

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2008**

|  | Group                      |                               | Bank                       |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <b>ASSETS</b>  |                            |                               |                            |                               |
| Cash and short-term funds  | 35,106,476                 | 35,548,788                    | 32,011,361                 | 32,606,147                    |
| Deposits and placements with banks<br>and other financial institutions | 2,012,161                  | 2,683,773                     | 2,921,701                  | 3,069,166                     |
| Securities purchased under resale<br>agreements                        | 12,899,121                 | 12,723,490                    | 12,187,219                 | 12,006,597                    |
| Securities held-for-trading  | 7,822,277                  | 8,061,927                     | 7,776,885                  | 8,051,599                     |
| Securities available-for-sale  | 4,664,980                  | 4,081,321                     | 3,987,627                  | 3,648,862                     |
| Securities held-to-maturity  | 3,064,036                  | 3,872,395                     | 1,054,625                  | 1,688,005                     |
| Loans, advances and financing  | 104,836,014                | 99,327,993                    | 94,592,993                 | 89,805,707                    |
| Derivative financial assets  | 225,428                    | 112,249                       | 222,116                    | 110,900                       |
| Other assets   | 1,201,033                  | 1,812,188                     | 824,097                    | 1,309,416                     |
| Statutory deposits with Central Banks                                  | 2,732,663                  | 2,373,927                     | 2,620,750                  | 2,272,000                     |
| Deferred tax assets  | 345,571                    | 321,762                       | 304,206                    | 276,975                       |
| Investment in subsidiary companies                                     | -                          | -                             | 2,353,761                  | 2,353,761                     |
| Investment in associated companies                                     | 46,053                     | 46,318                        | 28,465                     | 28,465                        |
| Investment properties  | 52,530                     | 54,390                        | -                          | -                             |
| Prepaid land lease payments  | 250,993                    | 259,561                       | 17                         | 17                            |
| Property and equipment   | 866,397                    | 864,809                       | 550,817                    | 548,090                       |
| Intangible assets  | 1,973,364                  | 2,010,296                     | 695,393                    | 695,393                       |
| <b>TOTAL ASSETS</b>  | <b>178,099,097</b>         | <b>174,155,187</b>            | <b>162,132,033</b>         | <b>158,471,100</b>            |
| <b>LIABILITIES</b>   |                            |                               |                            |                               |
| Deposits from customers  | 144,500,317                | 138,764,571                   | 132,520,773                | 126,424,828                   |
| Deposits and placements of banks and<br>other financial institutions   | 9,329,283                  | 10,438,118                    | 7,351,812                  | 9,346,834                     |
| Obligations on securities sold under<br>repurchase agreements          | -                          | 2,279                         | -                          | 2,279                         |
| Bills and acceptances payable  | 3,166,560                  | 3,452,296                     | 3,166,560                  | 3,452,296                     |
| Recourse obligations on loans sold to<br>Cagamas                       | 3,690,466                  | 3,956,404                     | 3,690,466                  | 3,956,404                     |
| Derivative financial liabilities                                       | 249,496                    | 153,186                       | 228,369                    | 147,084                       |
| Other liabilities  | 2,570,036                  | 2,347,682                     | 1,749,860                  | 1,199,506                     |
| Borrowings   | 379,800                    | 349,730                       | -                          | -                             |
| Subordinated notes   | 2,468,777                  | 2,468,571                     | 2,468,777                  | 2,468,571                     |
| Hybrid capital securities  | 1,889,233                  | 1,855,854                     | 1,889,233                  | 1,855,854                     |
| Provision for tax expense and zakat                                    | 446,544                    | 365,871                       | 362,238                    | 266,829                       |
| Deferred tax liabilities   | 21,649                     | 22,202                        | -                          | -                             |
| <b>TOTAL LIABILITIES</b>   | <b>168,712,161</b>         | <b>164,176,764</b>            | <b>153,428,088</b>         | <b>149,120,485</b>            |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2007.*

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|  | Group                      |                               | Bank                       |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <b>EQUITY</b>  |                            |                               |                            |                               |
| Share capital  | 3,531,926                  | 3,527,891                     | 3,531,926                  | 3,527,891                     |
| Reserves   | 6,499,781                  | 7,088,180                     | 6,446,029                  | 7,096,621                     |
| Treasury shares  | <u>(1,274,010)</u>         | <u>(1,273,897)</u>            | <u>(1,274,010)</u>         | <u>(1,273,897)</u>            |
| <b>Equity attributable to equity holders of the Bank</b>                             | <b>8,757,697</b>           | 9,342,174                     | <b>8,703,945</b>           | 9,350,615                     |
| Minority interests   | <u>629,239</u>             | <u>636,249</u>                | <u>-</u>                   | <u>-</u>                      |
| <b>TOTAL EQUITY</b>  | <b><u>9,386,936</u></b>    | <u>9,978,423</u>              | <b><u>8,703,945</u></b>    | <u>9,350,615</u>              |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b><u>178,099,097</u></b>  | <u>174,155,187</u>            | <b><u>162,132,033</u></b>  | <u>158,471,100</u>            |
| <b>COMMITMENTS AND CONTINGENCIES</b>   | <b><u>50,269,168</u></b>   | <u>40,807,470</u>             | <b><u>44,507,854</u></b>   | <u>36,690,143</u>             |
| <b>CAPITAL ADEQUACY</b>  |                            |                               |                            |                               |
| Core Capital Ratio   | 7.6%                       | 7.6% *                        | 9.5%                       | 9.5% *                        |
| Risk-Weighted Capital Ratio  | <u>12.2%</u>               | <u>12.4% *</u>                | <u>11.9%</u>               | <u>11.9% *</u>                |
| <b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b> | <b><u>2.61</u></b>         | <u>2.79</u>                   | <b><u>2.59</u></b>         | <u>2.79</u>                   |

\* After deducting proposed dividends.

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2008**

|   | 1st Quarter Ended          |                            | Three Months Ended         |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 |
| <b>Group</b>  |                            |                            |                            |                            |
| Operating revenue   | <b>2,636,012</b>           | 2,146,220                  | <b>2,636,012</b>           | 2,146,220                  |
| Interest income   | <b>2,007,564</b>           | 1,739,989                  | <b>2,007,564</b>           | 1,739,989                  |
| Interest expense  | <b>(1,112,865)</b>         | (977,386)                  | <b>(1,112,865)</b>         | (977,386)                  |
| Net interest income   | <b>894,699</b>             | 762,603                    | <b>894,699</b>             | 762,603                    |
| Net income from Islamic banking business                              |                            |                            |                            |                            |
| Net financing income  | <b>121,765</b>             | 103,914                    | <b>121,765</b>             | 103,914                    |
| Other Islamic banking income  | <b>1,870</b>               | 1,563                      | <b>1,870</b>               | 1,563                      |
|   | <b>1,018,334</b>           | 868,080                    | <b>1,018,334</b>           | 868,080                    |
| Other operating income  | <b>557,536</b>             | 289,203                    | <b>557,536</b>             | 289,203                    |
| Net income  | <b>1,575,870</b>           | 1,157,283                  | <b>1,575,870</b>           | 1,157,283                  |
| Other operating expenses  | <b>(450,711)</b>           | (387,544)                  | <b>(450,711)</b>           | (387,544)                  |
| Operating profit  | <b>1,125,159</b>           | 769,739                    | <b>1,125,159</b>           | 769,739                    |
| Allowance for losses on loans,<br>advances and financing              | <b>(144,386)</b>           | (91,699)                   | <b>(144,386)</b>           | (91,699)                   |
| - General allowances  | <b>(62,050)</b>            | (56,479)                   | <b>(62,050)</b>            | (56,479)                   |
| - Other loan loss allowances  | <b>(82,336)</b>            | (35,220)                   | <b>(82,336)</b>            | (35,220)                   |
| Impairment loss   | <b>(13,405)</b>            | (3,986)                    | <b>(13,405)</b>            | (3,986)                    |
|   | <b>967,368</b>             | 674,054                    | <b>967,368</b>             | 674,054                    |
| Share of profit after tax of equity<br>accounted associated companies | <b>3,264</b>               | 1,214                      | <b>3,264</b>               | 1,214                      |
| Profit before tax expense and zakat                                   | <b>970,632</b>             | 675,268                    | <b>970,632</b>             | 675,268                    |
| Tax expense and zakat   | <b>(239,130)</b>           | (184,226)                  | <b>(239,130)</b>           | (184,226)                  |
| Profit for the period   | <b>731,502</b>             | 491,042                    | <b>731,502</b>             | 491,042                    |
| Attributable to :   |                            |                            |                            |                            |
| Equity holders of the Bank  | <b>717,387</b>             | 476,218                    | <b>717,387</b>             | 476,218                    |
| Minority interests  | <b>14,115</b>              | 14,824                     | <b>14,115</b>              | 14,824                     |
| Profit for the period   | <b>731,502</b>             | 491,042                    | <b>731,502</b>             | 491,042                    |
| Earnings per RM1.00 share:  |                            |                            |                            |                            |
| - basic (sen)   | <b>21.4</b>                | 14.2                       | <b>21.4</b>                | 14.2                       |
| - diluted (sen)   | <b>21.4</b>                | 14.1                       | <b>21.4</b>                | 14.1                       |

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**UNAUDITED INCOME STATEMENTS**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2008**

|  | <b>1st Quarter Ended</b>            |                                     | <b>Three Months Ended</b>           |                                     |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|  | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 March<br/>2007<br/>RM'000</b> | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 March<br/>2007<br/>RM'000</b> |
| <b><u>Bank</u></b>                                       |                                     |                                     |                                     |                                     |
| Operating revenue  | <b>2,209,020</b>                    | 1,793,453                           | <b>2,209,020</b>                    | 1,793,453                           |
| Interest income  | <b>1,759,233</b>                    | 1,501,248                           | <b>1,759,233</b>                    | 1,501,248                           |
| Interest expense   | <b>(1,004,864)</b>                  | (867,497)                           | <b>(1,004,864)</b>                  | (867,497)                           |
| Net interest income                                      | <b>754,369</b>                      | 633,751                             | <b>754,369</b>                      | 633,751                             |
| Net income from Islamic banking business                 |                                     |                                     |                                     |                                     |
| Net financing income                                     | <b>121,765</b>                      | 103,914                             | <b>121,765</b>                      | 103,914                             |
| Other Islamic banking income                             | <b>1,870</b>                        | 1,563                               | <b>1,870</b>                        | 1,563                               |
|  | <b>878,004</b>                      | 739,228                             | <b>878,004</b>                      | 739,228                             |
| Other operating income                                   | <b>391,108</b>                      | 173,096                             | <b>391,108</b>                      | 173,096                             |
| Net income   | <b>1,269,112</b>                    | 912,324                             | <b>1,269,112</b>                    | 912,324                             |
| Other operating expenses                                 | <b>(337,881)</b>                    | (289,284)                           | <b>(337,881)</b>                    | (289,284)                           |
| Operating profit   | <b>931,231</b>                      | 623,040                             | <b>931,231</b>                      | 623,040                             |
| Allowance for losses on loans,<br>advances and financing | <b>(128,576)</b>                    | (71,489)                            | <b>(128,576)</b>                    | (71,489)                            |
| - General allowances                                     | <b>(73,197)</b>                     | (50,232)                            | <b>(73,197)</b>                     | (50,232)                            |
| - Other loan loss allowances                             | <b>(55,379)</b>                     | (21,257)                            | <b>(55,379)</b>                     | (21,257)                            |
| Impairment written back / (loss)                         | <b>1,797</b>                        | (3,986)                             | <b>1,797</b>                        | (3,986)                             |
| Profit before tax expense and zakat                      | <b>804,452</b>                      | 547,565                             | <b>804,452</b>                      | 547,565                             |
| Tax expense and zakat                                    | <b>(212,094)</b>                    | (151,459)                           | <b>(212,094)</b>                    | (151,459)                           |
| Net profit for the period                                | <b>592,358</b>                      | 396,106                             | <b>592,358</b>                      | 396,106                             |

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2008**

| <b>Group</b>  | <----- Attributable to Equity Holders of the Bank -----> |                  |                  |                      |                    |                  |                      |                  |               |
|---|--|------------------|------------------|----------------------|--------------------|------------------|----------------------|------------------|---------------|
|   | <b>Non-distributable</b>                                 |                  |                  | <b>Distributable</b> |                    | <b>Treasury</b>  | <b>Shareholders'</b> | <b>Minority</b>  | <b>Total</b>  |
|   | <b>Share</b>   | <b>Share</b>     | <b>Other</b>     | <b>Reserves</b>      |                    |                  |                      |                  |               |
| <b>Capital</b>  | <b>Premium</b>   | <b>Reserves</b>  | <b>Retained</b>  | <b>Profits</b>       | <b>Shares</b>      | <b>Equity</b>    | <b>Interests</b>     | <b>Equity</b>    |               |
|   | <b>RM'000</b>  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>        | <b>RM'000</b>      | <b>RM'000</b>    | <b>RM'000</b>        | <b>RM'000</b>    | <b>RM'000</b> |
| <b>At 1 January 2008</b>  | <b>3,527,891</b>   | <b>2,112,204</b> | <b>3,613,724</b> | <b>1,362,252</b>     | <b>(1,273,897)</b> | <b>9,342,174</b> | <b>636,249</b>       | <b>9,978,423</b> |               |
| Currency translation differences in respect of foreign operations       | -  | -                | (70,372)         | -                    | -                  | (70,372)         | (19,219)             | (89,591)         |               |
| Currency translation differences in respect of net investment hedge     | -  | -                | 37,730           | -                    | -                  | 37,730           | -                    | 37,730           |               |
| Unrealised net loss on revaluation of securities available-for-sale     | -  | -                | (51,827)         | -                    | -                  | (51,827)         | (1,906)              | (53,733)         |               |
| Realised net gain on cash flow hedge being charged to income statements | -  | -                | (381)            | -                    | -                  | (381)            | -                    | (381)            |               |
| Net expense recognised directly in equity                               | -  | -                | (84,850)         | -                    | -                  | (84,850)         | (21,125)             | (105,975)        |               |
| Net profit for the period   | -  | -                | -                | 717,387              | -                  | 717,387          | 14,115               | 731,502          |               |
| Total recognised (expense) / income for the period                      | -  | -                | (84,850)         | 717,387              | -                  | 632,537          | (7,010)              | 625,527          |               |
| Issue of shares pursuant to the exercise of share options               | 4,035  | 20,295           | -                | -                    | -                  | 24,330           | -                    | 24,330           |               |
| Buy-back of shares  | -  | -                | -                | -                    | (113)              | (113)            | -                    | (113)            |               |
| Transfer to regulatory reserves   | -  | -                | 14,401           | (14,401)             | -                  | -                | -                    | -                |               |
| Dividends paid  | -  | -                | -                | (1,241,231)          | -                  | (1,241,231)      | -                    | (1,241,231)      |               |
| <b>At 31 March 2008</b>   | <b>3,531,926</b>   | <b>2,132,499</b> | <b>3,543,275</b> | <b>824,007</b>       | <b>(1,274,010)</b> | <b>8,757,697</b> | <b>629,239</b>       | <b>9,386,936</b> |               |

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2008**

| <u>Group</u>  | <----- Attributable to Equity Holders of the Bank -----> |                  |                   |                |                     |                    |                                  |                       |                 |
|---|--|------------------|-------------------|----------------|---------------------|--------------------|----------------------------------|-----------------------|-----------------|
|   | Non-distributable  |                  |                   | Distributable  |                     | Treasury<br>Shares | Total<br>Shareholders'<br>Equity | Minority<br>Interests | Total<br>Equity |
|   | Share<br>Capital   | Share<br>Premium | Other<br>Reserves | Reserves       | Retained<br>Profits |                    |                                  |                       |                 |
| RM'000  | RM'000   | RM'000           | RM'000            | RM'000         | RM'000              | RM'000             | RM'000                           | RM'000                |                 |
| At 1 January 2007   | 3,462,825  | 1,782,081        | 3,308,738         | 1,265,156      | (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 (expense) / income for the period                  | -  | -                | (20,344)          | 476,218        | -                   | 455,874            | (984)                            | 454,890               |                 |
| Issue of shares pursuant to the exercise of share options           | 29,720   | 150,413          | -                 | -              | -                   | 180,133            | -                                | 180,133               |                 |
| Buy-back of shares  | -  | -                | -                 | -              | (115,748)           | (115,748)          | -                                | (115,748)             |                 |
| Dividends paid  | -  | -                | -                 | (980,534)      | -                   | (980,534)          | -                                | (980,534)             |                 |
| At 31 March 2007  | <u>3,492,545</u>   | <u>1,932,494</u> | <u>3,288,394</u>  | <u>760,840</u> | <u>(900,549)</u>    | <u>8,573,724</u>   | <u>627,326</u>                   | <u>9,201,050</u>      |                 |

