

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2007

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
ASSETS				
Cash and short-term funds	24,611,750	24,380,630	23,217,466	22,890,702
Deposits and placements with banks and other financial institutions	3,984,585	4,657,417	3,233,231	3,954,803
Securities purchased under resale agreements	14,732,661	12,375,287	13,166,195	10,797,358
Securities held-for-trading	13,038,341	9,107,661	12,951,607	9,061,244
Securities available-for-sale	3,888,910	3,895,738	3,431,483	3,437,739
Securities held-to-maturity	2,879,261	3,264,818	940,819	997,429
Loans, advances and financing	86,480,827	82,787,652	79,175,644	75,891,397
Derivative financial assets	87,230	73,056	79,394	65,369
Other assets	1,736,723	1,256,779	1,014,930	1,101,257
Statutory deposits with Central Banks	2,227,173	2,318,708	2,156,000	2,254,000
Deferred tax assets	342,407	336,776	278,544	266,750
Investment in subsidiary companies	-	-	2,275,564	2,275,564
Investment in associated companies	45,938	45,481	28,465	28,465
Investment properties	55,398	64,175	-	-
Prepaid land lease payments	274,666	280,421	267	267
Property and equipment	864,536	853,883	547,739	549,285
Intangible assets	2,061,479	2,091,061	695,393	695,393
TOTAL ASSETS	157,311,885	147,789,543	143,192,741	134,267,022
LIABILITIES				
Deposits from customers	116,599,875	111,793,149	106,737,046	102,642,918
Deposits and placements of banks and other financial institutions	4,826,276	5,637,964	3,592,522	4,305,478
Obligations on securities sold under repurchase agreements	12,709,910	10,075,829	12,341,042	9,598,557
Bills and acceptances payable	2,862,512	2,623,644	2,862,512	2,623,644
Recourse obligations on loans sold to Cagamas	3,101,743	261,284	3,101,743	261,284
Derivative financial liabilities	124,204	181,959	115,415	171,129
Other liabilities	2,594,714	2,043,363	1,217,146	957,644
Borrowings	431,191	679,341	-	-
Subordinated notes	2,526,274	2,561,131	2,526,274	2,561,131
Hybrid capital securities	1,922,441	1,918,925	1,922,441	1,918,925
Provision for tax expense and zakat	394,430	333,584	317,935	255,985
Deferred tax liabilities	17,265	17,061	-	-
TOTAL LIABILITIES	148,110,835	138,127,234	134,734,076	125,296,695

The Condensed 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 2006.

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	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
EQUITY				
Share capital	3,492,545	3,462,825	3,492,545	3,462,825
Reserves	5,981,728	5,381,101	5,866,669	5,317,429
Proposed dividends	-	974,874	-	974,874
Treasury shares	<u>(900,549)</u>	<u>(784,801)</u>	<u>(900,549)</u>	<u>(784,801)</u>
Total Shareholders' Equity	8,573,724	9,033,999	8,458,665	8,970,327
Minority interests	<u>627,326</u>	<u>628,310</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>9,201,050</u>	<u>9,662,309</u>	<u>8,458,665</u>	<u>8,970,327</u>
TOTAL LIABILITIES AND EQUITY	<u>157,311,885</u>	<u>147,789,543</u>	<u>143,192,741</u>	<u>134,267,022</u>
COMMITMENTS AND CONTINGENCIES	<u>35,726,103</u>	<u>33,359,052</u>	<u>29,772,007</u>	<u>28,386,655</u>
CAPITAL ADEQUACY				
Core Capital Ratio	8.5%	8.8% *	10.6%	11.0% *
Risk-Weighted Capital Ratio	<u>13.9%</u>	<u>14.6%</u> *	<u>13.5%</u>	<u>14.0%</u> *
Net assets per share attributable to ordinary equity holders of the Bank (RM)	<u>2.56</u>	<u>2.71</u>	<u>2.52</u>	<u>2.69</u>

* After deducting proposed dividend.

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UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

Group	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Revenue	2,209,641	1,687,285	2,209,641	1,687,285
Interest income	1,739,989	1,298,842	1,739,989	1,298,842
Interest expense	(977,386)	(637,366)	(977,386)	(637,366)
Net interest income	762,603	661,476	762,603	661,476
Net income from Islamic Banking business				
Net financing income	103,914	98,821	103,914	98,821
Other Islamic banking income	1,563	2,087	1,563	2,087
	868,080	762,384	868,080	762,384
Other operating income	352,624	230,015	352,624	230,015
Net income	1,220,704	992,399	1,220,704	992,399
Other operating expenses	(450,965)	(350,623)	(450,965)	(350,623)
Operating profit	769,739	641,776	769,739	641,776
Allowance for losses on loans, advances and financing	(91,699)	(97,054)	(91,699)	(97,054)
Impairment (loss) / written back	(3,986)	53	(3,986)	53
	674,054	544,775	674,054	544,775
Share of profit after tax of equity accounted associated companies	1,214	994	1,214	994
Profit before tax expense and zakat	675,268	545,769	675,268	545,769
Tax expense and zakat	(184,226)	(138,525)	(184,226)	(138,525)
Profit for the period	491,042	407,244	491,042	407,244
Attributable to :				
Equity holders of the Bank	476,218	388,408	476,218	388,408
Minority interests	14,824	18,836	14,824	18,836
Profit for the period	491,042	407,244	491,042	407,244
Earnings per RM1.00 share:				
- basic (sen)	14.2	11.8	14.2	11.8
- diluted (sen)	14.1	11.7	14.1	11.7

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	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
<u>Bank</u>				
Revenue	1,793,453	1,450,738	1,793,453	1,450,738
Interest income	1,501,248	1,166,857	1,501,248	1,166,857
Interest expense	(867,497)	(617,609)	(867,497)	(617,609)
Net interest income	633,751	549,248	633,751	549,248
Net income from Islamic Banking business				
Net financing income	103,914	98,821	103,914	98,821
Other Islamic banking income	1,563	2,087	1,563	2,087
	739,228	650,156	739,228	650,156
Other operating income	173,096	120,750	173,096	120,750
Net income	912,324	770,906	912,324	770,906
Other operating expenses	(289,284)	(261,015)	(289,284)	(261,015)
Operating profit	623,040	509,891	623,040	509,891
Allowance for losses on loans, advances and financing	(71,489)	(73,301)	(71,489)	(73,301)
Impairment (loss) / written back	(3,986)	53	(3,986)	53
Profit before tax expense and zakat	547,565	436,643	547,565	436,643
Tax expense and zakat	(151,459)	(118,427)	(151,459)	(118,427)
Net profit for the period	396,106	318,216	396,106	318,216

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

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

<u>Group</u>	Non-distributable <u>Reserves</u>			Distributable <u>Reserves</u>		Treasury Shares RM'000	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	Proposed Dividends RM'000				
At 1 January 2007	3,462,825	1,782,081	3,308,738	290,282	974,874	(784,801)	9,033,999	628,310	9,662,309
Currency translation differences in respect of foreign operations	-	-	(48,071)	-	-	-	(48,071)	(14,958)	(63,029)
Currency translation differences in respect of net investment hedge	-	-	22,552	-	-	-	22,552	-	22,552
Unrealised net gain on revaluation of securities available-for-sale	-	-	5,175	-	-	-	5,175	(850)	4,325
Net expense recognised directly in equity	-	-	(20,344)	-	-	-	(20,344)	(15,808)	(36,152)
Net profit for the period	-	-	-	476,218	-	-	476,218	14,824	491,042
Total recognised income/(expense) for the period	-	-	(20,344)	476,218	-	-	455,874	(984)	454,890
Issue of shares pursuant to exercise of share options	29,720	150,413	-	-	-	-	180,133	-	180,133
Buy-back of shares	-	-	-	-	-	(115,748)	(115,748)	-	(115,748)
Transfer to proposed dividends	-	-	-	(5,660)	5,660	-	-	-	-
Dividends paid	-	-	-	-	(980,534)	-	(980,534)	-	(980,534)
At 31 March 2007	3,492,545	1,932,494	3,288,394	760,840	-	(900,549)	8,573,724	627,326	9,201,050

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

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

<u>Group</u>	Non-distributable Reserves			Distributable Reserves		Treasury Shares	Total Shareholders' Equity	Minority Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Profits	Proposed Dividends				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006	3,417,373	1,574,180	2,943,825	582,644	829,884	(784,600)	8,563,306	435,741	8,999,047
Currency translation differences in respect of foreign operations	-	-	(26,970)	-	-	-	(26,970)	(8,735)	(35,705)
Currency translation differences in respect of net investment hedge	-	-	18,751	-	-	-	18,751	-	18,751
Unrealised net loss on revaluation of securities available-for-sale	-	-	(478)	-	-	-	(478)	-	(478)
Net expense recognised directly in equity	-	-	(8,697)	-	-	-	(8,697)	(8,735)	(17,432)
Net profit for the period	-	-	-	388,408	-	-	388,408	18,836	407,244
Total recognised income/(expense) for the period	-	-	(8,697)	388,408	-	-	379,711	10,101	389,812
Issue of shares pursuant to exercise of share options	15,983	71,318	-	-	-	-	87,301	-	87,301
Buy-back of shares	-	-	-	-	-	(134)	(134)	-	(134)
Transfer to proposed dividends	-	-	-	(4,022)	4,022	-	-	-	-
Dividends paid	-	-	-	-	(833,906)	-	(833,906)	(275)	(834,181)
At 31 March 2006	<u>3,433,356</u>	<u>1,645,498</u>	<u>2,935,128</u>	<u>967,030</u>	<u>-</u>	<u>(784,734)</u>	<u>8,196,278</u>	<u>445,567</u>	<u>8,641,845</u>

