) | (63,844) |
| Profit Equalisation Reserve | 33,436 | 11,876 | - | - |
| Finance lease liabilities | 14,548 | 42,852 | 14,548 | 42,852 |
| Outstanding contracts on clients' accounts | 341,637 | 208,912 | - | - |
| Dividend payable to shareholders | 21,583 | 20,592 | 2,964 | 3,712 |
| Amount due to subsidiary companies | - | - | 17,875 | 13,926 |
| | 2,839,874 | 2,511,757 | 1,675,651 | 1,399,378 |

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A16. Interest Income

| Group | 4th Quarter Ended | | Financial Year Ended | |
|--|--------------------------|--------------------|-----------------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and advances | 1,843,656 | 1,528,539 | 6,793,220 | 5,858,349 |
| Balances with banks | 148,872 | 165,182 | 556,710 | 783,059 |
| Financial investments available-for-sale | 77,055 | 37,388 | 204,233 | 127,481 |
| Financial investments held-to-maturity | 63,361 | 79,245 | 308,098 | 299,399 |
| Others | 20,992 | 19,642 | 77,677 | 63,164 |
| | 2,153,936 | 1,829,996 | 7,939,938 | 7,131,452 |
| Financial assets held-for-trading | 46,606 | 40,533 | 173,593 | 221,599 |
| | 2,200,542 | 1,870,529 | 8,113,531 | 7,353,051 |

Of which:

| | | | | |
|---|---------------|---|---------------|---|
| Interest income earned on impaired loans and advances | 19,425 | - | 70,162 | - |
|---|---------------|---|---------------|---|

| Bank | 4th Quarter Ended | | Financial Year Ended | |
|--|--------------------------|--------------------|-----------------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and advances | 1,653,059 | 1,321,953 | 5,997,346 | 5,090,416 |
| Balances with banks | 135,189 | 146,502 | 481,056 | 662,643 |
| Financial investments available-for-sale | 67,785 | 34,060 | 183,652 | 108,601 |
| Financial investments held-to-maturity | 50,050 | 67,278 | 260,808 | 267,072 |
| Others | 20,990 | 19,653 | 77,502 | 63,229 |
| | 1,927,073 | 1,589,446 | 7,000,364 | 6,191,961 |
| Financial assets held-for-trading | 41,115 | 33,467 | 145,350 | 199,826 |
| | 1,968,188 | 1,622,913 | 7,145,714 | 6,391,787 |

Of which:

| | | | | |
|---|---------------|---|---------------|---|
| Interest income earned on impaired loans and advances | 18,845 | - | 65,552 | - |
|---|---------------|---|---------------|---|

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A17. Interest Expense

| | 4th Quarter Ended | | Financial Year Ended | |
|--|-------------------|----------------|----------------------|------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Deposits from banks | 99,391 | 29,913 | 270,312 | 127,246 |
| Deposits from customers | 829,293 | 709,509 | 2,977,139 | 2,927,871 |
| Loans sold to Cagamas | 191 | 228 | 827 | 40,512 |
| Debt securities issued and other borrowed funds | 69,266 | 55,233 | 264,583 | 216,851 |
| Others | 635 | 593 | 3,250 | 4,129 |
| | <u>998,776</u> | <u>795,476</u> | <u>3,516,111</u> | <u>3,316,609</u> |

| | 4th Quarter Ended | | Financial Year Ended | |
|--|-------------------|----------------|----------------------|------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Deposits from banks | 88,932 | 15,607 | 220,942 | 77,446 |
| Deposits from customers | 779,769 | 656,755 | 2,784,639 | 2,763,455 |
| Loans sold to Cagamas | 191 | 228 | 827 | 40,512 |
| Debt securities issued and other borrowed funds | 67,181 | 51,817 | 247,465 | 208,499 |
| Others | 520 | 500 | 2,857 | 3,775 |
| | <u>936,593</u> | <u>724,907</u> | <u>3,256,730</u> | <u>3,093,687</u> |

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A18. Fee and Commission Income and Expense

| | 4th Quarter Ended | | Financial Year Ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Group</u> | | | | |
| Fee and commission income: | | | | |
| Commissions | 71,826 | 42,314 | 202,236 | 147,999 |
| Service charges and fees | 50,541 | 46,124 | 213,675 | 202,203 |
| Guarantee fees | 6,786 | 6,811 | 29,328 | 29,540 |
| Processing fees | 4,871 | 2,243 | 14,018 | 14,511 |
| Commitment fees | 15,970 | 14,304 | 60,212 | 53,301 |
| Unit trust management fees | 131,155 | 112,436 | 485,094 | 373,752 |
| Fee on sale of trust units | 73,964 | 56,089 | 251,526 | 207,156 |
| Net brokerage and commissions from stockbroking activities | 32,555 | 26,346 | 105,237 | 87,044 |
| Other fee and commission income | 7,114 | 3,981 | 32,612 | 45,873 |
| | <u>394,782</u> | <u>310,648</u> | <u>1,393,938</u> | <u>1,161,379</u> |
| Fee and commission expense: | | | | |
| Loan related fee | (23,260) | (22,320) | (84,026) | (71,159) |
| Unit trust agency fee | (77,793) | (64,710) | (266,365) | (223,670) |
| Other fee and commission expense | (3,052) | (2,915) | (11,777) | (10,669) |
| | <u>(104,105)</u> | <u>(89,945)</u> | <u>(362,168)</u> | <u>(305,498)</u> |
| Net fee and commission income | <u>290,677</u> | <u>220,703</u> | <u>1,031,770</u> | <u>855,881</u> |
| | | | | |
| | 4th Quarter Ended | 31 December | Financial Year Ended | 31 December |
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| <u>Bank</u> | | | | |
| Fee and commission income: | | | | |
| Commissions | 79,429 | 50,035 | 240,085 | 168,100 |
| Service charges and fees | 43,878 | 40,375 | 150,569 | 152,913 |
| Guarantee fees | 5,769 | 5,175 | 23,556 | 22,798 |
| Processing fees | 586 | 381 | 2,954 | 1,369 |
| Commitment fees | 15,085 | 13,393 | 56,791 | 49,474 |
| Other fee and commission income | 10,247 | 6,165 | 22,263 | 41,566 |
| | <u>154,994</u> | <u>115,524</u> | <u>496,218</u> | <u>436,220</u> |
| Fee and commission expense: | | | | |
| Loan related fee | (21,408) | (19,205) | (75,483) | (60,504) |
| Other fee and commission expense | (2,286) | (2,368) | (9,146) | (8,454) |
| | <u>(23,694)</u> | <u>(21,573)</u> | <u>(84,629)</u> | <u>(68,958)</u> |
| Net fee and commission income | <u>131,300</u> | <u>93,951</u> | <u>411,589</u> | <u>367,262</u> |

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A19. Net Gains and Losses on Financial Instruments

| | 4th Quarter Ended | | Financial Year Ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Group</u> | | | | |
| Net gain arising on financial assets held-for-trading: | | | | |
| - net gain on disposal | 328 | 2,144 | 6,596 | 11,678 |
| - gross dividend income | 8 | - | 25 | 42 |
| - unrealised revaluation gain | 2,942 | 4,413 | 7,285 | 14,946 |
| | <u>3,278</u> | <u>6,557</u> | <u>13,906</u> | <u>26,666</u> |
| Unrealised net gain / (loss) on revaluation of trading derivatives | <u>4,119</u> | 2,721 | <u>5,774</u> | (9,047) |
| Net (loss) / gain arising on financial investments available-for-sale: | | | | |
| - net (loss) / gain on disposal | (249) | 8,402 | 4,974 | 46,113 |
| - gross dividend income | 29,371 | 24,888 | 113,634 | 84,295 |
| | <u>29,122</u> | <u>33,290</u> | <u>118,608</u> | <u>130,408</u> |
| Gross dividend income from financial investments held-to-maturity | - | 3,652 | - | 7,644 |
| (Loss) / gain representing ineffective portions of hedging derivatives: | | | | |
| - fair value hedge | (8,645) | 4,654 | (8,547) | 4,461 |
| - cash flow hedge | (59) | (301) | 4 | (190) |
| | <u>(8,704)</u> | <u>4,353</u> | <u>(8,543)</u> | <u>4,271</u> |
| Net gains and losses on financial instruments | <u>27,815</u> | <u>50,573</u> | <u>129,745</u> | <u>159,942</u> |
| | | | | |
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Bank</u> | | | | |
| Net gain / (loss) arising on financial assets held-for-trading: | | | | |
| - net gain on disposal | 301 | (464) | 6,444 | 8,201 |
| - gross dividend income | 8 | - | 25 | 42 |
| - unrealised revaluation gain | 2,935 | 4,477 | 7,107 | 15,273 |
| | <u>3,244</u> | <u>4,013</u> | <u>13,576</u> | <u>23,516</u> |
| Unrealised net gain on revaluation of trading derivatives | <u>4,592</u> | 4,536 | <u>18,380</u> | 763 |
| Net (loss) / gain arising on financial investments available-for-sale: | | | | |
| - net (loss) / gain on disposal | (254) | 8,511 | 4,734 | 33,354 |
| - gross dividend income | 26,310 | 21,943 | 106,913 | 78,211 |
| | <u>26,056</u> | <u>30,454</u> | <u>111,647</u> | <u>111,565</u> |
| Gross dividend income from financial investments held-to-maturity | - | 3,606 | - | 7,488 |
| (Loss) / gain representing ineffective portions of hedging derivatives: | | | | |
| - fair value hedge | (6,213) | 3,317 | (6,235) | 3,320 |
| - cash flow hedge | (59) | (301) | 4 | (190) |
| | <u>(6,272)</u> | <u>3,016</u> | <u>(6,231)</u> | <u>3,130</u> |
| Net gains and losses on financial instruments | <u>27,620</u> | <u>45,625</u> | <u>137,372</u> | <u>146,462</u> |