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2008**

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

|  | Non-distributable          |                            |                             | Distributable                             |  | Total            |
|--|----------------------------|----------------------------|-----------------------------|---|--|------------------|
|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Other<br>Reserves<br>RM'000 | Reserves<br>Retained<br>Profits<br>RM'000 | Reserves<br>Treasury<br>Shares<br>RM'000 |                  |
| <b>Bank</b>  |                            |                            |                             |   |  |                  |
| <b>At 1 January 2008</b>   | <b>3,527,891</b>           | <b>2,112,204</b>           | <b>3,504,479</b>            | <b>1,479,938</b>                          | <b>(1,273,897)</b>                       | <b>9,350,615</b> |
| Unrealised net loss on revaluation<br>of securities available-for-sale     | -                          | -                          | (21,633)                    | -   | -  | (21,633)         |
| Realised net gain on cash flow hedge<br>being charged to income statements | -                          | -                          | (381)                       | -   | -  | (381)            |
| Net loss recognised directly in equity                                     | -                          | -                          | (22,014)                    | -   | -  | (22,014)         |
| Net profit for the period  | -                          | -                          | -                           | 592,358                                   | -  | 592,358          |
| Total recognised (expense) / income for<br>the period                      | -                          | -                          | (22,014)                    | 592,358                                   | -  | 570,344          |
| Issue of shares pursuant to the<br>exercise of share options               | 4,035                      | 20,295                     | -                           | -   | -  | 24,330           |
| Buy-back of shares   | -                          | -                          | -                           | -   | (113)                                    | (113)            |
| Dividends paid   | -                          | -                          | -                           | (1,241,231)                               | -  | (1,241,231)      |
| <b>At 31 March 2008</b>  | <b>3,531,926</b>           | <b>2,132,499</b>           | <b>3,482,465</b>            | <b>831,065</b>                            | <b>(1,274,010)</b>                       | <b>8,703,945</b> |

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**FOR THE 1ST QUARTER ENDED 31 MARCH 2008**

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

| <b><u>Bank</u></b>  | <b>Non-distributable Reserves</b> |                      |                       | <b>Distributable Reserves</b> |                  | <b>Treasury Shares</b> | <b>Total</b>     |
|---|-----------------------------------|----------------------|-----------------------|-------------------------------|------------------|------------------------|------------------|
|   | <b>Share Capital</b>              | <b>Share Premium</b> | <b>Other Reserves</b> | <b>Retained Profits</b>       | <b>Reserves</b>  |                        |                  |
|   | <b>RM'000</b>                     | <b>RM'000</b>        | <b>RM'000</b>         | <b>RM'000</b>                 | <b>RM'000</b>    | <b>RM'000</b>          | <b>RM'000</b>    |
| At 1 January 2007   | 3,462,825                         | 1,782,081            | 3,183,133             | 1,327,089                     | (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 the exercise of share options           | 29,720                            | 150,413              | -                     | -                             | -                |                        | 180,133          |
| Buy-back of shares  | -                                 | -                    | -                     | -                             | (115,748)        |                        | (115,748)        |
| Dividends paid  | -                                 | -                    | -                     | (980,534)                     | -                |                        | (980,534)        |
| At 31 March 2007  | <u>3,492,545</u>                  | <u>1,932,494</u>     | <u>3,191,514</u>      | <u>742,661</u>                | <u>(900,549)</u> |                        | <u>8,458,665</u> |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2007.*



**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CASH FLOW STATEMENTS**  
**FOR THE 1ST QUARTER ENDED 31 MARCH 2008**

|   | Group                      |                            | Bank                       |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 |
| Profit before tax expense and zakat                     | 970,632                    | 675,268                    | 804,452                    | 547,565                    |
| Adjustments for non-cash items                          | <u>205,721</u>             | <u>105,508</u>             | <u>197,249</u>             | <u>79,842</u>              |
| Operating profit before changes in working capital      | <b>1,176,353</b>           | 780,776                    | <b>1,001,701</b>           | 627,407                    |
| Changes in working capital:                             |                            |                            |                            |                            |
| Net changes in operating assets                         | <b>(4,709,774)</b>         | (9,831,560)                | <b>(4,654,653)</b>         | (8,820,637)                |
| Net changes in operating liabilities                    | <b>4,302,083</b>           | 10,218,526                 | <b>3,993,209</b>           | 9,396,842                  |
| Tax expense and zakat paid                              | <u>(174,063)</u>           | <u>(130,889)</u>           | <u>(135,161)</u>           | <u>(103,939)</u>           |
| Net cash generated from operating activities            | <b>594,599</b>             | 1,036,853                  | <b>205,096</b>             | 1,099,673                  |
| Net cash generated from investing activities            | <b>261,121</b>             | 394,625                    | <b>417,132</b>             | 143,240                    |
| Net cash used in financing activities                   | <b>(1,186,944)</b>         | (1,164,299)                | <b>(1,217,014)</b>         | (916,149)                  |
| Net change in cash and cash equivalents                 | <u>(331,224)</u>           | <u>267,179</u>             | <u>(594,786)</u>           | <u>326,764</u>             |
| Cash and cash equivalents at beginning of the period    | <b>35,548,788</b>          | 24,380,630                 | <b>32,606,147</b>          | 22,890,702                 |
| Exchange differences on translation of opening balances | <u>(111,088)</u>           | <u>(36,059)</u>            | <u>-</u>                   | <u>-</u>                   |
| Cash and cash equivalents at end of the period          | <u><b>35,106,476</b></u>   | <u>24,611,750</u>          | <u><b>32,011,361</b></u>   | <u>23,217,466</u>          |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2007.*

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

**A1. Basis of Preparation**

The unaudited interim financial statements for the 1st quarter ended 31 March 2008 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

The unaudited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2007. 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 2007.

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

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2007.

Certain comparative figures of the income statement of the Group have been restated as a result of the reclassification of certain direct commission relating to the sale of trust units by the fund management subsidiary company of the Group, to conform with the current year's presentation.

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 with a 20% specific allowance.

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

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

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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 2007 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 2008.

**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 2008.

**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 2008.

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**A6. Debt and Equity Securities**

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

**(a) Issuance of Shares**

During the 1st quarter ended 31 March 2008, the issued and paid-up share capital of the Bank was increased from 3,527,891,383 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,531,925,834 PBB Shares by the issuance of 4,034,451 PBB Shares pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS") at the following option prices:

| <u>Number of PBB Shares issued:</u> | <u>Option price per share:</u> |
|-------------------------------------|--------------------------------|
| 2,121                               | RM 1.64                        |
| 4,925                               | RM 3.40                        |
| 110,174                             | RM 3.56                        |
| 137,262                             | RM 4.60                        |
| 50,000                              | RM 4.92                        |
| 1,028,800                           | RM 5.67                        |
| 2,701,169                           | RM 6.37                        |

The PBB ESOS had expired on 25 February 2008.

**(b) Share Buy-back**

On 26 February 2008, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the 1st quarter ended 31 March 2008, the Bank bought back from the open market, 10,000 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM11.30 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the 1st quarter ended 31 March 2008, including transaction costs, was RM113,401 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 2008, the total shares bought back, all of which are held as treasury shares, amounted to 176,286,800 PBB Shares. None of the treasury shares held were resold or cancelled during the 1st quarter ended 31 March 2008.

**A7. Dividends Paid**

During the financial quarter ended 31 March 2008, the final dividend of 40%, less 26% tax and the special dividend of 10%, less 26% tax in respect of the financial year ended 31 December 2007, amounting to RM1,241,230,512 was paid on 10 March 2008.

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**A8. Securities Held-for-trading**

|   | Group                      |                               | Bank                       |                               |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <b>At fair value</b>  |                            |                               |                            |                               |
| Malaysian Government Treasury Bills   | 70,888                     | 25,695                        | 70,888                     | 25,695                        |
| Malaysian Government Securities   | 56,161                     | -                             | 56,161                     | -                             |
| Malaysian Government Investment<br>Certificates                             | 129,742                    | -                             | 129,742                    | -                             |
| Cagamas bonds   | 3,674,529                  | 4,188,824                     | 3,674,529                  | 4,188,824                     |
| Negotiable instruments of deposit<br>Bank Negara Malaysia Monetary<br>Notes | 3,338,072                  | 3,702,506                     | 3,338,072                  | 3,702,506                     |
|   | <u>505,935</u>             | <u>92,756</u>                 | <u>505,935</u>             | <u>92,756</u>                 |
|   | <u>7,775,327</u>           | <u>8,009,781</u>              | <u>7,775,327</u>           | <u>8,009,781</u>              |
| <b>Quoted securities:</b>   |                            |                               |                            |                               |
| Shares in Malaysia  | 1,558                      | 1,793                         | 1,558                      | 1,793                         |
| Trust units outside Malaysia  | -                          | 5,198                         | -                          | -                             |
|   | <u>1,558</u>               | <u>6,991</u>                  | <u>1,558</u>               | <u>1,793</u>                  |
| <b>Unquoted securities:</b>   |                            |                               |                            |                               |
| Private debt securities in Malaysia   | 45,392                     | 45,155                        | -                          | 40,025                        |
|   | <u>45,392</u>              | <u>45,155</u>                 | <u>-</u>                   | <u>40,025</u>                 |
| <b>Total securities held-for-trading</b>                                    | <u><u>7,822,277</u></u>    | <u><u>8,061,927</u></u>       | <u><u>7,776,885</u></u>    | <u><u>8,051,599</u></u>       |

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**A9. Securities Available-for-sale**

|  | Group                      |                               | Bank                       |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <b>At fair value</b>                     |                            |                               |                            |                               |
| Quoted securities:                       |                            |                               |                            |                               |
| Shares and convertible loan stocks       |                            |                               |                            |                               |
| in Malaysia                              | 71,704                     | 39,109                        | 65,589                     | 39,109                        |
| Shares outside Malaysia                  | 23,930                     | 33,653                        | -                          | -                             |
| Trust units in Malaysia                  |                            |                               |                            |                               |
| - Public Institutional Bond Fund         | 1,224,376                  | 1,218,730                     | 1,121,005                  | 1,116,383                     |
| - Others                                 | 250,391                    | 100,392                       | 250,311                    | 100,303                       |
|  | <u>1,570,401</u>           | <u>1,391,884</u>              | <u>1,436,905</u>           | <u>1,255,795</u>              |
| Unquoted securities:                     |                            |                               |                            |                               |
| Shares in Malaysia                       | 18,843                     | 19,668                        | 18,273                     | 19,098                        |
| Shares outside Malaysia                  | 2,819                      | 3,003                         | 25                         | 119                           |
| Private debt securities in Malaysia      | 3,060,131                  | 2,666,766                     | 2,532,424                  | 2,373,850                     |
| Private debt securities outside Malaysia | 12,786                     | -                             | -                          | -                             |
|  | <u>3,094,579</u>           | <u>2,689,437</u>              | <u>2,550,722</u>           | <u>2,393,067</u>              |
| Total securities available-for-sale      | <u>4,664,980</u>           | <u>4,081,321</u>              | <u>3,987,627</u>           | <u>3,648,862</u>              |

**A10. Securities Held-to-maturity**

|  | Group                      |                               | Bank                       |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <b>At amortised cost</b>                           |                            |                               |                            |                               |
| Money market instruments:                          |                            |                               |                            |                               |
| Malaysian Government Treasury Bills                | 59,070                     | 58,554                        | 59,070                     | 58,554                        |
| Malaysian Government Securities                    | 126,882                    | 128,745                       | 126,882                    | 128,745                       |
| Malaysian Government Investment<br>Certificates    | 232,710                    | 231,613                       | 232,710                    | 231,613                       |
| Bankers' acceptances and Islamic accepted<br>bills | 497,882                    | 500,021                       | -                          | -                             |
| Cagamas Mudharabah bonds                           | 1,382                      | 1,371                         | 1,382                      | 1,371                         |
| Negotiable instruments of deposit                  | 486,673                    | 577,836                       | 30,171                     | 60,983                        |
| Bank Negara Malaysia Monetary Notes                | 445,242                    | 1,039,568                     | 445,242                    | 1,039,568                     |
| Bank Negara Malaysia Bills                         | -                          | 29,853                        | -                          | -                             |
| Hong Kong Government Treasury Bills                | 134,611                    | 126,104                       | -                          | -                             |
| Sri Lanka Government Treasury Bills                | -                          | 7,993                         | -                          | 7,993                         |
|  | <u>1,984,452</u>           | <u>2,701,658</u>              | <u>895,457</u>             | <u>1,528,827</u>              |
| Quoted securities:                                 |                            |                               |                            |                               |
| Private debt securities outside Malaysia           | 8,207                      | 8,472                         | -                          | -                             |
|  | <u>8,207</u>               | <u>8,472</u>                  | <u>-</u>                   | <u>-</u>                      |
| Unquoted securities:                               |                            |                               |                            |                               |
| Shares in Malaysia                                 | 87,493                     | 87,499                        | 87,050                     | 87,201                        |
| Private debt securities in Malaysia                | 85,992                     | 86,325                        | 85,982                     | 86,315                        |
| Private debt securities outside Malaysia           | 911,756                    | 1,006,933                     | -                          | -                             |
|  | <u>1,085,241</u>           | <u>1,180,757</u>              | <u>173,032</u>             | <u>173,516</u>                |
| Accumulated impairment losses                      | (13,864)                   | (18,492)                      | (13,864)                   | (14,338)                      |
| Total securities held-to-maturity                  | <u>3,064,036</u>           | <u>3,872,395</u>              | <u>1,054,625</u>           | <u>1,688,005</u>              |

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**A11. Loans, Advances and Financing**

|   | Group                      |                               | Bank                       |                               |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| Overdrafts  | 9,013,986                  | 8,815,494                     | 7,929,658                  | 7,943,843                     |
| Term loans  |                            |                               |                            |                               |
| - Housing loans / financing   | 28,713,126                 | 27,661,139                    | 26,696,807                 | 25,795,082                    |
| - Syndicated term loan / financing  | 1,301,303                  | 1,323,723                     | 559,287                    | 585,536                       |
| - Hire purchase receivables   | 30,722,005                 | 29,601,425                    | 29,495,898                 | 28,382,885                    |
| - Other term loans / financing  | 34,313,588                 | 31,039,123                    | 29,203,487                 | 26,311,247                    |
| Credit card receivables   | 918,599                    | 944,308                       | 911,346                    | 936,974                       |
| Bills receivables   | 159,250                    | 171,365                       | 109,105                    | 100,048                       |
| Trust receipts  | 453,228                    | 442,169                       | 337,647                    | 343,691                       |
| Claims on customers under acceptance credits  | 2,691,765                  | 2,568,945                     | 2,664,069                  | 2,539,170                     |
| Lease, factored and confirming receivables  | 1,882                      | 22,020                        | -                          | -                             |
| Revolving credits   | 3,563,417                  | 3,537,039                     | 3,584,987                  | 3,542,341                     |
| *Staff loans  | 641,911                    | 648,133                       | 601,635                    | 604,957                       |
|   | <b>112,494,060</b>         | 106,774,883                   | <b>102,093,926</b>         | 97,085,774                    |
| Unearned interest and income  | <b>(5,507,798)</b>         | (5,359,964)                   | <b>(5,507,209)</b>         | (5,359,347)                   |
| Gross loans, advances and financing (including Islamic house financing sold to Cagamas) | <b>106,986,262</b>         | 101,414,919                   | <b>96,586,717</b>          | 91,726,427                    |
| Islamic house financing sold to Cagamas   | <b>(410,003)</b>           | (410,003)                     | <b>(410,003)</b>           | (410,003)                     |
| Gross loans, advances and financing (excluding Islamic house financing sold to Cagamas) | <b>106,576,259</b>         | 101,004,916                   | <b>96,176,714</b>          | 91,316,424                    |
| Allowance for bad and doubtful debts and financing:                                     |                            |                               |                            |                               |
| - general   | <b>(1,582,387)</b>         | (1,522,964)                   | <b>(1,447,762)</b>         | (1,374,846)                   |
| - specific  | <b>(157,858)</b>           | (153,959)                     | <b>(135,959)</b>           | (135,871)                     |
| Net loans, advances and financing   | <b>104,836,014</b>         | 99,327,993                    | <b>94,592,993</b>          | 89,805,707                    |

\* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM2,166,437 (2007: RM2,247,572) and RM1,282,022 (2007 - RM1,373,922) respectively.