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

	<u>Non-distributable</u>		<u>Distributable</u>		<u>Proposed</u>	<u>Treasury</u>	<u>Total</u>
	<u>Share</u>	<u>Share</u>	<u>Other</u>	<u>Retained</u>			
<u>Bank</u>	<u>Capital</u>	<u>Premium</u>	<u>Reserves</u>	<u>Profits</u>	<u>Dividends</u>	<u>Shares</u>	<u>RM'000</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	3,462,825	1,782,081	3,183,133	352,215	974,874	(784,801)	8,970,327
Unrealised net gain on revaluation of securities available-for-sale	-	-	8,381	-	-	-	8,381
Net income recognised directly in equity	-	-	8,381	-	-	-	8,381
Net profit for the period	-	-	-	396,106	-	-	396,106
Total recognised income for the period	-	-	8,381	396,106	-	-	404,487
Issue of shares pursuant to exercise of share options	29,720	150,413	-	-	-	-	180,133
Buy-back of shares	-	-	-	-	-	(115,748)	(115,748)
Transfer to proposed dividends	-	-	-	(5,660)	5,660	-	-
Dividends paid	-	-	-	-	(980,534)	-	(980,534)
At 31 March 2007	3,492,545	1,932,494	3,191,514	742,661	-	(900,549)	8,458,665

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
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<----- Attributable to Equity Holders of the Bank ----->

<u>Bank</u>	Non-distributable			Distributable		Treasury Shares RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Reserves Retained Profits RM'000	Proposed Dividends RM'000		
At 1 January 2006	3,417,373	1,574,180	2,715,473	468,064	829,884	(784,600)	8,220,374
Unrealised net gain on revaluation of securities available-for-sale	-	-	1,099	-	-	-	1,099
Net income recognised directly in equity	-	-	1,099	-	-	-	1,099
Net profit for the period	-	-	-	318,216	-	-	318,216
Total recognised income for the period	-	-	1,099	318,216	-	-	319,315
Issue of shares pursuant to exercise of share options	15,983	71,318	-	-	-	-	87,301
Buy-back of shares	-	-	-	-	-	(134)	(134)
Transfer to proposed dividends	-	-	-	(4,022)	4,022	-	-
Dividends paid	-	-	-	-	(833,906)	-	(833,906)
At 31 March 2006	<u>3,433,356</u>	<u>1,645,498</u>	<u>2,716,572</u>	<u>782,258</u>	<u>-</u>	<u>(784,734)</u>	<u>7,792,950</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

	Group		Bank	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Profit before tax expense and zakat	675,268	545,769	547,565	436,643
Adjustments for non-cash items	105,508	168,680	79,842	138,452
Operating profit before changes in working capital	780,776	714,449	627,407	575,095
Changes in working capital:				
Net changes in operating assets	(5,909,591)	(2,553,531)	(8,820,637)	(1,778,665)
Net changes in operating liabilities	10,218,526	7,378,487	9,396,842	7,217,966
Tax expense and zakat paid	(130,889)	(110,244)	(103,939)	(93,942)
Net cash generated from operating activities	4,958,822	5,429,161	1,099,673	5,920,454
Net cash (used in) / generated from investing activities	(3,527,344)	191,293	143,240	314,488
Net cash used in financing activities	(1,164,299)	(747,014)	(916,149)	(746,739)
Net change in cash and cash equivalents	267,179	4,873,440	326,764	5,488,203
Cash and cash equivalents at beginning of the period	24,380,630	18,357,737	22,890,702	17,170,338
Exchange differences on translation of opening balances	(36,059)	(10,196)	-	-
Cash and cash equivalents at end of the period	24,611,750	23,220,981	23,217,466	22,658,541

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 1st quarter ended 31 March 2007 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

The unaudited condensed interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 31 December 2006. 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 2006.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2006 except for the adoption of revised FRS 117 Leases issued by MASB that is effective for the Group's annual reporting date, 31 December 2007. The principal effects of the change in accounting policy resulting from the adoption of the revised FRS 117 are disclosed in Note A30.

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

The allowance for bad and doubtful debts and financing are computed in conformity with BNM/GP3. Consistent with previous years, the Group has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date. The Group has also adopted a more stringent basis for specific allowances on non-performing loans by making a 20% specific allowance on non-performing loans which are less than 6 months-in-arrears.

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

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

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A1. Basis of Preparation (Continued)

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

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2006 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 1st quarter ended 31 March 2007.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 1st quarter ended 31 March 2007.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st quarter ended 31 March 2007.

A6. Debt and Equity Securities

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

(a) Issuance of Shares

During the 1st quarter ended 31 March 2007, the issued and paid-up share capital of the Bank was increased from 3,462,824,872 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,492,545,323 PBB Shares by the issuance of 29,720,451 PBB Shares pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme at the following option prices:

<u>Number of PBB Shares issued:</u>	<u>Option price per share:</u>
5,701	RM 1.64
45,575	RM 3.40
276,634	RM 3.56
575,631	RM 4.60
140,200	RM 4.92
10,034,800	RM 5.67
18,641,910	RM 6.37

(b) Share Buy-back

On 15 March 2007, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the 1st quarter ended 31 March 2007, the Bank bought back from the open market, 13,137,900 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM8.79 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the 1st quarter ended 31 March 2007, including transaction costs, was RM115,747,614 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. As at 31 March 2007, the total shares bought back, all of which are held as treasury shares, amounted to 137,352,400 PBB Shares. None of the treasury shares held were resold or cancelled during the 1st quarter ended 31 March 2007.

A7. Dividends Paid

During the financial quarter ended 31 March 2007, the final dividend of 30%, less 27% tax and the special dividend of 10%, less 27% tax in respect of the financial year ended 31 December 2006, amounting to RM980,533,795 was paid on 28 March 2007.

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A8. Securities Held-for-trading

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
At fair value				
Malaysian Government Treasury Bills	48,431	30,649	48,431	28,979
Malaysian Government Securities	90,018	146,881	90,018	146,881
Malaysian Government Investment Certificates	-	136,707	-	136,707
Cagamas bonds	3,045,163	-	3,004,307	-
Negotiable instruments of deposit Bank Negara Malaysia Negotiable Notes	9,533,196	8,302,944	9,533,196	8,302,944
	<u>159,060</u>	<u>343,012</u>	<u>159,060</u>	<u>343,012</u>
	<u>12,875,868</u>	<u>8,960,193</u>	<u>12,835,012</u>	<u>8,958,523</u>
Quoted securities:				
Shares in Malaysia	4,912	5,082	4,912	5,082
Bonds trust units outside Malaysia	-	4,626	-	-
	<u>4,912</u>	<u>9,708</u>	<u>4,912</u>	<u>5,082</u>
Unquoted securities:				
Private debt securities	157,561	137,760	111,683	97,639
	<u>157,561</u>	<u>137,760</u>	<u>111,683</u>	<u>97,639</u>
Total securities held-for-trading	<u>13,038,341</u>	<u>9,107,661</u>	<u>12,951,607</u>	<u>9,061,244</u>

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A9. Securities Available-for-sale

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
At fair value				
Quoted securities:				
Shares and convertible loan stocks in Malaysia	49,506	31,235	49,506	31,235
Shares outside Malaysia	44,518	45,510	-	-
Bonds trust units in Malaysia	1,193,162	1,179,650	1,093,233	1,080,489
	<u>1,287,186</u>	<u>1,256,395</u>	<u>1,142,739</u>	<u>1,111,724</u>
Unquoted securities:				
Shares	21,621	17,035	13,382	13,383
Private debt securities	2,580,103	2,622,308	2,275,362	2,312,632
	<u>2,601,724</u>	<u>2,639,343</u>	<u>2,288,744</u>	<u>2,326,015</u>
Total securities available-for-sale	<u>3,888,910</u>	<u>3,895,738</u>	<u>3,431,483</u>	<u>3,437,739</u>

A10. Securities Held-to-maturity

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	9,988	9,902	9,988	9,902
Malaysian Government Securities	426,011	425,406	426,011	425,406
Malaysian Government Investment Certificates	178,482	60,400	178,482	60,400
Bankers' acceptances and Islamic accepted bills	145,732	-	-	-
Cagamas bonds	20,073	116,390	20,073	116,390
Cagamas Mudharabah bonds	52,210	51,736	52,210	51,736
Negotiable instruments of deposit	772,987	1,063,695	155,998	238,234
Hong Kong Government Treasury Bills	43,900	44,943	-	-
Sri Lanka Government Treasury Bills	9,537	6,872	9,537	6,872
	<u>1,658,920</u>	<u>1,779,344</u>	<u>852,299</u>	<u>908,940</u>
Quoted securities:				
Private debt securities	8,837	30,184	-	-
	<u>8,837</u>	<u>30,184</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Shares	87,512	87,512	87,057	87,057
Private debt securities	1,138,777	1,383,090	16,248	16,744
	<u>1,226,289</u>	<u>1,470,602</u>	<u>103,305</u>	<u>103,801</u>
Accumulated impairment losses	(14,785)	(15,312)	(14,785)	(15,312)
Total securities held-to-maturity	<u>2,879,261</u>	<u>3,264,818</u>	<u>940,819</u>	<u>997,429</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Overdrafts	8,152,345	7,958,576	7,584,086	7,441,141
Term loans				
- Housing loans / financing	24,722,239	24,004,682	23,381,564	22,656,307
- Syndicated term loan / financing	1,057,306	1,153,748	649,094	640,055
- Hire purchase receivables	27,124,367	26,512,369	26,027,907	25,441,418
- Other term loans / financing	25,622,491	23,690,266	21,602,292	20,139,762
Credit card receivables	785,912	760,432	780,350	754,785
Bills receivables	198,388	134,359	109,204	88,898
Trust receipts	416,747	417,562	295,050	300,552
Claims on customers under acceptance credits	2,238,769	2,072,886	2,211,844	2,050,687
Lease, factored and confirming receivables	26,565	23,926	-	-
Revolving credits	2,022,507	1,807,528	2,223,094	1,908,787
*Staff loans	663,232	653,640	620,669	621,200
	<u>93,030,868</u>	<u>89,189,974</u>	<u>85,485,154</u>	<u>82,043,592</u>
Unearned interest and income	<u>(4,933,905)</u>	<u>(4,825,456)</u>	<u>(4,932,988)</u>	<u>(4,824,910)</u>
Gross loans, advances and financing	<u>88,096,963</u>	<u>84,364,518</u>	<u>80,552,166</u>	<u>77,218,682</u>
Allowance for bad and doubtful debts and financing:				
- general	(1,372,728)	(1,318,546)	(1,206,773)	(1,156,721)
- specific	(243,408)	(258,320)	(169,749)	(170,564)
Net loans, advances and financing	<u><u>86,480,827</u></u>	<u><u>82,787,652</u></u>	<u><u>79,175,644</u></u>	<u><u>75,891,397</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM2,365,875 (2006: RM2,488,368) and RM1,154,571 (2006 - RM1,232,670) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Domestic non-bank financial institutions				
- Stock-broking companies	2,085	2,010	2,085	2,010
- Others	2,343,069	2,208,408	2,328,059	2,193,398
Domestic business enterprises				
- Small and medium enterprises	17,944,040	17,712,724	17,831,723	17,597,689
- Others	4,834,939	3,903,743	4,971,961	4,029,835
Government and statutory bodies	1,118	1,250	1,118	1,250
Individuals	53,596,772	51,952,188	53,563,713	51,921,475
Other domestic entities	68,764	66,622	68,764	66,622
Foreign entities	9,306,176	8,517,573	1,784,743	1,406,403
Gross loans, advances and financing	88,096,963	84,364,518	80,552,166	77,218,682