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A21. Other Operating Expenses

| <u>Group</u> | 4th Quarter Ended | | Financial Year Ended | |
|-------------------------------------|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 292,968 | 275,885 | 1,162,832 | 1,041,399 |
| - Pension costs | 28,666 | 30,170 | 120,933 | 127,455 |
| - Others | 26,752 | 26,780 | 108,886 | 100,459 |
| | 348,386 | 332,835 | 1,392,651 | 1,269,313 |
| Establishment costs | | | | |
| - Depreciation and amortisation | 39,161 | 33,368 | 145,628 | 133,495 |
| - Rental | 20,271 | 18,598 | 75,310 | 71,096 |
| - Insurance | 2,760 | 3,689 | 17,265 | 16,812 |
| - Water and electricity | 10,249 | 9,982 | 39,239 | 37,780 |
| - General repairs and maintenance | 14,580 | 15,266 | 61,982 | 62,024 |
| - Information technology expenses | 5,491 | 3,620 | 25,789 | 22,016 |
| - Others | 7,940 | 7,062 | 31,070 | 29,174 |
| | 100,452 | 91,585 | 396,283 | 372,397 |
| Marketing expenses | | | | |
| - Advertisement and publicity | 16,932 | 17,139 | 78,473 | 82,187 |
| - Others | 23,038 | 18,947 | 81,348 | 66,927 |
| | 39,970 | 36,086 | 159,821 | 149,114 |
| Administration and general expenses | | | | |
| - Communication expenses | 10,200 | 7,173 | 34,675 | 26,499 |
| - Legal and professional fees | 11,852 | 13,087 | 49,022 | 52,511 |
| - Others | 14,952 | 30,039 | 67,783 | 72,796 |
| | 37,004 | 50,299 | 151,480 | 151,806 |
| Total other operating expenses | 525,812 | 510,805 | 2,100,235 | 1,942,630 |

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A21. Other Operating Expenses (continued)

| <u>Bank</u> | 4th Quarter Ended | | Financial Year Ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 224,172 | 202,612 | 888,385 | 801,873 |
| - Pension costs | 24,314 | 26,049 | 103,994 | 110,920 |
| - Others | 25,236 | 23,788 | 98,083 | 88,348 |
| | <u>273,722</u> | <u>252,449</u> | <u>1,090,462</u> | <u>1,001,141</u> |
| Establishment costs | | | | |
| - Depreciation and amortisation | 26,439 | 26,003 | 107,847 | 104,121 |
| - Rental | 19,904 | 18,422 | 74,231 | 71,175 |
| - Insurance | 2,354 | 3,044 | 13,548 | 13,352 |
| - Water and electricity | 7,236 | 7,234 | 28,775 | 27,895 |
| - General repairs and maintenance | 12,996 | 13,486 | 55,286 | 54,880 |
| - Information technology expenses | 2,819 | 834 | 14,518 | 11,076 |
| - Others | 5,193 | 5,076 | 21,193 | 19,833 |
| | <u>76,941</u> | <u>74,099</u> | <u>315,398</u> | <u>302,332</u> |
| Marketing expenses | | | | |
| - Advertisement and publicity | 4,105 | 4,272 | 25,665 | 32,092 |
| - Others | 10,292 | 9,177 | 40,217 | 36,653 |
| | <u>14,397</u> | <u>13,449</u> | <u>65,882</u> | <u>68,745</u> |
| Administration and general expenses | | | | |
| - Communication expenses | 7,979 | 6,695 | 29,820 | 24,141 |
| - Legal and professional fees | 9,033 | 9,665 | 38,627 | 41,892 |
| - Others | 7,330 | 6,627 | 40,799 | 21,321 |
| | <u>24,342</u> | <u>22,987</u> | <u>109,246</u> | <u>87,354</u> |
| Shared service cost charged to Public Islamic Bank Berhad | (39,918) | (34,304) | (160,351) | (136,415) |
| Total other operating expenses | <u>349,484</u> | <u>328,680</u> | <u>1,420,637</u> | <u>1,323,157</u> |

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A22. Allowance for Impairment on Loans, Advances and Financing

| | 4th Quarter Ended | | Financial Year Ended | |
|---|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Group</u> | | | | |
| Allowance for impaired loans and financing: | | | | |
| Collective assessment allowance | 116,234 | - | 519,484 | - |
| Individual assessment allowance | 69,791 | - | 313,920 | - |
| General allowance | - | 58,215 | - | 293,607 |
| Specific allowance | - | 158,526 | - | 547,727 |
| Bad debts recovered from | | | | |
| stock broking activities | (1) | (264) | (47) | (512) |
| Impaired loans and financing written off | 191 | 166 | 607 | 2,308 |
| Impaired loans and financing recovered | (43,384) | (38,764) | (174,398) | (152,160) |
| | 142,831 | 177,879 | 659,566 | 690,970 |

| | 4th Quarter Ended | | Financial Year Ended | |
|---|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Bank</u> | | | | |
| Allowance for impaired loans and financing: | | | | |
| Collective assessment allowance | 109,223 | - | 447,685 | - |
| Individual assessment allowance | (1,492) | - | 37,377 | - |
| General allowance | - | 47,352 | - | 225,120 |
| Specific allowance | - | 47,143 | - | 186,480 |
| Impaired loans and financing written off | 141 | 150 | 450 | 599 |
| Impaired loans and financing recovered | (23,024) | (24,077) | (101,572) | (90,962) |
| | 84,848 | 70,568 | 383,940 | 321,237 |

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A23. Segment Information

| 4th Quarter Ended 31 December 2010 | <----- Operating Segments -----> | | | | | | | Head Office RM'000 | Total Domestic Operations RM'000 | Total Overseas Operations RM'000 | Inter- segment Elimination RM'000 | Group Total RM'000 |
|---|----------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | Others RM'000 | | | | | |
| External revenue | 504,921 | 1,381,174 | 194,362 | 299,682 | 54,120 | 156,306 | 1,215 | 126,421 | 2,718,201 | 252,993 | - | 2,971,194 |
| Revenue from other segments | - | 259,245 | 2,609 | 154,084 | 9,589 | (8,705) | 6,860 | 275,099 | 698,781 | 669 | (699,450) | - |
| | <u>504,921</u> | <u>1,640,419</u> | <u>196,971</u> | <u>453,766</u> | <u>63,709</u> | <u>147,601</u> | <u>8,075</u> | <u>401,520</u> | <u>3,416,982</u> | <u>253,662</u> | <u>(699,450)</u> | <u>2,971,194</u> |
| Net interest income and | | | | | | | | | | | | |
| Islamic banking income | 242,120 | 895,228 | 64,345 | 14,276 | 2,358 | 2,076 | (1,720) | 24,879 | 1,243,562 | 160,928 | - | 1,404,490 |
| Other income | 1,299 | 148,947 | 10,144 | 21,394 | 22,196 | 117,915 | 8,040 | 38,318 | 368,253 | 45,401 | (22,593) | 391,061 |
| Net income | <u>243,419</u> | <u>1,044,175</u> | <u>74,489</u> | <u>35,670</u> | <u>24,554</u> | <u>119,991</u> | <u>6,320</u> | <u>63,197</u> | <u>1,611,815</u> | <u>206,329</u> | <u>(22,593)</u> | <u>1,795,551</u> |
| Other operating expenses | (36,242) | (286,848) | (1,859) | (4,987) | (10,398) | (45,411) | (3,550) | (72,718) | (462,013) | (86,392) | 22,593 | (525,812) |
| Allowance for impairment on loans, advances and financing | (31,522) | (77,153) | (9,168) | - | 172 | - | - | - | (117,671) | (25,160) | - | (142,831) |
| Impairment on other assets | - | (309) | - | 1 | (921) | - | - | - | (1,229) | - | - | (1,229) |
| Profit by segments | <u>175,655</u> | <u>679,865</u> | <u>63,462</u> | <u>30,684</u> | <u>13,407</u> | <u>74,580</u> | <u>2,770</u> | <u>(9,521)</u> | <u>1,030,902</u> | <u>94,777</u> | <u>-</u> | <u>1,125,679</u> |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 88 | 4,497 | | 4,585 |
| Profit before tax expense and zakat | | | | | | | | | <u>1,030,990</u> | <u>99,274</u> | | <u>1,130,264</u> |