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**A11. Loans, Advances and Financing** (continued)

**A11a. By type of customer**

|   | Group                      |                               | Bank                       |                               |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| Domestic non-bank financial institutions  |                            |                               |                            |                               |
| - Stock-broking companies   | 2,010                      | 2,010                         | 2,010                      | 2,010                         |
| - Others  | 3,586,414                  | 2,196,329                     | 3,566,229                  | 2,181,319                     |
| Domestic business enterprises   |                            |                               |                            |                               |
| - Small and medium enterprises  | 19,731,055                 | 19,270,067                    | 19,620,452                 | 19,161,679                    |
| - Others  | 9,958,146                  | 9,192,084                     | 10,056,295                 | 9,184,871                     |
| Government and statutory bodies   | 942                        | 703                           | 942                        | 703                           |
| Individuals   | 61,862,560                 | 59,614,801                    | 61,830,886                 | 59,579,440                    |
| Other domestic entities   | 54,035                     | 50,616                        | 54,035                     | 50,616                        |
| Foreign entities  | 11,791,100                 | 11,088,309                    | 1,455,868                  | 1,565,789                     |
| Gross loans, advances and financing (including Islamic house financing sold to Cagamas) | 106,986,262                | 101,414,919                   | 96,586,717                 | 91,726,427                    |
| Less: Islamic house financing sold to Cagamas   | (410,003)                  | (410,003)                     | (410,003)                  | (410,003)                     |
|   | <b>106,576,259</b>         | <b>101,004,916</b>            | <b>96,176,714</b>          | <b>91,316,424</b>             |

**A11b. By interest / profit rate sensitivity**

|   | Group                      |                               | Bank                       |                               |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| Fixed rate  |                            |                               |                            |                               |
| - Housing loans / financing   | 4,281,484                  | 4,160,813                     | 3,855,227                  | 4,146,421                     |
| - Hire purchase receivables   | 26,094,953                 | 25,117,733                    | 25,832,441                 | 24,852,968                    |
| - Other fixed rate loans / financing  | 10,792,913                 | 12,598,679                    | 8,151,030                  | 9,865,834                     |
| Variable rate   |                            |                               |                            |                               |
| - Base lending rate plus  | 50,195,137                 | 48,175,532                    | 50,175,393                 | 48,154,822                    |
| - Cost plus   | 7,552,109                  | 3,551,075                     | 7,598,044                  | 3,565,312                     |
| - Other variable rates  | 8,069,666                  | 7,811,087                     | 974,582                    | 1,141,070                     |
| Gross loans, advances and financing (including Islamic house financing sold to Cagamas) | 106,986,262                | 101,414,919                   | 96,586,717                 | 91,726,427                    |
| Less: Islamic house financing sold to Cagamas   | (410,003)                  | (410,003)                     | (410,003)                  | (410,003)                     |
|   | <b>106,576,259</b>         | <b>101,004,916</b>            | <b>96,176,714</b>          | <b>91,316,424</b>             |

**A11c. Gross loans, advances and financing by economic purpose**

|   | Group                      |                               | Bank                       |                               |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| Purchase of securities  | 1,565,004                  | 518,412                       | 1,543,341                  | 503,696                       |
| Purchase of transport vehicles  | 27,176,196                 | 26,128,719                    | 25,931,682                 | 24,916,702                    |
| Purchase of landed properties   | 47,678,265                 | 45,165,708                    | 43,862,854                 | 41,725,519                    |
| (of which: - residential  | 27,782,487                 | 26,654,819                    | 25,729,143                 | 24,748,931                    |
| - non-residential)  | 19,895,778                 | 18,510,889                    | 18,133,711                 | 16,976,588                    |
| Purchase of fixed assets (excluding landed properties)                                  | 253,761                    | 232,203                       | 253,673                    | 231,981                       |
| Personal use  | 6,514,847                  | 6,327,245                     | 4,936,454                  | 4,780,760                     |
| Credit card   | 918,599                    | 944,308                       | 911,346                    | 936,974                       |
| Purchase of consumer durables   | 30,852                     | 30,529                        | 30,852                     | 30,529                        |
| Construction  | 906,872                    | 720,719                       | 426,353                    | 195,874                       |
| Mergers & Acquisitions  | 371,484                    | 10,979                        | 371,484                    | 10,979                        |
| Working capital   | 17,819,170                 | 17,174,645                    | 14,569,240                 | 14,233,933                    |
| Other purpose   | 3,751,212                  | 4,161,452                     | 3,749,438                  | 4,159,480                     |
| Gross loans, advances and financing (including Islamic house financing sold to Cagamas) | 106,986,262                | 101,414,919                   | 96,586,717                 | 91,726,427                    |
| Less: Islamic house financing sold to Cagamas   | (410,003)                  | (410,003)                     | (410,003)                  | (410,003)                     |
|   | <b>106,576,259</b>         | <b>101,004,916</b>            | <b>96,176,714</b>          | <b>91,316,424</b>             |



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**A11. Loans, Advances and Financing** (continued)

**A11c. Gross loans, advances and financing by sectors**

|  | Group            |                     | Bank             |                     |
|--|------------------|---------------------|------------------|---------------------|
|  | 31 March<br>2008 | 31 December<br>2007 | 31 March<br>2008 | 31 December<br>2007 |
|  | RM'000           | RM'000              | RM'000           | RM'000              |
| Agriculture, hunting, forestry and fishing   | 1,416,269        | 1,136,294           | 1,348,659        | 1,081,634           |
| Mining and quarrying   | 86,332           | 98,160              | 84,871           | 80,913              |
| Manufacturing  | 5,279,857        | 5,085,443           | 5,124,566        | 4,962,254           |
| Electricity, gas and water   | 51,311           | 64,883              | 38,445           | 36,008              |
| Construction   | 4,562,113        | 4,441,394           | 4,148,984        | 3,984,639           |
| Wholesale & retail trade and restaurants<br>& hotels                                       | 9,957,519        | 9,659,509           | 9,427,108        | 9,245,876           |
| Transport, storage and communication   | 1,568,966        | 1,490,088           | 1,553,658        | 1,473,806           |
| Finance, insurance and business services   | 6,396,349        | 5,023,632           | 5,924,234        | 4,509,446           |
| Real estate  | 5,852,117        | 5,408,706           | 5,618,126        | 5,232,575           |
| Community, social and personal services  | 831,640          | 815,434             | 831,640          | 815,434             |
| Households   | 68,818,437       | 66,247,380          | 62,208,533       | 60,011,333          |
| (of which: - purchase of residential properties  | 27,279,488       | 26,195,108          | 25,226,144       | 24,289,220          |
| - purchase of transport vehicles   | 22,612,811       | 21,770,900          | 21,368,297       | 20,558,679          |
| - others)  | 18,926,138       | 18,281,372          | 15,614,092       | 15,163,434          |
| Others   | 2,165,352        | 1,943,996           | 277,893          | 292,509             |
| Gross loans, advances and financing (including<br>Islamic house financing sold to Cagamas) | 106,986,262      | 101,414,919         | 96,586,717       | 91,726,427          |
| Less: Islamic house financing sold to Cagamas  | (410,003)        | (410,003)           | (410,003)        | (410,003)           |
|  | 106,576,259      | 101,004,916         | 96,176,714       | 91,316,424          |

**A11d. Non-performing loans by economic purpose**

|   | Group            |                     | Bank             |                     |
|---|------------------|---------------------|------------------|---------------------|
|   | 31 March<br>2008 | 31 December<br>2007 | 31 March<br>2008 | 31 December<br>2007 |
|   | RM'000           | RM'000              | RM'000           | RM'000              |
| Purchase of securities                                    | 7,164            | 7,265               | 7,164            | 7,265               |
| Purchase of transport vehicles                            | 218,867          | 230,398             | 214,819          | 227,287             |
| Purchase of landed properties                             | 723,605          | 771,764             | 714,815          | 761,765             |
| (of which: - residential                                  | 606,112          | 647,805             | 604,893          | 645,403             |
| - non-residential)  | 117,493          | 123,959             | 109,922          | 116,362             |
| Purchase of fixed assets (excluding landed<br>properties) | 2,056            | 1,938               | 2,041            | 1,914               |
| Personal use  | 111,264          | 116,345             | 83,824           | 86,480              |
| Credit card   | 18,449           | 15,253              | 18,449           | 15,253              |
| Purchase of consumer durables                             | 385              | 888                 | 385              | 888                 |
| Working capital   | 223,183          | 232,489             | 202,963          | 213,098             |
| Other purpose   | 12,607           | 27,420              | 12,607           | 27,420              |
|   | 1,317,580        | 1,403,760           | 1,257,067        | 1,341,370           |

Non-performing loans by sectors

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Agriculture, hunting, forestry and fishing           | 3,609     | 3,283     | 3,608     | 3,283     |
| Mining and quarrying                                 | -         | 127       | -         | 127       |
| Manufacturing  | 101,778   | 96,291    | 101,767   | 96,272    |
| Electricity, gas and water                           | 47        | 92        | 47        | 92        |
| Construction   | 50,257    | 53,997    | 50,257    | 53,997    |
| Wholesale & retail trade and restaurants<br>& hotels | 87,249    | 117,030   | 87,249    | 117,030   |
| Transport, storage and communication                 | 8,540     | 8,189     | 8,537     | 8,184     |
| Finance, insurance and business services             | 14,950    | 14,234    | 14,950    | 14,234    |
| Real estate  | 21,503    | 22,355    | 21,503    | 22,355    |
| Community, social and personal services              | 8,110     | 7,625     | 8,110     | 7,625     |
| Households   | 999,988   | 1,060,219 | 959,710   | 1,017,244 |
| (of which: - purchase of residential properties      | 601,426   | 643,271   | 600,207   | 640,869   |
| - purchase of transport vehicles                     | 186,339   | 196,900   | 182,291   | 193,789   |
| - others)  | 212,223   | 220,048   | 177,212   | 182,586   |
| Others   | 21,549    | 20,318    | 1,329     | 927       |
|  | 1,317,580 | 1,403,760 | 1,257,067 | 1,341,370 |

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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<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| At 1 January  | 1,403,760                  | 1,577,831                     | 1,341,370                  | 1,435,315                     |
| Non-performing during the period / year   | 565,155                    | 2,583,593                     | 531,574                    | 2,468,728                     |
| Reclassified as performing  | (499,510)                  | (2,176,984)                   | (499,506)                  | (2,176,804)                   |
| Recoveries  | (24,602)                   | (91,631)                      | (24,597)                   | (83,491)                      |
| Amount written off  | (113,529)                  | (453,719)                     | (80,038)                   | (275,697)                     |
| Loans converted to foreclosed properties / securities   | (11,611)                   | (26,487)                      | (11,611)                   | (26,487)                      |
| Exchange differences  | (2,083)                    | (8,843)                       | (125)                      | (194)                         |
| Closing balance   | <u>1,317,580</u>           | <u>1,403,760</u>              | <u>1,257,067</u>           | <u>1,341,370</u>              |
| Specific allowance  | <u>(157,858)</u>           | <u>(153,959)</u>              | <u>(135,959)</u>           | <u>(135,871)</u>              |
| Net non-performing loans, advances and financing  | <u><u>1,159,722</u></u>    | <u><u>1,249,801</u></u>       | <u><u>1,121,108</u></u>    | <u><u>1,205,499</u></u>       |
| Net NPL as % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance | <u><u>1.09%</u></u>        | <u><u>1.23%</u></u>           | <u><u>1.16%</u></u>        | <u><u>1.32%</u></u>           |

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

|   | Group                      |                               | Bank                       |                               |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <u>General Allowance</u>  |                            |                               |                            |                               |
| At 1 January  | 1,522,964                  | 1,318,546                     | 1,374,846                  | 1,156,721                     |
| Allowance made during the period / year   | 62,050                     | 210,302                       | 73,197                     | 218,687                       |
| Exchange differences  | (2,627)                    | (5,884)                       | (281)                      | (562)                         |
| Closing balance   | <u>1,582,387</u>           | <u>1,522,964</u>              | <u>1,447,762</u>           | <u>1,374,846</u>              |
| As % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance | <u><u>1.48%</u></u>        | <u><u>1.50%</u></u>           | <u><u>1.50%</u></u>        | <u><u>1.50%</u></u>           |

The general allowance of the Group for the current financial period is below 1.5% due to the local regulatory requirements and applicable accounting standards of the Group's overseas subsidiaries in their respective jurisdictions. In addition to general allowance, the Group also maintains regulatory reserves in equity as an additional credit risk absorbent in accordance with the local regulatory requirement of certain overseas subsidiaries.

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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<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <u>Specific Allowance</u>  |                            |                               |                            |                               |
| At 1 January   | 153,959                    | 258,320                       | 135,871                    | 170,564                       |
| Allowance made during the period / year  | 138,933                    | 467,020                       | 100,666                    | 346,326                       |
| Amount written back in respect of recoveries   | (20,380)                   | (107,563)                     | (20,373)                   | (104,974)                     |
| Amount written off   | (113,529)                  | (453,719)                     | (80,038)                   | (275,697)                     |
| Amount transferred to accumulated impairment losses in value of foreclosed properties / securities | (178)                      | (237)                         | (178)                      | (237)                         |
| Exchange differences   | (947)                      | (9,862)                       | 11                         | (111)                         |
| Closing balance  | <u>157,858</u>             | <u>153,959</u>                | <u>135,959</u>             | <u>135,871</u>                |

**A12. Other Assets**

|   | Group                      |                               | Bank                       |                               |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| Deferred handling fees                        | 158,462                    | 151,847                       | 158,462                    | 151,847                       |
| Interest / Income receivable                  | 93,244                     | 105,569                       | 75,983                     | 81,442                        |
| Other debtors, deposits and prepayments       | 310,922                    | 862,764                       | 154,025                    | 557,435                       |
| Manager's stocks                              | 61,122                     | 76,255                        | -                          | -                             |
| Amount due from trust funds                   | 265,507                    | 208,031                       | -                          | -                             |
| Foreclosed properties                         | 112,868                    | 105,880                       | 112,754                    | 105,766                       |
| Taxi licenses                                 | 8,968                      | 10,724                        | -                          | -                             |
| Outstanding contracts on clients' accounts    | 189,940                    | 291,118                       | -                          | -                             |
| Amount due from subsidiary companies          | -                          | -                             | 280,933                    | 281,330                       |
| Dividend receivable from subsidiary companies | -                          | -                             | 41,940                     | 131,596                       |
|   | <u>1,201,033</u>           | <u>1,812,188</u>              | <u>824,097</u>             | <u>1,309,416</u>              |

**A13. Deposits from Customers**

|  | Group                      |                               | Bank                       |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| <u>By type of customer</u>                 |                            |                               |                            |                               |
| Federal and state governments              | 1,934,135                  | 1,869,627                     | 1,934,135                  | 1,869,627                     |
| Local government and statutory authorities | 2,019,026                  | 1,744,602                     | 2,019,026                  | 1,744,602                     |
| Business enterprises                       | 36,044,341                 | 33,022,180                    | 36,178,643                 | 32,748,956                    |
| Individuals                                | 62,008,276                 | 59,706,057                    | 61,996,729                 | 59,694,196                    |
| Foreign customers                          | 13,226,981                 | 12,889,139                    | 2,680,243                  | 2,319,849                     |
| Others                                     | 29,267,558                 | 29,532,966                    | 27,711,997                 | 28,047,598                    |
|  | <u>144,500,317</u>         | <u>138,764,571</u>            | <u>132,520,773</u>         | <u>126,424,828</u>            |

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**A14. Deposits and Placements of Banks and Other Financial Institutions**

|                                | Group            |                     | Bank             |                     |
|--------------------------------|------------------|---------------------|------------------|---------------------|
|                                | 31 March<br>2008 | 31 December<br>2007 | 31 March<br>2008 | 31 December<br>2007 |
|                                | RM'000           | RM'000              | RM'000           | RM'000              |
| Licensed banks / Islamic banks | 3,536,638        | 4,216,021           | 1,819,393        | 3,552,180           |
| Licensed investment banks      | 298,500          | 285,000             | 223,500          | 85,833              |
| Bank Negara Malaysia           | 2,375,000        | 2,380,680           | 2,375,000        | 2,380,680           |
| Other financial institutions   | 3,119,145        | 3,556,417           | 2,933,919        | 3,328,141           |
|                                | <u>9,329,283</u> | <u>10,438,118</u>   | <u>7,351,812</u> | <u>9,346,834</u>    |

**A15. Other Liabilities**

|   | Group            |                     | Bank             |                     |
|---|------------------|---------------------|------------------|---------------------|
|   | 31 March<br>2008 | 31 December<br>2007 | 31 March<br>2008 | 31 December<br>2007 |
|   | RM'000           | RM'000              | RM'000           | RM'000              |
| Interest / income payable                     | 787,290          | 794,437             | 731,202          | 739,717             |
| Other creditors and accruals                  | 1,415,023        | 1,130,519           | 982,789          | 462,058             |
| Amount due to trust funds                     | 147,285          | 70,616              | -                | -                   |
| Unprocessed sales and /or redemptions         | 48,649           | 86,023              | -                | -                   |
| Employee benefits                             | (45,197)         | (34,956)            | (44,446)         | (34,274)            |
| Profit Equalisation Reserves                  | 22,429           | 12,725              | 22,429           | 12,725              |
| Outstanding contracts on<br>clients' accounts | 173,169          | 284,459             | -                | -                   |
| Dividend payable to shareholders              | 21,388           | 3,859               | 21,388           | 3,859               |
| Amount due to subsidiary<br>companies         | -                | -                   | 36,498           | 15,421              |
|   | <u>2,570,036</u> | <u>2,347,682</u>    | <u>1,749,860</u> | <u>1,199,506</u>    |

**A16. Interest Income**

|   | 1st Quarter Ended |                  | Three Months Ended |                  |
|---|-------------------|------------------|--------------------|------------------|
|   | 31 March<br>2008  | 31 March<br>2007 | 31 March<br>2008   | 31 March<br>2007 |
|   | RM'000            | RM'000           | RM'000             | RM'000           |
| <b>Group</b>  |                   |                  |                    |                  |
| Loans, advances and financing                                       |                   |                  |                    |                  |
| - Interest income other than recoveries<br>from NPLs                | 1,426,332         | 1,233,926        | 1,426,332          | 1,233,926        |
| - Recoveries from NPLs  | 22,375            | 21,463           | 22,375             | 21,463           |
| Money at call and deposit placements<br>with financial institutions | 432,378           | 355,816          | 432,378            | 355,816          |
| Securities held-for-trading   | 73,713            | 89,050           | 73,713             | 89,050           |
| Securities available-for-sale                                       | 37,508            | 38,119           | 37,508             | 38,119           |
| Securities held-to-maturity   | 33,549            | 32,674           | 33,549             | 32,674           |
| Others  | 11,590            | 7,162            | 11,590             | 7,162            |
|   | <u>2,037,445</u>  | 1,778,210        | <u>2,037,445</u>   | 1,778,210        |
| Amortisation of premium less accretion<br>of discount               | (91)              | (4,123)          | (91)               | (4,123)          |
| Net interest / income suspended                                     | (29,790)          | (34,098)         | (29,790)           | (34,098)         |
|   | <u>2,007,564</u>  | 1,739,989        | <u>2,007,564</u>   | 1,739,989        |

