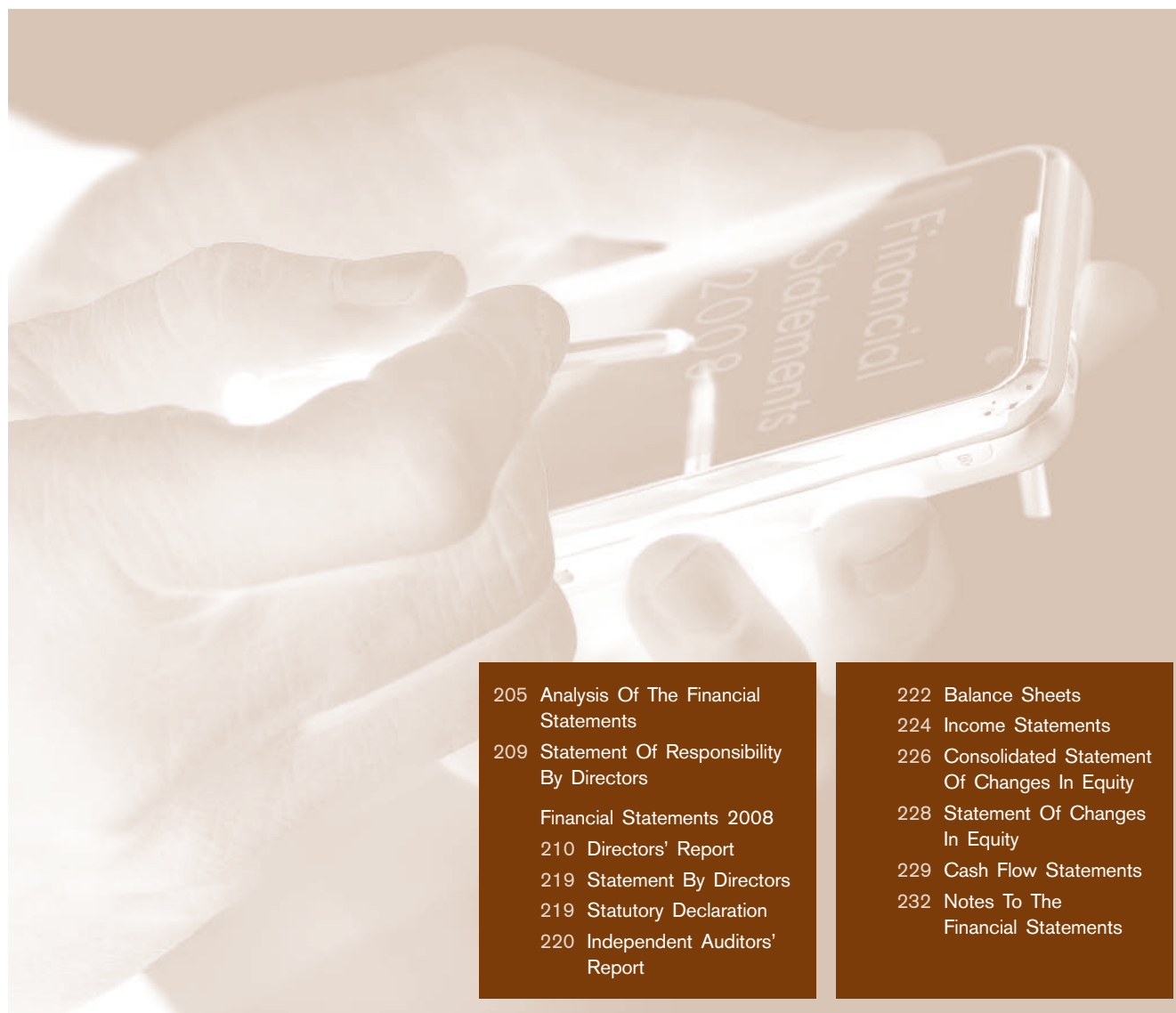


FINANCIALS



205	Analysis Of The Financial Statements
209	Statement Of Responsibility By Directors
	Financial Statements 2008
210	Directors' Report
219	Statement By Directors
219	Statutory Declaration
220	Independent Auditors' Report

222	Balance Sheets
224	Income Statements
226	Consolidated Statement Of Changes In Equity
228	Statement Of Changes In Equity
229	Cash Flow Statements
232	Notes To The Financial Statements



staying
ahead

ANALYSIS OF THE FINANCIAL STATEMENTS

ANALYSIS OF THE BALANCE SHEET

Total Assets

The Public Bank Group's total assets stood at RM196.16 billion as at 31 December 2008, an increase of 12.6% over the previous financial year. Total assets growth in 2008 was driven mainly by an increase in deposit placements by customers which were channelled to fund the continued strong growth in loans, advances and financing. Excess liquidity was mainly held as interbank placements with financial institutions, mainly with Bank Negara Malaysia, and invested in short-term money market instruments.

At the end of December 2008, net loans, advances and financing represented 60.4% of the Public Bank Group's total assets and the proportion of interest-bearing assets to total assets was 93.1% as compared to 94.0% in 2007.

Cash and Short-Term Funds

The Public Bank Group's cash and short-term funds of RM36.60 billion as at 31 December 2008 consist mainly of funds from increased customer deposits, particularly through the taking of fixed deposits and short-term Money Market Deposits, which were then invested in short-term placements with Bank Negara Malaysia and other financial institutions.

Deposits and Placements with Banks and Other Financial Institutions

The Public Bank Group's deposits and placements with banks and other financial institutions decreased by RM0.74 billion or 27.7% in 2008. The decline was due to a shift of interbank deposits to short-term funds.

Securities Purchased under Resale Agreements

The securities purchased under resale agreements decreased by RM7.58 billion as at 31 December 2008 primarily on account of lower Malaysian Government Securities purchased under resale agreements with Bank Negara Malaysia.

Securities Held-for-Trading

The Public Bank Group's holding of securities held-for-trading increased by RM3.29 billion mainly due to higher holding of secondary Negotiable Instruments of Deposits.

Securities Available-for-Sale

The Public Bank Group's holding of securities available-for-sale as at 31 December 2008 consist mainly of highly rated private debt securities and unit trusts.

Securities Held-to-Maturity

The Public Bank Group's securities held-to-maturity increased by 114.0% due to increased holdings of money market instruments, particularly Negotiable Instruments of Deposits and Malaysian Government Securities.

Loans, Advances and Financing

The Public Bank Group's total loans, advances and financing grew strongly by 19.0% to RM120.67 billion in 2008. This is about 1.7 times the year-on-year growth rate for the Malaysian banking industry of 11.0% as at November 2008. The Group has consistently achieved a high level of loan growth annually since 2001 through competitive pricing, innovative product packaging and proactive product enhancement as well as high standards of loan service delivery, including fast approval turnaround times and efficient documentation and disbursement processes. As a result, the Group's domestic loan market share rose to 14.9% as at November 2008 as compared to 14.4% as at end of 2007.

The Public Bank Group's lending direction continued to be focused on the retail sector. In 2008, 86.0% or RM103.43 billion of the Group's gross loans, advances and financing was channelled to finance the retail sector, in particular to cater for the business needs of mid-market commercial enterprises and for the purchase of residential properties and passenger vehicles. Lending to small- and medium-sized enterprises ("SMEs") expanded by 8.9% to RM22.96 billion representing 19.0% of the total gross loans, advances and financing as at the end of 2008. Lending for the purchase of residential properties and transport vehicles grew by 20.9% and 12.0% respectively and accounted for 51.0% of gross loans, advances and financing as at the end of 2008.

The Public Bank Group's commitment to promoting the growth and continued development of the Islamic banking sector is evidenced by the establishment of its Islamic banking subsidiary, Public Islamic Bank Berhad, on 1 November 2008. With this added focus on Islamic banking activities, the Public Bank Group's Islamic financing registered growth of 14.4% in 2008. Total gross Islamic financing stood at RM12.59 billion as at the end of 2008 and accounted for 10.4% of the Group's overall loans, advances and financing.

Lending to the corporate sector recorded a growth of 44.9% to RM16.89 billion. Lending to corporate customers accounted for 14.0% of the Group's total loans, advances and financing as at 31 December 2008.

The Public Bank Group's non-performing loans ("NPL") has continued to trend downwards. During the year, NPLs decreased by RM193.7 million to RM1.21 billion despite a RM19.25 billion growth in the loan base during the same period. The Group's gross NPL ratio improved to 1.0% from 1.4% and its net NPL ratio improved to 0.9% from 1.2% a year ago. The net NPL ratio of 0.9% is approximately one-third that of the banking system's net NPL ratio of 2.4% as at November 2008. The Group's continued improvement in asset quality is the result of a consistently prudent credit culture, which is complemented by strong credit risk management and pro-active recovery processes. The Group maintained a high level of loan loss coverage for its NPLs at 159.7% as at 31 December 2008 as compared to 84.5% for the banking industry. Its ratio of general allowance was 1.5% as at the end of 2008.

Total Liabilities and Shareholders' Equity

The Public Bank Group's total liabilities grew by RM21.76 billion in 2008, mainly from an increase in deposits from customers.

The Public Bank Group's shareholders' funds remained strong at RM9.54 billion even after the payment of dividends of RM1.99 billion during the year. This is due to the strong net profit after tax registered for 2008 of RM2.58 billion.

Deposits from Customers

The Public Bank Group's deposits from customers grew by 16.9% in 2008 to RM162.28 billion. The Group achieved healthy growth in its core customer deposits, registering broad-based growth across all product groups, with savings accounts, current accounts and fixed deposit accounts growing by 12.4%, 12.5% and 20.2% respectively, as compared to the growth in the banking industry of 6.6%, 2.0%, and 5.3% respectively. The growth was supported by the Group's extensive branch network, its high standards of customer service delivery and the expansion of its product offerings including foreign currency deposits and principal guaranteed structured deposit products. Deposits from individuals, a stable source of funds, continued to be the Group's main source of deposits, accounting for 66.4% of the Group's core customer deposits.

Wholesale deposits in the form of Money Market Deposits and Negotiable Instruments of Deposit rose by RM6.09 billion due to efforts to expand the corporate customer deposit base.

The Public Bank Group's net loans to deposits ratio has increased slightly to 73.0% as at 31 December 2008 from 71.6% a year ago.

Deposits and Placements of Banks and Other Financial Institutions

Deposits and placements of banks and other financial institutions decreased by RM4.85 billion to RM5.59 billion as part of the Public Bank Group's normal funding and gapping activities.

Recourse Obligations on Loans Sold to Cagamas

There was an increase in loans sold to Cagamas by RM0.58 billion during the year, to partly fund the growth in housing loans.

Subordinated Notes

Public Bank issued RM1.4 billion of Subordinated Notes in 2008 under its RM5.0 billion Subordinated Medium Term Note programme, with the objective of providing the Bank and the Public Bank Group with the capacity to expand its business and balance sheet without burdening shareholders for more equity capital, thus improving the Group's return on equity.

Off-Balance Sheet Exposures

Off-Balance Sheet Exposures increased by RM12.06 billion to RM52.87 billion due mainly to higher irrevocable commitments to extend credit, foreign exchange-related contracts and interest-rate-related contracts. The credit equivalent of the off-balance sheet exposures recorded a growth of 117.8% in 2008.

ANALYSIS OF THE INCOME STATEMENT

Net Interest Income

Net interest income of the Public Bank Group increased by 14.9% to RM3,727.3 million for 2008 from RM3,243.6 million for 2007. The increase was mainly driven by the Group's expanded lending and deposit-taking businesses and sustained strong asset quality.

The average net interest margin on interest bearing assets excluding funds from wholesale deposits remained stable at 3.2% in 2008.

Net interest income was the main contributor of total income, accounting for 65.0% of the Public Bank Group's total income in 2008 as compared to 63.5% in 2007.

Net Income from Islamic Banking Business

Net income from Islamic Banking business increased by 16.8% or RM80.2 million from RM478.2 million in 2007 to RM558.4 million in 2008. This was largely the result of an increase in net financing income of RM87.1 million arising from the growth in Islamic financing which was partially offset by a higher transfer to profit equalisation reserves of RM22.1 million. Islamic Banking income accounted for 9.7% of the Public Bank Group's total net income in 2008 as compared to 9.3% in 2007.

Other Operating Income

Other operating income of the Public Bank Group improved by RM64.0 million or 4.6% from RM1,389.5 million in 2007 to RM1,453.5 million in 2008. The growth was mainly attributed to an initial contribution of RM200 million from bancassurance distribution pursuant to the Group's 10 year regional strategic alliance with ING Asia/Pacific Limited and higher unit trust fund management fees, partially offset by a drop in investment income, fee income from sales of trust units and commission from stockbroking activities.

Total income from the Public Bank Group's fund management activities decreased by RM89.3 million or 18.4% to RM396.5 million in 2008. Unit trust management fees rose by 16.2% to reach RM331.6 million in 2008, partially offset by lower fee on sale of trust units arising from weaker market sentiment.

Net brokerage and commissions from stockbroking activities dropped by RM33.3 million or 32.4% to RM69.5 million in 2008 as a result of the lacklustre performance and low trading volumes on Bursa Securities. The decline in net investment income by RM81.8 million in 2008 was the result of non-recurring gains from sale of certain equity investments and debt converted investments amounting to RM85.0 million in 2007.

Other operating income for 2008 accounted for 25.3% of the Public Bank Group's total income in 2008 as compared to 27.2% in 2007.

Other Operating Expenses

The Public Bank Group's other operating expenses increased by 5.8% to RM1,791.1 million in 2008 as compared to RM1,693.7 million in 2007 due mainly to higher personnel and establishment expenses.

Personnel cost increased by 10.5% to RM1,061.7 million in 2008 as compared to RM960.6 million in 2007 and accounted for 59.3% of other operating expenses. The increase in personnel cost was mainly due to annual salary increments and increased staff strength. The number of employees of the Public Bank Group stood at 16,160 as at the end of 2008 as compared to 14,287 as at the end of 2007.

Establishment expenses increased by 10.5% in 2008 while marketing expenses decreased by RM54.9 million to RM223.9 million in 2008. The increase in establishment expenses was due mainly to higher depreciation, rental and higher utility expenses as a result of the increase in tariff rates. Marketing expenses reduced by 19.7% due mainly to lower sales commission paid as a result of lower gross sales of trust units by the Public Bank Group's fund management business. Administration and general expenses increased by 13.0% in 2008.

The cost income ratio of the Public Bank Group improved further to 31.2% in 2008 from 33.1% in 2007 as a result of higher efficiency and productivity achieved.

Allowance for Losses on Loans, Advances and Financing

The allowance for losses on loans, advances and financing of the Public Bank Group amounted to RM548.6 million in 2008, an increase of RM141.4 million as compared to the previous year. This was mainly attributed to higher specific allowance of RM108.5 million and higher general allowance of RM21.8 million arising from the Group's strong loan growth, as well as lower recoveries of bad debts and financing of RM11.1 million. The increase in specific allowance was mainly due to additional specific allowances made for impaired loans of the Group's Hong Kong operations as well as full allowances made for certain major loan accounts secured by properties which are more than seven years in arrears with no value assigned to the collateral.

Impairment Loss

Impairment loss amounted to RM32.9 million in 2008, which was RM20.7 million higher as compared to RM12.2 million in 2007. The increase in impairment loss was mainly due to higher impairment loss on securities held-to-maturity partially offset by lower impairment loss on foreclosed properties.

Tax Expenses and Zakat

The Public Bank Group's tax expenses decreased by RM45.3 million or 5.7% to RM756.5 million in 2008 due mainly to over provision of tax expenses in prior years and deferred tax asset adjustment in the previous year resulting from the change of Malaysian corporate tax rate from 26% to 25% with effect from year of assessment 2009. The Group's effective tax rate was 22.4% in 2008, lower than the statutory rate of 26.0% due mainly to certain income not subject to tax and the effects of lower tax rates in jurisdictions outside Malaysia.

STATEMENT OF **RESPONSIBILITY BY DIRECTORS**

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Bank are drawn up in accordance with the requirements of the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board as modified by Bank Negara Malaysia Guidelines, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Bank are prepared with reasonable accuracy from the accounting records of the Group and the Bank so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2008, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have:

- a. applied the appropriate and relevant accounting policies on a consistent basis;
- b. made judgments and estimates that are reasonable and prudent; and
- c. prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Bank to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The Directors have pleasure in presenting to the members their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking and finance company businesses which include Islamic banking and the provision of related financial services. On 1 November 2008, the Islamic banking operations, previously included in the Bank's operations, were transferred to a wholly-owned subsidiary company, Public Islamic Bank Berhad, as disclosed in Note 14(a).

The principal activities of the subsidiary and associated companies are as disclosed in Notes 14 and 15 to the financial statements respectively.

There have been no significant changes to these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit before tax expense and zakat	3,379,188	2,897,716
Tax expense and zakat	(756,528)	(624,980)
Profit for the year	2,622,660	2,272,736
Attributable to:		
Equity holders of the Bank	2,581,237	2,272,736
Minority interests	41,423	–
Profit for the year	2,622,660	2,272,736

DIVIDENDS

The amount of dividends paid by the Bank since 31 December 2007 were as follows:

	RM'000
In respect of financial year ended 31 December 2007 as approved by the shareholders: Final dividend of 40% and special dividend of 10% on 3,354,677,060 ordinary shares of RM1.00 each, less 26% tax, paid on 10 March 2008	1,241,230
In respect of financial year ended 31 December 2008: Interim dividend of 30% on 3,355,639,034 ordinary shares of RM1.00 each, less 26% tax, paid on 13 August 2008	744,952
	1,986,182

DIVIDENDS (CONTINUED)

The Directors recommend the payment of a final cash dividend of 25% less 25% tax, amounting to approximately RM629,180,444 (representing 18.8 sen net per share) and the distribution of share dividend on the basis of one (1) Public Bank Berhad ("PBB") treasury share listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad for every thirty-five (35) ordinary shares of RM1.00 each held in PBB, fractions of treasury shares to be disregarded, in respect of the current financial year. This is computed based on the issued and paid-up capital as at 31 December 2008, excluding treasury shares held by the Bank, of 3,355,629,034 ordinary shares of RM1.00 each, to be paid and distributed to shareholders whose names appear in the Record of Depositors at the close of business on 2 March 2009. The financial statements for the current financial year do not reflect these proposed dividends. Upon approval by the shareholders, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings and the share dividend distributed will be accounted for as a transfer of reserves, during the financial year ending 31 December 2009.

ISSUE OF SHARES

During the financial year, 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 Group Employees' Share Option Scheme at the following option prices:

Number of PBB Shares issued:	Option price per share
2,121	RM1.64
4,925	RM3.40
110,174	RM3.56
137,262	RM4.60
50,000	RM4.92
1,028,800	RM5.67
2,701,169	RM6.37

All the new ordinary shares that were issued rank *pari passu* in all respects with the existing ordinary shares of the Bank.

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 financial year, the Bank bought back from the open market, 20,000 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 RM10.70 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year, including transaction costs, was RM214,760 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. None of the treasury shares held were resold or cancelled during the financial year.

As at 31 December 2008, the Bank held 176,296,800 PBB Shares as treasury shares out of its total issued and paid-up share capital of 3,531,925,834 PBB Shares. Such treasury shares are held at a carrying amount of RM1,274,111,808. Further information is disclosed in Note 31 to the financial statements.

A total of approximately 95,875,115 treasury shares had been recommended by the Directors to be distributed to the shareholders as share dividend for the financial year ended 31 December 2008, on the basis of one (1) treasury share for every thirty-five (35) shares of RM1.00 each held, fractions of treasury shares to be disregarded. Subsequent to the distribution of the proposed share dividend, the treasury shares balance will be approximately 80,421,685 PBB Shares at a carrying amount of RM581,214,283.

PUBLIC BANK BERHAD GROUP EMPLOYEES' SHARE OPTION SCHEME

The Public Bank Berhad Group Employees' Share Option Scheme ("PBB ESOS") is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 10 April 1998. PBB ESOS had expired on 25 February 2008. The salient features and other terms of the PBB ESOS which were in effect prior to the expiry date are disclosed in Note 25(b) to the financial statements.