A11b. By interest / profit rate sensitivity

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Fixed rate				
- Housing loans / financing	5,229,333	5,718,791	5,204,340	5,699,351
- Hire purchase receivables	22,935,376	22,354,521	22,640,175	22,089,714
- Other fixed rate loans / financing	10,816,533	10,978,798	8,627,759	8,907,989
Variable rate				
- Base lending rate plus	40,424,794	37,581,971	40,397,084	37,556,120
- Cost plus	2,091,429	1,904,128	2,265,213	1,950,243
- Other variable rates	6,599,498	5,826,309	1,417,595	1,015,265
Gross loans, advances and financing	88,096,963	84,364,518	80,552,166	77,218,682

A11c. Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Purchase of securities	455,658	494,181	443,415	480,276
Purchase of transport vehicles	23,936,154	23,349,045	22,848,072	22,288,045
Purchase of landed properties	38,891,608	37,265,024	36,610,419	35,181,267
(of which: - residential	23,708,550	22,968,404	22,328,877	21,591,211
- non-residential)	15,183,058	14,296,620	14,281,542	13,590,056
Purchase of fixed assets (excluding landed properties)	158,262	139,377	155,339	135,517
Personal use	5,528,084	5,433,782	4,093,238	3,979,748
Credit card	785,912	760,432	780,350	754,785
Purchase of consumer durables	25,289	22,090	25,289	22,090
Construction	399,176	477,839	122,703	95,571
Working capital	14,515,638	13,517,832	12,074,132	11,378,447
Other purpose	3,401,182	2,904,916	3,399,209	2,902,936
Gross loans, advances and financing	88,096,963	84,364,518	80,552,166	77,218,682

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A11. Loans, Advances and Financing (continued)

A11c. Gross loans, advances and financing by sectors

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Agriculture, hunting, forestry and fishing	896,997	853,833	876,586	836,237
Mining and quarrying	60,605	56,161	60,605	54,970
Manufacturing	4,575,198	4,309,424	4,458,287	4,214,002
Electricity, gas and water	65,523	69,431	35,992	36,780
Construction	3,442,805	3,309,769	3,276,115	3,040,829
Wholesale & retail trade and restaurants & hotels	8,020,895	7,686,170	7,779,331	7,466,772
Transport, storage and communication	694,505	632,033	682,630	622,204
Finance, insurance and business services	4,613,281	4,398,634	4,187,328	3,892,897
Real estate	3,719,273	2,883,867	3,672,488	2,932,951
Community, social and personal services	772,821	761,166	772,821	750,339
Households	59,037,339	57,198,598	54,145,670	52,522,975
(of which: - purchase of residential properties	23,268,931	22,551,747	21,889,258	21,174,554
- purchase of transport vehicles	20,115,126	19,669,245	19,029,180	18,610,833
- others	15,653,282	14,977,606	13,227,232	12,737,588
Others	2,197,721	2,205,432	604,313	847,726
	88,096,963	84,364,518	80,552,166	77,218,682

A11d. Non-performing loans by economic purpose

Purchase of securities	25,686	29,138	25,686	25,784
Purchase of transport vehicles	250,569	247,552	244,557	242,943
Purchase of landed properties	824,389	822,736	815,658	814,195
(of which: - residential	708,110	706,007	699,379	697,466
- non-residential)	116,279	116,729	116,279	116,729
Purchase of fixed assets (excluding landed properties)	2,509	2,621	1,612	1,580
Personal use	160,311	154,066	88,151	82,230
Credit card	14,332	14,375	14,332	14,375
Purchase of consumer durables	706	988	706	988
Construction	19,660	26,928	-	-
Working capital	248,122	244,391	236,023	218,196
Other purpose	36,263	35,036	36,250	35,024
	1,582,547	1,577,831	1,462,975	1,435,315

Non-performing loans by sectors

Agriculture, hunting, forestry and fishing	3,697	3,823	3,650	3,772
Mining and quarrying	252	57	252	57
Manufacturing	105,589	96,925	105,200	96,431
Electricity, gas and water	80	58	80	51
Construction	76,359	87,448	56,571	60,382
Wholesale & retail trade and restaurants & hotels	127,083	132,254	126,965	132,121
Transport, storage and communication	9,354	8,574	6,845	5,552
Finance, insurance and business services	21,297	20,189	21,063	19,928
Real estate	31,398	18,883	31,398	18,883
Community, social and personal services	11,002	11,739	11,002	11,739
Households	1,182,113	1,169,002	1,097,725	1,083,693
(of which: - purchase of residential properties	702,389	697,122	693,658	688,581
- purchase of transport vehicles	215,152	210,495	211,655	208,917
- others	264,572	261,385	192,412	186,195
Others	14,323	28,879	2,224	2,706
	1,582,547	1,577,831	1,462,975	1,435,315

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
At 1 January	1,577,831	1,406,479	1,435,315	1,290,208
Non-performing during the period / year	658,890	2,539,955	640,681	2,425,170
Reclassified as performing	(531,042)	(1,944,453)	(530,921)	(1,943,441)
Recoveries	(26,954)	(80,622)	(23,745)	(79,634)
Amount written off	(89,508)	(361,506)	(54,861)	(233,235)
Loans converted to foreclosed properties / securities	(3,567)	(23,560)	(3,567)	(23,560)
Amount arising from acquisition of Public Bank (Hong Kong) Limited (formerly known as Asia Commercial Bank Limited)	-	51,819	-	-
Exchange differences	(3,103)	(10,281)	73	(193)
Closing balance	<u>1,582,547</u>	<u>1,577,831</u>	<u>1,462,975</u>	<u>1,435,315</u>
Specific allowance	<u>(243,408)</u>	<u>(258,320)</u>	<u>(169,749)</u>	<u>(170,564)</u>
Net non-performing loans, advances and financing	<u><u>1,339,139</u></u>	<u><u>1,319,511</u></u>	<u><u>1,293,226</u></u>	<u><u>1,264,751</u></u>
Net NPL as % of gross loans, advances and financing less specific allowance	<u><u>1.52%</u></u>	<u><u>1.57%</u></u>	<u><u>1.61%</u></u>	<u><u>1.64%</u></u>

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

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
<u>General Allowance</u>				
At 1 January	1,318,546	1,056,199	1,156,721	984,830
Allowance made during the period / year	56,479	206,683	50,232	172,561
Amount written back	-	(2,000)	-	-
Amount arising from acquisition of Public Bank (Hong Kong) Limited (formerly known as Asia Commercial Bank Limited)	-	64,071	-	-
Exchange differences	(2,297)	(6,407)	(180)	(670)
Closing balance	<u>1,372,728</u>	<u>1,318,546</u>	<u>1,206,773</u>	<u>1,156,721</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.56%</u></u>	<u><u>1.57%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
<u>Specific Allowance</u>				
At 1 January	258,320	233,007	170,564	151,746
Allowance made during the period / year	98,607	431,438	75,148	307,392
Amount written back in respect of recoveries	(21,551)	(54,712)	(20,887)	(54,328)
Amount written off	(89,508)	(361,506)	(54,861)	(233,235)
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	(142)	(982)	(142)	(982)
Amount arising from acquisition of Public Bank (Hong Kong) Limited (formerly known as Asia Commercial Bank Limited)	-	22,546	-	-
Exchange differences	(2,318)	(11,471)	(73)	(29)
Closing balance	<u>243,408</u>	<u>258,320</u>	<u>169,749</u>	<u>170,564</u>

A12. Other Assets

	Group		Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Interest / Income receivable	79,520	73,695	52,313	45,195
Other debtors, deposits and prepayments	1,197,044	829,629	401,292	416,208
Foreclosed properties	104,004	110,540	103,890	110,426
Taxi licenses	10,658	10,918	-	-
Outstanding contracts on clients' accounts	345,497	231,997	-	-
Amount due from subsidiary companies	-	-	129,643	128,605
Dividend receivable from subsidiary companies	-	-	327,792	400,823
	<u>1,736,723</u>	<u>1,256,779</u>	<u>1,014,930</u>	<u>1,101,257</u>

A13. Deposits from Customers

	Group		Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
<u>By type of customer</u>				
Federal and state governments	735,195	702,378	735,195	702,378
Local government and statutory authorities	1,253,641	1,094,394	1,253,641	1,094,394
Business enterprises	25,880,240	25,198,953	25,319,158	24,927,098
Individuals	54,268,685	52,214,314	54,263,829	52,209,475
Foreign customers	10,040,367	9,762,215	2,384,741	2,017,535
Others	24,421,747	22,820,895	22,780,482	21,692,038
	<u>116,599,875</u>	<u>111,793,149</u>	<u>106,737,046</u>	<u>102,642,918</u>

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A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2,063,005	2,101,240	101,322	952,132
Licensed investment / merchant banks	165,000	174,500	-	54,500
Other financial institutions	2,598,271	3,362,224	3,491,200	3,298,846
	<u>4,826,276</u>	<u>5,637,964</u>	<u>3,592,522</u>	<u>4,305,478</u>

A15. Other Liabilities

	Group		Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Interest / Profit payable	680,222	673,743	629,138	631,709
Other creditors and accruals	1,350,057	1,117,010	333,101	314,243
Employee benefits	(21,631)	(19,439)	(22,091)	(18,477)
Accrued restoration cost	7,665	13,072	7,665	7,665
Profit Equalisation Reserves	11,876	4,796	11,876	4,796
Outstanding contracts on clients' accounts	322,560	223,285	-	-
Dividend payable to shareholders	243,965	30,896	243,965	4,636
Amount due to subsidiary companies	-	-	13,492	13,072
	<u>2,594,714</u>	<u>2,043,363</u>	<u>1,217,146</u>	<u>957,644</u>