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**A16. Interest Income** (continued)

|  | 1st Quarter Ended |                  | Three Months Ended |                  |
|--|-------------------|------------------|--------------------|------------------|
|  | 31 March          | 31 March         | 31 March           | 31 March         |
|  | 2008              | 2007             | 2008               | 2007             |
|  | RM'000            | RM'000           | RM'000             | RM'000           |
| <b><u>Bank</u></b>   |                   |                  |                    |                  |
| Loans, advances and financing                                    |                   |                  |                    |                  |
| - Interest income other than recoveries from NPLs                | 1,253,507         | 1,056,905        | 1,253,507          | 1,056,905        |
| - Recoveries from NPLs   | 20,090            | 21,453           | 20,090             | 21,453           |
| Money at call and deposit placements with financial institutions | 397,364           | 322,110          | 397,364            | 322,110          |
| Securities held-for-trading                                      | 63,984            | 88,379           | 63,984             | 88,379           |
| Securities available-for-sale                                    | 32,060            | 33,610           | 32,060             | 33,610           |
| Securities held-to-maturity                                      | 12,621            | 11,804           | 12,621             | 11,804           |
| Others   | 11,579            | 7,157            | 11,579             | 7,157            |
|  | <u>1,791,205</u>  | <u>1,541,418</u> | <u>1,791,205</u>   | <u>1,541,418</u> |
| Amortisation of premium less accretion of discount               | (2,182)           | (6,072)          | (2,182)            | (6,072)          |
| Net interest / income suspended                                  | (29,790)          | (34,098)         | (29,790)           | (34,098)         |
|  | <u>1,759,233</u>  | <u>1,501,248</u> | <u>1,759,233</u>   | <u>1,501,248</u> |

**A17. Interest Expense**

|   | 1st Quarter Ended |                | Three Months Ended |                |
|---|-------------------|----------------|--------------------|----------------|
|   | 31 March          | 31 March       | 31 March           | 31 March       |
|   | 2008              | 2007           | 2008               | 2007           |
|   | RM'000            | RM'000         | RM'000             | RM'000         |
| <b><u>Group</u></b>   |                   |                |                    |                |
| Deposits and placements of banks and other financial institutions | 62,273            | 122,269        | 62,273             | 122,269        |
| Deposits from customers   | 953,459           | 773,382        | 953,459            | 773,382        |
| Loans sold to Cagamas   | 36,351            | 4,444          | 36,351             | 4,444          |
| Subordinated notes  | 35,083            | 41,236         | 35,083             | 41,236         |
| Hybrid Capital Securities   | 22,628            | 25,251         | 22,628             | 25,251         |
| Borrowings  | 2,688             | 6,074          | 2,688              | 6,074          |
| Others  | 383               | 4,730          | 383                | 4,730          |
|   | <u>1,112,865</u>  | <u>977,386</u> | <u>1,112,865</u>   | <u>977,386</u> |

|   | 1st Quarter Ended |                | Three Months Ended |                |
|---|-------------------|----------------|--------------------|----------------|
|   | 31 March          | 31 March       | 31 March           | 31 March       |
|   | 2008              | 2007           | 2008               | 2007           |
|   | RM'000            | RM'000         | RM'000             | RM'000         |
| <b><u>Bank</u></b>  |                   |                |                    |                |
| Deposits and placements of banks and other financial institutions | 50,497            | 109,369        | 50,497             | 109,369        |
| Deposits from customers   | 860,005           | 686,738        | 860,005            | 686,738        |
| Loans sold to Cagamas   | 36,351            | 4,444          | 36,351             | 4,444          |
| Subordinated notes  | 35,083            | 41,236         | 35,083             | 41,236         |
| Hybrid Capital Securities   | 22,628            | 25,251         | 22,628             | 25,251         |
| Others  | 300               | 459            | 300                | 459            |
|   | <u>1,004,864</u>  | <u>867,497</u> | <u>1,004,864</u>   | <u>867,497</u> |

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**A18. Other Operating Income**

| <b>Group</b>  | <b>1st Quarter Ended</b> |                 | <b>Three Months Ended</b> |                 |
|---|--------------------------|-----------------|---------------------------|-----------------|
|   | <b>31 March</b>          | <b>31 March</b> | <b>31 March</b>           | <b>31 March</b> |
|   | <b>2008</b>              | <b>2007</b>     | <b>2008</b>               | <b>2007</b>     |
|   | <b>RM'000</b>            | <b>RM'000</b>   | <b>RM'000</b>             | <b>RM'000</b>   |
| (a) Fee income:   |                          |                 |                           |                 |
| Commissions   | 35,757                   | 28,764          | 35,757                    | 28,764          |
| Service charges and fees                                      | 45,317                   | 47,121          | 45,317                    | 47,121          |
| Guarantee fees  | 7,461                    | 5,613           | 7,461                     | 5,613           |
| Processing fees   | 6,876                    | 3,495           | 6,876                     | 3,495           |
| Commitment fees   | 11,329                   | 9,424           | 11,329                    | 9,424           |
| Unit trust management fees                                    | 87,899                   | 55,170          | 87,899                    | 55,170          |
| Fee on sale of trust units                                    | 28,048                   | 41,461          | 28,048                    | 41,461          |
| Net brokerage and commissions<br>from stockbroking activities | 23,584                   | 26,349          | 23,584                    | 26,349          |
| Other fee income  | 8,913                    | 5,176           | 8,913                     | 5,176           |
|   | <u>255,184</u>           | <u>222,573</u>  | <u>255,184</u>            | <u>222,573</u>  |
| (b) Net gain arising from sale of securities:                 |                          |                 |                           |                 |
| - held-for-trading  | 1,407                    | 2,110           | 1,407                     | 2,110           |
| - available-for-sale  | 14,873                   | 2,044           | 14,873                    | 2,044           |
|   | <u>16,280</u>            | <u>4,154</u>    | <u>16,280</u>             | <u>4,154</u>    |
| (c) Gross dividend income from:                               |                          |                 |                           |                 |
| Securities held-for-trading                                   | 16                       | 44              | 16                        | 44              |
| Securities available-for-sale                                 | 6,980                    | 11,907          | 6,980                     | 11,907          |
| Securities held-to-maturity                                   | 47                       | 62              | 47                        | 62              |
|   | <u>7,043</u>             | <u>12,013</u>   | <u>7,043</u>              | <u>12,013</u>   |
| (d) Unrealised gain / (loss) on revaluation of:               |                          |                 |                           |                 |
| - securities held-for-trading                                 | 858                      | 4,903           | 858                       | 4,903           |
| - trading derivatives   | (18,915)                 | 40,807          | (18,915)                  | 40,807          |
|   | <u>(18,057)</u>          | <u>45,710</u>   | <u>(18,057)</u>           | <u>45,710</u>   |
| (e) Unrealised (loss) / gain on hedging<br>derivatives        | (749)                    | 932             | (749)                     | 932             |
| (f) Other income:   |                          |                 |                           |                 |
| Foreign exchange profit / (loss)                              | 96,069                   | (1,264)         | 96,069                    | (1,264)         |
| Rental income from:   |                          |                 |                           |                 |
| - investment properties                                       | 1,201                    | 1,074           | 1,201                     | 1,074           |
| - other properties  | 1,739                    | 1,792           | 1,739                     | 1,792           |
| Net gain on disposal of property and<br>equipment             | 19                       | 46              | 19                        | 46              |
| Net loss on disposal of foreclosed<br>properties              | (3,587)                  | (555)           | (3,587)                   | (555)           |
| Lease income and factoring charges                            | 44                       | 354             | 44                        | 354             |
| Others  | 202,350                  | 2,374           | 202,350                   | 2,374           |
|   | <u>297,835</u>           | <u>3,821</u>    | <u>297,835</u>            | <u>3,821</u>    |
| Total other operating income                                  | <u>557,536</u>           | <u>289,203</u>  | <u>557,536</u>            | <u>289,203</u>  |

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**A18. Other Operating Income** (continued)

|  | 1st Quarter Ended          |                            | Three Months Ended         |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 |
| <b>Bank</b>  |                            |                            |                            |                            |
| (a) Fee income:                                      |                            |                            |                            |                            |
| Commissions  | 45,710                     | 41,075                     | 45,710                     | 41,075                     |
| Service charges and fees                             | 31,132                     | 32,939                     | 31,132                     | 32,939                     |
| Guarantee fees                                       | 6,259                      | 4,921                      | 6,259                      | 4,921                      |
| Processing fees                                      | 246                        | 327                        | 246                        | 327                        |
| Commitment fees                                      | 10,545                     | 9,002                      | 10,545                     | 9,002                      |
| Other fee income                                     | 4,878                      | 3,142                      | 4,878                      | 3,142                      |
|  | <u>98,770</u>              | <u>91,406</u>              | <u>98,770</u>              | <u>91,406</u>              |
| (b) Net gain arising from sale of securities:        |                            |                            |                            |                            |
| - held-for-trading                                   | 1,236                      | 1,819                      | 1,236                      | 1,819                      |
| - available-for-sale                                 | 14,873                     | 2,044                      | 14,873                     | 2,044                      |
|  | <u>16,109</u>              | <u>3,863</u>               | <u>16,109</u>              | <u>3,863</u>               |
| (c) Gross dividend income from:                      |                            |                            |                            |                            |
| Securities held-for-trading                          | 16                         | 44                         | 16                         | 44                         |
| Securities available-for-sale                        | 6,408                      | 10,907                     | 6,408                      | 10,907                     |
| Securities held-to-maturity                          | -                          | 3                          | -                          | 3                          |
|  | <u>6,424</u>               | <u>10,954</u>              | <u>6,424</u>               | <u>10,954</u>              |
| (d) Unrealised (loss) / gain on revaluation of       |                            |                            |                            |                            |
| - securities held-for-trading                        | 862                        | 2,579                      | 862                        | 2,579                      |
| - trading derivatives                                | (41,035)                   | 39,334                     | (41,035)                   | 39,334                     |
|  | <u>(40,173)</u>            | <u>41,913</u>              | <u>(40,173)</u>            | <u>41,913</u>              |
| (e) Unrealised (loss) / gain on hedging derivatives  | <u>(1,214)</u>             | 707                        | <u>(1,214)</u>             | 707                        |
| (f) Other income:                                    |                            |                            |                            |                            |
| Foreign exchange profit                              | 131,240                    | 20,607                     | 131,240                    | 20,607                     |
| Rental income from other properties                  | 913                        | 658                        | 913                        | 658                        |
| Net gain on disposal of property and equipment (net) | 41                         | 54                         | 41                         | 54                         |
| Net loss on disposal of foreclosed properties        | (3,587)                    | (555)                      | (3,587)                    | (555)                      |
| Others   | 182,585                    | 3,489                      | 182,585                    | 3,489                      |
|  | <u>311,192</u>             | <u>24,253</u>              | <u>311,192</u>             | <u>24,253</u>              |
| Total other operating income                         | <u>391,108</u>             | <u>173,096</u>             | <u>391,108</u>             | <u>173,096</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 |
|   | 2008              | 2007     | 2008               | 2007     |
|   | RM'000            | RM'000   | RM'000             | RM'000   |
| Personnel costs                         |                   |          |                    |          |
| - Salaries, allowances and bonuses      | 223,050           | 180,257  | 223,050            | 180,257  |
| - Pension costs                         | 16,522            | 18,644   | 16,522             | 18,644   |
| - Others                                | 17,751            | 15,452   | 17,751             | 15,452   |
|   | 257,323           | 214,353  | 257,323            | 214,353  |
| <br>Establishment costs                 |                   |          |                    |          |
| - Depreciation and amortisation         | 27,184            | 25,649   | 27,184             | 25,649   |
| - Rental                                | 14,513            | 13,209   | 14,513             | 13,209   |
| - Insurance                             | 4,201             | 4,644    | 4,201              | 4,644    |
| - Water and electricity                 | 6,763             | 6,165    | 6,763              | 6,165    |
| - General repairs and maintenance       | 16,868            | 15,182   | 16,868             | 15,182   |
| - Information technology expenses       | 5,502             | 4,627    | 5,502              | 4,627    |
| - Others                                | 8,843             | 8,035    | 8,843              | 8,035    |
|   | 83,874            | 77,511   | 83,874             | 77,511   |
| <br>Marketing expenses                  |                   |          |                    |          |
| - Sales commission                      | 25,885            | 22,722   | 25,885             | 22,722   |
| - Advertisement and publicity           | 17,913            | 17,040   | 17,913             | 17,040   |
| - Others                                | 19,434            | 23,559   | 19,434             | 23,559   |
|   | 63,232            | 63,321   | 63,232             | 63,321   |
| <br>Administration and general expenses |                   |          |                    |          |
| - Communication expenses                | 14,965            | 12,011   | 14,965             | 12,011   |
| - Legal and professional fees           | 10,485            | 9,398    | 10,485             | 9,398    |
| - Others                                | 20,832            | 10,950   | 20,832             | 10,950   |
|   | 46,282            | 32,359   | 46,282             | 32,359   |
|   | 450,711           | 387,544  | 450,711            | 387,544  |
| <br><u>Bank</u>                         |                   |          |                    |          |
| Personnel costs                         |                   |          |                    |          |
| - Salaries, allowances and bonuses      | 183,300           | 144,281  | 183,300            | 144,281  |
| - Pension costs                         | 13,293            | 16,123   | 13,293             | 16,123   |
| - Others                                | 15,755            | 14,169   | 15,755             | 14,169   |
|   | 212,348           | 174,573  | 212,348            | 174,573  |
| <br>Establishment costs                 |                   |          |                    |          |
| - Depreciation and amortisation         | 20,451            | 19,644   | 20,451             | 19,644   |
| - Rental                                | 16,502            | 16,094   | 16,502             | 16,094   |
| - Insurance                             | 3,493             | 4,044    | 3,493              | 4,044    |
| - Water and electricity                 | 5,203             | 4,747    | 5,203              | 4,747    |
| - General repairs and maintenance       | 15,704            | 13,643   | 15,704             | 13,643   |
| - Information technology expenses       | 3,495             | 2,574    | 3,495              | 2,574    |
| - Others                                | 5,518             | 4,806    | 5,518              | 4,806    |
|   | 70,366            | 65,552   | 70,366             | 65,552   |
| <br>Marketing expenses                  |                   |          |                    |          |
| - Advertisement and publicity           | 8,450             | 6,249    | 8,450              | 6,249    |
| - Others                                | 10,269            | 15,399   | 10,269             | 15,399   |
|   | 18,719            | 21,648   | 18,719             | 21,648   |
| <br>Administration and general expenses |                   |          |                    |          |
| - Communication expenses                | 11,450            | 10,020   | 11,450             | 10,020   |
| - Legal and professional fees           | 8,906             | 8,536    | 8,906              | 8,536    |
| - Others                                | 16,092            | 8,955    | 16,092             | 8,955    |
|   | 36,448            | 27,511   | 36,448             | 27,511   |
|   | 337,881           | 289,284  | 337,881            | 289,284  |



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**A20. Allowance for Losses on Loans, Advances and Financing**

|   | 1st Quarter Ended |               | Three Months Ended |               |
|---|-------------------|---------------|--------------------|---------------|
|   | 31 March          | 31 March      | 31 March           | 31 March      |
|   | 2008              | 2007          | 2008               | 2007          |
|   | RM'000            | RM'000        | RM'000             | RM'000        |
| <b><u>Group</u></b>                                 |                   |               |                    |               |
| Allowance for bad and doubtful debts and financing: |                   |               |                    |               |
| - general allowance (net)                           | 62,050            | 56,479        | 62,050             | 56,479        |
| - specific allowance                                | 138,933           | 98,607        | 138,933            | 98,607        |
| - specific allowance written back                   | (20,380)          | (21,551)      | (20,380)           | (21,551)      |
| Bad debts recovered from stock broking activities   | (9)               | -             | (9)                | -             |
| Bad debts and financing written off                 | 42                | 248           | 42                 | 248           |
| Bad debts and financing recovered                   | (36,250)          | (42,084)      | (36,250)           | (42,084)      |
|   | <u>144,386</u>    | <u>91,699</u> | <u>144,386</u>     | <u>91,699</u> |

|   | 1st Quarter Ended |               | Three Months Ended |               |
|---|-------------------|---------------|--------------------|---------------|
|   | 31 March          | 31 March      | 31 March           | 31 March      |
|   | 2008              | 2007          | 2008               | 2007          |
|   | RM'000            | RM'000        | RM'000             | RM'000        |
| <b><u>Bank</u></b>                                  |                   |               |                    |               |
| Allowance for bad and doubtful debts and financing: |                   |               |                    |               |
| - general allowance (net)                           | 73,197            | 50,232        | 73,197             | 50,232        |
| - specific allowance                                | 100,666           | 75,148        | 100,666            | 75,148        |
| - specific allowance written back                   | (20,373)          | (20,887)      | (20,373)           | (20,887)      |
| Bad debts and financing written off                 | 42                | 248           | 42                 | 248           |
| Bad debts and financing recovered                   | (24,956)          | (33,252)      | (24,956)           | (33,252)      |
|   | <u>128,576</u>    | <u>71,489</u> | <u>128,576</u>     | <u>71,489</u> |