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A23. Segment Information (continued)

| 4th Quarter Ended 31 December 2009 | <----- Operating Segments -----> | | | | | | | Head Office RM'000 | Total Domestic Operations RM'000 | Total Overseas Operations RM'000 | Inter- segment Elimination RM'000 | Group Total RM'000 |
|---|----------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | Others RM'000 | | | | | |
| External revenue | 429,812 | 1,096,556 | 143,354 | 306,582 | 56,200 | 123,609 | 1,149 | 71,402 | 2,228,664 | 266,788 | - | 2,495,452 |
| Revenue from other segments | - | 211,808 | 2,028 | 71,029 | 7,573 | 362 | 6,873 | 251,204 | 550,877 | 314,397 | (865,274) | - |
| | <u>429,812</u> | <u>1,308,364</u> | <u>145,382</u> | <u>377,611</u> | <u>63,773</u> | <u>123,971</u> | <u>8,022</u> | <u>322,606</u> | <u>2,779,541</u> | <u>581,185</u> | <u>(865,274)</u> | <u>2,495,452</u> |
| Net interest income and | | | | | | | | | | | | |
| Islamic banking income | 220,987 | 758,518 | 55,783 | 26,610 | 3,147 | 351 | (806) | 43,415 | 1,108,005 | 173,754 | - | 1,281,759 |
| Other income | (1,277) | 93,048 | 9,564 | 35,663 | 19,292 | 98,117 | 7,957 | 27,581 | 289,945 | 43,433 | (20,371) | 313,007 |
| Net income | <u>219,710</u> | <u>851,566</u> | <u>65,347</u> | <u>62,273</u> | <u>22,439</u> | <u>98,468</u> | <u>7,151</u> | <u>70,996</u> | <u>1,397,950</u> | <u>217,187</u> | <u>(20,371)</u> | <u>1,594,766</u> |
| Other operating expenses | (33,932) | (277,835) | (1,687) | (3,833) | (11,536) | (38,460) | (3,398) | (60,040) | (430,721) | (100,455) | 20,371 | (510,805) |
| Allowance for impairment on loans, advances and financing | (17,606) | (84,431) | (8,368) | - | 323 | - | - | - | (110,082) | (67,797) | - | (177,879) |
| Impairment on other assets | - | (4,539) | - | - | (5,443) | (100) | - | - | (10,082) | - | - | (10,082) |
| Profit by segments | <u>168,172</u> | <u>484,761</u> | <u>55,292</u> | <u>58,440</u> | <u>5,783</u> | <u>59,908</u> | <u>3,753</u> | <u>10,956</u> | <u>847,065</u> | <u>48,935</u> | <u>-</u> | <u>896,000</u> |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 82 | 4,133 | | 4,215 |
| Profit before tax expense and zakat | | | | | | | | | <u>847,147</u> | <u>53,068</u> | | <u>900,215</u> |

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A23. Segment Information (continued)

| Financial Year Ended 31 December 2010 | <----- Operating Segments -----> | | | | | | | Head Office RM'000 | Total Domestic Operations RM'000 | Total Overseas Operations RM'000 | Inter- segment Elimination RM'000 | Group Total RM'000 |
|---|----------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | Others RM'000 | | | | | |
| External revenue | 1,903,486 | 5,055,933 | 705,024 | 1,245,269 | 201,138 | 576,100 | 4,990 | 323,323 | 10,015,263 | 1,020,334 | - | 11,035,597 |
| Revenue from other segments | - | 780,971 | 9,386 | 527,236 | 40,727 | (36,820) | 27,431 | 1,186,117 | 2,535,048 | 3,728 | (2,538,776) | - |
| | <u>1,903,486</u> | <u>5,836,904</u> | <u>714,410</u> | <u>1,772,505</u> | <u>241,865</u> | <u>539,280</u> | <u>32,421</u> | <u>1,509,440</u> | <u>12,550,311</u> | <u>1,024,062</u> | <u>(2,538,776)</u> | <u>11,035,597</u> |
| Net interest income and | | | | | | | | | | | | |
| Islamic banking income | 932,515 | 3,258,586 | 247,726 | 70,361 | 10,767 | 6,649 | (6,121) | 181,379 | 4,701,862 | 676,846 | - | 5,378,708 |
| Other income | 1,695 | 537,480 | 52,268 | 126,446 | 74,427 | 431,386 | 32,303 | 144,725 | 1,400,730 | 146,559 | (87,497) | 1,459,792 |
| Net income | <u>934,210</u> | <u>3,796,066</u> | <u>299,994</u> | <u>196,807</u> | <u>85,194</u> | <u>438,035</u> | <u>26,182</u> | <u>326,104</u> | <u>6,102,592</u> | <u>823,405</u> | <u>(87,497)</u> | <u>6,838,500</u> |
| Other operating expenses | (157,107) | (1,181,846) | (7,839) | (18,936) | (34,077) | (164,198) | (14,310) | (270,133) | (1,848,446) | (339,286) | 87,497 | (2,100,235) |
| Allowance for impairment on loans, advances and financing | (111,512) | (315,476) | (47,620) | - | 4 | - | - | 5 | (474,599) | (184,967) | - | (659,566) |
| Impairment on other assets | - | (4,196) | - | (71) | (921) | - | - | - | (5,188) | - | - | (5,188) |
| Profit by segments | <u>665,591</u> | <u>2,294,548</u> | <u>244,535</u> | <u>177,800</u> | <u>50,200</u> | <u>273,837</u> | <u>11,872</u> | <u>55,976</u> | <u>3,774,359</u> | <u>299,152</u> | <u>-</u> | <u>4,073,511</u> |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 325 | 12,361 | | 12,686 |
| Profit before tax expense and zakat | | | | | | | | | <u>3,774,684</u> | <u>311,513</u> | | <u>4,086,197</u> |
| Cost income ratio | 16.8% | 31.1% | 2.6% | 9.6% | 40.0% | 37.5% | 54.7% | 82.8% | 30.3% | 41.2% | | 30.7% |
| Gross loans | 33,587,286 | 91,328,598 | 18,622,935 | - | 238,340 | 42,242 | 2,194 | - | 143,821,595 | 12,722,477 | | 156,544,072 |
| Loan growth | 12.3% | 16.8% | 16.5% | - | 1.2% | 22.9% | 8.7% | - | 15.6% | -4.0% | | 13.8% |
| Impaired loans, advances and financing | 170,625 | 1,281,482 | 127,840 | - | - | - | - | - | 1,579,947 | 204,330 | | 1,784,277 |
| Impaired loan ratio | 0.5% | 1.4% | 0.7% | - | - | - | - | - | 1.1% | 1.6% | | 1.1% |
| Deposits from customers | - | 119,138,035 | 219,982 | 40,968,996 | 2,250,895 | - | - | - | 162,577,908 | 14,294,211 | | 176,872,119 |
| Deposit growth | - | 13.3% | -27.7% | -11.3% | -46.4% | - | - | - | 4.3% | -5.2% | | 3.5% |
| Segment assets | <u>33,309,944</u> | <u>125,962,460</u> | <u>18,272,729</u> | <u>60,618,548</u> | <u>4,487,882</u> | <u>274,857</u> | <u>254,947</u> | <u>12,494,619</u> | <u>255,675,986</u> | <u>18,396,912</u> | <u>(50,878,944)</u> | <u>223,193,954</u> |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 2,035 | 116,589 | | 118,624 |
| Unallocated assets | | | | | | | | | 1,086,026 | - | | 1,086,026 |
| Intangible assets | | | | | | | | | 769,251 | 1,161,121 | | 1,930,372 |
| Total assets | | | | | | | | | <u>257,533,298</u> | <u>19,674,622</u> | | <u>226,328,976</u> |