There were no options granted to any person to take up unissued shares of the Bank during the year.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves or provisions or allowances during the year other than those disclosed in Note 9, Note 11 and Note 32 to the financial statements.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements and balance sheets of the Group and the Bank were made out, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for doubtful debts and financing.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and the Bank, inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and the Bank were made out, the Directors took reasonable steps to ensure that current assets, other than debts and financing, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and the Bank have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Group and the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

CONTINGENT AND OTHER LIABILITIES (CONTINUED)

- (b) any contingent liability in respect of the Group or the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Bank to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

The results of the operations of the Group and the Bank during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and the Bank for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE YEAR

The significant events during the financial year are as disclosed in Note 14 and Note 54 to the financial statements.

SUBSEQUENT EVENTS

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

DIRECTORS OF THE BANK

The Directors who served since the date of the last report are:

Tan Sri Dato' Sri Dr. Teh Hong Piow
 Tan Sri Dato' Thong Yaw Hong
 Tan Sri Dato' Sri Tay Ah Lek
 Dato' Lee Kong Lam
 Dato' Yeoh Chin Kee
 Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah
 Dato' Haji Abdul Aziz bin Omar
 Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff
 Quah Poh Keat (appointed on 30 July 2008)

DIRECTORS OF THE BANK (CONTINUED)

In accordance with Article 111 of the Bank's Articles of Association, Tan Sri Dato' Sri Tay Ah Lek and Dato' Haji Abdul Aziz bin Omar retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 109 of the Bank's Articles of Association, Quah Poh Keat retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Tan Sri Dato' Sri Dr. Teh Hong Piow, Tan Sri Dato' Thong Yaw Hong and Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Annual General Meeting and offer themselves for re-appointment in accordance with Section 129 of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Bank.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares of the Bank, and in shares and in options of its subsidiary company during the financial year were as follows:

Shares Held in the Bank

	Number of Ordinary Shares of RM1.00 Each			
	Balance at 1.1.2008	Acquired	Disposed	Balance at 31.12.2008
Direct interests:				
Tan Sri Dato' Sri Dr. Teh Hong Piow	21,524,250	—	—	21,524,250
Tan Sri Dato' Thong Yaw Hong	7,313,750	—	—	7,313,750
Tan Sri Dato' Sri Tay Ah Lek	8,610,109	—	—	8,610,109
Dato' Lee Kong Lam	1,579,921	—	500,000	1,079,921
Dato' Yeoh Chin Kee	1,250,000	—	1,050,000	200,000
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah	125,000	—	125,000	—
Dato' Haji Abdul Aziz bin Omar	875,000	—	125,000	750,000
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff	365,000	—	15,000	350,000
Indirect interests:				
Tan Sri Dato' Sri Dr. Teh Hong Piow	786,468,596	—	—	786,468,596
Tan Sri Dato' Thong Yaw Hong	821,875	—	—	821,875
Tan Sri Dato' Sri Tay Ah Lek	339,482	—	—	339,482
Dato' Lee Kong Lam	800,000	—	—	800,000
Dato' Yeoh Chin Kee	—	300,000	—	300,000

As at 1 January 2008, all the Directors in office had no unexercised options in the PBB ESOS.

DIRECTORS' INTERESTS (CONTINUED)**Shares Held in Subsidiary Company****- Shares Held in Public Financial Holdings Limited ("PFHL")**

	Number of Ordinary Shares of HKD0.10 Each			
	Balance at 1.1.2008	Exercise of PFHL Share Options	Disposed	Balance at 31.12.2008
Direct interests:				
Tan Sri Dato' Thong Yaw Hong	498,000	–	498,000	–
Tan Sri Dato' Sri Tay Ah Lek	–	450,000	100,000	350,000
Dato' Yeoh Chin Kee	80,000	150,000	80,000	150,000

Share Options Held in Subsidiary Company**- Share Options Held under the PFHL Employees' Share Option Scheme ("PFHL Share Options")**

	Number of PFHL Share Options				
	Option Price HKD	Balance at 1.1.2008	Granted	Exercised	Balance at 31.12.2008
Tan Sri Dato' Sri Tay Ah Lek	6.35	1,680,000	–	450,000	1,230,000
Dato' Yeoh Chin Kee	6.35	700,000	–	150,000	550,000

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and indirect interests of 807,992,846 shares in the Bank, and pursuant to Section 6A(4)(c) of the Companies Act, 1965, is deemed interested in the shares in all of the Bank's subsidiary companies to the extent that the Bank has interests.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiary companies is a party with the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate, other than the PBB Share Options and PFHL Share Options.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Bank as disclosed in Note 38 to the financial statements) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has substantial financial interest except for those transactions arising in the ordinary course of business as disclosed in Note 44(a) to the financial statements.

REMUNERATION COMMITTEE

The Remuneration Committee carries out the annual review of the overall remuneration policy for Directors, the Chief Executive Officer and key Senior Management Officers whereupon recommendations are made to the Board of Directors for approval.

The members of the Remuneration Committee comprising of all the Independent Non-Executive Directors of the Bank are:

Tan Sri Dato' Thong Yaw Hong
Dato' Yeoh Chin Kee
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah
Dato' Haji Abdul Aziz bin Omar
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff
Quah Poh Keat (appointed on 30 July 2008)

BUSINESS REVIEW 2008

The Public Bank Group continued to sustain a strong performance in 2008 with strong profitability and high asset quality, underpinned by strong loan and deposit growth in its domestic and overseas operations. The Public Bank Group continued to maintain its prudent credit policy, strong credit culture and strong risk management practices.

The Public Bank Group remained focused in growing its market share organically in key consumer financing such as home mortgages, passenger vehicle hire purchase financing and also in retail commercial lending to small- and medium-sized enterprises ("SMEs"). The Group's core business continued to be complemented by corporate banking services, treasury operations, investment banking and Islamic banking.

During the year, Public Bank introduced competitive loan packages and revised interest rates and terms for its home mortgages, hire purchase financing and SME loans. The Bank also promoted micro financing to micro enterprises. In deposit taking, Public Bank promoted both existing and new deposit products, including investment-linked deposit products and foreign currency fixed deposits for its affluent customers.

Public Bank also introduced new Islamic financing and deposit accounts such as retail and corporate revolving credit financing-i. Public Islamic Bank – a wholly-owned subsidiary company of Public Bank was established in November 2008 to further promote Islamic banking business.

The Public Bank Group accelerated its efforts to expand fee-based activities by offering a wider range of new unit trust funds, investment-linked products and bancassurance products. The Group expanded its infrastructure to further promote its unit trust funds, ING Bancassurance products, credit and debit card businesses, remittances and trade finance.

To expand its business, Public Bank continued to tap its wide branch network of 242 branches, remote channels (consisting of 450 ATMs, 429 cheque deposit machines, 359 cash deposit terminals, Internet banking channel and mobile banking channel) and strong sales and marketing teams. It also continued to tap its strong PB Brand and superior delivery standards. The Group also expanded its branch network in Hong Kong and the People's Republic of China, Cambodia, Vietnam and Laos.

The Group also continued to implement its corporate social responsibility programmes in key areas such as nation building, enhancement of the market place, promotion of the work place, promotion of education, community and health care support and environmental conservation.

ECONOMIC OUTLOOK AND PROSPECTS FOR 2009

As an open economy, Malaysia is not insulated from the global economic meltdown and volatility in capital flow. Malaysia's GDP growth is expected to soften considerably in 2009 due to weaknesses in its export sector. Inflation is expected to further moderate significantly in the first half of 2009. The global actions to provide large fiscal stimulus and ease monetary policy will probably limit the decline in world growth and this should be positive to the Malaysian economy.

The Malaysian economy has strengths to mitigate risks of slower economic growth in 2009 based on its prevailing positive macroeconomic conditions. The banking sector is strong with strong capitalisation, strong asset quality and large liquidity in the banking system. Interbank lending and credit markets continue to function well. Households and businesses continue to have a steady access to financing. On top of this, Malaysia has other strengths such as high savings, high surplus in the current account, strong international reserves, low government debt and high sovereign ratings.

The Malaysian Government has taken measures to support domestic demand by introducing a RM7 billion stimulus package to boost private investment and private consumption. The Government is expected to maintain a budget deficit of 4.8% of GDP in 2008 and 2009. Bank Negara Malaysia has cut its Overnight Policy Rate to 3.25% in November 2008 to support domestic economic activity. The preemptive measures such as the BNM liquidity support and the full guarantee to all ringgit and foreign currency deposits in the banking system in Malaysia will sustain the already high confidence in the banking system. In addition to these measures, both the Government and Bank Negara Malaysia still have the flexibility to respond appropriately should economic growth decelerate sharper than expected.

BUSINESS OUTLOOK FOR 2009

Despite the slowing economy, the banking industry in Malaysia is expected to grow positively and remain resilient due to its strong capitalisation, healthy asset quality and improved risk management practices. Amidst excess liquidity and liberal operating environment for the incumbent foreign-controlled banks, the banking industry will remain competitive, particularly in the retail space and the pressure on net interest margins will remain. Also, the entrance of new Islamic banks will add competitive pressure on the industry. Banks are expected to introduce innovative and competitive products and services at a faster pace and strengthen their customer relationship management and delivery standards to gain market share. The expected banking industry liberalisation in 2009 will also add to the competitive pressure.

The competitive financial landscape will force banking institutions to continue to pursue competitive pricing strategies, expand their multiple delivery channels and accelerate product innovation. Amidst the challenging business environment, some banks will continue to prepare for the implementation of the Basel II Internal Ratings Based approach in 2010.

As households and businesses turn more cautious, the banking industry's loan growth is expected to moderate to 7% in 2009, underpinned by growth in consumer and SME loans. Factors which will continue to support loan growth include low financing costs, promotion of BNM funds to support SMEs and the Government's fiscal stimulus to boost economic activity.

Banks are expected to further intensify their efforts to increase retail deposits to sustain a healthy funding base for their balance sheet by offering innovative and competitive products, such as structured deposit and foreign currency deposit products. Islamic banking is also expected to further expand in 2009 with the level of competition intensifying due to the entrance of the new Islamic banking players.

Demand for wealth management products is expected to remain strong due to increased number of affluent customers, low interest rates and high savings in the banking system. Banks are also expected to further grow their fee-based activities to mitigate pressures on net interest margins.

BUSINESS OUTLOOK FOR 2009 (CONTINUED)

In terms of lending, the Public Bank Group will continue to focus on home mortgages, car hire purchase financing and SME loans. This will be complemented by corporate banking services, fund management business, investment banking and Islamic banking. Public Bank will promote micro financing. On deposit taking, the Group will continue to promote retail and wholesale deposits, foreign currency deposit and structured deposit products. The Group will continue to grow its Islamic banking business through its wholly-owned subsidiary company, Public Islamic Bank, by sourcing low cost deposits and expanding Islamic retail financing and Islamic wealth management products to consumers and SMEs. Public Islamic Bank will tap business opportunities provided under the Malaysian International Islamic Financial Centre.

Public Bank will continue to promote its fee-based activities such as sales of unit trust funds, sales of general insurance and bancassurance products, credit card business, trade finance, cash management services and remittance business.

To expand its business, the Public Bank Group will continue to tap on its extensive branch network, wide array of innovative products and packages, and multiple delivery channels such as Internet banking, mobile banking, ATMs, cheque deposit machines and cash deposit terminals. Also, the Bank will continue to tap on its strong corporate image and the PB Brand, strong sales and marketing force and superior delivery standards which will continue to be internationally certified.

Public Bank will continue to accelerate growth in its overseas operations in Hong Kong and the People's Republic of China, Cambodia, Laos, Vietnam and Sri Lanka by focusing on consumers financing, SMEs lending and on deposit taking business. The Bank's initiatives to promote the PB Brand abroad will continue. The Group plans to open new branches overseas in 2009.

In its pursuit of business expansion, the Public Bank Group will continue to remain prudent, uphold strong corporate governance and implement sound risk management policies. As a responsible corporate citizen, the Public Bank Group will continue to implement its Corporate Social Responsibility programmes.

AUDITORS

The retiring auditors, Messrs. KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

TAN SRI DATO' SRI DR. TEH HONG PIOW

Director

TAN SRI DATO' THONG YAW HONG

Director

Kuala Lumpur,

Dated: 19 January 2009

STATEMENT BY DIRECTORS

We, TAN SRI DATO' SRI DR. TEH HONG PIOW and TAN SRI DATO' THONG YAW HONG, being two of the Directors of PUBLIC BANK BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 222 to 391 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2008 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

TAN SRI DATO' SRI DR. TEH HONG PIOW

Director

TAN SRI DATO' THONG YAW HONG

Director

Kuala Lumpur,

Dated: 19 January 2009

STATUTORY DECLARATION

I, CHANG SIEW YEN, being the officer primarily responsible for the financial management of PUBLIC BANK BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 222 to 391, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **CHANG SIEW YEN**
at KUALA LUMPUR in WILAYAH PERSEKUTUAN this 19 January 2009

BEFORE ME:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PUBLIC BANK BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Public Bank Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Bank, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 222 to 391.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

- (c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Adrian Lee Lye Wang

Partner
Approval Number: 2679/11/09(J)
Chartered Accountant

Petaling Jaya
Dated: 19 January 2009

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Cash and short-term funds	3	36,597,027	35,548,788	29,564,959	32,606,147
Deposits and placements with banks and other financial institutions	4	1,941,445	2,683,773	3,834,326	3,069,166
Securities purchased under resale agreements	5	5,141,746	12,723,490	4,762,407	12,006,597
Securities held-for-trading	6	11,349,842	8,061,927	10,846,741	8,051,599
Securities available-for-sale	7	5,626,372	4,081,321	4,914,144	3,648,862
Securities held-to-maturity	8	8,286,719	3,872,395	9,564,579	1,688,005
Loans, advances and financing	9	118,386,295	99,327,993	93,174,291	89,805,707
Derivative financial assets	10	590,229	112,249	589,715	110,900
Other assets	11	1,548,674	1,812,188	2,197,184	1,309,416
Statutory deposits with Central Banks	12	2,636,708	2,373,927	1,998,200	2,272,000
Deferred tax assets	13	488,855	321,762	387,572	276,975
Investment in subsidiary companies	14	—	—	3,419,681	2,353,761
Investment in associated companies	15	127,802	46,318	101,325	28,465
Investment properties	16	66,012	54,390	—	—
Prepaid land lease payments	17	291,873	259,561	15	17
Property and equipment	18	1,011,489	864,809	648,322	548,090
Intangible assets	19	2,072,018	2,010,296	695,393	695,393
TOTAL ASSETS		196,163,106	174,155,187	166,698,854	158,471,100
LIABILITIES					
Deposits from customers	20	162,279,564	138,764,571	134,062,248	126,424,828
Deposits and placements of banks and other financial institutions	21	5,589,879	10,438,118	7,121,517	9,346,834
Obligations on securities sold under repurchase agreements		—	2,279	—	2,279
Bills and acceptances payable	22	3,062,374	3,452,296	3,062,374	3,452,296
Recourse obligations on loans sold to Cagamas	23	4,537,277	3,956,404	4,537,277	3,956,404
Derivative financial liabilities	10	495,146	153,186	442,654	147,084
Other liabilities	24	2,422,817	2,347,682	1,503,433	1,199,506
Borrowings	26	860,234	349,730	—	—
Subordinated notes	27	4,178,195	2,468,571	4,198,220	2,468,571
Hybrid capital securities	28	2,124,484	1,855,854	2,124,484	1,855,854
Provision for tax expense and zakat	29	382,454	365,871	254,818	266,829
Deferred tax liabilities	13	1,950	22,202	—	—
TOTAL LIABILITIES		185,934,374	164,176,764	157,307,025	149,120,485

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
EQUITY					
Share capital	30	3,531,926	3,527,891	3,531,926	3,527,891
Reserves		7,278,892	7,088,180	7,134,015	7,096,621
Treasury shares	31	(1,274,112)	(1,273,897)	(1,274,112)	(1,273,897)
Equity attributable to equity holders of the Bank		9,536,706	9,342,174	9,391,829	9,350,615
Minority interests		692,026	636,249	–	–
TOTAL EQUITY		10,228,732	9,978,423	9,391,829	9,350,615
TOTAL LIABILITIES AND EQUITY		196,163,106	174,155,187	166,698,854	158,471,100
OFF-BALANCE SHEET EXPOSURES	51 (f)	52,866,868	40,807,470	47,752,572	36,690,143
Net assets per share attributable to ordinary equity holders of the Bank (RM)		2.84	2.79	2.80	2.79

The accompanying notes form an integral part of the financial statements

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating revenue	2(x)	10,500,307	9,557,599	8,556,614	7,832,708
Interest income	34	8,289,708	7,451,804	7,313,616	6,409,578
Interest expense	35	(4,562,396)	(4,208,207)	(4,185,840)	(3,711,746)
Net interest income		3,727,312	3,243,597	3,127,776	2,697,832
Net income from Islamic banking business	56	558,417	478,224	445,884	478,224
Other operating income	36	4,285,729 1,453,527	3,721,821 1,389,466	3,573,660 1,028,098	3,176,056 1,253,834
Net income		5,739,256	5,111,287	4,601,758	4,429,890
Other operating expenses	37	(1,791,101)	(1,693,708)	(1,308,529)	(1,217,225)
Operating profit		3,948,155	3,417,579	3,293,229	3,212,665
Allowance for losses on loans, advances and financing	39	(548,562)	(407,162)	(394,189)	(354,134)
– General allowance		(232,101)	(210,302)	(232,437)	(218,687)
– Other loan loss allowances		(316,461)	(196,860)	(161,752)	(135,447)
Impairment loss	40	(32,862)	(12,159)	(1,324)	(7,748)
Share of profit after tax of equity accounted associated companies		3,366,731 12,457	2,998,258 5,380	2,897,716 –	2,850,783 –
Profit before tax expense and zakat		3,379,188	3,003,638	2,897,716	2,850,783
Tax expense and zakat	41	(756,528)	(801,852)	(624,980)	(744,586)
Profit for the year		2,622,660	2,201,786	2,272,736	2,106,197

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Attributable to:					
Equity holders of the Bank		2,581,237	2,123,915	2,272,736	2,106,197
Minority interests		41,423	77,871	–	–
Profit for the year		2,622,660	2,201,786	2,272,736	2,106,197
Earnings per RM1.00 share:	42				
– basic (sen)		76.9	63.3		
– diluted (sen)		76.9	62.9		
Net dividends per RM1.00 share:	43				
Cash dividends					
– Special dividends (sen)		–	7.4		
– Interim dividends (sen)		22.2	18.3		
– Final dividends (sen)		18.8	29.6		
		41.0	55.3		
Share dividends (no. of shares)		1 for 35	–		

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

2008 Group	Note	<----- Attributable to Equity Holders of the Bank ----->						Minority Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Non-distributable Reserves		Distributable Reserves		Total Shareholders' Equity RM'000		
			Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000			
At 1 January 2008		3,527,891	2,112,204	3,613,724	1,362,252	(1,273,897)	9,342,174	636,249	9,978,423
Currency translation differences in respect of foreign operations		—	—	145,173	—	—	145,173	38,810	183,983
Currency translation differences in respect of net investment hedge		—	—	(143,546)	—	—	(143,546)	—	(143,546)
Unrealised net loss on revaluation of securities available-for-sale		—	—	(440,129)	—	—	(440,129)	(3,337)	(443,466)
Unrealised net gain on cash flow hedge		—	—	13,864	—	—	13,864	—	13,864
Net (expense)/income recognised directly in equity		—	—	(424,638)	—	—	(424,638)	35,473	(389,165)
Net profit for the year		—	—	—	2,581,237	—	2,581,237	41,423	2,622,660
Total recognised (expense)/income for the year		—	—	(424,638)	2,581,237	—	2,156,599	76,896	2,233,495
Issue of shares pursuant to the exercise of share options	25(b)(1)	4,035	20,295	—	—	—	24,330	—	24,330
Buy-back of shares	31	—	—	—	—	(215)	(215)	—	(215)
Minority interests' subscription of shares of a subsidiary company (net)		—	—	—	—	—	—	9,100	9,100
Transfer to statutory reserves		—	—	40,571	(40,571)	—	—	—	—
Transfer to regulatory reserves		—	—	14,078	(14,078)	—	—	—	—
Dividends paid	43	—	—	—	(1,986,182)	—	(1,986,182)	(30,219)	(2,016,401)
At 31 December 2008		3,531,926	2,132,499	3,243,735	1,902,658	(1,274,112)	9,536,706	692,026	10,228,732