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

**By Business Segments**

|   | 1st Quarter Ended<br>31 March 2008 |  | Three Months Ended<br>31 March 2008 |  | Total<br>Assets<br>RM'000 |
|---|------------------------------------|--|-------------------------------------|--|---------------------------|
|   | Operating<br>Revenue<br>RM'000     | Profit Before<br>Tax Expense<br>RM'000 | Operating<br>Revenue<br>RM'000      | Profit Before<br>Tax Expense<br>RM'000 |                           |
| <b><u>Group</u></b>   |                                    |  |                                     |  |                           |
| Retail operations   | 1,587,100                          | 792,362                                | 1,587,100                           | 792,362                                | 94,362,838                |
| Corporate lending   | 180,910                            | (5,565)                                | 180,910                             | (5,565)                                | 13,788,909                |
| Treasury and capital market operations                                | 789,695                            | 161,304                                | 789,695                             | 161,304                                | 61,666,881                |
| Investment banking  | 66,128                             | 18,525                                 | 66,128                              | 18,525                                 | 4,880,200                 |
| Fund management   | 116,089                            | 44,862                                 | 116,089                             | 44,862                                 | 459,737                   |
| Others  | 1,342                              | 2,677                                  | 1,342                               | 2,677                                  | 188,079                   |
|   | <u>2,741,264</u>                   | <u>1,014,165</u>                       | <u>2,741,264</u>                    | <u>1,014,165</u>                       | <u>175,346,644</u>        |
| Inter-segment elimination   | (105,252)                          | -                                      | (105,252)                           | -                                      | -                         |
|   | <u>2,636,012</u>                   | <u>1,014,165</u>                       | <u>2,636,012</u>                    | <u>1,014,165</u>                       | <u>175,346,644</u>        |
| Unallocated expenses  | -                                  | (46,797)                               | -                                   | (46,797)                               | -                         |
| Share of profit after tax of equity<br>accounted associated companies | -                                  | 3,264                                  | -                                   | 3,264                                  | -                         |
| Intangible assets   | -                                  | -                                      | -                                   | -                                      | 1,973,364                 |
| Unallocated assets  | -                                  | -                                      | -                                   | -                                      | 733,036                   |
| Investment in associated companies                                    | -                                  | -                                      | -                                   | -                                      | 46,053                    |
|   | <u><u>2,636,012</u></u>            | <u><u>970,632</u></u>                  | <u><u>2,636,012</u></u>             | <u><u>970,632</u></u>                  | <u><u>178,099,097</u></u> |

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

|   | 1st Quarter Ended<br>31 March 2007 |  | Three Months Ended<br>31 March 2007 |  | Total<br>Assets<br>RM'000 |
|---|------------------------------------|--|-------------------------------------|--|---------------------------|
|   | Operating<br>Revenue<br>RM'000     | Profit Before<br>Tax Expense<br>RM'000 | Operating<br>Revenue<br>RM'000      | Profit Before<br>Tax Expense<br>RM'000 |                           |
| <b><u>Group</u></b>   |                                    |  |                                     |  |                           |
| 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   | 96,777                             | 32,915                                 | 96,777                              | 32,915                                 | 769,528                   |
| Others  | 1,021                              | 1,689                                  | 1,021                               | 1,689                                  | 202,812                   |
|   | <u>2,205,807</u>                   | <u>715,095</u>                         | <u>2,205,807</u>                    | <u>715,095</u>                         | <u>154,736,912</u>        |
| Inter-segment elimination   | <u>(59,587)</u>                    | <u>-</u>                               | <u>(59,587)</u>                     | <u>-</u>                               | <u>-</u>                  |
|   | 2,146,220                          | 715,095                                | 2,146,220                           | 715,095                                | 154,736,912               |
| Unallocated expenses  | -                                  | (41,041)                               | -                                   | (41,041)                               | -                         |
| Share of profit after tax of equity<br>accounted associated companies | -                                  | 1,214                                  | -                                   | 1,214                                  | -                         |
| Intangible assets   | -                                  | -                                      | -                                   | -                                      | 2,061,479                 |
| Unallocated assets  | -                                  | -                                      | -                                   | -                                      | 467,556                   |
| Investment in associated companies                                    | -                                  | -                                      | -                                   | -                                      | 45,938                    |
|   | <u>2,146,220</u>                   | <u>675,268</u>                         | <u>2,146,220</u>                    | <u>675,268</u>                         | <u>157,311,885</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**

| <b><u>Group</u></b>         | <b>1st Quarter Ended</b>            |   | <b>Three Months Ended</b>           |   | <b>Total Assets<br/>RM'000</b> |
|-----------------------------|-------------------------------------|---|-------------------------------------|---|--------------------------------|
|                             | <b>Operating Revenue<br/>RM'000</b> | <b>Profit Before Tax Expense<br/>RM'000</b> | <b>Operating Revenue<br/>RM'000</b> | <b>Profit Before Tax Expense<br/>RM'000</b> |                                |
| <b><u>31 March 2008</u></b> |                                     |   |                                     |   |                                |
| Malaysia                    | 2,352,732                           | 872,570                                     | 2,352,732                           | 872,570                                     | 162,837,307                    |
| Outside Malaysia            | 283,280                             | 98,062                                      | 283,280                             | 98,062                                      | 15,261,790                     |
|                             | <u>2,636,012</u>                    | <u>970,632</u>                              | <u>2,636,012</u>                    | <u>970,632</u>                              | <u>178,099,097</u>             |
| <b><u>31 March 2007</u></b> |                                     |   |                                     |   |                                |
| Malaysia                    | 1,909,542                           | 590,672                                     | 1,909,542                           | 590,672                                     | 145,394,251                    |
| Outside Malaysia            | 236,678                             | 84,596                                      | 236,678                             | 84,596                                      | 11,917,634                     |
|                             | <u>2,146,220</u>                    | <u>675,268</u>                              | <u>2,146,220</u>                    | <u>675,268</u>                              | <u>157,311,885</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. Subsequent Events**

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

**A23. Changes in the Composition of the Group**

There were no significant changes in the composition of the Group during the 1st quarter ended 31 March 2008.

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**A24. 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<br>31 March 2008       |  |                                      | As at<br>31 December 2007    |  |                                      |
|--|------------------------------|--|--------------------------------------|------------------------------|--|--------------------------------------|
|  | Notional<br>Amount<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk<br>Weighted<br>Amount<br>RM'000 | Notional<br>Amount<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk<br>Weighted<br>Amount<br>RM'000 |
| Direct credit substitutes  | 1,593,203                    | 1,593,203                                | 1,286,235                            | 1,362,071                    | 1,362,071                                | 787,538                              |
| Transaction-related contingent items   | 516,764                      | 258,382                                  | 147,429                              | 520,122                      | 260,061                                  | 165,025                              |
| Short-term self-liquidating trade-related contingencies  | 702,473                      | 140,495                                  | 86,298                               | 675,466                      | 135,093                                  | 110,918                              |
| Assets sold with recourse  | 971,376                      | 971,376                                  | 257,642                              | 967,643                      | 967,643                                  | 198,835                              |
| Forward asset purchases  | 354,366                      | 354,366                                  | 23,125                               | 36,413                       | 36,413                                   | 21,262                               |
| Obligations under an on-going underwriting agreement   | 85,000                       | 42,500                                   | 42,500                               | 201,648                      | 159,148                                  | 159,148                              |
| Foreign exchange related contracts:  |                              |  |                                      |                              |  |                                      |
| - less than one year   | 13,758,340                   | 210,578                                  | 65,121                               | 8,614,768                    | 128,072                                  | 28,975                               |
| Interest rate related contracts:   |                              |  |                                      |                              |  |                                      |
| - less than one year   | 330,458                      | 580                                      | 116                                  | 318,357                      | 468                                      | 94                                   |
| - one year to less than five years   | 3,672,749                    | 184,906                                  | 58,585                               | 3,804,644                    | 93,826                                   | 18,765                               |
| - five years and above   | 3,296,905                    | 309,709                                  | 102,562                              | 2,968,978                    | 220,325                                  | 44,065                               |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: |                              |  |                                      |                              |  |                                      |
| - exceeding one year   | 9,657,831                    | 4,828,916                                | 3,915,008                            | 4,873,728                    | 2,436,864                                | 2,166,834                            |
| - not exceeding one year   | 12,610,046                   | 2,522,009                                | 2,089,429                            | 13,825,529                   | -  | -                                    |
| Unutilised credit card lines   | 2,719,657                    | 543,931                                  | 407,949                              | 2,638,103                    | -  | -                                    |
|  | <b>50,269,168</b>            | <b>11,960,951</b>                        | <b>8,481,999</b>                     | <b>40,807,470</b>            | <b>5,799,984</b>                         | <b>3,701,459</b>                     |

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**A24. Commitments and Contingencies** (continued)

| <u>Bank</u>  | As at<br>31 March 2008       |  |                                      | As at<br>31 December 2007    |  |                                      |
|--|------------------------------|--|--------------------------------------|------------------------------|--|--------------------------------------|
|  | Notional<br>Amount<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk<br>Weighted<br>Amount<br>RM'000 | Notional<br>Amount<br>RM'000 | Credit<br>Equivalent<br>Amount<br>RM'000 | Risk<br>Weighted<br>Amount<br>RM'000 |
| Direct credit substitutes  | 1,480,076                    | 1,480,076                                | 1,258,166                            | 1,240,028                    | 1,240,028                                | 752,948                              |
| Transaction-related contingent items   | 499,102                      | 249,551                                  | 140,915                              | 467,985                      | 233,993                                  | 159,569                              |
| Short-term self-liquidating trade-related contingencies  | 467,509                      | 93,502                                   | 41,962                               | 479,284                      | 95,857                                   | 90,645                               |
| Assets sold with recourse  | 971,376                      | 971,376                                  | 257,642                              | 967,643                      | 967,643                                  | 212,814                              |
| Forward asset purchases  | 238,740                      | 238,740                                  | -                                    | -                            | -  | -                                    |
| Obligations under an on-going underwriting agreement   | 75,000                       | 37,500                                   | 37,500                               | 75,000                       | 37,500                                   | 37,500                               |
| Foreign exchange related contracts:  |                              |  |                                      |                              |  |                                      |
| - less than one year   | 11,258,997                   | 169,506                                  | 56,906                               | 7,757,992                    | 120,020                                  | 27,307                               |
| Interest rate related contracts:   |                              |  |                                      |                              |  |                                      |
| - less than one year   | 166,218                      | 416                                      | 83                                   | 148,793                      | 298                                      | 60                                   |
| - one year to less than five years   | 3,414,546                    | 181,045                                  | 57,620                               | 3,557,529                    | 90,033                                   | 18,007                               |
| - five years and above   | 3,037,988                    | 293,226                                  | 99,267                               | 2,935,913                    | 218,010                                  | 43,602                               |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: |                              |  |                                      |                              |  |                                      |
| - exceeding one year   | 9,451,056                    | 4,725,528                                | 3,812,420                            | 4,562,584                    | 2,281,292                                | 2,011,262                            |
| - not exceeding one year   | 10,856,598                   | 2,171,320                                | 1,787,539                            | 11,978,248                   | -  | -                                    |
| Unutilised credit card lines   | 2,590,648                    | 518,130                                  | 388,597                              | 2,519,144                    | -  | -                                    |
|  | <u>44,507,854</u>            | <u>11,129,916</u>                        | <u>7,938,617</u>                     | <u>36,690,143</u>            | <u>5,284,674</u>                         | <u>3,353,714</u>                     |

\* With effect from 1 January 2008, the credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors as defined in Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach (Basel II).

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**A25. Off-Balance Sheet Financial Instruments**

Details of financial instruments with off-balance sheet risk as at 31 March 2008:

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

**Group**

| Items                                     | Principal Amount<br>RM'000 | 1 month or less<br>RM'000 | >1 - 3 months<br>RM'000 | >3 - 6 months<br>RM'000 | >6 - 12 months<br>RM'000 | 1 - 5 years<br>RM'000 | >5 years<br>RM'000 |
|---|----------------------------|---------------------------|-------------------------|-------------------------|--------------------------|-----------------------|--------------------|
| <b>Foreign exchange related contracts</b> |                            |                           |                         |                         |                          |                       |                    |
| - forwards                                | 3,356,711                  | 1,064,500                 | 857,365                 | 1,137,962               | 296,884                  | -                     | -                  |
| - swaps                                   | 10,401,629                 | 5,205,758                 | 2,720,763               | 2,288,025               | 187,083                  | -                     | -                  |
| Sub total                                 | 13,758,340                 | 6,270,258                 | 3,578,128               | 3,425,987               | 483,967                  | -                     | -                  |
| <b>Interest rate related contracts</b>    |                            |                           |                         |                         |                          |                       |                    |
| - forwards                                | 15,982                     | -                         | -                       | -                       | -                        | 15,982                | -                  |
| - swaps                                   | 7,284,130                  | 965,343                   | 4,528,747               | 1,790,040               | -                        | -                     | -                  |
| Sub total                                 | 7,300,112                  | 965,343                   | 4,528,747               | 1,790,040               | -                        | 15,982                | -                  |
| <b>Total</b>                              | <b>21,058,452</b>          | <b>7,235,601</b>          | <b>8,106,875</b>        | <b>5,216,027</b>        | <b>483,967</b>           | <b>15,982</b>         | <b>-</b>           |

**Bank**

| Items                                     | Principal Amount<br>RM'000 | 1 month or less<br>RM'000 | >1 - 3 months<br>RM'000 | >3 - 6 months<br>RM'000 | >6 - 12 months<br>RM'000 | 1 - 5 years<br>RM'000 | >5 years<br>RM'000 |
|---|----------------------------|---------------------------|-------------------------|-------------------------|--------------------------|-----------------------|--------------------|
| <b>Foreign exchange related contracts</b> |                            |                           |                         |                         |                          |                       |                    |
| - forwards                                | 2,544,329                  | 834,673                   | 857,365                 | 836,016                 | 16,275                   | -                     | -                  |
| - swaps                                   | 8,714,668                  | 5,001,513                 | 1,852,821               | 1,801,010               | 59,324                   | -                     | -                  |
| Sub total                                 | 11,258,997                 | 5,836,186                 | 2,710,186               | 2,637,026               | 75,599                   | -                     | -                  |
| <b>Interest rate related contracts</b>    |                            |                           |                         |                         |                          |                       |                    |
| - swaps                                   | 6,618,752                  | 725,605                   | 4,135,072               | 1,758,075               | -                        | -                     | -                  |
| Sub total                                 | 6,618,752                  | 725,605                   | 4,135,072               | 1,758,075               | -                        | -                     | -                  |
| <b>Total</b>                              | <b>17,877,749</b>          | <b>6,561,791</b>          | <b>6,845,258</b>        | <b>4,395,101</b>        | <b>75,599</b>            | <b>-</b>              | <b>-</b>           |

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



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**A25. Off-Balance Sheet Financial Instruments (continued)**

**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 2008, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM2,117,056,000 (31 December 2007 : RM907,520,000).