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A23. Segment Information (continued)

| Financial Year Ended 31 December 2009 | ----- Operating Segments -----> | | | | | | | Head Office RM'000 | Total Domestic Operations RM'000 | Total Overseas Operations RM'000 | Inter- segment Elimination RM'000 | Group Total RM'000 |
|---|---------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | Others RM'000 | | | | | |
| External revenue | 1,641,665 | 4,264,940 | 544,676 | 1,261,726 | 194,142 | 437,049 | 4,482 | 263,132 | 8,611,812 | 1,103,756 | - | 9,715,568 |
| Revenue from other segments | - | 819,292 | 8,576 | 268,613 | 35,875 | (13,519) | 27,401 | 885,179 | 2,031,417 | 333,626 | (2,365,043) | - |
| | <u>1,641,665</u> | <u>5,084,232</u> | <u>553,252</u> | <u>1,530,339</u> | <u>230,017</u> | <u>423,530</u> | <u>31,883</u> | <u>1,148,311</u> | <u>10,643,229</u> | <u>1,437,382</u> | <u>(2,365,043)</u> | <u>9,715,568</u> |
| Net interest income and | | | | | | | | | | | | |
| Islamic banking income | 842,519 | 2,699,590 | 202,109 | 137,432 | 17,215 | 1,100 | (3,274) | 144,064 | 4,040,755 | 687,278 | - | 4,728,033 |
| Other income | (2,864) | 431,899 | 47,285 | 127,237 | 67,045 | 337,706 | 31,705 | 98,327 | 1,138,340 | 162,047 | (70,735) | 1,229,652 |
| Net income | <u>839,655</u> | <u>3,131,489</u> | <u>249,394</u> | <u>264,669</u> | <u>84,260</u> | <u>338,806</u> | <u>28,431</u> | <u>242,391</u> | <u>5,179,095</u> | <u>849,325</u> | <u>(70,735)</u> | <u>5,957,685</u> |
| Other operating expenses | (126,818) | (1,097,222) | (6,662) | (13,929) | (39,098) | (125,868) | (14,214) | (247,377) | (1,671,188) | (342,177) | 70,735 | (1,942,630) |
| Allowance for impairment on loans, advances and financing | (91,149) | (260,583) | (60,543) | - | 722 | - | - | - | (411,553) | (279,417) | - | (690,970) |
| Impairment on other assets | - | (9,536) | - | - | (5,443) | (100) | - | - | (15,079) | - | - | (15,079) |
| Profit by segments | <u>621,688</u> | <u>1,764,148</u> | <u>182,189</u> | <u>250,740</u> | <u>40,441</u> | <u>212,838</u> | <u>14,217</u> | <u>(4,986)</u> | <u>3,081,275</u> | <u>227,731</u> | <u>-</u> | <u>3,309,006</u> |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 297 | 12,130 | | 12,427 |
| Profit before tax expense and zakat | | | | | | | | | <u>3,081,572</u> | <u>239,861</u> | | <u>3,321,433</u> |
| Cost income ratio | 15.1% | 35.0% | 2.7% | 5.3% | 46.4% | 37.2% | 50.0% | 102.1% | 32.3% | 40.3% | | 32.6% |
| Gross loans | 29,915,177 | 78,189,838 | 15,985,587 | - | 235,494 | 34,372 | 2,018 | - | 124,362,486 | 13,247,941 | | 137,610,427 |
| Loan growth | 8.4% | 17.1% | 31.5% | - | -0.9% | 49.1% | 2.1% | - | 16.5% | -4.5% | | 14.0% |
| Impaired loans, advances and financing | 141,427 | 765,631 | 38,751 | - | - | - | - | - | 945,809 | 373,818 | | 1,319,627 |
| Impaired loan ratio | 0.5% | 1.0% | 0.2% | - | - | - | - | - | 0.8% | 2.8% | | 1.0% [#] |
| Deposits from customers | - | 105,132,084 | 304,110 | 46,174,346 | 4,199,258 | - | - | - | 155,809,798 | 15,081,791 | | 170,891,589 |
| Deposit growth | - | 10.0% | n/a | 13.9% | 26.2% | - | - | - | 11.7% | 29.0% | | 13.0% |
| Segment assets | <u>29,632,808</u> | <u>108,792,451</u> | <u>15,732,505</u> | <u>67,347,468</u> | <u>6,671,519</u> | <u>279,817</u> | <u>256,640</u> | <u>11,547,524</u> | <u>240,260,732</u> | <u>19,776,821</u> | <u>(46,003,504)</u> | <u>214,034,049</u> |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 1,712 | 126,606 | | 128,318 |
| Unallocated assets | | | | | | | | | 916,176 | - | | 916,176 |
| Intangible assets | | | | | | | | | 769,251 | 1,288,360 | | 2,057,611 |
| Total assets | | | | | | | | | <u>241,947,871</u> | <u>21,191,787</u> | | <u>217,136,154</u> |

[#] Impaired loan ratio as at 1 January 2010, restated for the effect of adopting FRS 139 is 1.4%.

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A23. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

The Group's overseas operations includes its operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the Lao People's Democratic Republic.

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

A24. Subsequent Events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the audited interim financial statements.

A25. Changes in the Composition of the Group

Public Bank Berhad Group and ING Management Holdings (Malaysia) Sdn Bhd's Joint Application for Takaful Family Licence

On 1 September 2010, Bank Negara Malaysia had granted approval to the joint application by ING Management Holdings (Malaysia) Sdn Bhd ("ING"), Public Bank Berhad ("PBB") and Public Islamic Bank Berhad ("PIBB") (a wholly-owned subsidiary of PBB) for a Family Takaful licence.

ING, PBB and PIBB will set up a joint venture company to carry out the family takaful business with equity participation of 60% by ING, 20% by PBB and 20% by PIBB.

The joint venture company is targeted to be fully operational by the first half of 2011 and therefore, it is not expected to have any effect in the earnings and net assets of the Group for the financial year ended 31 December 2010.

Establishment of a Wholly-owned Securities Company, CampuBank Securities Plc

During the year, the Bank's wholly-owned subsidiary company, Cambodian Public Bank Plc ("Campu Bank"), established a wholly-owned subsidiary company in Cambodia, CampuBank Securities Plc ("CampuBank Securities"). CampuBank Securities had obtained a securities company licence from the Securities and Exchange Commission of Cambodia, which will enable it to carry out the businesses of securities underwriting, securities dealing, securities brokerage and investment advisory in Cambodia. The issued and paid-up capital of CampuBank Securities is 40.0 billion Khmer Riels (equivalent to approximately RM31.1 million).

The establishment of CampuBank Securities will not have any effect on the earnings and net assets of the PBB Group for the financial year ended 31 December 2010. CampuBank Securities is expected to contribute positively to the earnings of PBB Group in the future.

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A26. Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

| | Group | | Bank | |
|--|--------------------------|-------------------|--------------------------|-------------------|
| | As At 31 December | | As At 31 December | |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Contingent liabilities | | | | |
| Direct credit substitutes | 1,580,171 | 1,439,868 | 1,476,910 | 1,321,526 |
| Transaction-related contingent items | 772,945 | 627,016 | 676,528 | 577,945 |
| Short term self-liquidating trade-related contingencies | 483,803 | 567,838 | 231,016 | 422,644 |
| Obligations under an on-going underwriting agreement | 75,000 | 75,000 | 75,000 | 75,000 |
| | <u>2,911,919</u> | <u>2,709,722</u> | <u>2,459,454</u> | <u>2,397,115</u> |
| Commitments | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| - exceeding one year | 15,412,139 | 13,477,346 | 14,338,422 | 12,381,050 |
| - not exceeding one year | 22,717,264 | 19,148,076 | 20,522,993 | 17,481,585 |
| Unutilised credit card lines | 3,038,271 | 3,239,933 | 2,875,523 | 3,047,607 |
| Forward asset purchases | 7,305 | 91,201 | 3,600 | 15,344 |
| | <u>41,174,979</u> | <u>35,956,556</u> | <u>37,740,538</u> | <u>32,925,586</u> |
| Derivative financial instruments | | | | |
| Foreign exchange related contracts: | | | | |
| - less than one year | 14,180,707 | 11,203,156 | 13,951,365 | 10,521,767 |
| - one year to less than five years | 6,271 | 5,062 | 6,271 | 5,062 |
| Interest rate related contracts: | | | | |
| - less than one year | 710,853 | 166,552 | 570,013 | 166,552 |
| - one year to less than five years | 5,815,108 | 5,962,948 | 5,491,445 | 5,774,408 |
| - five years and above | 3,996,975 | 4,947,020 | 3,904,500 | 4,604,220 |
| Commodity related contracts: | | | | |
| - less than one year | 929 | 3,767 | 929 | 3,767 |
| Equity related contracts: | | | | |
| - less than one year | 227,140 | - | 227,140 | - |
| - one year to less than five years | 181,027 | 480,456 | 181,027 | 480,456 |
| | <u>25,119,010</u> | <u>22,768,961</u> | <u>24,332,690</u> | <u>21,556,232</u> |
| | <u>69,205,908</u> | <u>61,435,239</u> | <u>64,532,682</u> | <u>56,878,933</u> |

Disclosure of the credit equivalent amount and risk-weighted asset amount of the commitments and contingencies above, as required by Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3), will be presented in the Pillar 3 disclosures section of the 2010 Annual Report.