Note 30

Note 32

Note 31

The accompanying notes form an integral part of the financial statements

2007 Group	Note	<----- Attributable to Equity Holders of the Bank ----->						Minority Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Non-distributable Reserves		Distributable Reserves		Total Shareholders' Equity RM'000		
			Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares 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		—	—	(136,279)	—	—	(136,279)	(40,843)	(177,122)
Currency translation differences in respect of net investment hedge		—	—	73,917	—	—	73,917	—	73,917
Unrealised net loss on revaluation of securities available-for-sale		—	—	(65,244)	—	—	(65,244)	(2,740)	(67,984)
Unrealised net gain on cash flow hedge		—	—	381	—	—	381	—	381
Net expense recognised directly in equity		—	—	(127,225)	—	—	(127,225)	(43,583)	(170,808)
Net profit for the year		—	—	—	2,123,915	—	2,123,915	77,871	2,201,786
Total recognised (expense)/income for the year		—	—	(127,225)	2,123,915	—	1,996,690	34,288	2,030,978
Issue of shares pursuant to the exercise of share options	25(b)(1)	65,066	330,123	—	—	—	395,189	—	395,189
Buy-back of shares	31	—	—	—	—	(489,096)	(489,096)	—	(489,096)
Acquisition of shares in a subsidiary company		—	—	—	—	—	—	10,516	10,516
Transfer to statutory reserves		—	—	395,953	(395,953)	—	—	—	—
Transfer to regulatory reserves		—	—	36,258	(36,258)	—	—	—	—
Dividends paid	43	—	—	—	(1,594,608)	—	(1,594,608)	(36,865)	(1,631,473)
At 31 December 2007		3,527,891	2,112,204	3,613,724	1,362,252	(1,273,897)	9,342,174	636,249	9,978,423
		Note 30	Note 32		Note 31				

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

2008 Bank	Note	<----- Attributable to Equity Holders of the Bank ----->					
		Share Capital RM'000	Non-distributable Reserves		Distributable Reserves		Total RM'000
			Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	
At 1 January 2008		3,527,891	2,112,204	3,504,479	1,479,938	(1,273,897)	9,350,615
Unrealised net loss on revaluation of securities available-for-sale		—	—	(283,319)	—	—	(283,319)
Unrealised net gain on cash flow hedge		—	—	13,864	—	—	13,864
Net expense recognised directly in equity		—	—	(269,455)	—	—	(269,455)
Net profit for the year		—	—	—	2,272,736	—	2,272,736
Total recognised (expense)/ income for the year		—	—	(269,455)	2,272,736	—	2,003,281
Issue of shares pursuant to the exercise of share options	25(b)(1)	4,035	20,295	—	—	—	24,330
Buy-back of shares	31	—	—	—	—	(215)	(215)
Transfer to statutory reserves		—	—	4,035	(4,035)	—	—
Dividends paid	43	—	—	—	(1,986,182)	—	(1,986,182)
At 31 December 2008		3,531,926	2,132,499	3,239,059	1,762,457	(1,274,112)	9,391,829
		Note 30		Note 32	Note 33	Note 31	
2007 Bank							
At 1 January 2007		3,462,825	1,782,081	3,183,133	1,327,089	(784,801)	8,970,327
Unrealised net loss on revaluation of securities available-for-sale		—	—	(37,775)	—	—	(37,775)
Unrealised net gain on cash flow hedge		—	—	381	—	—	381
Net expense recognised directly in equity		—	—	(37,394)	—	—	(37,394)
Net profit for the year		—	—	—	2,106,197	—	2,106,197
Total recognised (expense)/ income for the year		—	—	(37,394)	2,106,197	—	2,068,803
Issue of shares pursuant to the exercise of share options	25(b)(1)	65,066	330,123	—	—	—	395,189
Buy-back of shares	31	—	—	—	—	(489,096)	(489,096)
Transfer to statutory reserves		—	—	358,740	(358,740)	—	—
Dividends paid	43	—	—	—	(1,594,608)	—	(1,594,608)
At 31 December 2007		3,527,891	2,112,204	3,504,479	1,479,938	(1,273,897)	9,350,615
		Note 30		Note 32	Note 33	Note 31	

The accompanying notes form an integral part of the financial statements

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit before tax expense and zakat	3,379,188	3,003,638	2,897,716	2,850,783
Adjustments for:				
Share of profit after tax of equity accounted associated companies	(12,457)	(5,380)	–	–
Amortisation of prepaid land lease payments	2,737	7,532	2	2
Depreciation of property and equipment	116,122	95,589	92,518	80,873
Net loss/(gain) on disposal of property and equipment	1,773	(6,040)	1,748	(1,155)
Net loss on disposal of foreclosed properties	8,652	3,648	8,812	3,648
Gain on disposal of prepaid land lease payments	–	(1,580)	–	–
Allowance for bad and doubtful debts and financing	774,752	677,322	562,804	565,013
Write back of allowance for bad and doubtful debts and financing	(74,660)	(107,563)	(70,419)	(104,974)
Net gain arising from sale of securities available-for-sale	(13,514)	(93,305)	(13,491)	(45,515)
Amortisation of premium less accretion of discount	6,777	14,807	12,685	22,425
Amortisation of cost and accretion of discount relating to the issuance of the subordinated notes	3,745	2,441	3,745	2,441
Amortisation of cost relating to the issuance of the hybrid capital securities	367	349	367	349
Unrealised (gain)/loss on revaluation of securities held-for-trading	(1,700)	(2,951)	(1,417)	1,106
Unrealised loss on revaluation of trading derivatives	3,815	–	37,036	10,926
Unrealised loss/(gain) on hedging derivatives	44	291	(190)	276
Pension costs – defined benefit plan	(41,943)	(15,517)	(41,063)	(15,797)
Transfer to profit equalisation reserves	22,059	7,929	18,083	7,929
Dividends from securities available-for-sale	(47,345)	(46,604)	(43,215)	(36,836)
Dividends from securities held-to-maturity	(6,657)	(8,112)	(6,461)	(6,610)
Dividends from subsidiary companies	–	–	(354,026)	(504,132)
Dividends from associated companies	–	–	(5,130)	(3,692)
Goodwill written off	–	47	–	–
Property and equipment written off	4,243	108	4,238	107
Gain on revaluation of investment properties	(7,956)	(3,475)	–	–
Impairment loss on securities held-to-maturity	29,197	4,315	145	–
Impairment loss on foreclosed properties	1,179	7,748	1,179	7,748
Impairment written back on property and equipment	–	(2,687)	–	–
Impairment loss on prepaid land lease payments	–	2,621	–	–
Impairment loss on intangible assets	2,486	162	–	–
Operating profit before working capital changes	4,150,904	3,535,333	3,105,666	2,834,915

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities (continued)				
Decrease/(Increase) in operating assets:				
Deposits and placements with banks and other financial institutions	742,328	1,973,644	(765,160)	885,637
Securities purchased under resale agreements	7,581,744	(348,203)	7,244,190	(1,209,239)
Securities held-for-trading	(3,304,644)	1,048,685	(2,883,596)	1,008,539
Loans, advances and financing	(19,808,401)	(17,136,587)	(15,684,262)	(14,400,836)
Other assets	287,712	(559,924)	(1,183,513)	(482,491)
Statutory deposits with Central Banks	(262,781)	(55,219)	273,800	(18,000)
Increase/(Decrease) in operating liabilities:				
Deposits from customers	23,496,001	26,971,422	19,231,211	23,781,910
Deposits and placements of banks and other financial institutions	(4,848,239)	4,800,154	(1,909,870)	5,041,356
Obligations on securities sold under repurchase agreements	(2,279)	(10,073,550)	(2,279)	(9,596,278)
Bills and acceptances payable	(389,922)	828,652	(389,922)	828,652
Recourse obligations on loans sold to Cagamas	580,873	3,695,120	580,873	3,695,120
Other liabilities	108,441	154,925	1,419,266	(13,942)
Cash generated from operations	8,331,737	14,834,452	9,036,404	12,355,343
Income tax expense and zakat paid	(819,042)	(740,674)	(693,684)	(631,854)
Net cash generated from operating activities	7,512,695	14,093,778	8,342,720	11,723,489
Cash flows from investing activities				
Purchase of property and equipment	(268,745)	(118,876)	(201,582)	(83,242)
Prepaid land lease payments made	(21,393)	(657)	–	–
Proceeds from disposal of property and equipment	2,590	19,655	2,561	4,503
Proceeds from disposal of foreclosed properties	15,978	19,502	15,813	19,502
Proceeds from disposal of prepaid land lease payments	–	3,233	–	248
Proceeds from disposal of investment properties	66	424	–	–
Net purchase of securities	(6,266,306)	(758,210)	(9,340,366)	(900,009)
Additional investment in subsidiary companies	–	–	(1,065,920)	(305,384)
Additional investment in associated company	(72,860)	–	(72,860)	–

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from investing activities (continued)				
Dividends received from associated companies	5,130	3,692	5,130	3,692
Dividends received from securities available-for-sale	47,010	46,604	42,880	36,836
Dividends received from securities held-to-maturity	5,945	8,112	5,749	6,610
Cash received from capital reduction exercise of subsidiary companies	–	–	–	227,037
Net cash vested over to Public Islamic Bank Berhad (Note 14(a))	–	–	(463,141)	–
Dividends received from subsidiary companies	–	–	252,281	670,678
Net cash used in investing activities	(6,552,585)	(776,521)	(10,819,455)	(319,529)
Cash flows from financing activities				
Exercise of share options of a subsidiary company by minority shareholders	9,100	–	–	–
Proceeds from issuance of shares in a subsidiary company to minority shareholders	–	10,516	–	–
Proceeds from issuance of shares	24,330	395,189	24,330	395,189
Drawdown/(Repayment) of borrowings	510,504	(329,611)	–	–
Dividends paid to equity holders of the Bank	(1,986,182)	(1,594,608)	(1,986,182)	(1,594,608)
Dividends paid to minority interests	(30,219)	(36,865)	–	–
Buy-back of shares	(215)	(489,096)	(215)	(489,096)
Net proceeds from issuance of subordinated notes	1,377,589	–	1,397,614	–
Net cash used in financing activities	(95,093)	(2,044,475)	(564,453)	(1,688,515)
Net increase/(decrease) in cash and cash equivalents	865,017	11,272,782	(3,041,188)	9,715,445
Cash and cash equivalents at beginning of year	35,548,788	24,380,630	32,606,147	22,890,702
Exchange differences on translation of opening balances	183,222	(104,624)	–	–
Cash and cash equivalents at end of year (Note 3)	36,597,027	35,548,788	29,564,959	32,606,147

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2008

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Group is principally engaged in all aspects of banking, investment banking, financing, Islamic banking, stock-broking, provision of finance to purchasers of licensed public vehicles, provision of related financial services, management of unit trusts and sale of trust units, underwriting of general insurance and investment holding.

The Bank is principally engaged in all aspects of banking and finance company businesses which include Islamic banking and the provision of related financial services. On 1 November 2008, the Islamic banking operations, which were previously included in the Bank's operations, were transferred to a wholly-owned subsidiary company, Public Islamic Bank Berhad, as disclosed in Note 14(a).

There have been no significant changes to these principal activities during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at 27th Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 19 January 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Bank are consistent with those adopted in previous years, except for the early adoption of FRS 8 Operating Segments.

The following are the Financial Reporting Standards ("FRS") and IC Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") as of the balance sheet date but are not yet effective:

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

All the new FRSs and IC Interpretations above are effective from 1 January 2010, with the exception of FRS 8, which is effective from 1 July 2009. In this set of financial statements, the Group and the Bank have chosen to early adopt FRS 8 Operating Segments (refer to Note 2(ag)). This is disclosed in Note 52.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Those FRSs and IC Interpretations which have been issued but which the Group and the Bank have not early adopted are as follows:

(i) FRS 139 Financial Instruments: Recognition and Measurement – This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS 139.

With effect from 1 January 2005, upon the Group's and the Bank's adoption of Bank Negara Malaysia's ("BNM") revised BNM/ GP8 – Guidelines on Financial Reporting for Licensed Institutions, certain principles in connection with the recognition, derecognition and measurement of financial instruments and hedge accounting which are similar to those prescribed by FRS 139 have been adopted by the Group and the Bank. These accounting policies are set out in Notes 2(e) and (f) to the financial statements.

(ii) FRS 4 Insurance Contracts – This new standard specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts ("insurers"). In particular, it requires disclosures that identify and explain the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts. The application of this standard is not expected to have a material impact on the financial results of the Group as the Group has only an immaterial amount of revenue generated from the insurance business. The impact of applying FRS 4 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 41AA of FRS 4.

(iii) FRS 7 Financial Instruments: Disclosures – This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel. An entity shall not apply this standard for annual periods beginning prior to 1 January 2010 unless it also applies FRS 139. The application of this standard is not expected to have a material impact on the financial results of the Group and the Bank as this standard deals only with disclosures in the financial statements.

(iv) IC Interpretation 9 Reassessment of Embedded Derivatives – This interpretation clarifies that the reassessment of an embedded derivative after its initial recognition is forbidden unless the instrument's terms have changed and this has affected its cash flows significantly. This IC Interpretation is not expected to have any material impact on the financial statements of the Group and the Bank.

(v) IC Interpretation 10 Interim Financial Reporting and Impairment – This interpretation clarifies that an entity shall not reverse impairment losses on goodwill and investments in equity instruments and financial assets carried at cost recognised in an interim period. This interpretation is not applicable to the annual financial statements of the Group and the Bank.

In August 2008, the MASB announced its plan to bring Malaysia to full convergence with International Financial Reporting Standards ("IFRS") by 1 January 2012. The financial impact and effects on disclosures and measurement ensuing from such convergence are currently still being assessed pending the issuance of such revised FRSs incorporating the full convergence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On 20 October 2008, BNM had issued a circular setting out the limited circumstances in which banking institutions are allowed to reclassify financial instruments currently held in the securities held-for-trading portfolio into the securities available-for-sale and securities held-to-maturity portfolios. This concession is only effective for the period from 1 July 2008 to 31 December 2009. As at 31 December 2008, the Group and the Bank have not utilised this concession.

(a) Basis of Accounting

The financial statements of the Group and the Bank have been prepared on the historical cost basis, except for the following assets and liabilities which are stated at fair value: securities held-for-trading, securities available-for-sale, derivative financial instruments, recognised financial assets and liabilities designated as hedged items in qualifying fair value hedge relationships which are adjusted for changes in fair value attributable to the risk being hedged and investment properties, as disclosed in the notes to the financial statements and are in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines.

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

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

In the preparation of the financial statements, management has been required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimate is revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have significant effect on the amount recognised in the financial statements include the following:

- (i) Annual testing for impairment of goodwill and intangible assets (Note 19) – the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of estimates for cash flow projections approved by management covering a 5-year period, estimated growth rates for cash flows beyond the fifth year extrapolated up to fifty years and discount rates applied to the cash flow projections. Changes to the assumptions used by management, particularly the discount rate and the growth rate, may significantly affect the results of the impairment assessment.
- (ii) Valuation of investment properties (Note 16) – the measurement of the fair value for investment properties performed by management is determined with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts.
- (iii) Allowance for losses on loans, advances and financing (Note 9 and Note 39) – whilst the assessment of allowance for losses required for loans, advances and financing is made in accordance with the requirements of the revised BNM/GP3 Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts, the Bank exercises judgement in ascertaining the recoverable amount when assessing the levels of loan loss allowance required.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Accounting (continued)

- (iv) Impairment of assets – assessment of impairment of securities available-for-sale (Note 7) and securities held-to-maturity (Note 8) is made in line with the guidance in the revised BNM/GP8 Guidelines on Financial Reporting for Licensed Institutions to determine when the investment is impaired. Management judgement is required to evaluate the duration and extent by which the fair value of the financial instruments are below its cost and/or carrying value and when there is indication of impairment in the carrying value of the financial instruments. The assessment of impairment of properties held under prepaid land lease payments (Note 17) and property and equipment (Note 18) also requires management judgement in the assessment of whether negative fluctuations in values of similar properties in the same location represents an indication of impairment in the value of the properties.
- (v) Fair value estimation for securities held-for-trading (Note 6), securities available-for-sale (Note 7) and derivative financial assets and liabilities (Note 10) – Fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations. For financial instruments which are not traded in an active market, the fair value is determined using valuation techniques, which include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length. Assumptions and inputs used on valuation techniques mainly include observable data such as risk-free and benchmark discount rates and credit spreads, which require minimal management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives such as interest rate swaps. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.
- (vi) Income taxes (Note 41) – The Group and the Bank are subject to income taxes in many jurisdictions. Significant management judgement is required in estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome will not be established until a later date. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking the advice of experts, where appropriate. Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.
- (vii) Deferred tax assets (Note 13) – deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Consolidation

(i) Subsidiary Companies

The consolidated financial statements include the financial statements of the Bank and its subsidiary companies made up to the end of the financial year.

Subsidiary companies are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Potential voting rights are considered when assessing control. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiary companies are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the cost of acquisition is measured as the fair value of the assets given, liabilities incurred or assumed, and the equity instruments issued at the date of exchange plus costs directly attributable to the business combination. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Any difference between the cost of the business combination and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. The accounting policy on goodwill is set out in Note 2(j)(i).

Intragroup transactions, balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

Minority interest represents the portion of the total profit or loss for the year and net assets of a subsidiary company attributable to equity interests that are not owned directly or indirectly by the Group. Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Bank. Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and equity holders of the Bank. Where losses applicable to the minority in a subsidiary company exceed the minority interest in the equity of that subsidiary company, the excess and any further losses applicable to the minority are attributable against the Group's interest except to the extent that the minority has a binding obligation to, and is able to make additional investment to cover the losses. If the subsidiary company subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

For business combinations where the Group's equity interest in a subsidiary company is increased by virtue of a subscription to a higher proportion of the subsidiary company's new issue of shares as compared to its existing equity interest and where the share issue price is above or below the subsidiary company's net asset value, the resultant dilution or accretion of its share of net assets in the subsidiary company is recognised in equity.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary company being disposed. All gains or losses on disposal of subsidiary companies are recognised in the consolidated income statement.

In the Bank's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses, if any. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the Bank's income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Consolidation (continued)

(ii) Associated Companies

Associated companies are those enterprises in which the Group has significant influence but not control, generally where the Group has long term equity interest and voting rights of between 20 to 50 percent. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but not the power to exercise control over the policies.

Investment in associated companies are accounted for in the Group's consolidated financial statements using the equity method. The Group's investment in associated companies is recognised in the consolidated balance sheet at cost plus the Group's share of post-acquisition net results of the associated company less impairment loss, if any, determined on an individual basis. The Group's share of results of the associated company is recognised in the consolidated income statement from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company. Where there has been a change recognised directly in the equity of the associate companies, the Group recognises its share of such changes. Consistent accounting policies are applied for transactions and events in similar circumstances.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the fair value of the associated company's net identifiable assets and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the results of the associated company in the period in which the investment is acquired.

The gain or loss on disposal of an associated company is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the associated company being disposed. All gains or losses on disposal of associated companies are recognised in the consolidated income statement.

In the Bank's separate financial statements, investment in associated companies is stated at cost less impairment losses, if any, determined on an individual basis. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in the Bank's income statement.

(c) Foreign Currency

(i) Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, ie. the functional currency. The financial statements of the Group and the Bank are presented in Ringgit Malaysia (RM), which is the Bank's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign Currency (continued)

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than each entity's functional currency, ie. foreign currencies, are translated into the functional currency at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items at balance sheet date are recognised in the income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at exchange rates at the date when the fair value is determined. Any exchange component of a gain or loss on a non-monetary item is recognised directly in equity if the gain or loss on the non-monetary item is recognised directly in equity. Any exchange component of a gain or loss on a non-monetary item is recognised directly in the income statement if the gain or loss on the non-monetary item is recognised in the income statement.

(iii) Net Investment in Foreign Operations

Exchange differences arising from monetary items that form part of the Bank's net investment in foreign operations and that are denominated in the functional currency of the Bank or the foreign operation are recognised in the income statement of the Bank. In the Group financial statements, such exchange differences are recognised initially in equity and will be recognised in the income statement only upon disposal of the net investment.