A16. Interest Income

	1st Quarter Ended		Three Months Ended	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
	RM'000	RM'000	RM'000	RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,233,926	982,348	1,233,926	982,348
- Recoveries from NPLs	21,463	20,818	21,463	20,818
Money at call and deposit placements with financial institutions	355,816	242,791	355,816	242,791
Securities held-for-trading	89,050	20,076	89,050	20,076
Securities available-for-sale	38,119	35,622	38,119	35,622
Securities held-to-maturity	32,674	22,567	32,674	22,567
Others	7,162	9,900	7,162	9,900
	<u>1,778,210</u>	1,334,122	<u>1,778,210</u>	1,334,122
Amortisation of premium less accretion of discount	(4,123)	(5,533)	(4,123)	(5,533)
Net interest / income suspended	(34,098)	(29,747)	(34,098)	(29,747)
	<u>1,739,989</u>	1,298,842	<u>1,739,989</u>	1,298,842

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A16. Interest Income (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
<u>Bank</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,056,905	872,192	1,056,905	872,192
- Recoveries from NPLs	21,453	20,802	21,453	20,802
Money at call and deposit placements with financial institutions	322,110	232,807	322,110	232,807
Securities held-for-trading	88,379	19,639	88,379	19,639
Securities available-for-sale	33,610	30,915	33,610	30,915
Securities held-to-maturity	11,804	18,462	11,804	18,462
Others	7,157	9,781	7,157	9,781
	<u>1,541,418</u>	<u>1,204,598</u>	<u>1,541,418</u>	<u>1,204,598</u>
Amortisation of premium less accretion of discount	(6,072)	(8,064)	(6,072)	(8,064)
Net interest / income suspended	(34,098)	(29,677)	(34,098)	(29,677)
	<u>1,501,248</u>	<u>1,166,857</u>	<u>1,501,248</u>	<u>1,166,857</u>

A17. Interest Expense

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	122,269	90,029	122,269	90,029
Deposits from customers	773,382	504,062	773,382	504,062
Loans sold to Cagamas	4,444	2,657	4,444	2,657
Subordinated notes	41,236	37,186	41,236	37,186
Borrowings	6,074	-	6,074	-
Hybrid Capital Securities	25,251	-	25,251	-
Others	4,730	3,432	4,730	3,432
	<u>977,386</u>	<u>637,366</u>	<u>977,386</u>	<u>637,366</u>

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	109,369	92,979	109,369	92,979
Deposits from customers	686,738	484,695	686,738	484,695
Loans sold to Cagamas	4,444	2,657	4,444	2,657
Subordinated notes	41,236	37,186	41,236	37,186
Hybrid Capital Securities	25,251	-	25,251	-
Others	459	92	459	92
	<u>867,497</u>	<u>617,609</u>	<u>867,497</u>	<u>617,609</u>

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A18. Other Operating Income

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Group				
(a) Fee income:				
Commissions	28,764	30,442	28,764	30,442
Service charges and fees	47,121	44,314	47,121	44,314
Guarantee fees	5,613	5,159	5,613	5,159
Processing fees	3,495	1,432	3,495	1,432
Commitment fees	9,424	8,424	9,424	8,424
Unit trust management fees	55,170	38,829	55,170	38,829
Net brokerage and commissions from stockbroking activities	26,349	6,784	26,349	6,784
Other fee income	5,176	3,555	5,176	3,555
	181,112	138,939	181,112	138,939
(b) Net gain arising from sale of securities:				
Net gain from sale of securities				
- held-for-trading	2,110	3,588	2,110	3,588
- available-for-sale	2,044	270	2,044	270
	4,154	3,858	4,154	3,858
(c) Gross dividend income from:				
Securities held-for-trading	44	50	44	50
Securities available-for-sale	11,907	11,458	11,907	11,458
Securities held-to-maturity	62	-	62	-
	12,013	11,508	12,013	11,508
(d) Unrealised gain / (loss) on revaluation of securities held-for-trading and trading derivatives	45,710	(38,288)	45,710	(38,288)
(e) Unrealised gain on hedging derivatives	932	-	932	-
(f) Other income:				
Foreign exchange (loss) / profit	(1,264)	70,666	(1,264)	70,666
Rental income	2,866	2,254	2,866	2,254
Gain on disposal of property and equipment (net)	46	19	46	19
(Loss) / gain on disposal of foreclosed properties	(555)	177	(555)	177
Gain on sale of trust units	104,882	36,194	104,882	36,194
Lease income and factoring charges	354	378	354	378
Others	2,374	4,310	2,374	4,310
	108,703	113,998	108,703	113,998
Total other operating income	352,624	230,015	352,624	230,015

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A18. Other Operating Income (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Bank				
(a) Fee income:				
Commissions	41,075	29,596	41,075	29,596
Service charges and fees	32,939	29,987	32,939	29,987
Guarantee fees	4,921	4,408	4,921	4,408
Processing fees	327	234	327	234
Commitment fees	9,002	8,159	9,002	8,159
Other fee income	3,142	2,330	3,142	2,330
	<u>91,406</u>	<u>74,714</u>	<u>91,406</u>	<u>74,714</u>
(b) Net gain arising from sale of securities:				
Net gain from sale of securities				
- held-for-trading	1,819	2,775	1,819	2,775
- available-for-sale	2,044	270	2,044	270
	<u>3,863</u>	<u>3,045</u>	<u>3,863</u>	<u>3,045</u>
(c) Gross dividend income from:				
Securities held-for-trading	44	50	44	50
Securities available-for-sale	10,907	10,492	10,907	10,492
Securities held-to-maturity	3	-	3	-
	<u>10,954</u>	<u>10,542</u>	<u>10,954</u>	<u>10,542</u>
(d) Unrealised gain / (loss) on revaluation of securities held-for-trading and trading derivatives	<u>41,913</u>	<u>(38,245)</u>	<u>41,913</u>	<u>(38,245)</u>
(e) Unrealised gain on hedging derivatives	<u>707</u>	<u>-</u>	<u>707</u>	<u>-</u>
(f) Other income:				
Foreign exchange profit	20,607	65,793	20,607	65,793
Rental income	658	678	658	678
Gain on disposal of property and equipment (net)	54	19	54	19
(Loss) / gain on disposal of foreclosed properties	(555)	177	(555)	177
Others	3,489	4,027	3,489	4,027
	<u>24,253</u>	<u>70,694</u>	<u>24,253</u>	<u>70,694</u>
Total other operating income	<u>173,096</u>	<u>120,750</u>	<u>173,096</u>	<u>120,750</u>

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A19. Other Operating Expenses

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	180,257	153,146	180,257	153,146
- Pension costs	18,644	22,243	18,644	22,243
- Others	15,452	13,195	15,452	13,195
Establishment costs				
- Depreciation and amortisation	25,649	23,831	25,649	23,831
- Rental	13,209	12,514	13,209	12,514
- Insurance	4,644	3,901	4,644	3,901
- Water and electricity	6,165	5,202	6,165	5,202
- General repairs	5,149	4,981	5,149	4,981
- Others	22,695	18,879	22,695	18,879
Marketing expenses				
- Sales commission	86,143	39,141	86,143	39,141
- Advertisement and publicity	17,040	10,860	17,040	10,860
- Others	23,559	5,123	23,559	5,123
Administration and general expenses				
- Communication expenses	12,011	13,621	12,011	13,621
- Others	20,348	23,986	20,348	23,986
	<u>450,965</u>	<u>350,623</u>	<u>450,965</u>	<u>350,623</u>

<u>Bank</u>	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	144,281	132,388	144,281	132,388
- Pension costs	16,123	20,417	16,123	20,417
- Others	14,169	12,299	14,169	12,299
Establishment costs				
- Depreciation and amortisation	19,644	19,878	19,644	19,878
- Rental	16,094	16,126	16,094	16,126
- Insurance	4,044	3,463	4,044	3,463
- Water and electricity	4,747	4,307	4,747	4,307
- General repairs	3,610	4,198	3,610	4,198
- Others	17,413	16,129	17,413	16,129
Marketing expenses				
- Advertisement and publicity	6,249	4,041	6,249	4,041
- Others	15,399	(1,425)	15,399	(1,425)
Administration and general expenses				
- Communication expenses	10,020	9,552	10,020	9,552
- Others	17,491	19,642	17,491	19,642
	<u>289,284</u>	<u>261,015</u>	<u>289,284</u>	<u>261,015</u>

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A20. Allowance for Losses on Loans, Advances and Financing

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	56,479	43,859	56,479	43,859
- specific allowance	98,607	91,842	98,607	91,842
- specific allowance written back	(21,551)	(12,525)	(21,551)	(12,525)
Net allowance in share broking activities	-	20	-	20
Bad debts and financing written off	248	49	248	49
Bad debts and financing recovered	(42,084)	(26,191)	(42,084)	(26,191)
	91,699	97,054	91,699	97,054

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	50,232	42,671	50,232	42,671
- specific allowance	75,148	61,284	75,148	61,284
- specific allowance written back	(20,887)	(12,450)	(20,887)	(12,450)
Bad debts and financing written off	248	49	248	49
Bad debts and financing recovered	(33,252)	(18,253)	(33,252)	(18,253)
	71,489	73,301	71,489	73,301

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

By Business Segments

	1st Quarter ended 31 March 2007		Three Months Ended 31 March 2007		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Assets RM'000
<u>Group</u>					
Retail operations	1,385,861	518,189	1,385,861	518,189	81,011,854
Corporate lending	122,826	41,391	122,826	41,391	11,352,190
Treasury and capital market operations	534,124	96,102	534,124	96,102	56,883,159
Investment banking	65,198	24,809	65,198	24,809	4,517,369
Fund management	160,198	32,915	160,198	32,915	769,528
Others	1,021	1,689	1,021	1,689	202,812
	<u>2,269,228</u>	<u>715,095</u>	<u>2,269,228</u>	<u>715,095</u>	<u>154,736,912</u>
Inter-segment elimination	(59,587)	-	(59,587)	-	-
	<u>2,209,641</u>	<u>715,095</u>	<u>2,209,641</u>	<u>715,095</u>	<u>154,736,912</u>
Unallocated expenses	-	(41,041)	-	(41,041)	-
Share of profit after tax of equity accounted associated companies	-	1,214	-	1,214	-
Intangible assets	-	-	-	-	2,061,479
Unallocated assets	-	-	-	-	467,556
Investment in associated companies	-	-	-	-	45,938
	<u><u>2,209,641</u></u>	<u><u>675,268</u></u>	<u><u>2,209,641</u></u>	<u><u>675,268</u></u>	<u><u>157,311,885</u></u>