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A27. Derivative Financial Instruments

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

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

| Group | As at 31 December 2010 | | | As at 31 December 2009 | | |
|---------------------------------|---|------------------|-----------------------|---|------------------|-----------------------|
| | Contract/ Notional Amount RM'000 | Fair Value | | Contract/ Notional Amount RM'000 | Fair Value | |
| | | Assets RM'000 | Liabilities RM'000 | | Assets RM'000 | Liabilities RM'000 |
| Trading derivatives: | | | | | | |
| Foreign exchange contracts | | | | | | |
| - Currency forwards | 1,168,602 | 6,144 | 18,402 | 806,819 | 4,760 | 4,955 |
| - Currency swaps | 13,018,376 | 80,072 | 175,499 | 10,354,354 | 35,292 | 68,989 |
| - Currency options purchased | - | - | - | 47,045 | 1,291 | - |
| Interest rate related contracts | | | | | | |
| - Interest rate swaps | 159,190 | 65 | 76 | 84,350 | 84 | 36 |
| Equity related contracts | | | | | | |
| - Options purchased | 408,167 | 21,048 | - | 480,456 | 22,096 | - |
| Precious metal contracts | | | | | | |
| - Forwards | 929 | - | - | 3,767 | 17 | 1 |
| | 14,755,264 | 107,329 | 193,977 | 11,776,791 | 63,540 | 73,981 |
| Hedging derivatives: | | | | | | |
| Fair value hedge | | | | | | |
| Interest rate related contracts | | | | | | |
| - Interest rate swaps | 9,879,746 | 212,544 | 181,371 | 10,458,170 | 235,459 | 195,688 |
| Cash flow hedge | | | | | | |
| Interest rate related contracts | | | | | | |
| - Interest rate swaps | 484,000 | 6,749 | 181 | 534,000 | 11,312 | 387 |
| | 10,363,746 | 219,293 | 181,552 | 10,992,170 | 246,771 | 196,075 |
| Total | 25,119,010 | 326,622 | 375,529 | 22,768,961 | 310,311 | 270,056 |

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A27. Derivative Financial Instruments (continued)

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

| Bank | As at 31 December 2010 | | | As at 31 December 2009 | | |
|---------------------------------|---|------------------|-----------------------|---|------------------|-----------------------|
| | Contract/ Notional Amount RM'000 | Fair Value | | Contract/ Notional Amount RM'000 | Fair Value | |
| | | Assets RM'000 | Liabilities RM'000 | | Assets RM'000 | Liabilities RM'000 |
| Trading derivatives: | | | | | | |
| Foreign exchange contracts | | | | | | |
| - Currency forwards | 1,140,748 | 6,106 | 18,371 | 761,996 | 4,663 | 4,786 |
| - Currency swaps | 12,816,888 | 76,093 | 173,378 | 9,717,788 | 30,239 | 68,421 |
| - Currency options purchased | - | - | - | 47,045 | 1,291 | - |
| Interest rate related contracts | | | | | | |
| - Interest rate swaps | 471,478 | 6,518 | 19,649 | 567,698 | 6,461 | 34,085 |
| Equity related contracts | | | | | | |
| - Options purchased | 408,167 | 21,048 | - | 480,456 | 22,096 | - |
| Precious metal contracts | | | | | | |
| - Forwards | 929 | - | - | 3,767 | 17 | 1 |
| | 14,838,210 | 109,765 | 211,398 | 11,578,750 | 64,767 | 107,293 |
| Hedging derivatives: | | | | | | |
| Fair value hedge | | | | | | |
| Interest rate related contracts | | | | | | |
| - Interest rate swaps | 9,010,480 | 206,082 | 129,416 | 9,443,482 | 226,782 | 135,716 |
| Cash flow hedge | | | | | | |
| Interest rate related contracts | | | | | | |
| - Interest rate swaps | 484,000 | 6,749 | 181 | 534,000 | 11,312 | 387 |
| | 9,494,480 | 212,831 | 129,597 | 9,977,482 | 238,094 | 136,103 |
| Total | 24,332,690 | 322,596 | 340,995 | 21,556,232 | 302,861 | 243,396 |

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A27. Derivative Financial Instruments (continued)

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

Group

| Items | Contract / Notional Amount RM'000 | 1 month or less RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | >1 - 3 years RM'000 | >3 years RM'000 |
|--|--|------------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|-----------------------|
| Foreign exchange contracts | | | | | | | |
| - currency forwards | 1,168,602 | 543,713 | 310,053 | 219,138 | 89,427 | 6,271 | - |
| - currency swaps | 13,018,376 | 6,104,744 | 5,409,935 | 1,495,988 | 7,709 | - | - |
| | 14,186,978 | 6,648,457 | 5,719,988 | 1,715,126 | 97,136 | 6,271 | - |
| Interest rate related contracts | | | | | | | |
| - interest rate swaps | 10,522,936 | - | 79,190 | 596,663 | 35,000 | 3,185,508 | 6,626,575 |
| Equity related contracts | | | | | | | |
| - options purchased | 408,167 | - | - | 227,140 | - | 80,885 | 100,142 |
| Precious metal contracts | | | | | | | |
| - forwards | 929 | 929 | - | - | - | - | - |
| Total | 25,119,010 | 6,649,386 | 5,799,178 | 2,538,929 | 132,136 | 3,272,664 | 6,726,717 |

Bank

| Items | Contract / Notional Amount RM'000 | 1 month or less RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | >1 - 3 years RM'000 | >3 years RM'000 |
|--|--|------------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|-----------------------|
| Foreign exchange contracts | | | | | | | |
| - currency forwards | 1,140,748 | 515,859 | 310,053 | 219,138 | 89,427 | 6,271 | - |
| - currency swaps | 12,816,888 | 5,905,718 | 5,407,473 | 1,495,988 | 7,709 | - | - |
| | 13,957,636 | 6,421,577 | 5,717,526 | 1,715,126 | 97,136 | 6,271 | - |
| Interest rate related contracts | | | | | | | |
| - interest rate swaps | 9,965,958 | - | - | 535,013 | 35,000 | 3,185,508 | 6,210,437 |
| Equity related contracts | | | | | | | |
| - options purchased | 408,167 | - | - | 227,140 | - | 80,885 | 100,142 |
| Precious metal contracts | | | | | | | |
| - forwards | 929 | 929 | - | - | - | - | - |
| Total | 24,332,690 | 6,422,506 | 5,717,526 | 2,477,279 | 132,136 | 3,272,664 | 6,310,579 |

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A27. Derivative Financial Instruments (continued)

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

Market Risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amounts at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM326,622,000 (31 December 2009 : RM310,311,000) and RM322,596,000 (31 December 2009 : RM302,861,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

iv) **Cash Requirements of the Derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2010, there is no requirement for the Group and the Bank to post any additional cash collateral on its derivative contracts.

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

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

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

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A28. Capital Adequacy

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

| | Group | | Bank | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| <u>Before deducting second interim dividends</u> | | | | |
| Tier I capital ratio | 10.7% | 10.5% | 13.2% | 13.0% |
| Risk-weighted capital ratio | <u>14.4%</u> | <u>14.6%</u> | <u>14.1%</u> | <u>14.1%</u> |
| <u>After deducting second interim dividends</u> | | | | |
| Tier I capital ratio | 10.0% | 9.9% | 12.4% | 12.4% |
| Risk-weighted capital ratio | <u>13.7%</u> | <u>14.0%</u> | <u>13.3%</u> | <u>13.5%</u> |
| | Group | | Bank | |
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Components of Tier I and Tier II capital: | | | | |
| <u>Tier I capital</u> | | | | |
| Paid-up share capital | 3,531,926 | 3,531,926 | 3,531,926 | 3,531,926 |
| Share premium | 1,073,310 | 1,439,885 | 1,073,310 | 1,439,885 |
| Other reserves | 3,787,881 | 3,740,586 | 3,508,238 | 3,548,569 |
| Retained profits | 4,754,405 | 2,870,249 | 4,641,801 | 2,624,153 |
| Innovative Tier I capital securities | 1,814,538 | 1,883,186 | 1,814,538 | 1,883,186 |
| Non-innovative Tier I stapled securities | 2,081,633 | 2,080,878 | 2,081,633 | 2,080,878 |
| Treasury shares | (215,303) | (581,638) | (215,303) | (581,638) |
| Minority interests | 652,188 | 692,118 | - | - |
| Less: Goodwill | (1,903,898) | (2,031,105) | (695,393) | (695,393) |
| Less: Deferred tax assets, net | (521,359) | (500,684) | (418,699) | (384,741) |
| Total Tier I capital | <u>15,055,321</u> | <u>13,125,401</u> | <u>15,322,051</u> | <u>13,446,825</u> |
| <u>Tier II capital</u> | | | | |
| Collective assessment allowance # | 2,164,761 | - | 1,819,307 | - |
| General allowance | - | 2,051,659 | - | 1,653,936 |
| Subordinated notes | 3,102,012 | 3,217,828 | 3,102,012 | 3,238,045 |
| Total Tier II capital | <u>5,266,773</u> | <u>5,269,487</u> | <u>4,921,319</u> | <u>4,891,981</u> |
| Total capital | 20,322,094 | 18,394,888 | 20,243,370 | 18,338,806 |
| Less: Investment in subsidiary companies and associated companies | (960) | (960) | (3,787,284) | (3,593,384) |
| Less: Holdings of other financial institutions' capital instruments | (47,439) | (173,381) | (47,439) | (173,381) |
| Capital base | <u>20,273,695</u> | <u>18,220,547</u> | <u>16,408,647</u> | <u>14,572,041</u> |

Excludes collective assessment allowance on impaired loans restricted from Tier II capital by BNM of the Group and the Bank of RM131,397,000 and RM104,039,000 respectively.

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A28. Capital Adequacy (continued)

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

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% (2009 - 8.0%) for the risk-weighted capital ratio.