(iv) Consolidation of Financial Statements of Foreign Operations

The results and financial position of the Group's foreign operations and its subsidiary company incorporated in the Federal Territory of Labuan (whose functional currency is not the presentation currency or the currency of a hyperinflationary economy) are translated into the presentation currency at average exchange rates for the year and at the closing exchange rate as at balance sheet date respectively. All resulting exchange differences are recognised in a separate component of equity as a foreign currency translation reserve and are subsequently recognised in the income statement upon disposal of the foreign operation. Exchange differences arising from foreign currency borrowings designated as hedges of a net investment in a foreign operation are recognised in the foreign currency translation reserve in equity until the disposal of the net investment, at which time the accumulated translation differences are taken to the income statement.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operation and are translated at the closing rate at the balance sheet date. For acquisitions prior to 1 January 2006, the exchange rates as at the date of initial acquisition were used.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

	2008	2007
1 USD	RM3.4645	RM3.3065
1 HKD	RM0.4471	RM0.4239

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances with banks and other financial institutions, and short-term deposits maturing within one month.

(e) Securities

Investments in securities of the Group and the Bank are classified according to the following categories at initial recognition depending on the purpose for which the securities were acquired.

(i) Securities Held-for-Trading

Securities are classified as held-for-trading if these financial assets are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. Securities held-for-trading are stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statement. The fair value of quoted securities is derived from market bid prices. For unquoted securities, the fair value is determined based on quotes from independent dealers or using valuation techniques such as the discounted cash flows method. Securities classified as held-for-trading are not reclassified to securities held-to-maturity or securities available-for-sale while they are held. However, for the period from 1 July 2008 to 31 December 2009, BNM's circular dated 20 October 2008 allows the reclassification of securities held-for-trading to securities available-for-sale and securities held-to-maturity under certain limited circumstances.

(ii) Securities Held-to-Maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group and Bank have the positive intent and ability to hold to maturity. Unquoted shares in organisations set up for socio-economic purposes and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are also classified as securities held-to-maturity.

The securities held-to-maturity are measured at accreted/amortised cost based on the effective yield method, less impairment losses, if any. Amortisation of premium, accretion of discount and impairment loss as well as gain or loss arising from derecognition of securities held-to-maturity are recognised in the income statement.

Any sale or reclassification of a significant amount of securities held-to-maturity not close to their maturity would result in the reclassification of all securities held-to-maturity to securities available-for-sale, and prevent the Group and the Bank from classifying any securities as securities held-to-maturity for the current and following two financial years.

(iii) Securities Available-for-Sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. Securities available-for-sale are measured at fair value or at cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement. The fair value of quoted securities is derived from market bid prices. For securities denominated in a foreign currency, changes in the fair value are analysed between foreign currency translation differences and changes in the market bid price. Foreign currency translation differences are recognised in the income statement and changes due to the market bid price are recognised in equity.

For unquoted securities, the fair value is determined based on quotes from independent dealers or using valuation techniques such as the discounted cash flows method. Interest earned on securities available-for-sale is recognised in the income statement based on the effective yield basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments 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.

(i) 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.

The Group has adopted fair value hedge accounting for its fixed-rate subordinated notes, hybrid capital securities issued, certain fixed-rate private debt securities investments and certain negotiable instruments of deposit issued.

(ii) 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 hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

(iii) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment Properties

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Properties that are occupied by companies in the Group for conduct of business operations are accounted for as owner-occupied rather than as investment properties upon consolidation.

In accordance with FRS 140, investment properties can be measured using either the cost or fair value method. The Group has adopted the fair value method in measuring investment properties. Investment properties are measured initially at its cost, including transaction cost. Subsequent to initial recognition, all properties are measured at fair value, with any changes recognised in the income statement. When an item of property and equipment or prepaid land lease payments is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation reserve. If a fair value gain reverses a previously recognised impairment loss, the gain is recognised in the income statement. Upon disposal of the investment property, any surplus previously recorded in equity is transferred to retained earnings.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair values of investment properties are determined either by independent professional valuers or by management based on their judgement and estimates. Management's estimates have been made with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the income statement.

(h) Assets Acquired Under Lease

Leases in which the Group is a lessee and assumes substantially all the risks and of ownership are classified as finance leases. All other leases in which the Group is a lessee are classified as operating leases. Leasehold land held for own use that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is also classified as an operating lease. Leasehold land and building held under operating lease that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and is accounted for using the fair value model for investment properties, as set out in Note 2(g).

(i) Finance Lease

Upon initial recognition, the leased asset and the corresponding lease obligations are measured at an amount equal to the lower of the fair value of the leased asset at the beginning of the lease term and the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine, otherwise the Group's incremental borrowing rate is used. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to property and equipment. Depreciation is provided at rates which write off the cost or valuation of the asset over the term of the relevant lease or, where it is likely that the Group will obtain ownership of the asset, the life of the asset. Finance charges implicit in the lease payments are charged to the income statement over the period of the lease so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Assets Acquired Under Lease (continued)

(ii) Operating Lease – Other Assets

All assets under operating leases, other than leasehold land, are not recognised on the balance sheet. All lease rentals payable are accounted for on a straight-line basis over the lease term and are charged to the income statement. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in the income statement in the period the termination takes place.

(iii) Operating Lease – Leasehold Land

The payment made upon entering into or acquiring a leasehold land is accounted for as prepaid land lease payments in the balance sheet. In the case of a lease of land and buildings, the prepaid land lease payments are allocated, whenever necessary, between the land element and the buildings element of the lease at the inception of the lease in proportion to their relative fair values. The prepaid land lease payments are amortised over the lease term in accordance with the pattern of benefits provided. Prepaid land lease payments are classified as short term where the remaining lease term is 50 years or less and long term where the remaining lease term exceeds 50 years.

(i) Property and Equipment and Depreciation

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced parts are derecognised. All other repairs and maintenance are charged to the income statement when they are incurred.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m)(iv).

Freehold land with an unlimited useful life and work-in-progress which are not yet available for use are not depreciated. Depreciation of other property and equipment is provided on a straight line basis calculated to write off the cost of each asset to its residual value over the term of its estimated useful lives at the following principal annual rates:

Buildings	2.0%
Renovations	Over the term of the leases ranging from 2 – 7 years
Office equipment, furniture and fittings	10.0% – 33.3%
Computer equipment and software	20.0% – 33.3%
Motor vehicles	20.0%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property and Equipment and Depreciation (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity. Any loss is recognised immediately in the income statement.

(j) Goodwill and Intangible Assets

(i) Goodwill

For acquisitions prior to 1 January 2006, goodwill acquired in a business combination represents the excess of the cost of the acquisition of subsidiary companies over the Group's interest in the fair values of the net identifiable assets (including intangible assets) at the date of acquisition. With the adoption of FRS 3 Business Combinations beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies.

Goodwill is measured at cost less accumulated impairment losses, if any. For the purpose of impairment assessment, goodwill is allocated to cash-generating units ("CGU") which are expected to benefit from the synergies of the business combination. Each CGU represents the lowest level at which the goodwill is monitored and is not larger than an operating or geographical segment. The carrying amount of goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill, which represents the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired over the cost of the acquisition of the subsidiary companies, is recognised immediately in the income statement.

(ii) Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Intangible assets are recognised only when the identifiability and economic benefit probability criterion are met. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with an indefinite useful life are not amortised but are tested annually for impairment or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired. The intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite useful life assessment continues to be supportable.

Intangible assets with a finite useful life, if any, will be amortised on a straight line basis over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

(k) Foreclosed Properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at the lower of cost and fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Receivables

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity. Receivables are initially recognised at cost and subsequently stated at cost less allowance for doubtful debts, which is made based on estimates of possible losses which may arise if any receivable account becomes irrecoverable.

(m) Impairment of Assets

The carrying amount of the Group's assets except for deferred tax assets, financial assets (other than securities held-to-maturity and available-for-sale) and investment properties are reviewed at each balance sheet date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement. The policies on impairment of assets are summarised as follows:

(i) Securities Held-to-Maturity

For securities carried at amortised cost in which there are objective evidence of impairment, impairment loss is measured as the difference between the securities' carrying amount and the present value of the estimated future cash flows discounted at the securities' original effective interest rate. The amount of the impairment loss is recognised in the income statement.

Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in the income statement.

For securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statement and such impairment losses are not reversed subsequent to its recognition.

(ii) Securities Available-for-Sale

For securities available-for-sale in which there are objective evidence of impairment which are other than temporary, the cumulative impairment loss that had been recognised directly in equity shall be transferred from equity to the income statement, even though the securities have not been derecognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement.

Impairment losses on investments in equity instruments classified as available-for-sale recognised are not reversed subsequent to its recognition. Reversals of impairment losses on debt instruments classified as available-for-sale are recognised in the income statement if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

(iii) Goodwill/Intangible Assets

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. For impairment testing, goodwill from business combinations or the intangible asset is allocated to cash-generating units ("CGU") which are expected to benefit from the synergies of the business combination or intangible asset.

The recoverable amount is determined for each CGU based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the income statement when the carrying amount of the CGU, including attributable goodwill or intangible asset, exceeds the recoverable amount of the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of goodwill or intangible assets allocated to the CGU and then to the other assets of the CGU on a pro-rata basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of Assets (continued)

(iii) Goodwill/Intangible Assets (continued)

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for intangible assets is reversed if and only if there has been a change in the estimates used to determine the intangible asset's recoverable amount since the last impairment loss was recognised and such reversal is through the income statement.

(iv) Other Assets

Other assets such as property and equipment, prepaid land lease payments, foreclosed properties and investments in subsidiary companies and associated companies are reviewed for objective indications of impairment at each balance sheet date or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment loss is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the income statement. Any reversal of an impairment loss for these non-financial assets is recognised in the income statement. The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

(n) Repurchase Agreements

Securities purchased under resale agreements represent collateralised lending which the Group and the Bank are committed to resell at future dates and are reflected as an asset on the balance sheet.

Obligations on securities sold under repurchase agreements represent collateralised borrowing obligations which the Group and the Bank are committed to repurchase at future dates and are reflected as a liability on the balance sheet. The securities sold under repurchase agreements are treated as pledged assets and continue to be recognised as assets in the balance sheet.

(o) Bills and Acceptances Payable

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

(p) Liabilities

Liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity. Deposits from customers are stated at placement values and adjusted for accrued interest. Deposits and placements of banks and financial institutions are stated at placement values. Other liabilities are stated at cost, which is the consideration expected to be paid in the future for goods and services received.

(q) General Insurance

General insurance underwriting results are determined after taking into account reinsurances, unearned premium reserves, net commissions and net claims incurred.

Unearned premium reserves ("UPR") represent the unexpired risks at the end of the financial year. A fixed percentage method or time apportionment method is used in determining the UPR at balance sheet date.

Provision is made for outstanding claims based on the estimated costs of all claims together with related expenses less reinsurance recoveries in respect of claims notified but not settled at balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but not reported at balance sheet date based on an actuarial estimation by a qualified actuary using a mathematical method of estimation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Profit Equalisation Reserve ("PER")

PER is the amount appropriated out of the total Islamic banking gross income in order to maintain a certain level of return to depositors which is as stipulated by Bank Negara Malaysia's Circular on "Framework of Rate of Return". PER is deducted from the total Islamic banking gross income in deriving the net distributable gross income at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. The amount appropriated is shared by the depositors and the Group/Bank. PER is maintained up to the maximum of 30% of total Islamic banking capital fund.

(s) Provisions

A provision is recognised when there is a present legal or constructive obligation where as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Where the effect of the value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(t) Debt Instruments

Debt instruments are classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments. The Group's debt instruments consist of subordinated notes, hybrid capital securities and borrowings. These debt instruments are classified as liabilities in the balance sheet as there is a contractual obligation by the Group to make cash payments of either principal or interest or both to holders of the instruments and the Group is contractually obliged to settle the financial instrument in cash or another financial instrument.

Debt instruments are recognised initially at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, the debt instruments are stated at amortised cost with any difference between proceeds net of transaction costs and the redemption value being recognised in the income statement over the tenure of the debt instruments on an effective interest method.

Generally, it is the Group's policy to hedge the fixed interest rate risk on these debt instruments, and apply fair value hedge accounting. When hedge accounting is applied to fixed-rate debt instruments, the carrying values of the debt instruments are adjusted for changes in fair value related to the hedged exposure, instead of being carried at amortised cost.

(u) Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Costs directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

(v) Treasury Shares

When the Bank re-acquires its own equity shares, the amount of the consideration paid, including directly attributable costs, is recognised in equity. Shares re-acquired are held as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of the treasury shares. Should such treasury shares be reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount are shown as a movement in equity, as appropriate. Where treasury shares are distributed as share dividends, the cost of the treasury shares are applied in the reduction of the share premium reserve or distributable retained profits or both.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) **Contingent Liabilities and Contingent Assets**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(x) **Operating Revenue**

Operating revenue of the Group comprises all types of revenue derived from banking, investment banking, financing, stock-broking, leasing and factoring, general insurance, management of unit trust and sales of trust units as well as trustee services but excluding all related companies transactions.

Operating revenue of the Bank comprises gross interest income, commission and other income derived from banking and finance operations.

(y) **Recognition of Interest and Financing Income**

Interest income is recognised in the income statement for all interest bearing assets on an accrual basis. Interest income includes the amortisation of premium or accretion of discount. Interest income on securities are recognised on an effective yield basis.

Interest income on overdrafts, term loans and housing loans is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements, which are either monthly or daily. Interest income on hire purchase, block discounting and leasing business is recognised using the "sum-of-digits" method. Income from Islamic banking financing is recognised on an accrual basis in accordance with the principles of Shariah.

Handling fees paid to motor vehicle dealers for hire purchase loans are amortised in the income statement over the tenor of the loan in accordance with Bank Negara Malaysia's Circular on the Accounting Treatment of Handling Fees for Hire Purchase Loans dated 16 October 2006 and is set-off against interest income recognised on the hire purchase loans.

When an account becomes non-performing, interest accrued and recognised as income prior to the date the loan is classified as non-performing is reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, interest on the non-performing loan shall be recognised as income on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

The policy on interest recognition on non-performing loans is in conformity with the revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia on 5 October 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Recognition of Fees and Other Income

Income from the various business activities of the Group and the Bank is recognised using the following bases:

- (i) Loan arrangement, management and participation fees are recognised upfront as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantees;
- (ii) Dividend income is recognised when the right to receive payment is established;
- (iii) Factoring commission income is recognised upon acceptance of the factored invoices. Factoring interest is recognised on an accrual basis;
- (iv) Fee on sale of trust units is recognised upon allotment of units, net of cost of units sold;
- (v) Management fees from the management of unit trusts, net brokerage income, margin interest and rollover fees are recognised on an accrual basis;
- (vi) Other fees and commissions on services and facilities extended to customers are recognised on inception of such transactions;
- (vii) Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the assignment;
- (viii) Premium income from general insurance is recognised in a financial period in respect of risks assumed during the particular financial year; and
- (ix) Rental income is recognised on an accrual basis when it falls due.

(aa) Recognition of Interest, Financing and Related Expenses

Interest expense and attributable profit (on activities relating to Islamic banking business) on deposits and borrowings of the Group and the Bank are recognised on an accrual basis.

(ab) Allowance for Bad and Doubtful Debts and Financing

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.

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

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

Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties, being the forced 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Allowance for Bad and Doubtful Debts and Financing (continued)

The allowance for bad and doubtful debts and financing are computed in conformity with the revised 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.

Accordingly, the Group has also adopted a more stringent basis for specific allowances on non-performing loans by making a twenty percent (20%) specific allowance on non-performing loans which are three (3) months to less than six (6) months-in-arrears. The Directors are of the view that such treatment will reflect a more prudent provisioning policy for loans, advances and financing.

In conformity with the revised BNM/GP3, non-performing loans, advances and financing which have been rescheduled or restructured are reclassified as performing upon completion of the relevant documentation in relation to the rescheduling or restructuring exercise. Prior to this, only restructured non-performing loans were reclassified as performing upon completion of the restructuring exercise. Non-performing loans which were rescheduled continued to be classified as non-performing, and would only be reclassified as performing when the borrower had complied with the revised repayment terms for a continuous period of 6 months.

(ac) Employee Benefits

(i) Short-Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees' Provident Fund ("EPF"). Overseas subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined Benefit Plan

The Bank and certain subsidiary companies contribute to a fully funded defined benefit plan approved by the Inland Revenue Board known as the Public Bank Group Officers' Retirement Benefits Fund (the "Fund") for its eligible employees. The obligations under the Fund are determined based on actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years are estimated. The benefit is calculated using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over four years when the cumulative unrecognised actuarial gains or losses for the Fund exceed ten percent (10%) of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Where there are any improvements in benefits for the Fund, past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Any net defined benefit surplus resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the Fund.

The amount recognised under personnel costs in the income statement includes the current service cost, interest cost, the expected return on plan assets and actuarial gains or losses recognised on the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Employee Benefits (continued)

(iv) Share-based Compensation Benefits

The Bank's employees' share option scheme allows the Group's Directors and employees, except the employees of Public Financial Holdings Limited ("PFHL") and its subsidiary companies, Cambodian Public Bank Plc and CampuBank Lonpac Insurance Plc, to acquire shares of the Bank. PFHL's share option scheme allows the directors and employees of PFHL and its subsidiary companies to acquire shares in PFHL.

Where the Group pays for services of its employees using share options, the fair value of the transaction is recognised as an expense in the income statement over the vesting periods of the grants, with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share option at the date of the grant and the number of share options to be vested by the vesting date taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. At the balance sheet date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

(ad) Tax Expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Deferred tax is not provided for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that at the time of transaction, affects neither accounting nor taxable profit. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off under the same taxable entity and taxation authority.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the balance sheet date.

(ae) Dividends

Dividends on ordinary shares are accounted for as an appropriation of retained profits in the period in which they are approved.

(af) Earnings Per Share

The Group presents basic and diluted (where applicable) earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period net of treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ag) Segment Reporting

Segment reporting in the financial statements are presented on the same basis as is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are distinguishable components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

3. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and balances with banks and other financial institutions	6,078,656	3,592,965	2,147,105	1,079,561
Money at call and deposit placements maturing within one month	30,518,371	31,955,823	27,417,854	31,526,586
	36,597,027	35,548,788	29,564,959	32,606,147

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Licensed banks	310,476	908,118	228,485	714,996
Licensed investment banks	200,000	379,061	200,000	379,061
Central Banks	1,000,000	–	1,000,000	–
Other financial institutions	430,969	1,396,594	2,405,841	1,975,109
	1,941,445	2,683,773	3,834,326	3,069,166

A fixed deposit of RM100,000 (2007 – RM100,000) included in the Group balance favouring the Accountant General has been placed by a subsidiary company with a licensed bank in accordance with Section 4(2) of the Labuan Trust Companies Act, 1990.

5. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

The fair value of securities accepted as collateral under resale agreements that the Group and the Bank are permitted to sell or repledge was RM5,141,746,000 (2007 – RM12,723,490,000) and RM4,762,407,000 (2007 – RM12,006,597,000) respectively, of which none (2007 – none) have been resold.