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

	1st Quarter ended 31 March 2006		Three Months Ended 31 March 2006		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
<u>Group</u>					
Retail operations	1,292,216	395,876	1,292,216	395,876	66,930,067
Corporate lending	61,316	10,577	61,316	10,577	4,727,056
Treasury and capital market operations	405,310	114,546	405,310	114,546	41,856,651
Investment banking	31,353	7,072	31,353	7,072	3,177,374
Fund management	75,023	18,762	75,023	18,762	379,470
Others	1,122	2,338	1,122	2,338	208,163
	<u>1,866,340</u>	<u>549,171</u>	<u>1,866,340</u>	<u>549,171</u>	<u>117,278,781</u>
Inter-segment elimination	(179,055)	-	(179,055)	-	-
	<u>1,687,285</u>	<u>549,171</u>	<u>1,687,285</u>	<u>549,171</u>	<u>117,278,781</u>
Unallocated expenses	-	(4,396)	-	(4,396)	-
Share of profit after tax of equity accounted associated companies	-	994	-	994	-
Intangible assets	-	-	-	-	765,157
Unallocated assets	-	-	-	-	643,979
Investment in associated companies	-	-	-	-	47,104
	<u><u>1,687,285</u></u>	<u><u>545,769</u></u>	<u><u>1,687,285</u></u>	<u><u>545,769</u></u>	<u><u>118,735,021</u></u>

Inter-segment pricing is determined on a negotiated basis.

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

By Geographical Locations

Group	1st Quarter ended		Three Months Ended		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Assets RM'000
<u>31 March 2007</u>					
Malaysia	1,972,963	590,672	1,972,963	590,672	145,394,251
Outside Malaysia	236,678	84,596	236,678	84,596	11,917,634
	<u>2,209,641</u>	<u>675,268</u>	<u>2,209,641</u>	<u>675,268</u>	<u>157,311,885</u>
<u>31 March 2006</u>					
Malaysia	1,558,321	476,158	1,558,321	476,158	116,036,215
Outside Malaysia	128,964	69,611	128,964	69,611	2,698,806
	<u>1,687,285</u>	<u>545,769</u>	<u>1,687,285</u>	<u>545,769</u>	<u>118,735,021</u>

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

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A22. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 31 December 2006.

A23. Subsequent Events

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

A24. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the 1st quarter ended 31 March 2007.

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A25. 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 risk-weighted exposures of the Group and the Bank as at the following dates are as follows:

<u>Group</u>	As at 31 March 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	1,218,859	1,218,859	959,994	1,285,521	1,285,521	985,048
Certain transaction-related contingent items	469,680	234,840	153,985	446,720	223,360	145,914
Short-term self-liquidating trade-related contingencies	611,633	122,327	101,571	581,445	116,289	96,993
Other assets sold with recourse and commitment with certain drawdown	143,142	143,142	11,083	10,640	10,640	2,128
Obligations under underwriting agreements	86,000	43,000	43,000	80,000	40,000	40,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,887,305	2,443,652	2,280,675	4,365,655	2,182,828	1,988,665
- maturity not exceeding one year	13,142,300	-	-	12,621,347	-	-
Forward placements	29,795	-	-	-	-	-
Foreign exchange related contracts:						
- less than one year	7,357,787	131,632	51,146	6,594,858	106,927	38,682
- one year to less than five years	34,094	1,871	936	227,197	12,094	6,046
Interest rate related contracts:						
- less than one year	861,274	965	236	103,171	258	129
- one year to less than five years	2,393,884	54,513	10,902	2,489,554	56,800	11,361
- five years and above	4,490,350	320,282	64,057	4,552,944	326,963	65,392
	<u>35,726,103</u>	<u>4,715,083</u>	<u>3,677,585</u>	<u>33,359,052</u>	<u>4,361,680</u>	<u>3,380,358</u>

* The credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors as per Bank Negara Malaysia's Guidelines.

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A25. Commitments and Contingencies (continued)

<u>Bank</u>	As at 31 March 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	1,178,580	1,178,580	931,211	1,244,706	1,244,706	955,127
Certain transaction-related contingent items	416,639	208,319	140,202	392,580	196,290	131,815
Short-term self-liquidating trade-related contingencies	445,549	89,110	84,629	427,885	85,576	81,189
Other assets sold with recourse and commitment with certain drawdown	87,727	87,727	-	-	-	-
Obligations under underwriting agreements	70,000	35,000	35,000	70,000	35,000	35,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,731,807	2,365,903	2,202,926	4,229,216	2,114,608	1,920,445
- maturity not exceeding one year	11,423,872	-	-	10,845,042	-	-
Forward placements	29,795	-	-	-	-	-
Foreign exchange related contracts:						
- less than one year	4,048,708	59,216	14,938	4,427,631	60,456	15,446
Interest rate related contracts:						
- less than one year	743,094	821	164	-	-	-
- one year to less than five years	2,140,449	48,062	9,612	2,231,871	50,237	10,047
- five years and above	4,455,787	317,863	63,573	4,517,724	324,145	64,829
	29,772,007	4,390,601	3,482,255	28,386,655	4,111,018	3,213,898

* The credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors as per Bank Negara Malaysia's Guidelines.

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A26. Off-Balance Sheet Financial Instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2007:

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

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,479,091	945,140	312,898	200,702	20,351	-	-
- swaps	5,912,790	2,082,692	1,675,559	1,022,941	1,097,504	34,094	-
Sub total	7,391,881	3,027,832	1,988,457	1,223,643	1,117,855	34,094	-
Interest rate related contracts							
- forwards	51,838	-	-	34,559	17,279	-	-
- swaps	7,693,670	1,672,824	3,991,354	2,029,492	-	-	-
Sub total	7,745,508	1,672,824	3,991,354	2,064,051	17,279	-	-
Total	15,137,389	4,700,656	5,979,811	3,287,694	1,135,134	34,094	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	797,815	274,101	312,898	200,702	10,114	-	-
- swaps	3,250,893	1,721,568	1,228,474	300,851	-	-	-
Sub total	4,048,708	1,995,669	1,541,372	501,553	10,114	-	-
Interest rate related contracts							
- swaps	7,339,330	1,500,011	3,910,731	1,928,588	-	-	-
Sub total	7,339,330	1,500,011	3,910,731	1,928,588	-	-	-
Total	11,388,038	3,495,680	5,452,103	2,430,141	10,114	-	-

The Group and the Bank do not have any transaction in respect of equity and commodity related contracts. Foreign exchange and interest rate related contracts are subject to market and credit risk.

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 March 2007, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM871,677,000 (31 December 2006 : RM824,196,000).

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A26. Off-Balance Sheet Financial Instruments (continued)

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 March 2007, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM57,708,000 (31 December 2006 : RM42,747,000) and RM9,724,000 (31 December 2006 : RM6,137,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

Financial derivatives are recognised at fair value at inception in the balance sheet, and are subsequently remeasured at fair value. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

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

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period.

Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the change in fair value of the derivative and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item measured at amortised cost is amortised to the income statement over the expected life of the hedged item. The Group has adopted fair value hedge accounting for its fixed rate subordinated notes and hybrid capital securities issued, as well as for certain fixed rate private debt securities investments.

Cash flow hedge

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

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A27. Interest / Profit Rate Risk

Group As at 31 March 2007	Non trading book								Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000				
ASSETS												
Cash and short-term funds	23,861,395	-	-	-	-	-	-	-	750,355	-	24,611,750	3.68
Deposits and placements with banks and other financial institutions	-	3,869,329	115,256	-	-	-	-	-	-	-	3,984,585	3.73
Securities purchased under resale agreements	6,301,586	5,910,528	2,520,547	-	-	-	-	-	-	-	14,732,661	3.56
Securities held-for-trading	-	-	-	-	-	-	-	-	-	13,038,341	13,038,341	3.57
Securities available-for-sale	-	-	52,954	182,497	558,735	122,876	406,443	1,256,598	1,233,509	75,298	3,888,910	6.13
Securities held-to-maturity	451,623	753,861	1,159,305	162,314	211,408	42,294	9,872	-	88,584	-	2,879,261	3.62
Loans, advances and financing												
- performing	49,631,433	4,852,658	8,079,939	7,494,365	4,787,768	3,458,131	2,737,112	5,473,010	-	-	86,514,416	6.66
- non-performing *	-	-	-	-	-	-	-	-	(33,589)	-	(33,589)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,658,619	36,931	7,695,550	-
TOTAL ASSETS	80,246,037	15,386,376	11,928,001	7,839,176	5,557,911	3,623,301	3,153,427	6,729,608	9,697,478	13,150,570	157,311,885	

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A27. Interest / Profit Rate Risk (continued)

Group As at 31 March 2007	Non trading book								Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000				
LIABILITIES AND EQUITY												
Deposits from customers	58,803,457	24,819,850	19,975,575	347,311	21,532	41,242	177,330	23,609	12,389,969	-	116,599,875	3.20
Deposits and placements of banks and other financial institutions	4,107,157	595,535	43,361	-	-	-	-	-	80,223	-	4,826,276	4.48
Obligations on securities sold under repurchase agreements	12,635,261	28,488	46,161	-	-	-	-	-	-	-	12,709,910	3.47
Bills and acceptances payable	654,221	1,044,627	269,712	-	-	-	-	-	893,952	-	2,862,512	3.63
Recourse obligations on loans sold to Cagamas	9,012	12,207	3,046,891	28,029	5,604	-	-	-	-	-	3,101,743	3.74
Borrowings	431,191	-	-	-	-	-	-	-	-	-	431,191	4.75
Subordinated notes	-	-	-	-	1,197,197	-	-	1,329,077	-	-	2,526,274	6.26
Hybrid capital securities	-	-	-	-	-	-	-	1,922,441	-	-	1,922,441	5.30
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,088,002	42,611	3,130,613	-
Total Liabilities	76,640,299	26,500,707	23,381,700	375,340	1,224,333	41,242	177,330	3,275,127	16,452,146	42,611	148,110,835	
Shareholders' equity	-	-	-	-	-	-	-	-	8,573,724	-	8,573,724	-
Minority interests	-	-	-	-	-	-	-	-	627,326	-	627,326	-
Total Liabilities and Equity	76,640,299	26,500,707	23,381,700	375,340	1,224,333	41,242	177,330	3,275,127	25,653,196	42,611	157,311,885	
On-balance sheet interest sensitivity gap	3,605,738	(11,114,331)	(11,453,699)	7,463,836	4,333,578	3,582,059	2,976,097	3,454,481	(15,955,718)	13,107,959	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	223,983	(1,173,646)	(1,132,977)	(179,725)	685,633	(117,513)	(362,906)	2,057,151	-	-	-	-
Total interest sensitivity gap	3,829,721	(12,287,977)	(12,586,676)	7,284,111	5,019,211	3,464,546	2,613,191	5,511,632	(15,955,718)	13,107,959	-	-