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

| | Public Islamic Bank Berhad ¹ | Public Investment Bank Berhad ² | Public Bank (L) Ltd ³ | Public Bank (Hong Kong) Limited ⁴ | Public Finance Limited ⁴ | Cambodian Public Bank Plc ⁵ |
|---------------------------------|--|---|---|---|--|---|
| 31 December 2010 | | | | | | |
| <u>Before deducting interim</u> | | | | | | |
| <u>dividends: *</u> | | | | | | |
| Tier I capital ratio | 12.6% | 19.4% | 11.8% | 15.2% | 31.5% | N/A |
| Risk-weighted capital ratio | 14.2% | 19.6% | 12.1% | 15.2% | 32.6% | 24.4% |
| <u>After deducting interim</u> | | | | | | |
| <u>dividends: *</u> | | | | | | |
| Tier I capital ratio | 11.3% | 18.2% | 11.8% | 15.2% | 28.2% | N/A |
| Risk-weighted capital ratio | 12.9% | 18.4% | 12.1% | 15.2% | 29.3% | 24.4% |
| 31 December 2009 | | | | | | |
| <u>Before deducting interim</u> | | | | | | |
| <u>dividends: *</u> | | | | | | |
| Tier I capital ratio | 11.6% | 18.7% | 8.9% | 15.9% | 31.1% | N/A |
| Risk-weighted capital ratio | 13.4% | 18.7% | 9.2% | 15.9% | 32.2% | 24.0% |
| <u>After deducting interim</u> | | | | | | |
| <u>dividends: *</u> | | | | | | |
| Tier I capital ratio | 10.5% | 17.6% | 8.9% | 15.4% | 28.6% | N/A |
| Risk-weighted capital ratio | 12.3% | 17.6% | 9.2% | 15.4% | 29.8% | 24.0% |

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

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

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

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A28. Capital Adequacy (continued)

- b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows (continued):
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier 1 capital ratio and risk-weighted capital ratio respectively.
 - ⁴ The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking (Capital) Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
 - ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.
- c) The breakdown of risk-weighted assets by each major risk category is as follows:

| | Group | | Bank | |
|------------------|--|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Credit risk | 128,486,892 | 113,598,587 | 106,083,803 | 93,354,990 |
| Market risk | 1,063,445 | 1,161,618 | 1,788,639 | 2,080,980 |
| Operational risk | 11,546,113 | 10,436,307 | 8,446,853 | 7,815,769 |
| | 141,096,450 | 125,196,512 | 116,319,295 | 103,251,739 |

A29. Credit Exposures Arising From Credit Transactions With Connected Parties

| | Group | | Bank | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| Outstanding credit exposures with connected parties (RM'000) | 591,821 | 713,200 | 802,278 | 922,351 |
| Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures | 0.38% | 0.53% | 0.58% | 0.77% |
| Percentage of outstanding credit exposures with connected parties which is impaired or in default | 0.11% | 0.02% | 0.08% | 0.02% |

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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A30. Operations of Islamic Banking

A30a. Statement of Financial Position As At 31 December 2010

| | Group | |
|--|--------------------|--------------------|
| | 31 December | 31 December |
| | 2010 | 2009 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Cash and balances with banks | 4,571,596 | 6,727,664 |
| Financial assets held-for-trading | 298,846 | 79,988 |
| Financial investments available-for-sale | 2,138,048 | 1,274,512 |
| Financial investments held-to-maturity | 5,022 | 5,022 |
| Financing and advances | 16,339,975 | 14,472,828 |
| Other assets | 68,446 | 70,551 |
| Statutory deposits with Bank Negara Malaysia | 167,000 | 144,000 |
| Deferred tax assets | 70,407 | 84,102 |
| Property and equipment | 1,545 | 464 |
| Total Assets | 23,660,885 | 22,859,131 |
| LIABILITIES AND ISLAMIC | | |
| BANKING FUNDS | | |
| Deposits from customers | 15,306,731 | 13,073,701 |
| Deposits from banks | 6,379,985 | 8,051,182 |
| Bills and acceptances payable | 4,893 | - |
| Other liabilities | 70,471 | 48,915 |
| Provision for zakat and taxation | 83,417 | 50,921 |
| Total Liabilities | 21,845,497 | 21,224,719 |
| Islamic Banking Funds | 1,815,388 | 1,634,412 |
| Total Liabilities and Islamic Banking Funds | 23,660,885 | 22,859,131 |
| COMMITMENTS AND CONTINGENCIES | | |
| | 1,171,568 | 1,144,291 |

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A30b. Income Statements for the 4th Quarter and Financial Year Ended 31 December 2010

| | 4th Quarter Ended | | Financial Year Ended | |
|--|-------------------|----------------|----------------------|----------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| Income derived from investment of depositors' funds and others | 298,317 | 259,218 | 1,163,021 | 916,568 |
| Income derived from investment of Islamic Banking Funds | 23,397 | 20,005 | 84,583 | 72,940 |
| Allowance for impairment on financing and advances | (13,177) | (23,439) | (72,531) | (68,263) |
| Impairment on other assets | (18) | - | (18) | - |
| Profit equalisation reserve | 2,635 | 19,147 | (21,560) | 22,908 |
| Total distributable income | 311,154 | 274,931 | 1,153,495 | 944,153 |
| Income attributable to the depositors | (121,625) | (91,664) | (444,756) | (320,825) |
| Total net income | 189,529 | 183,267 | 708,739 | 623,328 |
| Other overheads and expenditures | (45,709) | (39,239) | (184,778) | (154,407) |
| Profit before zakat and taxation | 143,820 | 144,028 | 523,961 | 468,921 |
| Zakat | (64) | (103) | (256) | (250) |
| Taxation | (35,391) | (32,354) | (126,445) | (112,942) |
| Profit for the period / year | 108,365 | 111,571 | 397,260 | 355,729 |

A30c. Statement of Comprehensive Income for the 4th Quarter and Financial Year Ended 31 December 2010

| | 4th Quarter Ended | | Financial Year Ended | |
|--|-------------------|-------------|----------------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2010 | 2009 | 2010 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| Profit for the period / year | 108,365 | 111,571 | 397,260 | 355,729 |
| Other comprehensive income / (loss): | | | | |
| Net gain / (loss) on revaluation of financial investments available-for-sale | 2,241 | 249 | (988) | 193 |
| Income tax relating to components of other comprehensive income | (560) | (62) | 247 | (48) |
| Other comprehensive income / (loss) for the period / year, net of tax | 1,681 | 187 | (741) | 145 |
| Total comprehensive income for the period / year | 110,046 | 111,758 | 396,519 | 355,874 |

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A30d. Financing and Advances

| | Group | |
|---|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| Bai Bithaman Ajil-i (deferred payment sale) | 4,656,767 | 3,832,218 |
| Ijarah Thamma Al-Bai'-i (leasing) | 8,654,075 | 8,358,519 |
| Ijarah Muntahia Bittamlik | 80,809 | 66,105 |
| Bai-Al-Einah-i | 3,197,877 | 2,460,204 |
| Gross financing and advances | <u>16,589,528</u> | <u>14,717,046</u> |
| Allowance for impairment on financing and advances: | | |
| - collective assessment allowance | (248,832) | - |
| - individual assessment allowance | (721) | - |
| - general allowance | - | (223,048) |
| - specific allowance | - | (21,170) |
| Net financing and advances | <u>16,339,975</u> | <u>14,472,828</u> |

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

| | Group | |
|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| At 1 January | | |
| - as previously stated | 138,064 | 144,359 |
| - effect of adopting FRS 139 | 8,451 | - |
| At 1 January, as restated | <u>146,515</u> | <u>144,359</u> |
| Impaired during the year | 412,215 | 339,566 |
| Reclassified as non-impaired | (304,277) | (266,451) |
| Recoveries | (33,497) | (28,844) |
| Amount written off | (56,562) | (49,587) |
| Financing converted to foreclosed properties / investments | (1,765) | (979) |
| Closing balance | <u>162,629</u> | <u>138,064</u> |
| Impaired financing and advances as a percentage of gross financing and advances | <u>0.98%</u> | <u>0.94%</u> |

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A30e. Deposits from Customers
i) By type of deposit

| | Group | |
|--|--|--|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| <u>Non-Mudharabah Fund</u> | | |
| Wadiah current deposits-i | 2,075,047 | 1,999,422 |
| Wadiah savings deposits-i | 3,861,945 | 3,591,720 |
| Negotiable instruments of deposit-i | 2,188,896 | 1,326,084 |
| | 8,125,888 | 6,917,226 |
| <u>Mudharabah Fund</u> | | |
| Mudharabah savings deposits-i | 75,642 | 78,626 |
| Mudharabah general investment deposits-i | 6,241,737 | 3,795,302 |
| Mudharabah special investment deposits-i | 863,464 | 2,282,547 |
| | 7,180,843 | 6,156,475 |
| | 15,306,731 | 13,073,701 |
| | 15,306,731 | 13,073,701 |

A31. Change in Accounting Policies

(a) Changes in Accounting Policies

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

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

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

1) Impairment of Loans and Advances

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

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

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

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A31. Changes in Accounting Policies (continued)

In the Amendments to FRS 139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowance of the Bank and its domestic banking subsidiaries as at the reporting date have been arrived at based on this transitional arrangement issued by BNM.