**Credit Risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 March 2008, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM59,551,000 (31 December 2007 : RM48,792,000) and RM56,571,000 (31 December 2007 : RM47,693,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Related Accounting Policies**

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

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

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

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

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**A25. Off-Balance Sheet Financial Instruments (continued)**

Fair value hedge

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

Cash flow hedge

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

Net investment hedge

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

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**A26. Interest / Profit Rate Risk**

| Group<br>As at 31 March 2008  | Non trading book           |                             |                              |                            |                            |                            |                            |                           | Non-<br>interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000    | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|---------------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 |   |                           |                    |                                    |
| <b>ASSETS</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| Cash and short-term funds   | 33,824,447                 | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 1,282,029                               | -                         | 35,106,476         | 3.59                               |
| Deposits and placements with<br>banks and other financial<br>institutions | 5,563                      | 1,112,185                   | 642,147                      | -                          | -                          | -                          | -                          | -                         | 252,266                                 | -                         | 2,012,161          | 4.12                               |
| Securities purchased under resale<br>agreements                           | 5,842,692                  | 7,056,429                   | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | 12,899,121         | 3.54                               |
| Securities held-for-trading   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | 7,822,277                 | 7,822,277          | 3.61                               |
| Securities available-for-sale   | -                          | -                           | 171,000                      | 554,786                    | 115,447                    | 383,313                    | 329,718                    | 1,505,868                 | 1,507,838                               | 97,010                    | 4,664,980          | 4.30                               |
| Securities held-to-maturity   | 1,034,139                  | 936,181                     | 678,306                      | 181,498                    | -                          | 15,018                     | 69,456                     | 61,366                    | 88,072                                  | -                         | 3,064,036          | 3.66                               |
| Loans, advances and financing   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| - performing  | 64,515,348                 | 6,211,862                   | 8,941,371                    | 6,812,122                  | 5,379,970                  | 4,163,284                  | 3,126,658                  | 6,518,067                 | -                                       | -                         | 105,668,682        | 6.28                               |
| - non-performing *  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | (422,665)                               | -                         | (422,665)          | -                                  |
| - Islamic house financing sold<br>sold to Cagamas                         | (210,002)                  | (200,001)                   | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | (410,003)          | 3.73                               |
| Other non-interest sensitive<br>balances                                  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 7,621,723                               | 72,309                    | 7,694,032          | -                                  |
| <b>TOTAL ASSETS</b>   | <b>105,012,187</b>         | <b>15,116,656</b>           | <b>10,432,824</b>            | <b>7,548,406</b>           | <b>5,495,417</b>           | <b>4,561,615</b>           | <b>3,525,832</b>           | <b>8,085,301</b>          | <b>10,329,263</b>                       | <b>7,991,596</b>          | <b>178,099,097</b> |                                    |

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**A26. Interest / Profit Rate Risk (continued)**

| Group<br>As at 31 March 2008  | Non trading book           |                             |                              |                            |                            |                            |                            |                           |   | Trading<br>book<br>RM'000 | Total<br>RM'000    | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|---------------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                           |                    |                                    |
| <b>LIABILITIES AND EQUITY</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| Deposits from customers   | 82,356,953                 | 24,061,341                  | 22,302,166                   | 150,664                    | 114,858                    | 101,069                    | 227,271                    | 15,649                    | 15,170,346                              | -                         | 144,500,317        | 3.15                               |
| Deposits and placements of<br>banks and other financial<br>institutions | 6,334,557                  | 2,753,010                   | 60,454                       | 20,686                     | -                          | -                          | -                          | -                         | 160,576                                 | -                         | 9,329,283          | 3.59                               |
| Bills and acceptances payable   | 767,347                    | 1,221,090                   | 465,846                      | -                          | -                          | -                          | -                          | -                         | 712,277                                 | -                         | 3,166,560          | 3.62                               |
| Recourse obligations on loans<br>sold to Cagamas                        | 16,743                     | 333,496                     | 3,327,481                    | 11,278                     | 1,468                      | -                          | -                          | -                         | -                                       | -                         | 3,690,466          | 3.72                               |
| Borrowings  | 379,800                    | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | 379,800            | 2.21                               |
| Subordinated notes  | -                          | -                           | -                            | 1,151,041                  | -                          | -                          | 1,317,736                  | -                         | -                                       | -                         | 2,468,777          | 4.59                               |
| Hybrid capital securities   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | 1,889,233                 | -                                       | -                         | 1,889,233          | 4.44                               |
| Other non-interest sensitive<br>balances                                | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 3,175,897                               | 111,828                   | 3,287,725          | -                                  |
| <b>Total Liabilities</b>  | <b>89,855,400</b>          | <b>28,368,937</b>           | <b>26,155,947</b>            | <b>1,333,669</b>           | <b>116,326</b>             | <b>101,069</b>             | <b>1,545,007</b>           | <b>1,904,882</b>          | <b>19,219,096</b>                       | <b>111,828</b>            | <b>168,712,161</b> |                                    |
| Equity attributable to equity<br>holders of the Bank                    | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 8,757,697                               | -                         | 8,757,697          | -                                  |
| Minority interests  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 629,239                                 | -                         | 629,239            | -                                  |
| <b>Total Liabilities and Equity</b>                                     | <b>89,855,400</b>          | <b>28,368,937</b>           | <b>26,155,947</b>            | <b>1,333,669</b>           | <b>116,326</b>             | <b>101,069</b>             | <b>1,545,007</b>           | <b>1,904,882</b>          | <b>28,606,032</b>                       | <b>111,828</b>            | <b>178,099,097</b> |                                    |
| On-balance sheet interest<br>sensitivity gap                            | 15,156,787                 | (13,252,281)                | (15,723,123)                 | 6,214,737                  | 5,379,091                  | 4,460,546                  | 1,980,825                  | 6,180,419                 | (18,276,769)                            | 7,879,768                 | -                  |                                    |
| Off-balance sheet interest<br>sensitivity gap (interest rate<br>swaps)  | 965,344                    | (592,693)                   | (1,892,328)                  | 594,577                    | (108,681)                  | (335,633)                  | 987,718                    | 381,696                   | -                                       | -                         | -                  |                                    |
| <b>Total interest sensitivity gap</b>                                   | <b>16,122,131</b>          | <b>(13,844,974)</b>         | <b>(17,615,451)</b>          | <b>6,809,314</b>           | <b>5,270,410</b>           | <b>4,124,913</b>           | <b>2,968,543</b>           | <b>6,562,115</b>          | <b>(18,276,769)</b>                     | <b>7,879,768</b>          | <b>-</b>           |                                    |

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

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**A26. Interest / Profit Rate Risk (continued)**

| Group<br>As at 31 December 2007   | Non trading book           |                             |                              |                            |                            |                            |                            |                           | Non-<br>interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000    | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|---------------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 |   |                           |                    |                                    |
| <b>ASSETS</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| Cash and short-term funds   | 34,357,299                 | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 1,191,489                               | -                         | 35,548,788         | 3.80                               |
| Deposits and placements with<br>banks and other financial<br>institutions | 5,821                      | 1,911,878                   | 513,990                      | -                          | -                          | -                          | -                          | -                         | 252,084                                 | -                         | 2,683,773          | 5.05                               |
| Securities purchased under resale<br>agreements                           | 5,328,081                  | 7,395,409                   | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | 12,723,490         | 3.52                               |
| Securities held-for-trading   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | 8,061,927                 | 8,061,927          | 3.66                               |
| Securities available-for-sale   | 51,074                     | -                           | 100,269                      | 621,358                    | 117,921                    | 380,835                    | 291,669                    | 1,103,640                 | 1,340,210                               | 74,345                    | 4,081,321          | 5.57                               |
| Securities held-to-maturity   | 882,173                    | 1,327,708                   | 1,167,428                    | 261,789                    | -                          | 14,862                     | 69,850                     | 60,506                    | 88,079                                  | -                         | 3,872,395          | 3.77                               |
| Loans, advances and financing   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| - performing  | 58,850,731                 | 5,038,905                   | 9,873,179                    | 7,062,926                  | 5,159,824                  | 4,233,608                  | 3,005,290                  | 6,786,696                 | -                                       | -                         | 100,011,159        | 6.45                               |
| - non-performing *  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | (273,163)                               | -                         | (273,163)          | -                                  |
| - Islamic house financing sold<br>sold to Cagamas                         | -                          | -                           | (410,003)                    | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | (410,003)          | 3.73                               |
| Other non-interest sensitive<br>balances                                  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 7,789,644                               | 65,856                    | 7,855,500          | -                                  |
| <b>TOTAL ASSETS</b>   | <b>99,475,179</b>          | <b>15,673,900</b>           | <b>11,244,863</b>            | <b>7,946,073</b>           | <b>5,277,745</b>           | <b>4,629,305</b>           | <b>3,366,809</b>           | <b>7,950,842</b>          | <b>10,388,343</b>                       | <b>8,202,128</b>          | <b>174,155,187</b> |                                    |

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**A26. Interest / Profit Rate Risk (continued)**

| Group<br>As at 31 December 2007   | Non trading book           |                             |                              |                            |                            |                            |                            |                           |   | Trading<br>book<br>RM'000 | Total<br>RM'000    | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|---------------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                           |                    |                                    |
| <b>LIABILITIES AND EQUITY</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| Deposits from customers   | 78,561,261                 | 23,844,494                  | 21,332,733                   | 187,445                    | 31,247                     | 74,509                     | 190,048                    | 22,874                    | 14,519,960                              | -                         | 138,764,571        | 3.25                               |
| Deposits and placements of<br>banks and other financial<br>institutions | 8,193,015                  | 2,003,199                   | 68,467                       | -                          | -                          | -                          | -                          | -                         | 173,437                                 | -                         | 10,438,118         | 4.47                               |
| Obligations on securities sold<br>under repurchase agreements           | 2,279                      | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | 2,279              | 14.31                              |
| Bills and acceptances payable   | 805,940                    | 1,177,689                   | 416,712                      | -                          | -                          | -                          | -                          | -                         | 1,051,955                               | -                         | 3,452,296          | 3.62                               |
| Recourse obligations on loans<br>sold to Cagamas                        | 9,804                      | 3,585,374                   | 345,508                      | 14,271                     | 1,447                      | -                          | -                          | -                         | -                                       | -                         | 3,956,404          | 3.73                               |
| Borrowings  | 349,730                    | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | 349,730            | 3.78                               |
| Subordinated notes  | -                          | -                           | -                            | 1,164,266                  | -                          | -                          | 1,304,305                  | -                         | -                                       | -                         | 2,468,571          | 5.79                               |
| Hybrid capital securities   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | 1,855,854                 | -                                       | -                         | 1,855,854          | 5.26                               |
| Other non-interest sensitive<br>balances                                | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 2,826,008                               | 62,933                    | 2,888,941          | -                                  |
| <b>Total Liabilities</b>  | <b>87,922,029</b>          | <b>30,610,756</b>           | <b>22,163,420</b>            | <b>1,365,982</b>           | <b>32,694</b>              | <b>74,509</b>              | <b>1,494,353</b>           | <b>1,878,728</b>          | <b>18,571,360</b>                       | <b>62,933</b>             | <b>164,176,764</b> |                                    |
| Equity attributable to equity<br>holders of the Bank                    | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 9,342,174                               | -                         | 9,342,174          | -                                  |
| Minority interests  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 636,249                                 | -                         | 636,249            | -                                  |
| <b>Total Liabilities and Equity</b>                                     | <b>87,922,029</b>          | <b>30,610,756</b>           | <b>22,163,420</b>            | <b>1,365,982</b>           | <b>32,694</b>              | <b>74,509</b>              | <b>1,494,353</b>           | <b>1,878,728</b>          | <b>28,549,783</b>                       | <b>62,933</b>             | <b>174,155,187</b> |                                    |
| On-balance sheet interest<br>sensitivity gap                            | 11,553,150                 | (14,936,856)                | (10,918,557)                 | 6,580,091                  | 5,245,051                  | 4,554,796                  | 1,872,456                  | 6,072,114                 | (18,161,440)                            | 8,139,195                 | -                  | -                                  |
| Off-balance sheet interest<br>sensitivity gap (interest rate<br>swaps)  | 800,173                    | (1,605,464)                 | (1,103,438)                  | 559,936                    | (112,421)                  | (347,183)                  | 1,054,774                  | 753,623                   | -                                       | -                         | -                  | -                                  |
| <b>Total interest sensitivity gap</b>                                   | <b>12,353,323</b>          | <b>(16,542,320)</b>         | <b>(12,021,995)</b>          | <b>7,140,027</b>           | <b>5,132,630</b>           | <b>4,207,613</b>           | <b>2,927,230</b>           | <b>6,825,737</b>          | <b>(18,161,440)</b>                     | <b>8,139,195</b>          | <b>-</b>           | <b>-</b>                           |

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

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**A26. Interest / Profit Rate Risk (continued)**

| <b>Bank</b>   | Non trading book           |                             |                              |                            |                            |                            |                            |                           |   | Trading<br>book<br>RM'000 | Total<br>RM'000    | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|---------------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                           |                    |                                    |
| <b>As at 31 March 2008</b>  |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| <b>ASSETS</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| Cash and short-term funds   | 30,831,165                 | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 1,180,196                               | -                         | 32,011,361         | 3.58                               |
| Deposits and placements with<br>banks and other financial<br>institutions | -                          | 1,945,064                   | 724,371                      | -                          | -                          | -                          | -                          | -                         | 252,266                                 | -                         | 2,921,701          | 3.78                               |
| Securities purchased under resale<br>agreements                           | 5,314,608                  | 6,872,611                   | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | 12,187,219         | 3.55                               |
| Securities held-for-trading   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | 7,776,885                 | 7,776,885          | 3.60                               |
| Securities available-for-sale   | -                          | -                           | 171,000                      | 366,768                    | 115,447                    | 310,324                    | 329,718                    | 1,239,168                 | 1,391,602                               | 63,600                    | 3,987,627          | 4.12                               |
| Securities held-to-maturity   | 126,319                    | 199,283                     | 322,260                      | 173,304                    | -                          | 15,018                     | 69,456                     | 61,366                    | 87,619                                  | -                         | 1,054,625          | 3.82                               |
| Loans, advances and financing   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| - performing  | 57,790,746                 | 4,945,697                   | 7,885,907                    | 6,252,993                  | 5,011,891                  | 3,973,624                  | 3,034,675                  | 6,434,117                 | -                                       | -                         | 95,329,650         | 6.18                               |
| - non-performing *  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | (326,654)                               | -                         | (326,654)          | -                                  |
| - Islamic house financing sold<br>sold to Cagamas                         | (210,002)                  | (200,001)                   | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | (410,003)          | 3.73                               |
| Other non-interest sensitive<br>balances                                  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 7,530,315                               | 69,307                    | 7,599,622          | -                                  |
| <b>TOTAL ASSETS</b>   | <b>93,852,836</b>          | <b>13,762,654</b>           | <b>9,103,538</b>             | <b>6,793,065</b>           | <b>5,127,338</b>           | <b>4,298,966</b>           | <b>3,433,849</b>           | <b>7,734,651</b>          | <b>10,115,344</b>                       | <b>7,909,792</b>          | <b>162,132,033</b> |                                    |

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**A26. Interest / Profit Rate Risk (continued)**

| Bank<br>As at 31 March 2008   | Non trading book           |                             |                              |                            |                            |                            |                            |                           |   | Trading<br>book<br>RM'000 | Total<br>RM'000    | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|---------------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                           |                    |                                    |
| <b>LIABILITIES AND EQUITY</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| Deposits from customers   | 73,656,991                 | 21,218,645                  | 22,020,594                   | 425,907                    | 114,711                    | 101,069                    | 227,271                    | 15,649                    | 14,739,936                              | -                         | 132,520,773        | 3.16                               |
| Deposits and placements of<br>banks and other financial<br>institutions | 4,931,109                  | 2,255,604                   | 15,658                       | -                          | -                          | -                          | -                          | -                         | 149,441                                 | -                         | 7,351,812          | 3.61                               |
| Bills and acceptances payable   | 767,347                    | 1,221,090                   | 465,846                      | -                          | -                          | -                          | -                          | -                         | 712,277                                 | -                         | 3,166,560          | 3.62                               |
| Recourse obligations on loans<br>sold to Cagamas                        | 16,743                     | 333,496                     | 3,327,481                    | 11,278                     | 1,468                      | -                          | -                          | -                         | -                                       | -                         | 3,690,466          | 3.72                               |
| Subordinated notes  | -                          | -                           | -                            | 1,151,041                  | -                          | -                          | 1,317,736                  | -                         | -                                       | -                         | 2,468,777          | 4.59                               |
| Hybrid capital securities   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | 1,889,233                 | -                                       | -                         | 1,889,233          | 4.44                               |
| Other non-interest sensitive<br>balances                                | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 2,231,773                               | 108,694                   | 2,340,467          | -                                  |
| <b>Total Liabilities</b>  | <b>79,372,190</b>          | <b>25,028,835</b>           | <b>25,829,579</b>            | <b>1,588,226</b>           | <b>116,179</b>             | <b>101,069</b>             | <b>1,545,007</b>           | <b>1,904,882</b>          | <b>17,833,427</b>                       | <b>108,694</b>            | <b>153,428,088</b> |                                    |
| Equity attributable to equity<br>holders of the Bank                    | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 8,703,945                               | -                         | 8,703,945          | -                                  |
| <b>Total Liabilities and Equity</b>                                     | <b>79,372,190</b>          | <b>25,028,835</b>           | <b>25,829,579</b>            | <b>1,588,226</b>           | <b>116,179</b>             | <b>101,069</b>             | <b>1,545,007</b>           | <b>1,904,882</b>          | <b>26,537,372</b>                       | <b>108,694</b>            | <b>162,132,033</b> |                                    |
| On-balance sheet interest<br>sensitivity gap                            | 14,480,646                 | (11,266,181)                | (16,726,041)                 | 5,204,839                  | 5,011,159                  | 4,197,897                  | 1,888,842                  | 5,829,769                 | (16,422,028)                            | 7,801,098                 | -                  |                                    |
| Off-balance sheet interest<br>sensitivity gap (interest rate<br>swaps)  | 725,606                    | (822,128)                   | (1,924,293)                  | 772,868                    | (108,681)                  | (271,703)                  | 987,718                    | 640,613                   | -                                       | -                         | -                  |                                    |
| <b>Total interest sensitivity gap</b>                                   | <b>15,206,252</b>          | <b>(12,088,309)</b>         | <b>(18,650,334)</b>          | <b>5,977,707</b>           | <b>4,902,478</b>           | <b>3,926,194</b>           | <b>2,876,560</b>           | <b>6,470,382</b>          | <b>(16,422,028)</b>                     | <b>7,801,098</b>          | <b>-</b>           |                                    |