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

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A27. Interest / Profit Rate Risk (continued)

Group As at 31 December 2006	Non trading book								Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000				
ASSETS												
Cash and short-term funds	23,290,272	-	-	-	-	-	-	-	1,090,358	-	24,380,630	3.63
Deposits and placements with banks and other financial institutions	100	4,618,905	38,412	-	-	-	-	-	-	-	4,657,417	3.75
Securities purchased under resale agreements	2,135,006	6,464,886	3,775,395	-	-	-	-	-	-	-	12,375,287	3.58
Securities held-for-trading	-	-	-	-	-	-	-	-	-	9,107,661	9,107,661	3.63
Securities available-for-sale	-	-	-	160,772	642,181	125,269	408,937	1,285,149	1,210,887	62,543	3,895,738	6.11
Securities held-to-maturity	493,641	1,421,176	838,452	158,625	211,380	25,927	27,032	-	88,585	-	3,264,818	3.94
Loans, advances and financing												
- performing	45,593,358	4,866,041	9,053,150	7,515,992	4,664,820	3,255,757	2,466,424	5,371,145	-	-	82,786,687	6.69
- non-performing *	-	-	-	-	-	-	-	-	965	-	965	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,308,417	11,923	7,320,340	-
TOTAL ASSETS	71,512,377	17,371,008	13,705,409	7,835,389	5,518,381	3,406,953	2,902,393	6,656,294	9,699,212	9,182,127	147,789,543	

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A27. Interest / Profit Rate Risk (continued)

Non trading book

Group As at 31 December 2006	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
LIABILITIES AND EQUITY												
Deposits from customers	57,260,431	22,643,389	19,542,156	336,968	22,138	17,398	171,730	24,810	11,774,129	-	111,793,149	3.22
Deposits and placements of banks and other financial institutions	5,522,698	10,375	9,928	-	-	-	-	-	94,963	-	5,637,964	4.37
Obligations on securities sold under repurchase agreements	10,057,342	18,487	-	-	-	-	-	-	-	-	10,075,829	3.48
Bills and acceptances payable	617,134	969,070	247,677	-	-	-	-	-	789,763	-	2,623,644	3.69
Recourse obligations on loans sold to Cagamas	164,649	11,542	43,285	33,813	7,995	-	-	-	-	-	261,284	3.87
Borrowings	679,341	-	-	-	-	-	-	-	-	-	679,341	4.74
Subordinated notes	-	-	-	-	1,214,729	-	-	1,346,402	-	-	2,561,131	6.24
Hybrid capital securities	-	-	-	-	-	-	-	1,918,925	-	-	1,918,925	5.39
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,516,055	59,912	2,575,967	-
Total Liabilities	74,301,595	23,652,863	19,843,046	370,781	1,244,862	17,398	171,730	3,290,137	15,174,910	59,912	138,127,234	
Shareholders' equity	-	-	-	-	-	-	-	-	9,033,999	-	9,033,999	-
Minority interests	-	-	-	-	-	-	-	-	628,310	-	628,310	-
Total Liabilities and Equity	74,301,595	23,652,863	19,843,046	370,781	1,244,862	17,398	171,730	3,290,137	24,837,219	59,912	147,789,543	
On-balance sheet interest sensitivity gap	(2,789,218)	(6,281,855)	(6,137,637)	7,464,608	4,273,519	3,389,555	2,730,663	3,366,157	(15,138,007)	9,122,215	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	837,213	(1,704,146)	(1,182,369)	(158,490)	623,894	(119,748)	(369,810)	2,073,456	-	-	-	-
Total interest sensitivity gap	(1,952,005)	(7,986,001)	(7,320,006)	7,306,118	4,897,413	3,269,807	2,360,853	5,439,613	(15,138,007)	9,122,215	-	-

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

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A27. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
As at 31 March 2007												
ASSETS												
Cash and short-term funds	22,467,344	-	-	-	-	-	-	-	750,122	-	23,217,466	3.60
Deposits and placements with banks and other financial institutions	-	3,205,893	27,338	-	-	-	-	-	-	-	3,233,231	3.68
Securities purchased under resale agreements	5,593,131	5,396,961	2,176,103	-	-	-	-	-	-	-	13,166,195	3.56
Securities held-for-trading	-	-	-	-	-	-	-	-	-	12,951,607	12,951,607	3.56
Securities available-for-sale	-	-	52,954	182,497	365,365	122,876	329,016	1,222,654	1,133,578	22,543	3,431,483	5.74
Securities held-to-maturity	67,375	8,834	448,186	145,406	173,516	-	9,872	-	87,630	-	940,819	3.72
Loans, advances and financing												
- performing	44,833,667	3,889,377	7,305,875	7,052,898	4,541,024	3,372,845	2,692,176	5,401,329	-	-	79,089,191	6.36
- non-performing *	-	-	-	-	-	-	-	-	86,453	-	86,453	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,045,017	31,279	7,076,296	-
TOTAL ASSETS	72,961,517	12,501,065	10,010,456	7,380,801	5,079,905	3,495,721	3,031,064	6,623,983	9,102,800	13,005,429	143,192,741	

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A27. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
As at 31 March 2007												
LIABILITIES AND EQUITY												
Deposits from customers	51,435,371	22,919,537	19,434,858	327,358	206,194	41,242	177,330	23,609	12,171,547	-	106,737,046	3.12
Deposits and placements of banks and other financial institutions	3,309,374	200,979	14,455	-	-	-	-	-	67,714	-	3,592,522	5.13
Obligations on securities sold under repurchase agreements	12,266,743	28,138	46,161	-	-	-	-	-	-	-	12,341,042	3.47
Bills and acceptances payable	654,221	1,044,627	269,712	-	-	-	-	-	893,952	-	2,862,512	3.63
Recourse obligations on loans sold to Cagamas	9,012	12,207	3,046,891	28,029	5,604	-	-	-	-	-	3,101,743	3.74
Subordinated notes	-	-	-	-	1,197,197	-	-	1,329,077	-	-	2,526,274	6.26
Hybrid capital securities	-	-	-	-	-	-	-	1,922,441	-	-	1,922,441	5.30
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,612,191	38,305	1,650,496	-
Total Liabilities	67,674,721	24,205,488	22,812,077	355,387	1,408,995	41,242	177,330	3,275,127	14,745,404	38,305	134,734,076	
Shareholders' equity	-	-	-	-	-	-	-	-	8,458,665	-	8,458,665	-
Total Liabilities and Equity	67,674,721	24,205,488	22,812,077	355,387	1,408,995	41,242	177,330	3,275,127	23,204,069	38,305	143,192,741	
On-balance sheet interest sensitivity gap	5,286,796	(11,704,423)	(12,801,621)	7,025,414	3,670,910	3,454,479	2,853,734	3,348,856	(14,101,269)	12,967,124	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	117,513	(1,254,270)	(1,233,881)	(179,725)	869,944	(117,513)	(293,781)	2,091,713	-	-	-	-
Total interest sensitivity gap	5,404,309	(12,958,693)	(14,035,502)	6,845,689	4,540,854	3,336,966	2,559,953	5,440,569	(14,101,269)	12,967,124	-	-

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

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A27. Interest / Profit Rate Risk (continued)

Bank	Non trading book								Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000				
As at 31 December 2006												
ASSETS												
Cash and short-term funds	22,162,157	-	-	-	-	-	-	-	728,545	-	22,890,702	3.59
Deposits and placements with banks and other financial institutions	-	3,954,803	-	-	-	-	-	-	-	-	3,954,803	3.66
Securities purchased under resale agreements	1,826,418	5,501,020	3,469,920	-	-	-	-	-	-	-	10,797,358	3.58
Securities held-for-trading	-	-	-	-	-	-	-	-	-	9,061,244	9,061,244	3.62
Securities available-for-sale	-	-	-	160,772	445,741	125,269	331,062	1,249,788	1,111,724	13,383	3,437,739	5.73
Securities held-to-maturity	3,299	181,563	481,483	96,385	137,305	-	9,763	-	87,631	-	997,429	3.59
Loans, advances and financing												
- performing	41,147,754	4,045,862	8,191,541	7,066,618	4,428,963	3,179,108	2,429,539	5,293,982	-	-	75,783,367	6.37
- non-performing *	-	-	-	-	-	-	-	-	108,030	-	108,030	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,207,364	28,986	7,236,350	-
TOTAL ASSETS	65,139,628	13,683,248	12,142,944	7,323,775	5,012,009	3,304,377	2,770,364	6,543,770	9,243,294	9,103,613	134,267,022	