The changes in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting the income statement as at the beginning of the current financial year being adjusted to opening retained profits. As a result of the adoption of the loan impairment basis under FRS 139 and the transitional arrangement under BNM's guidelines on Classification and Impairment Provisions for Loans/Financing, the Group and the Bank wrote back general allowance of RM2,051,659,000 and RM1,645,143,000 respectively and specific allowance of RM222,984,000 and RM81,354,000 respectively against opening retained profits as at 1 January 2010. In addition, the Group and the Bank have also recognised opening collective assessment allowance of RM2,018,943,000 and RM1,648,331,000 respectively and opening individual assessment allowance of RM257,465,000 and RM132,521,000 respectively against opening retained profits as at 1 January 2010. Any further collective assessment allowance and individual assessment allowance charged subsequent to the initial adoption of FRS 139 is recognised as allowance for impairment on loans, advances and financing in the income statement.

2) Classification of Loans as Impaired

Prior to the adoption of FRS 139, loans were classified as non-performing when principal or interest or both are past due for three (3) months or more. Upon the adoption of FRS 139, loans are classified as impaired when principal, or interest or both are past due for three (3) months or more or where loans in arrears for less than three (3) months exhibit indications of credit weaknesses, or where an impaired loan that has been rescheduled or restructured but yet to comply with the revised and/or restructured repayment terms continuously for six (6) months.

The change in the criteria for classification of impaired loans above has resulted in an increase in opening impaired loans of RM572,596,000 and RM562,575,000 for the Group and the Bank respectively.

3) Interest Income Recognition

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

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

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A31. Changes in Accounting Policies (continued)

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

4) Recognition of Embedded Derivatives

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

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

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

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

| | Group RM'000 | Bank RM'000 |
|---|-------------------------------|------------------------------|
| Effects on retained profits: | | |
| At 1 January 2010, as previously stated | 2,870,249 | 2,538,367 |
| Effects of adoption of FRS 139 | 224,138 | 208,072 |
| At 1 January 2010, as restated | <u>3,094,387</u> | <u>2,746,439</u> |
| Effects on other reserves: | | |
| At 1 January 2010, as previously stated | 3,762,784 | 3,513,672 |
| Effects of adoption of FRS 139 | 24,487 | - |
| At 1 January 2010, as restated | <u>3,787,271</u> | <u>3,513,672</u> |
| Effects on minority interest: | | |
| At 1 January 2010, as previously stated | 692,118 | - |
| Effects of adoption of FRS 139 | 7,169 | - |
| At 1 January 2010, as restated | <u>699,287</u> | <u>-</u> |

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A31. Changes in Accounting Policies (continued)

(c) **Comparative Figures**

(i) FRS 101 Presentation of Financial Statements

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

(ii) FRS 7 Financial Instruments: Disclosures

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

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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's pre-tax profit for the financial year ended 31 December 2010 of RM4,086.2 million was RM764.8 million or 23.0% higher than the previous year of RM3,321.4 million. Net profit attributable to equity holders improved by RM530.9 million or 21.1% to RM3,048.2 million. The improved earnings was mainly due to higher net interest and net income from Islamic banking business by RM650.7 million (13.8%), higher net fee and commission income by RM175.9 million (20.6%) and higher other operating income by RM84.4 million (39.5%). The higher net fee and commission income was mainly due to higher income from the fund management business whereas the higher other operating income was mainly due to higher income from the foreign exchange business. In addition to the growth in various sources of income, impairment allowances on loans and other assets had shown a drop of RM41.3 million, which partly contributed to the higher profit. These were partially offset by higher other operating expenses by RM157.6 million which was mainly due to the increase in personnel costs resulting from the expansion of marketing sales force and higher business volume.

The growth in the Group's net interest income and income from Islamic banking business was driven by continued strong loans and core deposits growth coupled with sustained strong asset quality, as well as the impact of the various increases in overnight policy rate during the year. Gross loans had grown by 13.8% to RM156.5 billion as at 31 December 2010 as compared to RM137.6 billion as at 31 December 2009 mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total core deposits from customers had also grown by 12.6% or RM16.0 billion as compared to 31 December 2009 which partly contributed to the higher net interest income for the current year.

The Group's domestic commercial bank, Public Bank, recorded a pre-tax profit of RM3,677.7 million for the financial year ended 31 December 2010 and was 31.9% higher than the pre-tax profit of RM2,789.2 million achieved in the previous year. This was mainly due to higher net interest income, higher dividend income from subsidiaries, higher net fee and commission income as well as higher foreign exchange income.

Pre-tax profit contribution from the Group's overseas operations increased by RM71.7 million or 29.9% from the previous year to RM311.5 million, mainly due to lower loan impairment allowances in the current year.

For the 4th quarter ended 31 December 2010, the Group registered a pre-tax profit of RM1,130.3 million, an improvement of RM230.0 million or 25.6% as compared to the previous corresponding quarter. This was achieved on the back of strong loans and deposits growth and stable asset quality. Earning attributable to equity holders grew by 24.8% or RM168.0 million over the same period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM1,130.3 million for the 4th quarter ended 31 December 2010 shows an increase of RM78.9 million or 7.5% as compared to the pre-tax profit of RM1,051.4 million for the preceding quarter ended 30 September 2010. Net profit attributable to equity holders increased by RM63.5 million or 8.1% over the same period. The improved performance was mainly attributable to lower loan impairment allowances by RM59.4 million, higher net interest and income from Islamic banking business by RM32.8 million and higher net fee and commission income by RM33.4 million. These was partially offset by higher other operating expenses by RM27.9 million.

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B3. Prospects for 2011

The Public Bank Group's business is expected to remain strong in 2011, based on the favourable economic outlook for Malaysia and the regional economies (i.e. Hong Kong, China, Cambodia, Vietnam, Laos and Sri Lanka). In particular, the Malaysian economy is projected to grow by 6% in 2011, driven by strong domestic demand and supportive external sector. Private investment is expected to strengthen. Commodity prices are expected to remain firm to support private consumption. Inflation is expected to remain modest, helped by strong ringgit. While the banking industry in Malaysia is expected to remain robust, competition will intensify due to high liquidity in the banking system and the more liberal operating environment for the incumbent foreign controlled banks.

Based on the positive economic outlook, the Public Bank Group will continue to leverage on its strong PB Brand and competitive position to sustain its core retail lending and deposit-taking businesses. In particular, the Group will continue to expand its home mortgages, passenger vehicle hire purchase financing, personal financing and loans to SMEs as demand for these loans is expected to increase further due to high household income, low interest rates and the implementation of projects in the 10MP. The Group will also continue to expand its customer deposits to ensure a liquid balance sheet and stable funding base.

To sustain its strong asset quality, the Group will remain focused on its sound credit risk management policies and practices.

The Group will accelerate growth in its fee-based revenue by promoting sales of unit trust funds, bancassurance products, wealth management products, card business, trade finance, remittances and investment-linked products. The Group's strategy to further tap on its large distribution network of bank branches, agency force and sales and marketing force to promote fee-based businesses will continue. Together with ING, the Group will start to promote family takaful business in 2011.

The Public Bank Group will continue to upgrade its information and communication technologies, staff core competencies and service delivery standards as well as continue to enhance its delivery channels. The Group will remain committed to its CSR programs.

As an on-going exercise, the Public Bank Group will continue to be proactive in its capital management in monitoring the development and impact of Basel III and ensure healthy capital is maintained at all times.

B4. Profit Forecast or Profit Guarantee

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

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B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2010 are as follows:

| <u>Group</u> | 4th Quarter Ended | | Financial Year Ended | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 247,728 | 220,791 | 995,220 | 851,970 |
| Overseas income tax | 23,117 | 8,949 | 56,908 | 37,061 |
| | 270,845 | 229,740 | 1,052,128 | 889,031 |
| (Over) / under provision in prior years | | | | |
| - Malaysian income tax | (291) | (1,409) | (6,032) | (3,062) |
| - Overseas income tax | (2,974) | (140) | (667) | 1,786 |
| | 267,580 | 228,191 | 1,045,429 | 887,755 |
| Deferred tax expense | | | | |
| - Relating to origination and reversal of temporary differences | 2,525 | (16,442) | (58,565) | (118,112) |
| Tax expense | 270,105 | 211,749 | 986,864 | 769,643 |
| Zakat | 64 | 103 | 256 | 250 |
| | 270,169 | 211,852 | 987,120 | 769,893 |

The Group's effective tax rates for the 4th quarter and financial year ended 31 December 2010 and 31 December 2009 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

| <u>Bank</u> | 4th Quarter Ended | | Financial Year Ended | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 208,675 | 174,133 | 806,874 | 701,413 |
| Overseas income tax | 3,224 | 3,299 | 5,053 | 4,691 |
| | 211,899 | 177,432 | 811,927 | 706,104 |
| Under provision in prior years | | | | |
| - Overseas income tax | - | 223 | 807 | 942 |
| | 211,899 | 177,655 | 812,734 | 707,046 |
| Deferred tax expense | | | | |
| - Relating to origination and reversal of temporary differences | (16,425) | (10,034) | (66,638) | (99,541) |
| | 195,474 | 167,621 | 746,096 | 607,505 |

The Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2010 and 31 December 2009 were lower than the statutory tax rate due to certain income not subject to tax.