6. SECURITIES HELD-FOR-TRADING

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At fair value				
Money market instruments:				
Malaysian Government Treasury Bills	–	25,695	–	25,695
Malaysian Government Securities	255,573	–	255,573	–
Cagamas bonds	4,896,761	4,188,824	4,514,465	4,188,824
Negotiable instruments of deposit	5,139,352	3,702,506	5,139,352	3,702,506
Bank Negara Malaysia Monetary Notes	890,201	92,756	890,201	92,756
Bank Negara Malaysia Bills	49,807	–	–	–
	11,231,694	8,009,781	10,799,591	8,009,781
Quoted securities:				
Shares in Malaysia	980	1,793	980	1,793
Trust units outside Malaysia	–	5,198	–	–
	980	6,991	980	1,793
Unquoted securities:				
Private debt securities in Malaysia	117,168	45,155	46,170	40,025
	117,168	45,155	46,170	40,025
	11,349,842	8,061,927	10,846,741	8,051,599

7. SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At fair value				
Money market instruments:				
Negotiable instruments of deposit	42,363	–	464,017	–
	42,363	–	464,017	–
Quoted securities:				
Shares and convertible loan stocks in Malaysia	44,964	39,109	41,954	39,109
Shares outside Malaysia	11,546	33,653	–	–
Trust units in Malaysia				
– Public Institutional Bond Fund	1,256,645	1,218,730	1,160,239	1,116,383
– Others	1,257,839	100,392	857,336	100,303
	2,570,994	1,391,884	2,059,529	1,255,795
Unquoted securities:				
Shares in Malaysia	20,853	19,668	20,283	19,098
Shares outside Malaysia	3,295	3,003	253	119
Private debt securities in Malaysia	2,988,867	2,666,766	2,370,062	2,373,850
	3,013,015	2,689,437	2,390,598	2,393,067
	5,626,372	4,081,321	4,914,144	3,648,862

8. SECURITIES HELD-TO-MATURITY

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	44,557	58,554	44,557	58,554
Malaysian Government Securities	3,220,432	128,745	3,215,441	128,745
Malaysian Government Investment Certificates	378,828	231,613	378,828	231,613
Bankers' acceptances and Islamic accepted bills	21,326	500,021	–	–
Cagamas bonds	15,164	–	15,164	–
Cagamas Mudharabah bonds	–	1,371	–	1,371
Negotiable instruments of deposit	3,864,744	577,836	5,594,802	60,983
Bank Negara Malaysia Monetary Notes	100,651	1,039,568	100,651	1,039,568
Bank Negara Malaysia Bills	–	29,853	–	–
Hong Kong Government Treasury Bills	142,931	126,104	–	–
Sri Lanka Government Treasury Bills	1,554	7,993	1,554	7,993
	7,790,187	2,701,658	9,350,997	1,528,827
Quoted securities:				
Private debt securities outside Malaysia	8,938	8,472	–	–
	8,938	8,472	–	–
Unquoted securities:				
Shares in Malaysia	88,021	87,499	87,578	87,201
Private debt securities in Malaysia	150,102	86,325	140,069	86,315
Private debt securities outside Malaysia	263,536	1,006,933	–	–
	501,659	1,180,757	227,647	173,516
Accumulated impairment losses	(14,065)	(18,492)	(14,065)	(14,338)
	8,286,719	3,872,395	9,564,579	1,688,005

8. SECURITIES HELD-TO-MATURITY (CONTINUED)

The maturity structure of money market instruments held are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Maturity within one year	5,929,049	2,373,633	5,789,307	1,200,802
More than one year to three years	1,257,694	253,256	2,963,237	253,256
More than three years to five years	400,455	74,769	395,464	74,769
More than five years	202,989	–	202,989	–
	7,790,187	2,701,658	9,350,997	1,528,827

The indicative market value of money market instruments are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian Government Treasury Bills	44,622	58,575	44,622	58,575
Malaysian Government Securities	3,254,849	129,103	3,249,790	129,103
Malaysian Government Investment Certificates	387,188	231,893	387,188	231,893
Bankers' acceptances and Islamic accepted bills	21,327	500,065	–	–
Cagamas bonds	15,182	–	15,182	–
Cagamas Mudharabah bonds	–	1,371	–	1,371
Negotiable instruments of deposit	3,867,045	577,960	5,599,325	61,087
Bank Negara Malaysia Monetary Notes	100,651	1,039,915	100,651	1,039,915
Bank Negara Malaysia Bills	–	29,857	–	–
Hong Kong Government Treasury Bills	143,004	125,503	–	–
Sri Lanka Government Treasury Bills	1,463	8,001	1,463	8,001

Included in securities held-to-maturity are the following securities sold under repurchase agreements:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sri Lanka Government Treasury Bills	–	2,279	–	2,279

9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Overdrafts	9,607,890	8,815,494	8,071,878	7,943,843
Term loans/financing				
Housing loans/financing	32,699,324	27,661,139	27,275,929	25,795,082
Syndicated term loans/financing	2,085,055	1,323,723	1,136,904	585,536
Hire purchase receivables	33,172,280	29,601,425	22,153,569	28,382,885
Other term loans/financing	39,999,452	31,039,123	29,955,354	26,311,247
Credit card receivables	1,028,806	944,308	1,019,464	936,974
Bills receivables	129,934	171,365	105,869	100,048
Trust receipts	481,078	442,169	352,593	343,691
Claims on customers under acceptance credits #	3,071,979	2,568,945	3,057,674	2,539,170
Lease, factored and confirming receivables	1,581	22,020	–	–
Revolving credits	3,659,977	3,537,039	3,660,214	3,542,341
Staff loans*	693,402	648,133	652,119	604,957
	126,630,758	106,774,883	97,441,567	97,085,774
Less: Unearned interest and income	(5,962,165)	(5,359,964)	(2,750,835)	(5,359,347)
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	120,668,593	101,414,919	94,690,732	91,726,427
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	–	(410,003)
Gross loans, advances and financing (excluding Islamic house financing sold to Cagamas)	120,318,584	101,004,916	94,690,732	91,316,424
Less: Allowance for bad and doubtful debts and financing				
– general	(1,759,487)	(1,522,964)	(1,419,932)	(1,374,846)
– specific	(172,802)	(153,959)	(96,509)	(135,871)
Net loans, advances and financing	118,386,295	99,327,993	93,174,291	89,805,707

Included in claims on customers under acceptance credits of the Group and the Bank are bankers' acceptance rediscounted of RM2,550,896,000 (2007 – RM2,400,341,000).

* Included in staff loans of the Group and the Bank are loans to directors of subsidiary companies amounting to RM1,753,341 (2007 – RM2,247,572) and RM959,654 (2007 – RM1,373,922) respectively.

9. LOANS, ADVANCES AND FINANCING (CONTINUED)

The maturity structure of gross loans, advances and financing are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Maturity within one year	22,490,549	21,203,269	18,072,749	18,035,532
More than one year to three years	12,117,023	9,655,329	8,079,915	7,634,484
More than three years to five years	16,108,654	13,451,376	11,753,430	12,106,395
More than five years	69,952,367	57,104,945	56,784,638	53,950,016
Less: Islamic house financing sold to Cagamas	120,668,593 (350,009)	101,414,919 (410,003)	94,690,732 –	91,726,427 (410,003)
	120,318,584	101,004,916	94,690,732	91,316,424

Gross loans, advances and financing analysed by type of customer are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Domestic non-bank financial institutions				
– Stock-broking companies	2,053	2,010	2,053	2,010
– Others	3,162,348	2,196,329	3,156,663	2,181,319
Domestic business enterprises				
– Small and medium enterprises	20,664,386	19,270,067	19,657,035	19,161,679
– Others	13,292,658	9,192,084	12,972,116	9,184,871
Government and statutory bodies	774	703	687	703
Individuals	68,150,416	59,614,801	56,944,505	59,579,440
Other domestic entities	25,636	50,616	24,223	50,616
Foreign entities	15,370,322	11,088,309	1,933,450	1,565,789
Less: Islamic house financing sold to Cagamas	120,668,593 (350,009)	101,414,919 (410,003)	94,690,732 –	91,726,427 (410,003)
	120,318,584	101,004,916	94,690,732	91,316,424

9. LOANS, ADVANCES AND FINANCING (CONTINUED)

Gross loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed rate				
– Housing loans/financing	3,909,425	4,160,813	2,579,080	4,146,421
– Hire purchase receivables	27,920,958	25,117,733	19,479,396	24,852,968
– Other fixed rate loans/financing	12,869,448	12,598,679	6,431,674	9,865,834
Variable rate				
– Base lending rate plus	57,224,661	48,175,532	56,544,122	48,154,822
– Cost plus	9,199,229	3,551,075	8,696,698	3,565,312
– Other variable rates	9,544,872	7,811,087	959,762	1,141,070
Less: Islamic house financing sold to Cagamas	120,668,593 (350,009)	101,414,919 (410,003)	94,690,732 –	91,726,427 (410,003)
	120,318,584	101,004,916	94,690,732	91,316,424

Gross loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Purchase of securities	1,811,257	518,412	1,794,046	503,696
Purchase of transport vehicles	29,268,666	26,128,719	19,572,613	24,916,702
Purchase of landed properties	56,032,168	45,165,708	47,971,151	41,725,519
(of which: – residential	32,223,660	26,654,819	27,680,839	24,748,931
– non-residential)	23,808,508	18,510,889	20,290,312	16,976,588
Purchase of fixed assets (excluding landed properties)	272,420	232,203	265,548	231,981
Personal use	7,264,917	6,327,245	3,570,301	4,780,760
Credit card	1,028,806	944,308	1,019,464	936,974
Purchase of consumer durables	59,064	30,529	41,853	30,529
Construction	1,399,355	720,719	780,484	195,874
Mergers & Acquisitions	10,204	10,979	10,204	10,979
Working capital	18,820,617	17,174,645	15,107,077	14,233,933
Other purpose	4,701,119	4,161,452	4,557,991	4,159,480
Less: Islamic house financing sold to Cagamas	120,668,593 (350,009)	101,414,919 (410,003)	94,690,732 –	91,726,427 (410,003)
	120,318,584	101,004,916	94,690,732	91,316,424

9. LOANS, ADVANCES AND FINANCING (CONTINUED)

Gross loans, advances and financing analysed by sectors are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Agriculture, hunting, forestry and fishing	1,706,516	1,136,294	1,462,438	1,081,634
Mining and quarrying	93,749	98,160	84,729	80,913
Manufacturing	5,739,672	5,085,443	5,331,885	4,962,254
Electricity, gas and water	47,600	64,883	34,157	36,008
Construction	4,973,467	4,441,394	4,213,719	3,984,639
Wholesale & retail trade and restaurants & hotels	11,599,187	9,659,509	10,550,164	9,245,876
Transport, storage and communication	1,353,015	1,490,088	1,300,761	1,473,806
Finance, insurance and business services	6,785,617	5,023,632	6,155,949	4,509,446
Real estate	7,461,501	5,408,706	7,080,740	5,232,575
Community, social and personal services	897,690	815,434	837,748	815,434
Households	77,695,951	66,247,380	57,359,675	60,011,333
(of which: – purchase of residential properties	31,578,669	26,195,108	27,062,600	24,289,220
– purchase of transport vehicles	24,345,338	21,770,900	15,220,212	20,558,679
– others)	21,771,944	18,281,372	15,076,863	15,163,434
Others	2,314,628	1,943,996	278,767	292,509
Less: Islamic house financing sold to Cagamas	120,668,593 (350,009)	101,414,919 (410,003)	94,690,732 –	91,726,427 (410,003)
	120,318,584	101,004,916	94,690,732	91,316,424

9. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	1,403,760	1,577,831	1,341,370	1,435,315
Non-performing during the year	2,314,078	2,583,593	2,023,579	2,468,728
Reclassified as performing	(1,906,369)	(2,176,984)	(1,839,860)	(2,176,804)
Recoveries	(94,853)	(91,631)	(90,270)	(83,491)
Amount written off	(460,099)	(453,719)	(272,082)	(275,697)
Loans/financing converted to foreclosed properties/securities	(50,006)	(26,487)	(50,006)	(26,487)
Amount vested over to Public Islamic Bank Berhad	—	—	(156,585)	—
Exchange differences	3,588	(8,843)	183	(194)
At 31 December	1,210,099	1,403,760	956,329	1,341,370
Specific allowance	(172,802)	(153,959)	(96,509)	(135,871)
Net non-performing loans, advances and financing ("Net NPL")	1,037,297	1,249,801	859,820	1,205,499
Net NPL as % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	0.86%	1.23%	0.91%	1.32%

Non-performing loans, advances and financing by classifications are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Substandard (>3-9 months in arrears)	545,024	625,438	394,217	592,084
Doubtful (>9-12 months in arrears)	160,308	161,505	112,352	135,664
Bad (>12 months in arrears)	504,767	616,817	449,760	613,622
	1,210,099	1,403,760	956,329	1,341,370

9. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 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 year (Note 39)	232,101	210,302	232,437	218,687
Amount vested over to Public Islamic Bank Berhad	–	–	(187,085)	–
Exchange differences	4,422	(5,884)	(266)	(562)
At 31 December	1,759,487	1,522,964	1,419,932	1,374,846
As % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	1.46%	1.50%	1.50%	1.50%

The general allowance of the Group for the current financial year is below 1.50% due to the local regulatory requirements and applicable accounting standards of the Group's overseas subsidiary companies in their respective jurisdictions. In addition to general allowance, the Group also maintains regulatory reserves (Note 32) in equity as an additional credit risk absorbent in accordance with the local regulatory requirements of certain overseas subsidiary companies.

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Specific allowance</u>				
At 1 January	153,959	258,320	135,871	170,564
Allowance made during the year (Note 39)	542,651	467,020	330,367	346,326
Amount written back in respect of recoveries (Note 39)	(74,660)	(107,563)	(70,419)	(104,974)
Amount written off	(460,099)	(453,719)	(272,082)	(275,697)
Reinstatement of amount written off previously due to restructuring/rescheduling, now classified as performing loan	721	–	670	–
Amount transferred to accumulated impairment loss of foreclosed properties/securities	(295)	(237)	(295)	(237)
Amount vested over to Public Islamic Bank Berhad	–	–	(28,263)	–
Exchange differences	10,525	(9,862)	660	(111)
At 31 December	172,802	153,959	96,509	135,871

9. LOANS, ADVANCES AND FINANCING (CONTINUED)

Non-performing loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Purchase of securities	4,084	7,265	4,084	7,265
Purchase of transport vehicles	187,630	230,398	118,786	227,287
Purchase of landed properties	622,538	771,764	558,438	761,765
(of which: – residential	523,429	647,805	470,132	645,403
– non-residential)	99,109	123,959	88,306	116,362
Purchase of fixed assets (excluding landed properties)	535	1,938	405	1,914
Personal use	111,530	116,345	57,280	86,480
Credit card	15,943	15,253	15,943	15,253
Purchase of consumer durables	1,757	888	1,582	888
Working capital	251,964	232,489	185,935	213,098
Other purpose	14,118	27,420	13,876	27,420
	1,210,099	1,403,760	956,329	1,341,370

Non-performing loans, advances and financing analysed by sectors are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Agriculture, hunting, forestry and fishing	3,086	3,283	3,033	3,283
Mining and quarrying	162	127	162	127
Manufacturing	83,890	96,291	82,340	96,272
Electricity, gas and water	264	92	264	92
Construction	43,705	53,997	42,439	53,997
Wholesale & retail trade and restaurants & hotels	81,805	117,030	78,447	117,030
Transport, storage and communication	5,901	8,189	5,667	8,184
Finance, insurance and business services	19,302	14,234	18,964	14,234
Real estate	20,147	22,355	19,352	22,355
Community, social and personal services	4,337	7,625	3,681	7,625
Households	880,247	1,060,219	700,497	1,017,244
(of which: – purchase of residential properties	517,762	643,271	464,644	640,869
– purchase of transport vehicles	163,315	196,900	98,429	193,789
– others)	199,170	220,048	137,424	182,586
Others	67,253	20,318	1,483	927
	1,210,099	1,403,760	956,329	1,341,370

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Derivative financial instruments are off-balance sheet financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments allow the Group and its customers to transfer, modify or reduce their foreign exchange and interest rate risks via hedge relationships. The Group also transacts in these instruments for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the hedge effectiveness criteria. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 46.

The table below shows the Group's and the Bank's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at balance sheet date are analysed below.

Group	2008			2007		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Trading derivatives:						
Foreign exchange contracts						
– Currency forwards	1,468,420	21,990	9,379	1,528,460	2,220	13,459
– Currency swaps	7,646,775	68,955	165,752	6,886,698	46,572	24,495
– Currency options purchased	37,532	592	–	–	–	–
Interest rate related contracts						
– Interest rate swaps	–	–	–	169,564	22	17
Equity related contracts						
– Options purchased	272,106	15,250	–	–	–	–
	9,424,833	106,787	175,131	8,584,722	48,814	37,971
Hedging derivatives:						
Fair value hedge						
Interest rate related contracts						
– Interest rate swaps	9,208,962	469,007	320,015	6,922,415	63,435	114,051
Cash flow hedge						
Foreign exchange contracts						
– Currency forwards	–	–	–	199,610	–	1,164
Interest rate related contracts						
– Interest rate swaps	565,000	14,435	–	–	–	–
	9,773,962	483,442	320,015	7,122,025	63,435	115,215
Total	19,198,795	590,229	495,146	15,706,747	112,249	153,186

Note 51(f)

Note 51(f)

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

	2008			2007		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Bank						
Trading derivatives:						
Foreign exchange contracts						
– Currency forwards	1,286,047	21,743	9,134	1,190,705	1,781	13,084
– Currency swaps	6,968,435	68,688	164,142	6,367,677	45,912	23,877
– Currency options purchased	37,532	592	–	–	–	–
Interest rate related contracts						
– Interest rate swaps	933,289	12,142	54,160	1,047,896	17,042	24,962
Equity related contracts						
– Options purchased	272,106	15,250	–	–	–	–
	9,497,409	118,415	227,436	8,606,278	64,735	61,923
Hedging derivatives:						
Fair value hedge						
Interest rate related contracts						
– Interest rate swaps	7,655,190	456,865	215,218	5,594,339	46,165	83,997
Cash flow hedge						
Foreign exchange contracts						
– Currency forwards	–	–	–	199,610	–	1,164
Interest rate related contracts						
– Interest rate swaps	565,000	14,435	–	–	–	–
	8,220,190	471,300	215,218	5,793,949	46,165	85,161
Total	17,717,599	589,715	442,654	14,400,227	110,900	147,084

Note 51(f)

Note 51(f)

With the exception of options contracts, the fair values of derivative financial instruments are normally zero or negligible at inception and the subsequent change in value is favourable (positive fair value) or unfavourable (negative fair value) as a result of fluctuations in market interest rates and/or foreign exchange rates relative to the terms of the respective contracts.

The fair value at inception of options contracts purchased represents the consideration paid for these contracts, with subsequent changes in the fair value dependent on the movements in the value of the underlying asset.

As at 31 December 2008, the Group and the Bank have positions in the following types of derivative financial instruments:

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

The Group and the Bank use interest rate swaps as fair value hedges for its fixed-rate long-term subordinated borrowings, fixed-rate hybrid capital securities, negotiable instruments of deposit issued and for certain fixed-rate private debt securities in order to minimise its exposure to changes in fair value due to interest rate volatility. Interest rate swaps are also used as cash flow hedges to hedge against variability in cash flows earned from financial assets due to interest rate volatility. Currency forwards are used as cash flow hedges to hedge expected future cash flows receivable in order to minimise its exposure to adverse exchange rate movements on foreign currency positions.

11. OTHER ASSETS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred handling fees *	166,293	151,847	114,548	151,847
Interest/Income receivable	70,803	105,569	51,803	81,442
Other receivables, deposits and prepayments	984,417	862,764	845,488	557,435
Manager's stocks **	25,696	76,255	—	—
Amount due from trust funds ^	96,108	208,031	—	—
Foreclosed properties #	129,713	105,880	129,604	105,766
Taxi licenses	9,748	10,724	—	—
Outstanding contracts on clients' accounts @	65,896	291,118	—	—
Amount due from subsidiary companies ^^	—	—	824,476	281,330
Dividend receivable from subsidiary companies (Note 44(b))	—	—	231,265	131,596
	1,548,674	1,812,188	2,197,184	1,309,416
# Stated net of accumulated allowance for impairment loss amounting to	38,511	37,532	33,399	32,174
@ Stated net of accumulated allowance for bad and doubtful debts amounting to	25,974	24,762	—	—

11. OTHER ASSETS (CONTINUED)

- * This represents the unamortised balance of handling fees paid to motor vehicle dealers for hire purchase loans.
- ** Manager's stocks represent trust units held by the fund management subsidiary company.
- ^ This balance refers to amount due from trust funds managed by the fund management subsidiary company in respect of cancellation and creation of trust units. It also includes management fee receivable from trust funds.
- ^^ These balances are unsecured, non-interest bearing and have no fixed terms of repayment.
- @ This balance represents outstanding purchase contracts in respect of the stock-broking business of the investment banking subsidiary company entered into on behalf of clients where settlements have yet to be made by clients. The trade settlement is 3 market days according to the Bursa Malaysia Securities Clearing Sdn. Bhd.'s trading rules.

12. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Statutory deposits with Bank Negara Malaysia *	2,339,800	2,274,070	1,998,200	2,272,000
Statutory deposits with the National Bank of Cambodia #	296,908	99,857	–	–
	2,636,708	2,373,927	1,998,200	2,272,000

- * The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as set percentages of total eligible liabilities.
- # These statutory deposits are maintained with the National Bank of Cambodia ("NBC") in respect of:
- Cambodian Public Bank Plc and are maintained in compliance with Article 5 of NBC Prakas No. B701-136, the amounts of which are determined as set percentages of Cambodian Public Bank Plc's issued share capital and deposits from customers; and
 - CampuBank Lonpac Insurance Plc and are maintained in compliance with Article 53 of the Royale Government's Sub-Decree on Insurance dated 22 October 2001 and Article 1 of the Ministry of Economy and Finance's Circular No. 009 SHV dated 9 December 2002, the amounts are determined as a set percentage of the issued share capital of CampuBank Lonpac Insurance Plc.

13. DEFERRED TAX

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	299,560	319,715	276,975	266,750
Recognised in income statement (net) (Note 41)				
– relating to origination and reversal of temporary differences	80,144	(17,419)	59,977	12,349
– relating to changes in tax rate	–	(12,587)	–	(10,860)
Recognised in equity (net) (Note 41)	107,362	8,736	96,875	8,736
Amount vested over to Public Islamic Bank Berhad	–	–	(46,255)	–
Exchange differences	(161)	1,115	–	–
At 31 December	486,905	299,560	387,572	276,975

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the balance sheet after appropriate offsetting are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets, net	488,855	321,762	387,572	276,975
Deferred tax liabilities, net	(1,950)	(22,202)	–	–
	486,905	299,560	387,572	276,975

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets	604,019	432,923	483,059	378,055
Deferred tax liabilities	(117,114)	(133,363)	(95,487)	(101,080)
	486,905	299,560	387,572	276,975

13. DEFERRED TAX (CONTINUED)

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group	Allowance for Losses on Loans RM'000	Tax Losses RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2007	356,785	53,439	36,223	446,447
Recognised in income statement (Note 41)				
– relating to origination and reversal of temporary differences	38,924	(24,948)	(9,732)	4,244
– relating to changes in tax rate	(14,882)	(1,095)	(989)	(16,966)
Exchange differences	(621)	–	(181)	(802)
At 31 December 2007	380,206	27,396	25,321	432,923
Recognised in income statement (Note 41)				
– relating to origination and reversal of temporary differences	68,028	(791)	(4,085)	63,152
Recognised in equity (Note 41)	–	–	107,362	107,362
Exchange differences	490	80	12	582
At 31 December 2008	448,724	26,685	128,610	604,019

Deferred tax liabilities of the Group	Excess of Capital Allowances Over Depreciation RM'000	Deferred Handling Fees RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2007	83,880	34,502	8,350	126,732
Recognised in income statement (Note 41)				
– relating to origination and reversal of temporary differences	1,950	4,978	14,735	21,663
– relating to changes in tax rate	(2,099)	(1,518)	(762)	(4,379)
Recognised in equity (Note 41)	–	–	(8,736)	(8,736)
Exchange differences	(1,917)	–	–	(1,917)
At 31 December 2007	81,814	37,962	13,587	133,363
Recognised in income statement (Note 41)				
– relating to origination and reversal of temporary differences	(16,813)	3,611	(3,790)	(16,992)
Exchange differences	743	–	–	743
At 31 December 2008	65,744	41,573	9,797	117,114

13. DEFERRED TAX (CONTINUED)

Deferred tax assets of the Bank	Allowance for Losses on Loans RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2007	343,096	16,974	360,070
Recognised in income statement (Note 41)			
– relating to origination and reversal of temporary differences	38,798	(5,691)	33,107
– relating to changes in tax rate	(14,688)	(434)	(15,122)
At 31 December 2007	367,206	10,849	378,055
Recognised in income statement (Note 41)			
– relating to origination and reversal of temporary differences	67,267	(4,664)	62,603
Recognised in equity (Note 41)	–	96,875	96,875
Amount vested over to Public Islamic Bank Berhad	(46,771)	(7,703)	(54,474)
At 31 December 2008	387,702	95,357	483,059

Deferred tax liabilities of the Bank	Excess of Capital Allowances Over Depreciation RM'000	Deferred Handling Fees RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2007	51,068	34,502	7,750	93,320
Recognised in income statement (Note 41)				
– relating to origination and reversal of temporary differences	1,003	4,978	14,777	20,758
– relating to changes in tax rate	(2,003)	(1,518)	(741)	(4,262)
Recognised in equity (Note 41)	–	–	(8,736)	(8,736)
At 31 December 2007	50,068	37,962	13,050	101,080
Recognised in income statement (Note 41)				
– relating to origination and reversal of temporary differences	2,822	3,912	(4,108)	2,626
Amount vested over to Public Islamic Bank Berhad	–	(13,237)	5,018	(8,219)
At 31 December 2008	52,890	28,637	13,960	95,487

13. DEFERRED TAX (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items as it is not probable that the respective subsidiary companies will generate sufficient future taxable profits available against which it can be utilised:

	Group	
	2008 RM'000	2007 RM'000
Unutilised tax losses	28,132	16,306
Unutilised capital allowances	24,619	26,991

Subject to the agreement by the relevant tax authorities and subject to changes in the Group's shareholdings of the subsidiary companies under Section 44(5A) and (5B) of the Income Tax Act, 1967, the Group has unabsorbed tax losses and unabsorbed capital allowances carried forward of RM138,257,000 (2007 – RM128,020,000) and RM24,619,000 (2007 – RM26,991,000) respectively which give rise to the recognised and unrecognised deferred tax assets in respect of the above unutilised tax losses and unutilised capital allowances.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	2008		2007	
	Cost RM'000	Market Value RM'000	Cost RM'000	Market Value RM'000
Bank				
Quoted shares outside Malaysia				
– Quoted shares in Hong Kong SAR	1,672,195	1,042,365	1,672,195	1,707,564
Unquoted shares				
– In Malaysia	1,475,747		551,847	
– Outside Malaysia	272,169		130,149	
	3,420,111		2,354,191	
Less: Accumulated impairment losses	(430)		(430)	
	3,419,681		2,353,761	

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows:

		Effective Interest	
Name	Principal Activities	2008 %	2007 %
Local subsidiary companies			
Public Islamic Bank Berhad	Islamic banking	100.0	100.0
Public Investment Bank Berhad +	Investment banking	100.0	100.0
Public Invest Nominees (Tempatan) Sdn. Bhd. +	Nominee services	100.0	100.0
Public Invest Nominees (Asing) Sdn. Bhd. +	Nominee services	100.0	100.0
Public Consolidated Holdings Sdn. Bhd. +	Investment holding	100.0	100.0
Public Mutual Berhad +	Sale of trust units and management of unit trusts	100.0	100.0
Public Holdings Sdn. Bhd.	Property holding	100.0	100.0
PB Properties Sdn. Bhd.	Property holding	100.0	100.0
Public Nominees (Tempatan) Sdn. Bhd.	Nominee services	100.0	100.0
Public Nominees (Asing) Sdn. Bhd.	Nominee services	100.0	100.0
Public Bank (L) Ltd.	Offshore banking	100.0	100.0
PB Trust (L) Ltd.	Offshore trust company	100.0	100.0
PB Venture Capital Sdn. Bhd.	Investment holding	100.0	100.0
Public Leasing & Factoring Sdn. Bhd.	Leasing and factoring	100.0	100.0
PB International Factors Sdn. Bhd.	Dormant	100.0	100.0
PBFIN Berhad	Dormant	100.0	100.0
HHB Holdings Berhad +	Dormant	100.0	100.0
Overseas subsidiary companies			
Cambodian Public Bank Plc ++	Banking	100.0	100.0
CampuBank Lonpac Insurance Plc ++	General insurance	55.0	55.0
Public Financial Holdings Limited +*	Investment and property holding	73.2	73.5
Public Bank (Hong Kong) Limited +	Banking	73.2	73.5
Public Finance Limited +	Deposit-taking and finance	73.2	73.5
Public Financial Limited +	Investment holding	73.2	73.5
Public Securities Limited +	Stock and share broking	73.2	73.5
Public Securities (Nominees) Limited +	Nominee services	73.2	73.5
Public Financial Securities Limited +	Stock and share broking	73.2	73.5
Public Bank (Nominees) Limited +	Nominee services	73.2	73.5
Public Futures Limited +	Dormant	73.2	73.5
Public Credit Limited +	Dormant	73.2	73.5
Public Pacific Securities Limited +	Dormant	73.2	73.5
PB Finance Limited +#	Dormant	73.2	73.5
Public Investments Limited +	Dormant	73.2	73.5
Public Realty Limited +	Dormant	73.2	73.5
Winton (B.V.I.) Limited +	Investment holding	73.2	73.5
Winton Financial Limited +	Provision of financing for licensed public vehicles and provision of personal and short-term and mortgage loans	73.2	73.5
Winton Motors, Limited +	Trading of taxi cabs and taxi licences, and leasing of taxis	73.2	73.5
Winton Holdings (Hong Kong) Limited +	Dormant	73.2	73.5
Winsure Company, Limited +	Dormant	70.9	71.2

* Shares quoted on The Stock Exchange of Hong Kong Limited.

+ Subsidiary companies not audited by KPMG.

++ Subsidiary companies audited by KPMG Cambodia.

Final meeting of this subsidiary company was held on 27 October 2008 and this subsidiary company will be dissolved on 27 January 2009.

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

All the local subsidiary companies are incorporated in Malaysia. All the overseas subsidiary companies are incorporated in Hong Kong SAR except for Public Financial Holdings Limited which is incorporated in Bermuda, Cambodian Public Bank Plc and CampuBank Lonpac Insurance Plc which are incorporated in Cambodia, and Winton (B.V.I.) Limited which is incorporated in the British Virgin Islands.

(a) Transfer of Islamic banking business of Public Bank Berhad ("PBB") to Public Islamic Bank Berhad ("PIBB")

On 1 November 2008, the Islamic banking business carried out by PBB on a "window" basis pursuant to Section 124 of the Banking and Financial Institutions Act, 1989, was transferred to PIBB, a wholly-owned subsidiary of PBB, in accordance with the terms and conditions of the business transfer agreement dated 30 May 2008 entered into between PBB and PIBB and the Vesting Orders obtained from the High Court of Malaya and the High Court of Sabah and Sarawak on 15 July 2008 and 26 June 2008 respectively.

The consideration for PIBB's acquisition of PBB's Islamic banking business of RM1,904,940,325 is based on the net book value of PBB's Islamic banking business as at the date of completion of the acquisition on 1 November 2008.

Pursuant to Section 3(4) of the Islamic Banking Act, 1983, the Minister of Finance had granted an Islamic banking licence to PIBB, for PIBB to transact Islamic banking business in Malaysia with effect from 1 November 2008.

The value of the assets and liabilities of the Islamic banking business of PBB which were vested over to PIBB are as follows:

	RM'000
Cash and short-term funds	2,368,081
Securities held-for-trading	90,045
Financing, advances and other loans	11,773,286
Other assets	419,616
Deferred tax assets	46,255
Property and equipment	332
Deposits from customers	(11,625,879)
Deposits and placements of banks and other financial institutions	(315,447)
Other liabilities	(851,189)
Provision for tax expense and zakat	(160)
Net assets acquired	1,904,940
Less: cash and short-term funds	(2,368,081)
Net cash vested over to PIBB	(463,141)

(b) Share Issuances by Wholly-owned Subsidiary Companies

During the financial year, the Bank subscribed to the following ordinary shares issued by its wholly-owned subsidiary companies:

- (i) Public Islamic Bank Berhad – Issuance of 31,500,000 ordinary shares of RM1.00 each at a premium of RM773,500,000, amounting to a total of RM805,000,000;
- (ii) Cambodian Public Bank Plc – Issuance of 45,000,000 ordinary shares of USD1.00 each amounting to RM142,020,000 (USD45,000,000 equivalent); and
- (iii) Public Bank (L) Ltd. – Issuance of 35,000,000 ordinary shares of USD1.00 each amounting to RM118,900,000 (USD35,000,000 equivalent).

15. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost	101,365	28,505	101,325	28,465
Share of post-acquisition reserves	26,437	17,813	–	–
	127,802	46,318	101,325	28,465
Represented by: Group's share of net assets	127,802	46,318		

The summarised financial information of associated companies is as follows:

	Group	
	2008 RM'000	2007 RM'000
Total assets	1,011,173	914,806
Total liabilities	751,918	818,624
Operating revenue	115,784	63,151
Profit after tax	24,957	10,827

Details of the associated companies, all of which are unquoted, are as follows:

Name	Principal Activities	Place of Incorporation	Effective Interest	
			2008 %	2007 %
PB Trustee Services Berhad	Trustee services	Malaysia	40.0	40.0
VID Public Bank	Banking	Socialist Republic of Vietnam	50.0	50.0
CPB Properties Company Ltd.	Property holding	Cambodia	49.0	49.0

During the financial year, the Bank subscribed to its effective portion of additional shares issued by VID Public Bank amounting to RM72,860,000 (USD21,300,000 equivalent) to comply with the decree issued by the State Bank of Vietnam on 22 November 2006 which requires all joint-venture banks operating in Vietnam to increase their minimum paid-up capital to VND1,000 billion (USD62.5 million equivalent) by 31 December 2008 and further to VND3,000 billion (USD188.0 million equivalent) by 31 December 2010.

16. INVESTMENT PROPERTIES

	Note	Group	
		2008 RM'000	2007 RM'000
<u>At valuation</u>			
At 1 January		54,390	64,175
Transfer to owner-occupied property			
– Prepaid land lease payments	17	–	(7,407)
– Property and equipment	18	–	(1,106)
Transfer from owner-occupied property			
– Prepaid land lease payments	17	–	56
– Property and equipment	18	–	2
Revaluation gain from fair value adjustment	36	7,956	3,475
Disposals		(66)	(424)
Exchange differences		3,732	(4,381)
At 31 December		66,012	54,390
Included in the above are:			
Short-term leasehold land and building		23,837	19,713
Long-term leasehold land and building		42,175	34,677
		66,012	54,390

The Group's investment properties are stated at fair value and are situated in Malaysia and Hong Kong SAR. The investment properties in Malaysia amounting to RM2,044,000 (2007 – RM2,089,000) have been valued on the basis of management's valuations based on current prices in an active market for similar properties in the same location and condition. The investment properties in Hong Kong SAR amounting to RM63,968,000 (2007 – RM52,301,000) have been revalued by CS Surveyors Limited, a firm of independent professionally qualified valuers, on an open market value based on their existing use. The increase in the fair values of RM7,956,000 (2007 – RM3,475,000) has been recognised in the income statement during the financial year.

The investment properties held by the Group are let under operating leases to third parties, from which the Group earned rental income of RM5,201,000 (2007 – RM4,947,000) (Note 36) during the year.

No investment properties were pledged as security for banking facilities at the balance sheet date.

17. PREPAID LAND LEASE PAYMENTS

Group	Note	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
2008				
<u>Cost</u>				
At 1 January 2008		89,052	191,888	280,940
Additions		20,317	1,076	21,393
Exchange differences		4,861	9,951	14,812
At 31 December 2008		114,230	202,915	317,145
<u>Accumulated amortisation</u>				
At 1 January 2008		10,766	8,026	18,792
Amortisation charge for the year	37	2,040	697	2,737
Exchange differences		678	337	1,015
At 31 December 2008		13,484	9,060	22,544
<u>Accumulated impairment loss</u>				
At 1 January 2008		—	2,587	2,587
Exchange differences		—	141	141
At 31 December 2008		—	2,728	2,728
<u>Carrying amounts</u>				
At 31 December 2008		100,746	191,127	291,873

17. PREPAID LAND LEASE PAYMENTS (CONTINUED)

Group	Note	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
2007				
<u>Cost</u>				
At 1 January 2007		91,431	201,773	293,204
Additions		–	657	657
Disposals		–	(2,149)	(2,149)
Transfer to investment properties	16	(98)	–	(98)
Transfer from investment properties	16	3,577	3,830	7,407
Exchange differences		(5,858)	(12,223)	(18,081)
At 31 December 2007		89,052	191,888	280,940
<u>Accumulated amortisation</u>				
At 1 January 2007		9,446	3,269	12,715
Amortisation charge for the year	37	2,043	5,489	7,532
Disposals		–	(496)	(496)
Transfer to investment properties	16	(42)	–	(42)
Exchange differences		(681)	(236)	(917)
At 31 December 2007		10,766	8,026	18,792
<u>Accumulated impairment loss</u>				
At 1 January 2007		–	68	68
Impairment loss for the year	40	–	2,621	2,621
Exchange differences		–	(102)	(102)
At 31 December 2007		–	2,587	2,587
<u>Carrying amounts</u>				
At 31 December 2007		78,286	181,275	259,561

No leasehold land of the Group were pledged as security for banking facilities at the balance sheet date.

The leasehold land are stated at recoverable amount subject to an impairment test in accordance with FRS 136 Impairment of Assets which is based on the higher of fair value less costs to sell and value in use. The recoverable amount of one leasehold land of the Group was stated at fair value, which was lower than its value in use. No impairment loss was charged to the income statement due to the change in fair value as at 31 December 2008 (2007 – impairment loss of RM2,621,000). The fair value less costs to sell of the leasehold land was determined with reference to a qualified external valuer's valuation.

17. PREPAID LAND LEASE PAYMENTS (CONTINUED)

Bank	Note	Long term leasehold land	
		2008 RM'000	2007 RM'000
<u>Cost</u>			
At 1 January		58	306
Disposals		–	(248)
At 31 December		58	58
<u>Accumulated amortisation</u>			
At 1 January		41	39
Amortisation charge for the year	37	2	2
At 31 December		43	41
<u>Carrying amounts</u>			
At 31 December		15	17

No leasehold land of the Bank was pledged as security for banking facilities at the balance sheet date.

18. PROPERTY AND EQUIPMENT

Group	Note	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2008									
<u>Cost</u>									
At 1 January 2008		174,677	497,496	220,962	404,633	623,738	20,935	11,052	1,953,493
Additions		1,200	5,182	28,296	25,861	177,615	1,064	29,527	268,745
Disposals		–	–	–	(1,563)	(23,437)	(1,229)	–	(26,229)
Transfers		–	–	(7,859)	7,858	1	–	–	–
Write-offs	37	–	–	(874)	(1,575)	(15,339)	–	–	(17,788)
Exchange differences		–	1,887	1,183	510	2,025	167	–	5,772
At 31 December 2008		175,877	504,565	241,708	435,724	764,603	20,937	40,579	2,183,993
<u>Accumulated depreciation</u>									
At 1 January 2008		–	115,478	155,602	297,481	496,153	15,558	–	1,080,272
Depreciation charge for the year	37	–	9,960	17,942	24,665	61,293	2,262	–	116,122
Disposals		–	–	–	(1,513)	(19,198)	(1,155)	–	(21,866)
Write-offs	37	–	–	(867)	(1,563)	(11,115)	–	–	(13,545)
Exchange differences		–	286	1,030	390	1,428	116	–	3,250
At 31 December 2008		–	125,724	173,707	319,460	528,561	16,781	–	1,164,233
<u>Accumulated impairment loss</u>									
At 1 January 2008		1,064	7,348	–	–	–	–	–	8,412
Exchange differences		–	(141)	–	–	–	–	–	(141)
At 31 December 2008		1,064	7,207	–	–	–	–	–	8,271
<u>Carrying amounts</u>									
At 31 December 2008		174,813	371,634	68,001	116,264	236,042	4,156	40,579	1,011,489
Property and equipment that have been fully depreciated which are still in use are as follows:									
<u>At cost</u>									
At 31 December 2008		–	395	86,651	131,701	387,998	8,161	–	614,906

18. PROPERTY AND EQUIPMENT (CONTINUED)

Group	Note	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2007									
<u>Cost</u>									
At 1 January 2007		173,613	519,125	217,035	389,989	581,421	20,789	–	1,901,972
Additions		1,064	2,741	15,924	18,381	75,259	1,595	3,912	118,876
Disposals		–	(16,091)	(2,142)	(5,672)	(6,546)	(1,269)	–	(31,720)
Transfer to investment properties	16	–	(28)	–	–	–	–	–	(28)
Transfer from investment properties	16	–	1,106	–	–	–	–	–	1,106
Transfers		–	(7,140)	(6,427)	6,427	–	–	7,140	–
Write-offs	37	–	–	(1,954)	(3,854)	(20,006)	(8)	–	(25,822)
Exchange differences		–	(2,217)	(1,474)	(638)	(6,390)	(172)	–	(10,891)
At 31 December 2007		174,677	497,496	220,962	404,633	623,738	20,935	11,052	1,953,493
<u>Accumulated depreciation</u>									
At 1 January 2007		–	116,845	145,623	281,103	479,589	13,930	–	1,037,090
Depreciation charge for the year	37	–	2,728	15,277	26,224	48,782	2,578	–	95,589
Disposals		–	(3,583)	(2,123)	(5,543)	(6,055)	(801)	–	(18,105)
Transfer to investment properties	16	–	(26)	–	–	–	–	–	(26)
Write-offs	37	–	–	(1,887)	(3,814)	(20,005)	(8)	–	(25,714)
Exchange differences		–	(486)	(1,288)	(489)	(6,158)	(141)	–	(8,562)
At 31 December 2007		–	115,478	155,602	297,481	496,153	15,558	–	1,080,272
<u>Accumulated impairment loss</u>									
At 1 January 2007		–	10,999	–	–	–	–	–	10,999
Impairment loss written back	40	–	(2,687)	–	–	–	–	–	(2,687)
Transfers		1,064	(1,064)	–	–	–	–	–	–
Exchange differences		–	100	–	–	–	–	–	100
At 31 December 2007		1,064	7,348	–	–	–	–	–	8,412
<u>Carrying amounts</u>									
At 31 December 2007		173,613	374,670	65,360	107,152	127,585	5,377	11,052	864,809
Property and equipment that have been fully depreciated which are still in use are as follows:									
<u>At cost</u>									
At 31 December 2007		–	395	97,027	131,638	391,967	9,777	–	630,804

No land and buildings of the Group were pledged as security for banking facilities at the balance sheet date.