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A27. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
As at 31 December 2006												
LIABILITIES AND EQUITY												
Deposits from customers	51,044,439	20,509,752	18,971,481	318,237	206,860	17,398	171,730	24,810	11,378,211	-	102,642,918	3.14
Deposits and placements of banks and other financial institutions	4,162,988	23,496	33,810	-	-	-	-	-	85,184	-	4,305,478	4.81
Obligations on securities sold under repurchase agreements	9,580,070	18,487	-	-	-	-	-	-	-	-	9,598,557	3.48
Bills and acceptances payable	617,134	969,070	247,677	-	-	-	-	-	789,763	-	2,623,644	3.69
Recourse obligations on loans sold to Cagamas	164,649	11,542	43,285	33,813	7,995	-	-	-	-	-	261,284	3.87
Subordinated notes	-	-	-	-	1,214,729	-	-	1,346,402	-	-	2,561,131	6.24
Hybrid capital securities	-	-	-	-	-	-	-	1,918,925	-	-	1,918,925	5.39
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,309,412	75,346	1,384,758	-
Total Liabilities	65,569,280	21,532,347	19,296,253	352,050	1,429,584	17,398	171,730	3,290,137	13,562,570	75,346	125,296,695	
Shareholders' equity	-	-	-	-	-	-	-	-	8,970,327	-	8,970,327	-
Total Liabilities and Equity	65,569,280	21,532,347	19,296,253	352,050	1,429,584	17,398	171,730	3,290,137	22,532,897	75,346	134,267,022	
On-balance sheet interest sensitivity gap	(429,652)	(7,849,099)	(7,153,309)	6,971,725	3,582,425	3,286,979	2,598,634	3,253,633	(13,289,603)	9,028,267	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	799,494	(1,785,763)	(1,355,970)	(158,490)	811,171	(119,748)	(299,370)	2,108,676	-	-	-	-
Total interest sensitivity gap	369,842	(9,634,862)	(8,509,279)	6,813,235	4,393,596	3,167,231	2,299,264	5,362,309	(13,289,603)	9,028,267	-	-

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

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A28. Capital Adequacy

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

	Group		Bank	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Core capital ratio	8.5%	8.8% *	10.6%	11.0% *
Risk-weighted capital ratio	13.9%	14.6% *	13.5%	14.0% *

* After deducting proposed dividends.

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,492,545	3,462,825	3,492,545	3,462,825
Share premium	1,932,494	1,782,081	1,932,494	1,782,081
Other reserves	3,228,596	3,228,596	3,189,473	3,189,473
Retained profits (before deducting proposed dividend)	284,622	1,265,156	349,794	1,330,328
Hybrid capital securities	1,102,714	1,261,957	1,252,653	1,414,327
Treasury shares	(900,549)	(784,801)	(900,549)	(784,801)
Minority interests	612,502	628,310	-	-
Less: Intangible assets	(2,061,479)	(2,091,061)	(695,393)	(695,393)
Less: Deferred tax assets, net	(340,016)	(340,016)	(269,990)	(269,990)
Total Tier I capital	<u>7,351,429</u>	<u>8,413,047</u>	<u>8,351,027</u>	<u>9,428,850</u>
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	1,372,728	1,318,546	1,214,788	1,164,889
Subordinated notes	2,579,478	2,627,797	2,579,478	2,627,797
Hybrid capital securities	785,133	640,745	635,194	488,375
Total Tier II capital	<u>4,737,339</u>	<u>4,587,088</u>	<u>4,429,460</u>	<u>4,281,061</u>
Total capital	<u>12,088,768</u>	<u>13,000,135</u>	<u>12,780,487</u>	<u>13,709,911</u>
Less: Investment in subsidiary companies	-	-	(2,191,871)	(2,191,871)
Capital base	<u>12,088,768</u>	<u>13,000,135</u>	<u>10,588,616</u>	<u>11,518,040</u>

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A29. Operations of Islamic Banking

A29a. Balance Sheets as at 31 March 2007

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
ASSETS				
Cash and short-term funds	2,752,092	690,139	2,752,092	690,139
Deposits and placements with banks and other financial institutions	2,567	-	2,567	-
Securities held-for-trading	10,223	-	10,223	-
Securities held-to-maturity	52,210	51,736	52,210	51,736
Financing, advances and other loans	9,341,449	9,023,636	9,341,449	9,023,636
Other assets	58,680	120,664	58,680	120,664
Statutory deposits with Bank Negara Malaysia	329,000	309,000	329,000	309,000
Deferred tax assets	29,281	26,459	29,281	26,459
Property and equipment	238	183	238	183
Total Assets	12,575,740	10,221,817	12,575,740	10,221,817
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits from customers	10,098,991	7,737,769	10,098,991	7,737,769
Deposits and placements of banks and other financial institutions	800,059	818,010	800,059	818,010
Bills and acceptances payable	27,720	29,298	27,720	29,298
Other liabilities	23,661	15,268	23,661	15,268
Provision for tax expense and zakat	21,861	47,776	21,861	47,776
Total Liabilities	10,972,292	8,648,121	10,972,292	8,648,121
Islamic Banking Funds	1,603,448	1,573,696	1,603,448	1,573,696
Total Liabilities and Islamic Banking Funds	12,575,740	10,221,817	12,575,740	10,221,817
COMMITMENTS AND CONTINGENCIES				
	187,659	155,165	187,659	155,165

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A29b. Income Statements for 1st Quarter and Three Months Ended 31 March 2007

	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and financial institutions	138,546	104,257	138,546	104,257
Allowance for losses on financing, advances and other loans	(15,073)	(9,312)	(15,073)	(9,312)
Transfer from profit equalisation reserve	(7,080)	5,016	(7,080)	5,016
Total attributable income	116,393	99,961	116,393	99,961
Income attributable to the depositors and financial institutions	(49,324)	(29,869)	(49,324)	(29,869)
Income attributable to the reporting institutions	67,069	70,092	67,069	70,092
Income derived from investment of Islamic Banking Funds	23,335	21,504	23,335	21,504
Total net income	90,404	91,596	90,404	91,596
Other operating expenses	(16,840)	(18,193)	(16,840)	(18,193)
Profit before zakat and tax expense	73,564	73,403	73,564	73,403
Zakat	(42)	(19)	(42)	(19)
Tax expense	(20,230)	(15,772)	(20,230)	(15,772)
Profit after zakat and tax expense	53,292	57,612	53,292	57,612
	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
<u>Bank</u>				
Income derived from investment of depositors' funds and financial institutions	138,546	104,257	138,546	104,257
Allowance for losses on financing, advances and other loans	(15,073)	(9,312)	(15,073)	(9,312)
Transfer from profit equalisation reserve	(7,080)	5,016	(7,080)	5,016
Total attributable income	116,393	99,961	116,393	99,961
Income attributable to the depositors and financial institutions	(49,324)	(29,869)	(49,324)	(29,869)
Income attributable to the reporting institutions	67,069	70,092	67,069	70,092
Income derived from investment of Islamic Banking Funds	23,335	21,504	23,335	21,504
Total net income	90,404	91,596	90,404	91,596
Other operating expenses	(16,840)	(18,193)	(16,840)	(18,193)
Profit before zakat and tax expense	73,564	73,403	73,564	73,403
Zakat	(42)	(19)	(42)	(19)
Tax expense	(20,230)	(15,772)	(20,230)	(15,772)
Profit after zakat and tax expense	53,292	57,612	53,292	57,612

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A29c. Financing, Advances and Other Loans

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Qardhassan-i (overdraft)	46,986	40,745	46,986	40,745
Bai Bithaman Ajil-i (deferred payment sale)	3,845,526	3,718,492	3,845,526	3,718,492
Ijarah Thamma Al-Bai'-i (leasing)	7,515,423	7,367,486	7,515,423	7,367,486
Bai-Al-Einah-i	776,674	673,086	776,674	673,086
	<u>12,184,609</u>	11,799,809	<u>12,184,609</u>	11,799,809
Unearned income	(2,673,902)	(2,612,664)	(2,673,902)	(2,612,664)
Gross financing, advances and other loans	<u>9,510,707</u>	9,187,145	<u>9,510,707</u>	9,187,145
Allowance for bad and doubtful debts and financing:				
- general	(141,995)	(137,495)	(141,995)	(137,495)
- specific	(27,263)	(26,014)	(27,263)	(26,014)
Net financing, advances and other loans	<u>9,341,449</u>	9,023,636	<u>9,341,449</u>	9,023,636

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

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
At 1 January	176,357	156,196	176,357	156,196
Non-performing during the period / year	115,672	391,438	115,672	391,438
Reclassified as performing	(81,908)	(299,843)	(81,908)	(299,843)
Recoveries	(8,473)	(29,687)	(8,473)	(29,687)
Amount written off	(10,966)	(41,747)	(10,966)	(41,747)
Closing balance	<u>190,682</u>	176,357	<u>190,682</u>	176,357
Specific allowance	(27,263)	(26,014)	(27,263)	(26,014)
Net non-performing financing, advances and other loans	<u>163,419</u>	150,343	<u>163,419</u>	150,343
Net NPL as % of gross financing, advances and other loans less specific allowance	<u>1.72%</u>	1.64%	<u>1.72%</u>	1.64%

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A29c. Financing, Advances and Other Loans (continued)

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

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
<u>General allowance</u>				
At 1 January	137,495	114,195	137,495	114,195
Allowance made during the period / year	4,500	23,300	4,500	23,300
Closing balance	<u>141,995</u>	<u>137,495</u>	<u>141,995</u>	<u>137,495</u>
As % of gross financing, advances and other loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
<u>Specific allowance</u>				
At 1 January	26,014	19,294	26,014	19,294
Allowance made during the period / year	17,425	58,647	17,425	58,647
Amount written back	(5,208)	(10,180)	(5,208)	(10,180)
Amount written off	(10,966)	(41,747)	(10,966)	(41,747)
Amount transferred to accumulated impairment losses in value of foreclosed properties	(2)	-	(2)	-
Closing balance	<u>27,263</u>	<u>26,014</u>	<u>27,263</u>	<u>26,014</u>

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A29d. Deposits from Customers
i) By type of deposit

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
<u>Non-Mudharabah Fund</u>				
Wadiah current deposits-i	1,368,201	1,312,608	1,368,201	1,312,608
Wadiah savings deposits-i	2,602,210	2,435,543	2,602,210	2,435,543
Negotiable debt certificate-i	4,539,988	2,728,912	4,539,988	2,728,912
	8,510,399	6,477,063	8,510,399	6,477,063
<u>Mudharabah Fund</u>				
Mudharabah savings deposits-i	67,954	64,542	67,954	64,542
Mudharabah general investment deposits-i	1,520,638	1,196,164	1,520,638	1,196,164
	1,588,592	1,260,706	1,588,592	1,260,706
	10,098,991	7,737,769	10,098,991	7,737,769

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A30. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policy in Current Financial Period

During the 1st quarter ended 31 March 2007, the Group and the Bank have adopted the revised FRS 117 Leases issued by MASB that are applicable for the financial year ending 31 December 2007 for the Group, which resulted in change of accounting policy during the quarter.