B6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the 4th quarter and financial year ended 31 December 2010 other than in the ordinary course of business.

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B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 31 December 2010 other than as disclosed in Note A25.

B9. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

B10. Realised and Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group and the Bank as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

| | Group 31 December 2010 RM'000 | Group 30 September 2010 RM'000 |
|--|--|---|
| Total retained profits of Public Bank Berhad and it's subsidiaries: | | |
| - Realised | 5,162,942 | 4,340,272 |
| - Unrealised - in respect of deferred tax recognised in the income statement | 513,414 | 492,825 |
| - in respect of other items of income and expense | 51,092 | 57,415 |
| | 5,727,448 | 4,890,512 |
| Total share of retained profits from associated companies: | | |
| - Realised | 13,648 | 10,835 |
| - Unrealised | - | - |
| | 5,741,096 | 4,901,347 |
| Less: Consolidation adjustments | (986,691) | (954,190) |
| Total Group retained profits as per consolidated accounts | 4,754,405 | 3,947,157 |
| | Bank 31 December 2010 RM'000 | Bank 30 September 2010 RM'000 |
| Total retained profits of Public Bank Berhad: | | |
| - Realised | 3,950,498 | 3,181,882 |
| - Unrealised - in respect of deferred tax recognised in the income statement | 418,699 | 402,365 |
| - in respect of other items of income and expense | 5,007 | 8,264 |
| Total Bank retained profits as per accounts | 4,374,204 | 3,592,511 |

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B10. Realised and Unrealised Profits (continued)

The determination of realised and unrealised profits is based on the Guidedance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group and the Bank as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group and the Bank, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B11. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds

| | Group | | Bank | |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| (a) <u>Deposits from customers</u> | | | | |
| - Fixed deposits | | | | |
| One year or less | 97,559,190 | 85,637,200 | 76,210,614 | 65,420,208 |
| More than one year | 168,643 | 150,725 | 100,646 | 130,188 |
| - Negotiable instruments of deposits | | | | |
| One year or less | 3,377,048 | 2,886,252 | 886,251 | 2,157,483 |
| More than one year | 12,778 | 508,376 | 12,778 | 383,294 |
| - Money market deposits | | | | |
| One year or less | 29,379,017 | 38,694,799 | 26,938,395 | 34,058,387 |
| - Savings deposits | 20,440,705 | 19,576,012 | 14,035,444 | 12,842,016 |
| - Demand deposits | 25,470,214 | 22,258,977 | 22,142,587 | 19,218,621 |
| - Others | 464,524 | 1,179,248 | 462,551 | 1,177,293 |
| | <u>176,872,119</u> | <u>170,891,589</u> | <u>140,789,266</u> | <u>135,387,490</u> |
| (b) <u>Deposits from banks</u> | | | | |
| - One year or less | <u>21,327,476</u> | <u>22,614,300</u> | <u>21,069,781</u> | <u>20,783,929</u> |

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B11. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds (continued)

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2010 RM'000 | 31 December 2009 RM'000 | 31 December 2010 RM'000 | 31 December 2009 RM'000 |
| (c) <u>Debt securities issued and other borrowed funds</u> | | | | |
| Borrowings denominated in HKD (unsecured) | | | | |
| Term loan | | | | |
| - More than one year | 866,676 | 653,101 | - | - |
| Revolving credit | | | | |
| - One year or less | <u>31,676</u> | - | - | - |
| | <u>898,352</u> | <u>653,101</u> | <u>-</u> | <u>-</u> |
| Subordinated notes denominated in USD (unsecured) | | | | |
| - More than one year | 1,294,900 | 1,451,546 | 1,294,900 | 1,451,546 |
| Subordinated notes denominated in RM (unsecured) | | | | |
| - More than one year | <u>1,893,294</u> | <u>1,883,776</u> | <u>1,893,294</u> | <u>1,903,993</u> |
| | <u>3,188,194</u> | <u>3,335,322</u> | <u>3,188,194</u> | <u>3,355,539</u> |
| Innovative Tier I capital securities denominated in USD (unsecured) | | | | |
| - More than one year | 713,059 | 769,493 | 713,059 | 769,493 |
| Innovative Tier I capital securities denominated in RM (unsecured) | | | | |
| - More than one year | <u>1,205,421</u> | <u>1,202,840</u> | <u>1,205,421</u> | <u>1,202,840</u> |
| | <u>1,918,480</u> | <u>1,972,333</u> | <u>1,918,480</u> | <u>1,972,333</u> |
| Non-innovative Tier I stapled securities denominated in RM (unsecured) | | | | |
| - More than one year | <u>2,089,854</u> | <u>2,071,589</u> | <u>2,089,854</u> | <u>2,071,589</u> |
| | <u>8,094,880</u> | <u>8,032,345</u> | <u>7,196,528</u> | <u>7,399,461</u> |

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B12. Derivative Financial Instruments

Derivative financial instruments classified by remaining period to maturity as at the latest practicable date, 18 January 2011, is as follows:

Group

| Items | Contract / Notional Amount RM'000 | 1 month or less RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | >1 - 3 years RM'000 | >3 years RM'000 |
|--|--|------------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|-----------------------|
| Foreign exchange contracts | | | | | | | |
| - currency forwards | 1,719,307 | 1,129,414 | 338,748 | 173,894 | 77,251 | - | - |
| - currency swaps | 14,451,469 | 6,947,834 | 5,290,158 | 2,205,723 | 7,754 | - | - |
| | 16,170,776 | 8,077,248 | 5,628,906 | 2,379,617 | 85,005 | - | - |
| Interest rate related contracts | | | | | | | |
| - interest rate swaps | 10,494,572 | - | 400,131 | 293,000 | 15,000 | 3,175,025 | 6,611,416 |
| Equity related contracts | | | | | | | |
| - options purchased | 402,151 | - | - | 224,245 | - | 80,268 | 97,638 |
| Precious metal contracts | | | | | | | |
| - forwards | 4,397 | 4,397 | - | - | - | - | - |
| Total | 27,071,896 | 8,081,645 | 6,029,037 | 2,896,862 | 100,005 | 3,255,293 | 6,709,054 |

Bank

| Items | Principal Amount RM'000 | 1 month or less RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | >1 - 3 years RM'000 | >3 years RM'000 |
|--|-------------------------------|------------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|-----------------------|
| Foreign exchange contracts | | | | | | | |
| - currency forwards | 1,423,194 | 834,107 | 337,942 | 173,894 | 77,251 | - | - |
| - currency swaps | 14,172,621 | 6,677,862 | 5,281,282 | 2,205,723 | 7,754 | - | - |
| | 15,595,815 | 7,511,969 | 5,619,224 | 2,379,617 | 85,005 | - | - |
| Interest rate related contracts | | | | | | | |
| - interest rate swaps | 9,941,384 | - | 260,198 | 293,000 | 15,000 | 3,175,025 | 6,198,161 |
| Equity related contracts | | | | | | | |
| - options purchased | 402,151 | - | - | 224,245 | - | 80,268 | 97,638 |
| Precious metal contracts | | | | | | | |
| - forwards | 4,397 | 4,397 | - | - | - | - | - |
| Total | 25,943,747 | 7,516,366 | 5,879,422 | 2,896,862 | 100,005 | 3,255,293 | 6,295,799 |

B13. 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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B14. Dividends

(a) (i) The Directors had declared a first interim cash dividend of 25 sen, less 25% tax in respect of financial year ended 31 December 2010, which was paid on 13 August 2010.

(ii) A second interim franked cash dividend of 25% less 25% tax and single tier cash dividend of 8% for the financial year ended 31 December 2010, amounting to RM936,823,822 in total, if computed based on the outstanding issued and paid-up capital excluding treasury shares as at 31 December 2010, has been declared by the directors;

Amount per share : Franked cash dividend of 25 sen less 25% tax and single tier cash dividend of 8 sen;

Entitlement date: 14 February 2011;

Payment date: 23 February 2011.

(b) Total dividend paid for the previous financial year 2009:

- First interim cash dividend of 30 sen less 25% tax.
- Second interim cash dividend of 25 sen less 25% tax.
- Share dividend of one (1) share for every sixty-eight (68) shares held.

B15. Earnings Per Share (EPS)

Basic

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

| | 4th Quarter Ended | | Financial Year Ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2010 | 31 December 2009 | 31 December 2010 | 31 December 2009 |
| Net profit attributable to equity holders (RM'000) | 846,188 | 678,231 | 3,048,224 | 2,517,302 |
| Weighted average number of PBB Shares ('000) | 3,502,145 | 3,451,449 | 3,496,316 | 3,433,336 |
| Basic earnings per share (sen) | 24.2 | 19.7 | 87.2 | 73.3 |

Diluted

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