18. PROPERTY AND EQUIPMENT (CONTINUED)

Bank	Note	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Total RM'000
2008								
<u>Cost</u>								
At 1 January 2008		81,092	262,076	179,888	302,010	577,560	16,778	1,419,404
Additions		–	–	20,386	23,377	157,374	445	201,582
Disposals		–	–	–	(1,050)	(22,825)	(1,226)	(25,101)
Transfers		–	–	(7,859)	7,859	–	–	–
Write-offs	37	–	–	(874)	(1,501)	(12,535)	–	(14,910)
Amount vested over to Public Islamic Bank Berhad		–	–	(52)	(130)	(373)	–	(555)
Exchange differences		–	–	41	38	289	16	384
At 31 December 2008		81,092	262,076	191,530	330,603	699,490	16,013	1,580,804
<u>Accumulated depreciation</u>								
At 1 January 2008		–	63,425	122,610	203,489	468,524	13,266	871,314
Depreciation charge for the year	37	–	5,232	12,181	21,078	52,290	1,737	92,518
Disposals		–	–	–	(1,029)	(18,608)	(1,155)	(20,792)
Write-offs	37	–	–	(867)	(1,490)	(8,315)	–	(10,672)
Amount vested over to Public Islamic Bank Berhad		–	–	(16)	(43)	(164)	–	(223)
Exchange differences		–	–	30	28	266	13	337
At 31 December 2008		–	68,657	133,938	222,033	493,993	13,861	932,482
<u>Carrying amounts</u>								
At 31 December 2008		81,092	193,419	57,592	108,570	205,497	2,152	648,322
Property and equipment that have been fully depreciated which are still in use are as follows:								
<u>At cost</u>								
At 31 December 2008		–	395	80,962	129,170	384,696	8,079	603,302

18. PROPERTY AND EQUIPMENT (CONTINUED)

Bank	Note	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Total RM'000
2007								
<u>Cost</u>								
At 1 January 2007		81,092	265,744	178,847	285,211	544,749	17,041	1,372,684
Additions		–	–	9,500	16,352	57,138	252	83,242
Disposals		–	(3,668)	–	(2,225)	(4,069)	(483)	(10,445)
Transfers		–	–	(6,427)	6,427	–	–	–
Write-offs	37	–	–	(1,954)	(3,681)	(19,872)	(8)	(25,515)
Exchange differences		–	–	(78)	(74)	(386)	(24)	(562)
At 31 December 2007		81,092	262,076	179,888	302,010	577,560	16,778	1,419,404
<u>Accumulated depreciation</u>								
At 1 January 2007		–	58,984	113,228	189,533	450,065	11,589	823,399
Depreciation charge for the year	37	–	5,250	11,310	19,774	42,386	2,153	80,873
Disposals		–	(809)	–	(2,130)	(3,715)	(443)	(7,097)
Write-offs	37	–	–	(1,887)	(3,642)	(19,871)	(8)	(25,408)
Exchange differences		–	–	(41)	(46)	(341)	(25)	(453)
At 31 December 2007		–	63,425	122,610	203,489	468,524	13,266	871,314
<u>Carrying amounts</u>								
At 31 December 2007		81,092	198,651	57,278	98,521	109,036	3,512	548,090
Property and equipment that have been fully depreciated which are still in use are as follows:								
<u>At cost</u>								
At 31 December 2007		–	395	78,698	118,432	365,634	8,265	571,424

No land and buildings of the Bank were pledged as security for banking facilities at the balance sheet date.

During the year, the Bank leased computer equipment and software amounting to RM80,927,000 under finance lease which will expire in three years which is included under computer equipment and software. The net book value of the assets under finance lease is RM74,221,000 (2007 – Nil).

Details of the terms and conditions of the finance lease arrangement are disclosed in Note 24.

19. INTANGIBLE ASSETS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Goodwill</u>				
At 1 January	1,983,956	2,064,544	695,393	695,393
Impairment loss (Note 40)	(2,486)	–	–	–
Write-offs upon Member's Voluntary Winding-up of a subsidiary company (Note 37)	–	(47)	–	–
Exchange differences	64,200	(80,541)	–	–
At 31 December	2,045,670	1,983,956	695,393	695,393
<u>Intangible Assets</u>				
At 1 January	26,340	26,517	–	–
Impairment loss (Note 40)	–	(162)	–	–
Exchange differences	8	(15)	–	–
At 31 December	26,348	26,340	–	–
Total carrying amounts of goodwill and intangible assets	2,072,018	2,010,296	695,393	695,393

Impairment Test on Goodwill and Intangible Assets

Goodwill and intangible assets have been allocated to the Group's cash-generating units ("CGU") identified according to either the geographical location of the subsidiary companies' operations or business segment as follows:

As at 31 December 2008

Cash-generating unit:	Group RM'000	Bank RM'000	Discount rate %	Nominal growth rate beyond initial cash flow projections %
Hire purchase financing	395,953	395,953	12.5	6.8
East Malaysia operations (in respect of business acquired from the former Hock Hua Bank)	299,440	299,440	11.5	6.8
Hong Kong operations	1,302,767	–	6.5	5.0
Fund management	19,555	–	11.5	6.8
Investment banking	54,303	–	12.5	6.8
Leasing and factoring business #	–	–	–	–
	2,072,018	695,393		

19. INTANGIBLE ASSETS (CONTINUED)

Impairment Test on Goodwill and Intangible Assets (continued)

As at 31 December 2007

Cash-generating unit:	Group RM'000	Bank RM'000	Discount rate %	Nominal growth rate beyond initial cash flow projections %
Hire purchase financing	395,953	395,953	12.5	6.7
East Malaysia operations (in respect of business acquired from the former Hock Hua Bank)	299,440	299,440	11.5	6.7
Hong Kong operations	1,238,559	—	7.2	5.0
Fund management	19,555	—	11.5	6.7
Investment banking	54,303	—	12.5	6.7
Leasing and factoring business	2,486	—	11.5	*
	2,010,296	695,393		

Impairment loss of RM2,486,000 was recognised during the year upon cessation of business of the related subsidiary company.

* No growth rate was projected.

Goodwill is allocated to the Group's CGUs expected to benefit from the synergies of the acquisitions. For annual impairment testing purposes, the recoverable amount of the CGUs, which are reportable operating and geographical segments, are based on their value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial forecasts approved by management. The key assumptions for the computation of value-in-use include the discount rates and growth rates applied. Discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, where applicable, at the date of assessment of the respective CGU. Cash flow projections are based on five-year financial budgets approved by management. Cash flows beyond the fifth year are extrapolated to fifty years using a nominal long-term growth rate based on the average of the last twenty years' inflation-adjusted Gross Domestic Product growth rates of the respective countries where the CGUs operate. Impairment is recognised in the income statement when the carrying amount of a CGU exceeds its recoverable amount.

The intangible assets consist mainly of a share-broking license which is deemed to have an indefinite useful life as there is no expiry date. The recoverable amount of the license has been assessed using the value-in-use method, by discounting the estimated cash flows from its CGU and impairment is recognised in the income statement when the carrying amount of the CGU exceeds its recoverable amount.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill and intangible assets to exceed the recoverable amount of the CGU. Based on this review, there is no evidence of impairment on the Group's and the Bank's goodwill and intangible assets, other than an impairment loss of RM2,486,000 on goodwill of the Group's leasing and factoring business due to the cessation of business of the related subsidiary company.

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Demand deposits	15,775,587	14,021,578	13,333,758	13,442,332
Savings deposits	19,036,598	16,937,439	14,083,581	15,602,146
Fixed deposits	77,564,337	64,507,901	61,506,897	54,324,640
Negotiable instruments of deposit	15,129,638	18,090,499	12,623,857	17,779,103
Money market deposits	33,504,902	24,454,491	31,250,905	24,524,797
Other deposits	1,268,502	752,663	1,263,250	751,810
	162,279,564	138,764,571	134,062,248	126,424,828

The full amount of deposits of the Bank and its banking subsidiary companies in Malaysia, namely Public Islamic Bank Berhad and Public Investment Bank Berhad, are guaranteed by the Government of Malaysia via Perbadanan Insurans Deposit Malaysia ("PIDM"), an independent statutory body established under the Malaysia Deposit Insurance Corporation Act, 2005. This full deposit guarantee is effective from 16 October 2008 until 31 December 2010. This guarantee covers all Ringgit Malaysia and foreign currency deposits held under fixed deposits, current accounts, savings accounts, principal guaranteed conventional structured deposits and negotiable instruments of deposit held by non-bank customers, inclusive of all Islamic deposits. This guarantee excludes inter-bank money market placements, non-principal guaranteed conventional structured products and negotiable instruments of deposit held by banks.

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

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Due within six months	111,490,924	94,427,233	91,212,957	84,699,478
More than six months to one year	14,070,005	11,878,231	13,574,329	11,533,717
More than one year to three years	632,700	732,433	590,299	380,351
More than three years to five years	5,248	14,994	4,074	14,994
	126,198,877	107,052,891	105,381,659	96,628,540

20. DEPOSITS FROM CUSTOMERS (CONTINUED)

The deposits are sourced from the following types of customers:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Federal and state governments	1,264,639	1,869,627	952,163	1,869,627
Local government and statutory authorities	2,198,860	1,744,602	1,658,448	1,744,602
Business enterprises	36,613,403	33,022,180	34,495,900	32,748,956
Individuals	69,735,065	59,706,057	66,117,793	59,694,196
Foreign customers	13,939,357	12,889,139	1,997,651	2,319,849
Others	38,528,240	29,532,966	28,840,293	28,047,598
	162,279,564	138,764,571	134,062,248	126,424,828

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Licensed banks	1,846,423	4,207,883	265,209	3,544,042
Licensed Islamic banks	–	8,138	–	8,138
Licensed investment banks	200,000	285,000	–	85,833
Bank Negara Malaysia	866,125	2,380,680	866,125	2,380,680
Other financial institutions	2,677,331	3,556,417	5,990,183	3,328,141
	5,589,879	10,438,118	7,121,517	9,346,834

22. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represents the Bank's own bills and acceptances rediscounted and outstanding in the market.

23. RECOURSE OBLIGATIONS ON LOANS SOLD TO CAGAMAS

This represents the proceeds received from housing loans (excluding Islamic financing) sold directly to Cagamas Berhad with recourse to the Bank. Under this agreement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy-back any loans which are regarded as defective based on prudential criteria set by Cagamas Berhad.

24. OTHER LIABILITIES

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest/Income payable	878,147	794,437	776,927	739,717
Other payables and accruals	1,365,328	1,130,519	708,733	462,058
Amount due to trust funds *	37,625	70,616	—	—
Unprocessed sales and/or redemptions #	22,873	86,023	—	—
Employee benefits (Note 25(a))	(76,901)	(34,956)	(74,024)	(34,274)
Profit Equalisation Reserves (Note 56(n))	34,784	12,725	—	12,725
Finance lease liabilities **	70,133	—	70,133	—
Outstanding contracts on clients' accounts ^	63,115	284,459	—	—
Dividend payable to shareholders	27,713	3,859	4,063	3,859
Amount due to subsidiary companies @	—	—	17,601	15,421
	2,422,817	2,347,682	1,503,433	1,199,506

* This balance refers to amount due to trust funds managed by the fund management subsidiary company in respect of cancellation and creation of trust units.

The unprocessed sales and/or redemptions are in respect of the fund management activities of a subsidiary company.

** Finance lease liabilities of the Group and the Bank are payable as follows:

	2008			2007		
	Future Minimum Lease Payments RM'000	Future Finance Charges RM'000	Present Value of Finance Lease Liabilities RM'000	Future Minimum Lease Payments RM'000	Future Finance Charges RM'000	Present Value of Finance Lease Liabilities RM'000
Less than one year	29,500	2,219	27,281	—	—	—
Between one and three years	44,250	1,398	42,852	—	—	—
	73,750	3,617	70,133	—	—	—

The Bank leases computer equipment and software under finance lease expiring in three years (Note 18). At the end of the lease term, the Bank has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

24. OTHER LIABILITIES (CONTINUED)

[^] These balances relate to contracts entered by the stock-broking business of the investment banking subsidiary company on behalf of clients where settlements are yet to be made and amount due to Bursa Malaysia Securities Clearing Sdn. Bhd. ("Bursa Securities"). The trade settlement is 3 market days according to Bursa Securities' trading rules.

[@] These balances are unsecured, non-interest bearing and have no fixed terms of repayment.

25. EMPLOYEE BENEFITS

(a) Defined Benefit Plan

The Bank and certain subsidiary companies contribute to a fully funded defined benefit plan known as the Public Bank Group Officers' Retirement Benefits Fund ("the Fund") for its eligible employees. Under the Fund, eligible employees are entitled to one month of the final/last drawn salary for each completed year of service with the Group upon attainment of the retirement age of 55. For employees who leave before the attainment of the retirement age, the retirement benefit will be computed based on the scale rate stipulated in the rules of the Fund.

The amounts recognised in the balance sheets are determined as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Present value of funded obligations	(373,995)	(342,574)	(360,009)	(335,894)
Fair value of plan assets	437,201	590,401	420,850	578,888
	63,206	247,827	60,841	242,994
Unrecognised actuarial loss/(gain)	13,695	(212,871)	13,183	(208,720)
Net assets (Note 24)	76,901	34,956	74,024	34,274

Movements in the present value of funded obligations are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Obligation at 1 January	342,574	259,619	335,894	246,714
Allocation adjustment	–	–	620	7,842
Current service cost	24,756	18,182	24,237	17,827
Interest cost	18,516	15,452	18,126	15,151
Benefits paid – the Fund	(20,248)	(16,590)	(19,825)	(16,266)
Actuarial loss on funded obligations	8,397	65,911	8,221	64,626
Amount vested over to Public Islamic Bank Berhad	–	–	(7,264)	–
Obligation at 31 December	373,995	342,574	360,009	335,894

25. EMPLOYEE BENEFITS (CONTINUED)

(a) Defined Benefit Plan (continued)

Movements in the fair value of plan assets are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fair value at 1 January	590,401	410,368	578,888	389,973
Allocation adjustment	–	–	1,063	12,391
Expected return on plan assets	46,758	26,583	45,776	26,065
Benefits paid – the Fund	(20,248)	(16,590)	(19,825)	(16,266)
Actuarial (loss)/gain on plan assets	(179,710)	170,040	(175,937)	166,725
Amount vested over to Public Islamic Bank Berhad	–	–	(9,115)	–
Fair value at 31 December	437,201	590,401	420,850	578,888

The fair value of plan assets constitutes the following:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposit placements and cash	603	28	580	27
Money market instruments	210,286	295,798	202,421	290,030
Equity instruments *	320,623	416,753	308,632	408,626
Trust units	211,976	385,001	204,048	377,493
Properties #	237,765	198,698	228,873	194,823
Other assets (net)	30,948	37,691	29,791	36,957
Overdrafts	–	(3,268)	–	(3,204)
Borrowings	(575,000)	(740,300)	(553,495)	(725,864)
	437,201	590,401	420,850	578,888

* Included in the fair value of equity instruments are ordinary shares of the Bank held by the Fund with a fair value of RM236,662,000 (2007 – RM293,557,000).

All the properties held as plan assets of the Group and the Bank are occupied by the Group and the Bank.

25. EMPLOYEE BENEFITS (CONTINUED)

(a) Defined Benefit Plan (continued)

The amounts recognised in the income statements are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current service cost	24,756	18,182	24,237	17,827
Interest cost	18,516	15,452	18,126	15,151
Expected return on plan assets	(46,758)	(26,583)	(45,776)	(26,065)
Actuarial gains recognised	(38,457)	(22,568)	(37,650)	(22,128)
Allocation adjustment	—	—	—	(582)
Amount included under "personnel costs" (Note 37(a))	(41,943)	(15,517)	(41,063)	(15,797)
Expected return on plan assets	46,758	26,583	45,776	26,065
Actuarial (loss)/gain on plan assets	(179,710)	170,040	(175,937)	166,725
Actual (loss)/return on plan assets	(132,952)	196,623	(130,161)	192,790

The surplus of the defined benefit plan for the past five years are as follows:

Group	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
Present value of funded obligations	(373,995)	(342,574)	(259,619)	(245,841)	(188,072)
Fair value of plan assets	437,201	590,401	410,368	337,301	292,812
Plan surplus	63,206	247,827	150,749	91,460	104,740
Experience adjustment on plan liabilities	8,397	65,911	(8,452)	37,953	(1,442)
Experience adjustment on plan assets	(179,710)	170,040	50,467	33,048	69,881

25. EMPLOYEE BENEFITS (CONTINUED)

(a) Defined Benefit Plan (continued)

Bank	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
Present value of funded obligations	(360,009)	(335,894)	(246,714)	(237,900)	(180,888)
Fair value of plan assets	420,850	578,888	389,973	326,406	281,627
Plan surplus	60,841	242,994	143,259	88,506	100,739
Experience adjustment on plan liabilities	8,221	64,626	(8,030)	36,293	(987)
Experience adjustment on plan assets	(175,937)	166,725	47,958	31,980	47,876

No estimated contributions are expected to be paid to the plan in the forthcoming financial year by the Group and the Bank.

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	Group and Bank	
	2008	2007
Discount rate	5.50%	5.50%
Expected return on plan assets	8.00%	8.00%
Expected rate of salary increases	7.00%	7.00%

The principal actuarial assumptions are based on the last actuarial valuation performed as of 31 December 2007.

The expected rate of return on plan assets is based on the average rate of earnings expected on the funds invested to provide for the benefits included in the projected benefit obligation.

(b) Equity Compensation Benefits

The Group operates two separate equity compensation plans, to which the directors and employees of the Group are eligible for, as follows:

- (1) the Public Bank Berhad Group Employees' Share Option Scheme; and
- (2) the Public Financial Holdings Limited Group Employees' Share Option Scheme.