FRS 117: Leases

Leasehold land held for own use

Prior to 1 January 2007, lease of land and buildings held for own use was classified as property and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group and the Bank have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group and the Bank as at 31 December 2006 have been restated as set out in Note A30(d). There were no effects on the income statements of the Group and the Bank for the 1st quarter ended 31 March 2007.

(b) Change in Accounting Policy in the 4th Quarter of the Previous Financial Year

BNM's Circular on Handling Fees

During the 4th quarter of 2006, the Group and the Bank adopted the BNM's Circular on Handling Fees dated 16 October 2006 which resulted in the Group and the Bank capitalising handling fees paid for hire purchase loans in the Balance Sheet and amortising the amount in the Income Statement over the life of the loans with retrospective effect. Previously, such handling fees were expensed off in the Income Statement when incurred. The handling fees amount which was previously reported as operating expenses in the income statement has been reclassified and deducted from the interest income upon the change of this accounting policy. Certain comparative figures of the Group and the Bank have been restated as set out in Note A30(d).

(c) Adjustments Due to Change in Accounting Policies

<u>For the 1st Quarter Ended 31 March 2006</u>	Group RM'000	Bank RM'000
Effects on income statement:		
Profit for the quarter before changes in accounting policy	405,394	316,366
Effects of adopting BNM Circular on Handling Fees	1,850	1,850
Profit for the quarter after changes in accounting policy	<u>407,244</u>	<u>318,216</u>

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The following comparative figures have been restated for the effects of adopting the above changes in accounting policies:

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(i) Balance Sheet as at 31 December 2006				
Prepaid land lease payments	280,421	-	267	-
Property and equipment	853,883	1,134,304	549,285	549,552
(ii) Income statement for the 1st quarter ended 31 March 2006				
Revenue	1,687,285	1,702,029	1,450,738	1,465,482
Interest income	1,298,842	1,309,676	1,166,857	1,177,691
Net interest income	661,476	672,310	549,248	560,082
Net financing income from Islamic Banking business	98,821	102,731	98,821	102,731
Net income	992,399	1,007,143	770,906	785,650
Other operating expenses	(350,623)	(367,936)	(261,015)	(278,328)
Operating profit	641,776	639,207	509,891	507,322
Share of profit after tax of equity accounted associated companies *	994	1,395	-	-
Profit before tax expense and zakat	545,769	543,601	436,643	434,074
Tax expense and zakat *	(138,525)	(138,207)	(118,427)	(117,708)
Profit for the period	407,244	405,394	318,216	316,366
Profit attributable to equity holders of the Bank	388,408	386,558	318,216	316,366

* The share of taxation of associated companies were reclassified from tax expense to the share of profit after tax of equity accounted associated companies to conform with the current period's presentation.

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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 1st quarter ended 31 March 2007 of RM675.3 million was RM129.5 million or 23.7% higher than the previous corresponding quarter of RM545.8 million. Profit attributable to equity holders of the Bank improved by 22.6% to RM476.2 million. The improvement in earnings was primarily due to higher net interest income, including net financing income from Islamic Banking operations, which improved by RM106.2 million or 14.0% and higher other operating income by 53.3% or RM122.6 million which was mainly due to higher gain on sales of trust units and higher management fee income from the fund management business. Loan loss allowance decreased by 5.5% or RM5.4 million mainly due to higher bad debt recovery net of higher general allowance. The increases were partially offset by higher other operating expenses of RM100.3 million.

The growth in the Group's net interest income was driven by strong loans and deposits growth coupled with improved asset quality. Gross loan balance has grown by 23.9% to RM88.1 billion as at 31 March 2007 as compared to RM71.1 billion as at 31 March 2006. This includes loans arising from the acquisition of Public Bank (Hong Kong) Limited (formerly known as Asia Commercial Bank Limited) ("PB(HK)"). Excluding the loans arising from the acquisition of PB (HK), the Group's total loans has grown by 17.8% during the said period mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total deposits from customers had also grown by 35.0% or RM30.3 billion as compared to 31 March 2006 which partly contributed to the higher net interest income for the current quarter. The Group's net non-performing loans ratio ("NPL") further improved to below 1.6% as at 31 March 2007.

The Group's commercial bank, Public Bank, recorded a pre-tax profit of RM547.6 million for the 1st quarter ended 31 March 2007 and was 25.4% higher than the pre-tax profit of RM436.6 million achieved in the previous corresponding quarter. This was mainly due to higher net interest income including income from Islamic Banking operations, higher other operating income and lower loan loss allowance, partially offset by higher other operating expenses.

The overseas operations of the Group recorded a 21.5% improvement in pre-tax profit to RM84.6 million from the previous corresponding quarter. This was mainly due to loan growth achieved during the period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM675.3 million for the 1st quarter ended 31 March 2007 shows a growth of 4.0% as compared to the pre-tax profit of RM649.2 million for the preceding quarter ended 31 December 2006. Net profit attributable to equity holders of the Bank increased by RM31.2 million or 7.0% over the preceding quarter ended 31 December 2006. The increase was mainly due to increase in net interest income and other operating income by RM11.3 million and RM39.4 million respectively, coupled with a decrease in loan loss allowance of RM20.1 million despite a higher general allowance by RM16.9 million. This is partially offset by higher other operating expenses.

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B3. Prospects for 2007

The banking industry is expected to continue to remain sound but more challenging in 2007 as the Malaysian economy is projected to remain firm. However, competition in the banking industry is expected to further intensify due to the deregulated operating environment for the incumbent foreign-controlled domestic banks and high liquidity in the banking system. Public Bank will continue to focus and increase its market share in consumer financing and retail commercial lending to the mid-market SMEs as well as deposit taking by leveraging on its wide branch network, efficient multiple delivery channels, strong PB brand and superior service standards. Public Bank will also continue to intensify its efforts to grow its overseas business. In pursuit of its growth strategy and to enhance stakeholder value, Public Bank will continue to be innovative, alert and vigilant; and will remain prudent, maintain strong corporate governance and implement sound risk management policies. Barring any unforeseen circumstances, the Group and the Bank are expected to continue to record satisfactory performance in 2007.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 1st quarter ended 31 March 2007 are as follows:

	1st Quarter Ended		Three Months Ended	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	176,077	134,903	176,077	134,903
Overseas income tax	15,734	11,702	15,734	11,702
	191,811	146,605	191,811	146,605
Over provision in prior period				
- Malaysian income tax	(118)	-	(118)	-
	191,693	146,605	191,693	146,605
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(7,509)	(8,099)	(7,509)	(8,099)
Tax expense	184,184	138,506	184,184	138,506
Zakat	42	19	42	19
	184,226	138,525	184,226	138,525

The Group's effective tax rate for the 1st quarter ended 31 March 2007 is higher than the statutory tax rate due to certain taxable income of the Bank which is eliminated at the Group level, offsetting the effects of lower tax rates in other jurisdictions.

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B5. Tax Expense and Zakat (Contd.)

<u>Bank</u>	1st Quarter Ended		Three Months Ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Malaysian income tax	165,554	127,406	165,554	127,406
Overseas income tax	293	242	293	242
	165,847	127,648	165,847	127,648
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(14,430)	(9,240)	(14,430)	(9,240)
Tax expense	151,417	118,408	151,417	118,408
Zakat	42	19	42	19
	151,459	118,427	151,459	118,427

The Bank's effective tax rate for the 1st quarter ended 31 March 2007 is higher than the statutory tax rate due to certain expenses not deductible for tax purposes.

B6. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the 1st quarter ended 31 March 2007 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 31 March 2007.

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B9. Deposits and Placements of Customers and Financial Institutions and Debt Securities

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	55,925,515	53,235,085	48,286,271	46,304,196
More than one year	185,412	155,574	167,542	136,565
- Negotiable instruments of deposits				
One year or less	32,323,395	31,615,469	31,472,740	30,985,521
More than one year	274,920	318,635	274,920	273,366
- Savings deposits	15,610,041	14,809,282	14,476,569	13,682,121
- Demand deposits	11,896,537	11,288,760	11,675,381	10,894,214
- Others	384,055	370,344	383,623	366,935
	<u>116,599,875</u>	<u>111,793,149</u>	<u>106,737,046</u>	<u>102,642,918</u>
Deposits and placements of banks and other financial institutions				
- One year or less	<u>4,826,276</u>	<u>5,637,964</u>	<u>3,592,522</u>	<u>4,305,478</u>
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	<u>431,191</u>	<u>679,341</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	<u>2,526,274</u>	<u>2,561,131</u>	<u>2,526,274</u>	<u>2,561,131</u>
Hybrid capital securities denominated in USD (unsecured)				
- More than one year	710,443	718,925	710,443	718,925
Hybrid capital securities denominated in RM (unsecured)				
- More than one year	1,211,998	1,200,000	1,211,998	1,200,000
	<u>1,922,441</u>	<u>1,918,925</u>	<u>1,922,441</u>	<u>1,918,925</u>

B10. Off-Balance Sheet Financial Instruments

Please refer to note A26.

B11. 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.

B12. Proposed Dividends

No dividend has been proposed or declared for the 1st quarter ended 31 March 2007.

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B13. Earnings Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the net profit attributable to the equity holders of the Bank for the 1st quarter ended 31 March 2007 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 1st quarter ended 31 March 2007 excluding the weighted average treasury shares held by the Bank.

	1st Quarter Ended		Three Months Ended	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Net profit attributable to equity holders of the Bank (RM'000)	476,218	388,408	476,218	388,408
Weighted average number of PBB Shares ('000)	3,355,533	3,299,992	3,355,533	3,299,992
Basic earnings per share (sen)	14.2	11.8	14.2	11.8

Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to the equity holders of the Bank for the 1st quarter ended 31 March 2007 divided by the adjusted weighted average number of PBB Shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme.

	1st Quarter Ended		Three Months Ended	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
Weighted average number of PBB Shares ('000)	3,355,533	3,299,992	3,355,533	3,299,992
Effects of share options ('000)	12,055	19,854	12,055	19,854
Adjusted weighted average number of PBB shares in issue or issuable ('000)	3,367,588	3,319,846	3,367,588	3,319,846
Diluted earnings per share (sen)	14.1	11.7	14.1	11.7