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



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**A26. Interest / Profit Rate Risk (continued)**

| <b>Bank</b>   | Non trading book           |                             |                              |                            |                            |                            |                            |                           |   | Trading<br>book  | Total              | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                  |                    |                                    |
| <b>As at 31 December 2007</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                  |                    |                                    |
| <b>ASSETS</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                  |                    |                                    |
| Cash and short-term funds   | 31,607,242                 | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 998,905                                 | -                | 32,606,147         | 3.73                               |
| Deposits and placements with<br>banks and other financial<br>institutions | -                          | 2,362,592                   | 454,488                      | -                          | -                          | -                          | -                          | -                         | 252,086                                 | -                | 3,069,166          | 4.99                               |
| Securities purchased under resale<br>agreements                           | 4,945,822                  | 7,060,775                   | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                | 12,006,597         | 3.52                               |
| Securities held-for-trading   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | 8,051,599        | 8,051,599          | 3.66                               |
| Securities available-for-sale   | 51,074                     | -                           | 100,269                      | 432,911                    | 117,921                    | 308,320                    | 291,669                    | 1,071,686                 | 1,237,774                               | 37,238           | 3,648,862          | 5.53                               |
| Securities held-to-maturity   | 33,183                     | 603,102                     | 565,396                      | 253,334                    | -                          | 14,862                     | 69,850                     | 60,506                    | 87,772                                  | -                | 1,688,005          | 3.82                               |
| Loans, advances and financing   |                            |                             |                              |                            |                            |                            |                            |                           |   |                  |                    |                                    |
| - performing  | 52,681,532                 | 3,649,924                   | 8,960,732                    | 6,534,579                  | 4,830,546                  | 4,076,060                  | 2,939,072                  | 6,712,612                 | -                                       | -                | 90,385,057         | 6.25                               |
| - non-performing *  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | (169,347)                               | -                | (169,347)          | -                                  |
| - Islamic house financing sold<br>sold to Cagamas                         | -                          | -                           | (410,003)                    | -                          | -                          | -                          | -                          | -                         | -                                       | -                | (410,003)          | 3.73                               |
| Other non-interest sensitive<br>balances                                  | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 7,530,282                               | 64,735           | 7,595,017          | -                                  |
| <b>TOTAL ASSETS</b>   | <b>89,318,853</b>          | <b>13,676,393</b>           | <b>9,670,882</b>             | <b>7,220,824</b>           | <b>4,948,467</b>           | <b>4,399,242</b>           | <b>3,300,591</b>           | <b>7,844,804</b>          | <b>9,937,472</b>                        | <b>8,153,572</b> | <b>158,471,100</b> |                                    |

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**A26. Interest / Profit Rate Risk (continued)**

| Bank<br>As at 31 December 2007  | Non trading book           |                             |                              |                            |                            |                            |                            |                           |   | Trading<br>book<br>RM'000 | Total<br>RM'000    | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---|---------------------------|--------------------|------------------------------------|
|   | Up to<br>1 month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | > 1 - 2<br>years<br>RM'000 | > 2 - 3<br>years<br>RM'000 | > 3 - 4<br>years<br>RM'000 | > 4 - 5<br>years<br>RM'000 | over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 |                           |                    |                                    |
| <b>LIABILITIES AND EQUITY</b>   |                            |                             |                              |                            |                            |                            |                            |                           |   |                           |                    |                                    |
| Deposits from customers   | 69,891,101                 | 20,804,250                  | 20,951,058                   | 459,532                    | 30,999                     | 74,509                     | 190,048                    | 22,874                    | 14,000,457                              | -                         | 126,424,828        | 3.16                               |
| Deposits and placements of<br>banks and other financial<br>institutions | 7,083,223                  | 2,052,848                   | 52,612                       | -                          | -                          | -                          | -                          | -                         | 158,151                                 | -                         | 9,346,834          | 4.70                               |
| Obligations on securities sold<br>under repurchase agreements           | 2,279                      | -                           | -                            | -                          | -                          | -                          | -                          | -                         | -                                       | -                         | 2,279              | 14.31                              |
| Bills and acceptances payable   | 805,940                    | 1,177,689                   | 416,712                      | -                          | -                          | -                          | -                          | -                         | 1,051,955                               | -                         | 3,452,296          | 3.62                               |
| Recourse obligations on loans<br>sold to Cagamas                        | 9,804                      | 3,585,374                   | 345,508                      | 14,271                     | 1,447                      | -                          | -                          | -                         | -                                       | -                         | 3,956,404          | 3.73                               |
| Subordinated notes  | -                          | -                           | -                            | 1,164,266                  | -                          | -                          | 1,304,305                  | -                         | -                                       | -                         | 2,468,571          | 5.79                               |
| Hybrid capital securities   | -                          | -                           | -                            | -                          | -                          | -                          | -                          | 1,855,854                 | -                                       | -                         | 1,855,854          | 5.26                               |
| Other non-interest sensitive<br>balances                                | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 1,551,496                               | 61,923                    | 1,613,419          | -                                  |
| <b>Total Liabilities</b>  | <b>77,792,347</b>          | <b>27,620,161</b>           | <b>21,765,890</b>            | <b>1,638,069</b>           | <b>32,446</b>              | <b>74,509</b>              | <b>1,494,353</b>           | <b>1,878,728</b>          | <b>16,762,059</b>                       | <b>61,923</b>             | <b>149,120,485</b> |                                    |
| Equity attributable to equity<br>holders of the Bank                    | -                          | -                           | -                            | -                          | -                          | -                          | -                          | -                         | 9,350,615                               | -                         | 9,350,615          | -                                  |
| <b>Total Liabilities and Equity</b>                                     | <b>77,792,347</b>          | <b>27,620,161</b>           | <b>21,765,890</b>            | <b>1,638,069</b>           | <b>32,446</b>              | <b>74,509</b>              | <b>1,494,353</b>           | <b>1,878,728</b>          | <b>26,112,674</b>                       | <b>61,923</b>             | <b>158,471,100</b> |                                    |
| On-balance sheet interest<br>sensitivity gap                            | 11,526,506                 | (13,943,768)                | (12,095,008)                 | 5,582,755                  | 4,916,021                  | 4,324,733                  | 1,806,238                  | 5,966,076                 | (16,175,202)                            | 8,091,649                 | -                  | -                                  |
| Off-balance sheet interest<br>sensitivity gap (interest rate<br>swaps)  | 700,978                    | (1,517,690)                 | (1,372,197)                  | 740,921                    | (112,421)                  | (281,053)                  | 1,054,774                  | 786,688                   | -                                       | -                         | -                  | -                                  |
| <b>Total interest sensitivity gap</b>                                   | <b>12,227,484</b>          | <b>(15,461,458)</b>         | <b>(13,467,205)</b>          | <b>6,323,676</b>           | <b>4,803,600</b>           | <b>4,043,680</b>           | <b>2,861,012</b>           | <b>6,752,764</b>          | <b>(16,175,202)</b>                     | <b>8,091,649</b>          | <b>-</b>           | <b>-</b>                           |

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

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**A27. Capital Adequacy**

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

|                             | Group            |                     | Bank             |                     |
|-----------------------------|------------------|---------------------|------------------|---------------------|
|                             | 31 March<br>2008 | 31 December<br>2007 | 31 March<br>2008 | 31 December<br>2007 |
| Core capital ratio          | 7.6%             | 7.6% *              | 9.5%             | 9.5% *              |
| Risk-weighted capital ratio | <u>12.2%</u>     | <u>12.4% *</u>      | <u>11.9%</u>     | <u>11.9% *</u>      |

\* After deducting proposed dividends.

|  | Group                      |                               | Bank                       |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| Components of Tier I and Tier II capital:                        |                            |                               |                            |                               |
| <u>Tier I capital</u>  |                            |                               |                            |                               |
| Paid-up share capital  | 3,531,926                  | 3,527,891                     | 3,531,926                  | 3,527,891                     |
| Share premium  | 2,132,499                  | 2,112,204                     | 2,132,499                  | 2,112,204                     |
| Other reserves   | 3,562,188                  | 3,562,188                     | 3,538,858                  | 3,538,858                     |
| Retained profits   | 121,021                    | 1,362,252                     | 250,007                    | 1,491,238                     |
| Hybrid capital securities  | 1,133,915                  | 1,345,882                     | 1,272,777                  | 1,487,546                     |
| Treasury shares  | (1,274,010)                | (1,273,897)                   | (1,274,010)                | (1,273,897)                   |
| Minority interests   | 615,124                    | 636,249                       | -                          | -                             |
| Less: Intangible assets  | (1,946,967)                | (1,983,956)                   | (695,393)                  | (695,393)                     |
| Less: Deferred tax assets, net                                   | (316,265)                  | (316,265)                     | (271,478)                  | (271,478)                     |
| Total Tier I capital   | <u>7,559,431</u>           | <u>8,972,548</u>              | <u>8,485,186</u>           | <u>9,916,969</u>              |
| <u>Tier II capital</u>   |                            |                               |                            |                               |
| General allowance for bad and doubtful debts                     | 1,582,387                  | 1,522,964                     | 1,453,807                  | 1,381,714                     |
| Subordinated notes   | 2,388,371                  | 2,469,830                     | 2,388,371                  | 2,469,830                     |
| Hybrid capital securities  | 702,448                    | 512,348                       | 563,586                    | 370,684                       |
| Total Tier II capital  | <u>4,673,206</u>           | <u>4,505,142</u>              | <u>4,405,764</u>           | <u>4,222,228</u>              |
| Total capital  | <u>12,232,637</u>          | <u>13,477,690</u>             | <u>12,890,950</u>          | <u>14,139,197</u>             |
| Less: Investment in subsidiary companies and associate companies | (960)                      | -                             | (2,298,504)                | (2,270,069)                   |
| Capital base   | <u>12,231,677</u>          | <u>13,477,690</u>             | <u>10,592,446</u>          | <u>11,869,128</u>             |

With effect from 1 January 2008, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

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**A28. Operations of Islamic Banking**

**A28a. Balance Sheets as at 31 March 2008**

|   | <b>Group and Bank</b>               |  |
|---|-------------------------------------|--|
|   | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 December<br/>2007<br/>RM'000</b> |
| <b>ASSETS</b>   |                                     |  |
| Cash and short-term funds   | 4,009,285                           | 2,007,898                              |
| Securities held-for-trading                                       | 198,299                             | 391,299                                |
| Securities held-to-maturity                                       | 1,382                               | 1,371                                  |
| Financing, advances and other loans                               | 10,630,519                          | 10,401,229                             |
| Other assets  | 52,420                              | 521,709                                |
| Statutory deposits with Bank Negara Malaysia                      | 375,000                             | 387,000                                |
| Deferred tax assets   | 44,091                              | 32,798                                 |
| Property and equipment  | 244                                 | 256                                    |
| <b>Total Assets</b>   | <b>15,311,240</b>                   | <b>13,743,560</b>                      |
| <b>LIABILITIES AND ISLAMIC</b>                                    |                                     |  |
| <b>BANKING FUNDS</b>  |                                     |  |
| Deposits from customers   | 10,304,020                          | 10,149,037                             |
| Deposits and placements of banks and other financial institutions | 2,589,563                           | 1,599,539                              |
| Bills and acceptances payable                                     | -                                   | 46,942                                 |
| Other liabilities   | 524,709                             | 34,026                                 |
| Provision for tax expense and zakat                               | 24,672                              | 101,160                                |
| <b>Total Liabilities</b>  | <b>13,442,964</b>                   | <b>11,930,704</b>                      |
| Islamic Banking Funds   | <b>1,868,276</b>                    | <b>1,812,856</b>                       |
| <b>Total Liabilities and Islamic<br/>Banking Funds</b>            | <b>15,311,240</b>                   | <b>13,743,560</b>                      |
| <b>COMMITMENTS AND CONTINGENCIES</b>                              |                                     |  |
|   | <b>1,495,872</b>                    | <b>1,273,244</b>                       |

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**A28b. Income Statements for the 1st Quarter and Three Months Ended 31 March 2008**

|   | 1st Quarter Ended          |                            | Three Months Ended         |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 March<br>2007<br>RM'000 |
| <b><u>Group and Bank</u></b>  |                            |                            |                            |                            |
| Income derived from investment of<br>depositors' funds and financial institutions | 168,267                    | 138,546                    | 168,267                    | 138,546                    |
| Allowance for losses on financing, advances<br>and other loans                    | (12,761)                   | (15,073)                   | (12,761)                   | (15,073)                   |
| - General allowances  | (2,500)                    | (4,500)                    | (2,500)                    | (4,500)                    |
| - Other loan loss allowances  | (10,261)                   | (10,573)                   | (10,261)                   | (10,573)                   |
| Transfer to profit equalisation reserve   | (9,704)                    | (7,080)                    | (9,704)                    | (7,080)                    |
| <b>Total attributable income</b>  | <b>145,802</b>             | 116,393                    | <b>145,802</b>             | 116,393                    |
| Income attributable to the depositors and financial institutions                  | (61,606)                   | (49,324)                   | (61,606)                   | (49,324)                   |
| <b>Income attributable to the reporting institutions</b>                          | <b>84,196</b>              | 67,069                     | <b>84,196</b>              | 67,069                     |
| Income derived from investment of<br>Islamic Banking Funds                        | 26,678                     | 23,335                     | 26,678                     | 23,335                     |
| <b>Total net income</b>   | <b>110,874</b>             | 90,404                     | <b>110,874</b>             | 90,404                     |
| Other operating expenses  | (35,413)                   | (16,840)                   | (35,413)                   | (16,840)                   |
| <b>Profit before zakat and tax expense</b>  | <b>75,461</b>              | 73,564                     | <b>75,461</b>              | 73,564                     |
| Zakat   | (45)                       | (42)                       | (45)                       | (42)                       |
| Tax expense   | (19,996)                   | (20,230)                   | (19,996)                   | (20,230)                   |
| <b>Profit after zakat and tax expense</b>   | <b>55,420</b>              | 53,292                     | <b>55,420</b>              | 53,292                     |

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**A28c. Financing, Advances and Other Loans**

|  | <b>Group and Bank</b>               |  |
|--|-------------------------------------|--|
|  | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 December<br/>2007<br/>RM'000</b> |
| Qardhassan-i (overdraft)   | 96,494                              | 82,882                                 |
| Bai Bithaman Ajil-i (deferred<br>payment sale)   | 4,018,672                           | 4,081,464                              |
| Ijarah Thamma Al-Bai'-i (leasing)  | 8,459,947                           | 8,326,371                              |
| Bai-Al-Einah-i   | <u>1,647,770</u>                    | <u>1,470,499</u>                       |
|  | <b>14,222,883</b>                   | <b>13,961,216</b>                      |
| Unearned income  | <u>(2,990,048)</u>                  | <u>(2,957,006)</u>                     |
| Gross financing, advances and other loans<br>(including Islamic house financing sold to Cagamas) | <b>11,232,835</b>                   | <b>11,004,210</b>                      |
| Less: Islamic house financing sold to Cagamas  | <u>(410,003)</u>                    | <u>(410,003)</u>                       |
| Gross financing, advances and other loans<br>(excluding Islamic house financing sold to Cagamas) | <b>10,822,832</b>                   | <b>10,594,207</b>                      |
| Allowance for bad and doubtful debts and financing:  |                                     |  |
| - general  | (167,595)                           | (165,095)                              |
| - specific   | <u>(24,718)</u>                     | <u>(27,883)</u>                        |
| Net financing, advances and other loans  | <u><b>10,630,519</b></u>            | <u><b>10,401,229</b></u>               |

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

|   | <b>Group and Bank</b>               |  |
|---|-------------------------------------|--|
|   | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 December<br/>2007<br/>RM'000</b> |
| At 1 January  | 169,490                             | 176,357                                |
| Non-performing during the period / year   | 83,948                              | 412,190                                |
| Reclassified as performing  | (72,639)                            | (330,764)                              |
| Recoveries  | (7,072)                             | (34,791)                               |
| Amount written off  | <u>(15,207)</u>                     | <u>(53,502)</u>                        |
| Closing balance   | <b>158,520</b>                      | <b>169,490</b>                         |
| Specific allowance  | <u>(24,718)</u>                     | <u>(27,883)</u>                        |
| Net non-performing financing, advances and other loans  | <u><b>133,802</b></u>               | <u><b>141,607</b></u>                  |
| Net NPL as % of gross financing, advances and other<br>loans (including Islamic house financing sold to Cagamas)<br>less specific allowance | <u><b>1.19%</b></u>                 | <u><b>1.29%</b></u>                    |

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**A28c. Financing, Advances and Other Loans** (continued)

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

|   | <b>Group and Bank</b>               |  |
|---|-------------------------------------|--|
|   | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 December<br/>2007<br/>RM'000</b> |
| <u>General allowance</u>  |                                     |  |
| At 1 January  | 165,095                             | 137,495                                |
| Allowance made during the period / year   | 2,500                               | 27,600                                 |
| Closing balance   | 167,595                             | 165,095                                |
| As % of gross financing, advances and other loans<br>(including Islamic house financing sold<br>to Cagamas) less specific allowance | 1.50%                               | 1.50%                                  |

|  | <b>Group and Bank</b>               |  |
|--|-------------------------------------|--|
|  | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 December<br/>2007<br/>RM'000</b> |
| <u>Specific allowance</u>  |                                     |  |
| At 1 January   | 27,883                              | 26,014                                 |
| Allowance made during the period / year  | 17,698                              | 83,246                                 |
| Amount written back  | (5,646)                             | (27,872)                               |
| Amount written off   | (15,207)                            | (53,502)                               |
| Amount transferred to accumulated impairment losses in<br>value of foreclosed properties | (10)                                | (3)                                    |
| Closing balance  | 24,718                              | 27,883                                 |

**A28d. Other Assets**

|   | <b>Group and Bank</b>               |  |
|---|-------------------------------------|--|
|   | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 December<br/>2007<br/>RM'000</b> |
| Deferred handling fees                      | 47,057                              | 46,622                                 |
| Income receivable                           | 4,583                               | 2,509                                  |
| Other receivables, deposits and prepayments | 780                                 | 472,578                                |
|   | 52,420                              | 521,709                                |

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**A28e. Deposits from Customers**  
**i) By type of deposit**

|  | <b>Group and Bank</b> |                    |
|--|-----------------------|--------------------|
|  | <b>31 March</b>       | <b>31 December</b> |
|  | <b>2008</b>           | <b>2007</b>        |
|  | <b>RM'000</b>         | <b>RM'000</b>      |
| <u>Non-Mudharabah Fund</u>               |                       |                    |
| Wadiah current deposits-i                | 1,648,072             | 1,769,188          |
| Wadiah savings deposits-i                | 3,063,493             | 2,922,341          |
| Negotiable debt certificate-i            | 3,014,944             | 3,351,212          |
| Others                                   | 2,391                 | 2,410              |
|  | <b>7,728,900</b>      | <b>8,045,151</b>   |
| <u>Mudharabah Fund</u>                   |                       |                    |
| Mudharabah savings deposits-i            | 70,039                | 66,894             |
| Mudharabah general investment deposits-i | 2,505,081             | 2,036,992          |
|  | <b>2,575,120</b>      | <b>2,103,886</b>   |
|  | <b>10,304,020</b>     | <b>10,149,037</b>  |

**A28f. Other liabilities**

|                              | <b>Group and Bank</b> |                    |
|------------------------------|-----------------------|--------------------|
|                              | <b>31 March</b>       | <b>31 December</b> |
|                              | <b>2008</b>           | <b>2007</b>        |
|                              | <b>RM'000</b>         | <b>RM'000</b>      |
| Income payable               | 21,108                | 20,222             |
| Other liabilities            | 481,172               | 1,079              |
| Profit equalisation reserves | 22,429                | 12,725             |
|                              | <b>524,709</b>        | <b>34,026</b>      |



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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 2008 of RM970.6 million was RM295.3 million or 43.7% higher than the previous corresponding quarter of RM675.3 million. Net profit attributable to equity holders improved by 50.6% to RM717.4 million. The improvement in earnings was primarily due to higher net interest income, including net financing income from Islamic banking operations, which improved by RM149.9 million or 17.3% and higher other operating income by 92.8% or RM268.3 million. The increase in other operating income was mainly due to a goodwill payment of RM200 million received from ING in respect of a regional strategic alliance on bancassurance distribution, higher management fee income from the fund management business and higher investment and foreign exchange income. These were partially offset by higher other operating expenses by RM63.2 million and higher loan loss allowances by RM52.7 million.

The growth in the Group's net interest income was driven by strong loans and deposits growth coupled with further improvement in asset quality. Gross loan balance before deducting Islamic house financing sold to Cagamas has grown by 21.4% to RM107.0 billion as at 31 March 2008 as compared to RM88.1 billion as at 31 March 2007 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 23.9% or RM27.9 billion as compared to 31 March 2007 which partly contributed to the higher net interest income for the current financial quarter. Despite the high loan growth, the Group's asset quality continued to improve with its gross non-performing loan ("NPL") balance decreased by 16.7% to RM1.32 billion as at 31 March 2008 as compared to RM1.58 billion as at 31 March 2007 and the Group's net NPL ratio further improved to 1.1% from 1.5% over the same period.

The Group's domestic commercial bank, Public Bank, recorded a pre-tax profit of RM804.5 million for the 1st quarter ended 31 March 2008 and was 46.9% higher than the pre-tax profit of RM547.6 million achieved in the previous corresponding quarter. This was mainly due to higher net interest income including income from Islamic banking operations and higher other operating income, partially offset by higher other operating expenses, higher general allowance and specific allowance.

Pre-tax profit contribution from the Group's overseas operations increased by 15.9% from the previous quarter to RM98.1 million despite the continued strengthening of the Malaysian Ringgit against US Dollar and Hong Kong Dollar. The strong results of the Group's overseas operations was a result of strong loan and deposit growth, particularly in Hong Kong and Cambodia.

**B2. Variation of Results Against Preceding Quarter**

The Group's pre-tax profit of RM970.6 million for the 1st quarter ended 31 March 2008 represents a growth of 18.2% as compared to the pre-tax profit of RM821.2 million for the preceding quarter ended 31 December 2007. Net profit attributable to equity holders increased by RM137.4 million or 23.7% over the same period. The increase was mainly attributable to the increase in other operating income by 43.1%, growth in net interest income (inclusive of Islamic financing income) by 2.4% and lower other operating expenses, partially offset by higher loan loss allowances.

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**B3. Prospects for 2008**

Despite the increasingly challenging external environment due to the tighter global credit conditions and deceleration of the US economy, the Malaysian economy is expected to remain steady in 2008 supported by its strong economic fundamentals. Lending by the banking industry will continue to be driven by consumer financing and SME lending, strong growth in retail and wholesale deposits and rising demand for sophisticated wealth management and structured deposit products from affluent customers. The competitive landscape in the banking industry will continue to exert pressure on net interest margins. To mitigate this, industry players will promote non-interest income activities such as sales of unit trusts and insurance products.

Public Bank will continue to focus on its core business of lending to consumers and SMEs and to promote a wider range of deposit products by leveraging on its extensive branch network, strong sales and marketing teams, strong PB brand, superior service delivery standards, competitive products and services packages and on-line channels to grow its market share. Public Bank will also accelerate its non-interest income activities, particularly its unit trust fund management business and the distribution of bancassurance products. Public Bank will also continue to accelerate growth in its overseas operations, including cross-selling activities and harnessing of business synergies between its domestic and overseas operations. The Group will continue to maintain its prudent credit policies and practices and uphold strong corporate governance and further strengthen its risk management policies. Barring unforeseen circumstances, the Group and the Bank are expected to continue to record satisfactory performance in 2008.

**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 2008 are as follows:

|   | <b>1st Quarter Ended</b> |                          | <b>Three Months Ended</b> |                          |
|---|--------------------------|--------------------------|---------------------------|--------------------------|
|   | <b>31 March<br/>2008</b> | <b>31 March<br/>2007</b> | <b>31 March<br/>2008</b>  | <b>31 March<br/>2007</b> |
| <b><u>Group</u></b>   | <b>RM'000</b>            | <b>RM'000</b>            | <b>RM'000</b>             | <b>RM'000</b>            |
| Malaysian income tax  | 248,472                  | 176,077                  | 248,472                   | 176,077                  |
| Overseas income tax   | 19,993                   | 15,734                   | 19,993                    | 15,734                   |
|   | <u>268,465</u>           | <u>191,811</u>           | <u>268,465</u>            | <u>191,811</u>           |
| Over provision in prior years                                   |                          |                          |                           |                          |
| - Malaysian income tax  | (22,891)                 | (118)                    | (22,891)                  | (118)                    |
| - Overseas income tax   | (220)                    | -                        | (220)                     | -                        |
|   | <u>245,354</u>           | <u>191,693</u>           | <u>245,354</u>            | <u>191,693</u>           |
| Deferred tax expense  |                          |                          |                           |                          |
| - Relating to origination and reversal of temporary differences | (6,269)                  | (7,509)                  | (6,269)                   | (7,509)                  |
| Tax expense   | <u>239,085</u>           | <u>184,184</u>           | <u>239,085</u>            | <u>184,184</u>           |
| Zakat   | 45                       | 42                       | 45                        | 42                       |
|   | <u><u>239,130</u></u>    | <u><u>184,226</u></u>    | <u><u>239,130</u></u>     | <u><u>184,226</u></u>    |

The Group's effective tax rate for the 1st quarter ended 31 March 2008 was lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions.

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

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**B5. Tax Expense and Zakat (Contd.)**

| <b><u>Bank</u></b>  | <b>1st Quarter Ended</b>            |                                     | <b>Three Months Ended</b>           |                                     |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|   | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 March<br/>2007<br/>RM'000</b> | <b>31 March<br/>2008<br/>RM'000</b> | <b>31 March<br/>2007<br/>RM'000</b> |
| Malaysian income tax  | 224,640                             | 165,554                             | 224,640                             | 165,554                             |
| Overseas income tax   | 2,807                               | 293                                 | 2,807                               | 293                                 |
|   | <u>227,447</u>                      | <u>165,847</u>                      | <u>227,447</u>                      | <u>165,847</u>                      |
| Deferred tax expense  |                                     |                                     |                                     |                                     |
| - Relating to origination and reversal of temporary differences | (15,398)                            | (14,430)                            | (15,398)                            | (14,430)                            |
| Tax expense   | <u>212,049</u>                      | <u>151,417</u>                      | <u>212,049</u>                      | <u>151,417</u>                      |
| Zakat   | 45                                  | 42                                  | 45                                  | 42                                  |
|   | <u><u>212,094</u></u>               | <u><u>151,459</u></u>               | <u><u>212,094</u></u>               | <u><u>151,459</u></u>               |

The Bank's effective tax rates for the 1st quarter ended 31 March 2008 and 31 March 2007 were 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 sales of unquoted investments and properties for the 1st quarter ended 31 March 2008 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 2008 except for the following:

**Subordinated Medium Term Note ("MTN") Programme**

On 13 March 2008, the Bank obtained approval from BNM for the proposed issuance of up to RM5.0 billion Subordinated Notes under a Subordinated MTN Programme, to raise funds for working capital, general banking and corporate purposes of the Bank. The Subordinated Notes will qualify for inclusion as Tier-2 capital in the computation of the risk-weighted capital adequacy ratios of the Bank and the Group. The proposed Subordinated MTN Programme is subject to the approval of the Securities Commission.

**B9. Status of Utilisation of Proceeds Raised from Corporate Proposals**

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

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

|  | Group                      |                               | Bank                       |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 | 31 March<br>2008<br>RM'000 | 31 December<br>2007<br>RM'000 |
| Deposits from customers  |                            |                               |                            |                               |
| - Fixed deposits   |                            |                               |                            |                               |
| One year or less   | 65,490,163                 | 64,366,971                    | 56,731,915                 | 54,196,872                    |
| More than one year   | 147,496                    | 140,930                       | 137,017                    | 127,768                       |
| - Negotiable instruments of deposits                                 |                            |                               |                            |                               |
| One year or less   | 12,008,809                 | 17,484,002                    | 11,902,003                 | 17,511,526                    |
| More than one year   | 675,764                    | 606,497                       | 347,449                    | 267,577                       |
| - Money market deposits  |                            |                               |                            |                               |
| One year or less   | 33,286,282                 | 24,454,491                    | 32,380,669                 | 24,524,797                    |
| - Savings deposits   | 17,578,613                 | 16,937,439                    | 16,137,745                 | 15,602,146                    |
| - Demand deposits  | 14,533,657                 | 14,021,578                    | 14,105,091                 | 13,442,332                    |
| - Others   | 779,533                    | 752,663                       | 778,884                    | 751,810                       |
|  | <u>144,500,317</u>         | <u>138,764,571</u>            | <u>132,520,773</u>         | <u>126,424,828</u>            |
| Deposits and placements of banks<br>and other financial institutions |                            |                               |                            |                               |
| - One year or less   | 9,308,597                  | 10,438,118                    | 7,351,812                  | 9,346,834                     |
| - More than one year   | 20,686                     | -                             | -                          | -                             |
|  | <u>9,329,283</u>           | <u>10,438,118</u>             | <u>7,351,812</u>           | <u>9,346,834</u>              |
| Borrowings denominated in HKD (unsecured)                            |                            |                               |                            |                               |
| Term loan  |                            |                               |                            |                               |
| - More than one year   | 338,740                    | 349,730                       | -                          | -                             |
| Revolving credit   |                            |                               |                            |                               |
| - One year or less   | 41,060                     | -                             | -                          | -                             |
|  | <u>379,800</u>             | <u>349,730</u>                | <u>-</u>                   | <u>-</u>                      |
| Subordinated notes denominated in USD<br>(unsecured)                 |                            |                               |                            |                               |
| - More than one year   | 2,468,777                  | 2,468,571                     | 2,468,777                  | 2,468,571                     |
| Hybrid capital securities denominated in USD<br>(unsecured)          |                            |                               |                            |                               |
| - More than one year   | 709,913                    | 695,624                       | 709,913                    | 695,624                       |
| Hybrid capital securities denominated in RM<br>(unsecured)           |                            |                               |                            |                               |
| - More than one year   | 1,179,320                  | 1,160,230                     | 1,179,320                  | 1,160,230                     |
|  | <u>1,889,233</u>           | <u>1,855,854</u>              | <u>1,889,233</u>           | <u>1,855,854</u>              |

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**B11. Off-Balance Sheet Financial Instruments**

The value of off-balance sheet financial instruments classified by remaining period to maturity / next repricing date (whichever is earlier) as at the latest practicable date, 10 April 2008, is as follows :

**Group**

| Items                                     | Principal Amount<br>RM'000 | 1 month or less<br>RM'000 | >1 - 3 months<br>RM'000 | >3 - 6 months<br>RM'000 | >6 - 12 months<br>RM'000 | 1 - 5 years<br>RM'000 | >5 years<br>RM'000 |
|---|----------------------------|---------------------------|-------------------------|-------------------------|--------------------------|-----------------------|--------------------|
| <b>Foreign exchange related contracts</b> |                            |                           |                         |                         |                          |                       |                    |
| - forwards                                | 3,716,227                  | 971,016                   | 1,079,335               | 1,339,186               | 326,690                  | -                     | -                  |
| - swaps                                   | 11,203,443                 | 4,510,678                 | 3,774,037               | 2,587,383               | 331,345                  | -                     | -                  |
| Sub total                                 | 14,919,670                 | 5,481,694                 | 4,853,372               | 3,926,569               | 658,035                  | -                     | -                  |
| <b>Interest rate related contracts</b>    |                            |                           |                         |                         |                          |                       |                    |
| - forwards                                | 47,330                     | -                         | -                       | -                       | -                        | 47,330                | -                  |
| - swaps                                   | 7,212,295                  | 495,884                   | 4,884,481               | 1,831,930               | -                        | -                     | -                  |
| Sub total                                 | 7,259,625                  | 495,884                   | 4,884,481               | 1,831,930               | -                        | 47,330                | -                  |
| Total                                     | 22,179,295                 | 5,977,578                 | 9,737,853               | 5,758,499               | 658,035                  | 47,330                | -                  |

**Bank**

| Items                                     | Principal Amount<br>RM'000 | 1 month or less<br>RM'000 | >1 - 3 months<br>RM'000 | >3 - 6 months<br>RM'000 | >6 - 12 months<br>RM'000 | 1 - 5 years<br>RM'000 | >5 years<br>RM'000 |
|---|----------------------------|---------------------------|-------------------------|-------------------------|--------------------------|-----------------------|--------------------|
| <b>Foreign exchange related contracts</b> |                            |                           |                         |                         |                          |                       |                    |
| - forwards                                | 2,630,302                  | 731,637                   | 1,078,179               | 810,157                 | 10,329                   | -                     | -                  |
| - swaps                                   | 9,825,413                  | 4,476,198                 | 3,037,212               | 2,106,738               | 205,265                  | -                     | -                  |
| Sub total                                 | 12,455,715                 | 5,207,835                 | 4,115,391               | 2,916,895               | 215,594                  | -                     | -                  |
| <b>Interest rate related contracts</b>    |                            |                           |                         |                         |                          |                       |                    |
| - swaps                                   | 6,554,912                  | 432,714                   | 4,385,023               | 1,737,175               | -                        | -                     | -                  |
| Sub total                                 | 6,554,912                  | 432,714                   | 4,385,023               | 1,737,175               | -                        | -                     | -                  |
| Total                                     | 19,010,627                 | 5,640,549                 | 8,500,414               | 4,654,070               | 215,594                  | -                     | -                  |

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

**B12. Changes in Material Litigation**

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

**B13. Proposed Dividends**

No dividend has been proposed or declared for the 1st quarter ended 31 March 2008.

**PUBLIC BANK BERHAD**  
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**(Incorporated in Malaysia)**

**B14. 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 2008 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 1st quarter ended 31 March 2008 excluding the weighted average treasury shares held by the Bank.

|  | <b>1st Quarter Ended</b> |                          | <b>Three Months Ended</b> |                          |
|--|--------------------------|--------------------------|---------------------------|--------------------------|
|  | <b>31 March<br/>2008</b> | <b>31 March<br/>2007</b> | <b>31 March<br/>2008</b>  | <b>31 March<br/>2007</b> |
| Net profit attributable to equity holders of the Bank (RM'000) | <u>717,387</u>           | <u>476,218</u>           | <u>717,387</u>            | <u>476,218</u>           |
| Weighted average number of PBB Shares ('000)                   | <u>3,353,644</u>         | <u>3,355,533</u>         | <u>3,353,644</u>          | <u>3,355,533</u>         |
| Basic earnings per share (sen)                                 | <u>21.4</u>              | <u>14.2</u>              | <u>21.4</u>               | <u>14.2</u>              |

**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 2008 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.

|  | <b>1st Quarter Ended</b> |                          | <b>Three Months Ended</b> |                          |
|--|--------------------------|--------------------------|---------------------------|--------------------------|
|  | <b>31 March<br/>2008</b> | <b>31 March<br/>2007</b> | <b>31 March<br/>2008</b>  | <b>31 March<br/>2007</b> |
| Weighted average number of PBB Shares ('000)                               | <u>3,353,644</u>         | <u>3,355,533</u>         | <u>3,353,644</u>          | <u>3,355,533</u>         |
| Effects of share options ('000)  | <u>1,998</u>             | <u>12,055</u>            | <u>1,998</u>              | <u>12,055</u>            |
| Adjusted weighted average number of PBB shares in issue or issuable ('000) | <u>3,355,642</u>         | <u>3,367,588</u>         | <u>3,355,642</u>          | <u>3,367,588</u>         |
| Diluted earnings per share (sen)   | <u>21.4</u>              | <u>14.1</u>              | <u>21.4</u>               | <u>14.1</u>              |