25. EMPLOYEE BENEFITS (CONTINUED)

(b) Equity Compensation Benefits (continued)

The details of the two equity compensation plans are as follows:

(1) Public Bank Berhad Group Employees' Share Option Scheme

On 10 April 1998, an offer of options under the Public Bank Berhad Group Employees' Share Option Scheme ("PBB ESOS") to subscribe for ordinary shares of RM0.50 each (before share consolidation) at an option price of RM1.66 was made to eligible employees. The initial expiry date of the PBB ESOS of 25 February 2003 was extended at the following Extraordinary General Meetings ("EGM") of the Bank:

EGM Date	Expiry Date	
	From	To
20 May 2002	25 February 2003	25 February 2005
20 April 2004	25 February 2005	25 February 2006
30 March 2005	25 February 2006	25 February 2008

On 25 February 2008, the PBB ESOS expired and all unexercised options as of that date were forfeited.

The salient features of the PBB ESOS are as follows:

- (i) The PBB ESOS Committee appointed by the Board of Directors to administer the PBB ESOS, shall from time to time grant options to directors and employees of the Group to subscribe for new ordinary shares of RM1.00 each in the Bank;
- (ii) The eligibility of a director or employee of the Group to participate in the PBB ESOS shall be at the discretion of the PBB ESOS Committee, who took into consideration factors such as years of service and performance track record;
- (iii) The total number of shares issued under the PBB ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of the Bank at any point of time during the tenure of the PBB ESOS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than ten percent (10%) of the shares available under the PBB ESOS shall be allocated to any individual director or eligible employee who, either singly or collectively through persons connected, holds twenty percent (20%) or more in the issued and paid-up capital of the Bank and no option shall be granted for less than 1,000 shares;
- (iv) The option exercise price for each ordinary share of RM1.00 each shall be at a discount of not more than ten percent (10%) of the five (5)-day weighted average market price of PBB shares quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad at the time the option was granted;
- (v) The number of outstanding options to subscribe for shares or the option price or both may be adjusted following any issue of additional shares by way of rights issues, bonus issues or other capitalisation issue carried out by the Bank while an option remained unexercised;
- (vi) The Group is not legally bound or obliged to repurchase or settle the options in cash; and
- (vii) All new ordinary shares issued upon exercise of the options granted under the PBB ESOS ranked pari passu in all respects with the existing ordinary shares of the Bank.

25. EMPLOYEE BENEFITS (CONTINUED)

(b) Equity Compensation Benefits (continued)

(1) Public Bank Berhad Group Employees' Share Option Scheme (continued)

A summary of the movements in the number of PBB ESOS and the weighted average exercise prices are as follows:

	2008		2007	
	Number of share options '000	Weighted average exercise price RM	Number of share options '000	Weighted average exercise price RM
At 1 January	4,259	5.99	69,465	6.07
Exercised	(4,035)	6.03	(65,066)	6.07
Lapsed	(224)	5.26	(140)	5.88
At 31 December	—	—	4,259	5.99
Options exercisable at end of financial year	—	—	4,259	5.99
Weighted average share price during the financial year		10.25		9.36

The PBB ESOS had expired on 25 February 2008. The weighted average remaining contractual maturity of the PBB ESOS outstanding as at the end of the previous financial year was 0.16 years.

There were no new PBB ESOS granted during the financial year (2007 – Nil).

(2) Public Financial Holdings Limited Group Employees' Share Option Scheme

On 18 May 2005, an offer of options under the Public Financial Holdings Limited Group Employees' Share Option Scheme ("PFHL ESOS") was made to eligible participants to subscribe for 66,526,000 ordinary shares of Public Financial Holdings Limited ("PFHL"). The expiry date of granting of share options under the PFHL ESOS is 27 February 2012 with the exercise period of ten (10) years from the grant date.

The salient features of the PFHL ESOS are as follows:

- (i) Eligible participants of the PFHL ESOS include directors and employees working under "continuous contracts" for the purposes of the Hong Kong Employment Ordinance;
- (ii) The total number of shares to be issued under the PFHL ESOS shall not exceed in aggregate thirty percent (30%) of the issued and paid up share capital of PFHL at any point of time during the tenure of the PFHL ESOS.

In addition, any individual director or employee's maximum entitlement shall not exceed one percent (1%) of the ordinary shares of PFHL in issue in the 12 months period up to (and including) the date of the grant. Any substantial shareholder or independent non-executive director's maximum entitlement shall not exceed one tenth percent (0.1%) of the ordinary shares of PFHL in issue and have an aggregate value based on the closing price of the ordinary shares of PFHL at the date of each grant, in excess of HKD5 million in the 12 months period up to (and including) the date of grant;

25. EMPLOYEE BENEFITS (CONTINUED)

(b) Equity Compensation Benefits (continued)

(2) Public Financial Holdings Limited Group Employees' Share Option Scheme (continued)

(iii) The option exercise price for each ordinary share of HKD0.10 each of PFHL shall be determined by the directors at their discretion based on the higher of the closing price of the ordinary shares of PFHL on the Hong Kong Stock Exchange ("HKSE") at the offer date and the average closing price of the ordinary shares of PFHL on the HKSE for 5 business days immediately preceding the offer date and the nominal value of an ordinary share of PFHL; and

(iv) The Group is not legally bound or obliged to repurchase or settle the options in cash.

A summary of the movements in the number of PFHL ESOS and the weighted average exercise prices are as follows:

	2008		2007	
	Number of share options '000	Weighted average exercise price HKD	Number of share options '000	Weighted average exercise price HKD
At 1 January	40,564	6.35	43,068	6.35
Exercised	(4,021)	6.35	—	—
Lapsed	(1,424)	6.35	(2,504)	6.35
At 31 December	35,119	6.35	40,564	6.35
Options exercisable at end of financial year	35,119	6.35	40,564	6.35
Weighted average share price during the financial year		5.47		5.52

Details of PFHL ESOS outstanding as at the end of the financial year are as follows:

Grant Date	Exercise Period	Exercise Price	Number of share options outstanding '000
18 May 2005	10 June 2005 to 9 June 2015	HKD6.35	35,119

The weighted average remaining contractual maturity of the PFHL ESOS outstanding as at the end of the financial year was 6.44 years (2007 – 7.44 years).

There were no new PFHL ESOS granted during the financial year (2007 – Nil). All share options issued have been vested prior to 1 January 2006 and, as allowed by the transitional provisions in FRS 2 Share-based Payments, the recognition and measurement principles in FRS 2 have not been applied.

26. BORROWINGS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unsecured: Term loans	860,234	349,730	–	–

The unsecured term loans are denominated in Hong Kong Dollars. The term loans have a remaining tenor of less than one year and bear interest at HIBOR plus 0.525% to HIBOR plus 0.65% (2007 – HIBOR plus 0.525%).

27. SUBORDINATED NOTES

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
USD350 million 5.625% Subordinated Notes due in 2014, callable with step-up in 2009	(a)	1,212,575	1,157,275	1,212,575	1,157,275
USD400 million 5.000% Subordinated Notes due in 2017, callable with step-up in 2012	(b)	1,385,800	1,322,600	1,385,800	1,322,600
RM1,400 million 4.730% Subordinated Notes due in 2018, callable with step-up in 2013	(c)	1,379,975	–	1,400,000	–
Less: Transaction costs		3,978,350	2,479,875	3,998,375	2,479,875
Discount on issuance		(9,488)	(6,778)	(9,488)	(6,778)
Unrealised fair value loss/(gain)		(11,994)	(11,447)	(11,994)	(11,447)
		209,402	(1,259)	209,402	(1,259)
Accumulated accretion of discount and amortisation of transaction costs		4,166,270	2,460,391	4,186,295	2,460,391
		11,925	8,180	11,925	8,180
		4,178,195	2,468,571	4,198,220	2,468,571

27. SUBORDINATED NOTES (CONTINUED)

- (a) On 22 June 2004, the Bank issued USD350 million in aggregate principal amount of Subordinated Notes due in 2014 callable with step-up in 2009. The Notes bear interest at the rate of 5.625% per annum from (and including) 22 June 2004 to (but excluding) 22 September 2009 and, thereafter, at a rate per annum equal to the interest rate of five year US treasury notes plus 3.100%. The interest is payable semi-annually in arrears on 22 March and 22 September in each year commencing on 22 March 2005. The Notes were issued at a price of 99.716 percent of the principal amount of the Notes. The Notes will, subject to the prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or on 22 September 2009 at their principal amount plus accrued interest (if applicable).
- (b) On 20 June 2005, the Bank issued USD400 million in aggregate principal amount of Subordinated Notes due in 2017 callable with step-up in 2012. The Notes bear interest at the rate of 5.000% per annum from (and including) 20 June 2005 to (but excluding) 20 June 2012 and, thereafter, at a rate per annum equal to the interest rate of five year US treasury notes plus 2.827%. The interest is payable semi-annually in arrears on 20 June and 20 December in each year commencing on 20 December 2005. The Notes were issued at a price of 99.383 per cent of the principal amount of the Notes. The Notes will, subject to prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or on 20 June 2012 at their principal amount plus accrued interest (if applicable).
- (c) On 16 May 2008, the Bank issued RM1,400 million in aggregate principal amount of Subordinated Notes due in 2018 callable with step-up in 2013 under its Subordinated Medium Term Note Programme of up to RM5.0 billion. The Notes bear interest at the rate of 4.730% per annum from (and including) 16 May 2008 to (but excluding) 16 May 2013 and, thereafter, at a rate of 5.730% per annum from (and including) 16 May 2013 to (but excluding) the date of early redemption in full of such notes or the maturity date of the Notes (whichever is earlier). The interest is payable semi-annually in arrears on 16 May and 16 November each year commencing on 16 November 2008. The Notes were issued at par. The Notes will, subject to the prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or if there is a more than insubstantial risk that the Notes will no longer qualify as Tier II Capital for the purposes of Bank Negara Malaysia's capital adequacy requirements or on 16 May 2013 or at any subsequent interest payment date thereafter at their principal amount plus accrued interest (if applicable).

The Subordinated Notes above constitute unsecured liabilities of the Bank, and are subordinated in right of payment upon occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities, excluding the hybrid capital securities of the Bank in accordance with the terms and conditions of the Subordinated Notes. The Subordinated Notes qualify as Tier II Capital for the purpose of determining the capital adequacy ratios of the Group and the Bank.

The Bank has entered into interest rate swap contracts as fair value hedges of its Subordinated Notes in order to minimise its exposure to changes in fair value due to interest rate volatility.

28. HYBRID CAPITAL SECURITIES

	Note	Group and Bank	
		2008 RM'000	2007 RM'000
USD200 million 6.84% Hybrid Capital Securities due in 2036, callable with step-up in 2016	(a)	692,900	661,300
RM1,200 million 5.10% Hybrid Capital Securities due in 2036, callable with step-up in 2016	(b)	1,200,000	1,200,000
		1,892,900	1,861,300
Less: Transaction costs		(3,562)	(3,483)
Unrealised fair value loss/(gain)		234,366	(2,376)
		2,123,704	1,855,441
Accumulated amortisation of transaction costs		780	413
		2,124,484	1,855,854

- (a) On 22 August 2006, the Bank issued USD200 million in aggregate principal amount of Hybrid Capital Securities ("the USD Securities") due in 2036 and callable with step-up in 2016. The USD Securities bear interest at the rate of 6.84% per annum from (and including) 22 August 2006 to (but excluding) 22 August 2016 and thereafter, at a rate per annum of 2.30% above the London interbank offer rate for three-month US Dollar deposits. The interest is payable semi-annually in arrears on 22 February and 22 August each year commencing on 22 February 2007 to 22 August 2016, and thereafter quarterly in arrears on 22 February, 22 May, 22 August and 22 November of each year.

The Bank may, at its option, defer the payment of interest up to a limit of 50 per cent of the aggregate principal of the USD Securities, with any subsequent deferral in excess of this limit subject to the prior approval of BNM. If the Bank has not made a payment of interest, whether deferred or not, it shall not pay any dividend to its ordinary shareholders and/or any interest on any security or instrument ranking junior to the USD Securities. The USD Securities were issued at a price of 100.0 percent of the principal amount of the USD Securities. The USD Securities will, subject to the prior consent of BNM, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or if there is a more than insubstantial risk that the USD Securities will no longer qualify as Tier I Capital for the purposes of BNM's capital adequacy requirement or on 22 August 2016 at their principal amount plus accrued interest (if applicable).

28. HYBRID CAPITAL SECURITIES (CONTINUED)

- (b) On 22 December 2006, the Bank issued RM1,200 million in aggregate principal amount of Hybrid Capital Securities ("the RM Securities") due in 2036 and callable with step-up in 2016. The RM Securities bear interest at the rate of 5.10% per annum from (and including) 22 December 2006 to (but excluding) 22 December 2016 and thereafter, at a rate per annum of 1.82% above the three-month Kuala Lumpur interbank offer rate. The interest is payable semi-annually in arrears on 22 June and 22 December each year commencing on 22 June 2007 to 22 December 2016, and thereafter quarterly in arrears on 22 March, 22 June, 22 September and 22 December of each year.

The Bank may, at its option, defer the payment of interest up to a limit of 50 per cent of the aggregate principal of the RM Securities, with any subsequent deferral in excess of this limit subject to the prior approval of BNM. If the Bank has not made a payment of interest, whether deferred or not, it shall not pay any dividend to its ordinary shareholders and/or any interest on any security or instrument ranking junior to the RM Securities. The RM Securities were issued at a price of 100.0 percent of the principal amount of the RM Securities. The RM Securities will, subject to the prior consent of BNM, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or if there is a more than insubstantial risk that the RM Securities will no longer qualify as Tier I Capital for the purposes of BNM's capital adequacy requirement or on 22 December 2016 at their principal amount plus accrued interest (if applicable).

The Hybrid Capital Securities above rank pari passu with each other and constitute unsecured liabilities of the Bank, and are subordinated in right of payment upon occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities inclusive of subordinated notes of the Bank in accordance with the terms and conditions of the Hybrid Capital Securities. The Hybrid Capital Securities qualify as Tier I Capital for the purpose of determining the capital adequacy ratios of the Group and the Bank, up to a maximum of 15% of Tier I Capital, with the excess qualifying as Tier II Capital.

The Bank has entered into interest rate swap contracts as fair value hedges of its Hybrid Capital Securities in order to minimise its exposure to changes in fair value due to interest rate volatility.

29. PROVISION FOR TAX EXPENSE AND ZAKAT

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense	382,284	365,705	254,818	266,663
Zakat	170	166	–	166
	382,454	365,871	254,818	266,829

30. SHARE CAPITAL

Group and Bank	Number of Ordinary Shares of RM1.00 Each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised: Ordinary shares of RM1.00 each	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid: Ordinary shares of RM1.00 each				
At 1 January	3,527,891	3,462,825	3,527,891	3,462,825
Issued pursuant to the exercise of share options	4,035	65,066	4,035	65,066
At 31 December	3,531,926	3,527,891	3,531,926	3,527,891

31. TREASURY SHARES

The amount relates to the acquisition cost of treasury shares.

On 26 February 2008, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year, the Bank bought back from the open market, 20,000 (2007 – 52,062,300) of its issued ordinary shares of RM1.00 each ("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 RM10.70 (2007 – RM9.37) per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year, including transaction costs, was RM214,760 (2007 – RM489,095,879) 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.

Of the total 3,531,925,834 (2007 – 3,527,891,383) issued and paid-up PBB Shares as at 31 December 2008, 176,296,800 (2007 – 176,276,800) PBB Shares are held as treasury shares by the Bank. As at 31 December 2008, the number of outstanding PBB Shares in issue after the set-off is therefore 3,355,629,034 (2007 – 3,351,614,583) ordinary shares of RM1.00 each.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends and participation in other distribution.

A total of approximately 95,875,115 treasury shares had been recommended by the Directors to be distributed to the shareholders as share dividend for the financial year ended 31 December 2008, on the basis of one (1) treasury share for every thirty-five (35) shares of RM1.00 each held, fractions of treasury shares to be disregarded. Subsequent to the distribution of the proposed share dividend, the treasury shares balance will be approximately 80,421,685 PBB Shares at a carrying amount of RM581,214,283.

32. OTHER RESERVES

Group	Statutory Reserves RM'000	Capital Reserves RM'000	Foreign Currency Translation Reserves RM'000	Hedging Reserves RM'000	Revaluation Reserves RM'000	Regulatory Reserves RM'000	Total RM'000
At 1 January 2007	3,182,537	60,442	(14,382)	–	80,141	–	3,308,738
Currency translation differences in respect of foreign operations	–	–	(136,279)	–	–	–	(136,279)
Currency translation differences in respect of net investment hedge	–	–	73,917	–	–	–	73,917
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	(65,244)	–	(65,244)
Unrealised net gain on cash flow hedge	–	–	–	381	–	–	381
Transfer from retained profits	395,953	–	–	–	–	36,258	432,211
At 31 December 2007	3,578,490	60,442	(76,744)	381	14,897	36,258	3,613,724
Currency translation differences in respect of foreign operations	–	–	145,173	–	–	–	145,173
Currency translation differences in respect of net investment hedge	–	–	(143,546)	–	–	–	(143,546)
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	(440,129)	–	(440,129)
Unrealised net gain on cash flow hedge	–	–	–	13,864	–	–	13,864
Transfer from retained profits	40,571	–	–	–	–	14,078	54,649
At 31 December 2008	3,619,061	60,442	(75,117)	14,245	(425,232)	50,336	3,243,735

Bank	Statutory Reserves RM'000	Hedging Reserves RM'000	Revaluation Reserves RM'000	Total RM'000
At 1 January 2007	3,169,151	–	13,982	3,183,133
Unrealised net loss on revaluation of securities available-for-sale	–	–	(37,775)	(37,775)
Unrealised net gain on cash flow hedge	–	381	–	381
Transfer from retained profits	358,740	–	–	358,740
At 31 December 2007	3,527,891	381	(23,793)	3,504,479
Unrealised net loss on revaluation of securities available-for-sale	–	–	(283,319)	(283,319)
Unrealised net gain on cash flow hedge	–	13,864	–	13,864
Transfer from retained profits	4,035	–	–	4,035
At 31 December 2008	3,531,926	14,245	(307,112)	3,239,059

32. OTHER RESERVES (CONTINUED)

The statutory reserves of the Group and the Bank are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and Section 15 of the Islamic Banking Act, 1983, and are not distributable as cash dividends.

The capital reserves of the Group arose mainly from the capitalisation of retained profits that resulted from bonus issues by subsidiary companies and the restructuring exercise involving certain subsidiary companies undertaken by the Group in previous years.

The foreign currency translation reserves comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiary companies and its subsidiary company incorporated in the Federal Territory of Labuan, after offsetting the impact of the net investment hedge.

The hedging reserves are in respect of the unrealised fair value gains and losses on cash flow hedging instruments.

The revaluation reserves are in respect of unrealised fair value gains and losses on securities available-for-sale.

The regulatory reserves are maintained by the Group's banking subsidiary companies in Hong Kong SAR in line with the requirements of the Hong Kong Monetary Authority.

33. RETAINED PROFITS

Prior to the year of assessment 2008, company income tax was based on the full imputation system where tax on dividend was imposed at both the company's and shareholders' level. The tax at shareholders' level took into account the tax imputed at company's level through tax credits.

Pursuant to the Finance Act, 2007, the single tier system has been introduced and it is to take effect from the year of assessment 2008. Under the single tier system, tax on a company's profit is a final tax and dividend distributed to shareholders will be exempted from tax. With the implementation of the single tier system, companies with a credit balance in the Section 108 account are allowed either to elect for an irrevocable option to switch over to the single tier system or to continue using the available credit balance as at 31 December 2007 after adjusting for any tax deductions for the purpose of dividend distribution, until 31 December 2013.

The Bank did not elect for the irrevocable option to disregard the available Section 108 balance accumulated until 31 December 2007. Therefore, the Bank is allowed to continue utilising its available Section 108 balance for the purpose of dividend distribution until the credit balances are fully utilised or upon expiry of the six year transitional period on 31 December 2013, whichever is earlier.

As at 31 December 2008, the Bank has a credit balance of RM1,197,442,000 (2007 – RM1,895,879,000) in its Section 108 account and a tax exempt profits of RM355,332,000 (2007 – RM320,619,000), subject to agreement by the Inland Revenue Board.

The Board of Directors had recommended a final cash dividend and a share dividend for the year ended 31 December 2008 as disclosed in Note 43. The Bank will adopt parallel distribution of both franked and single tier dividend whereby the cash dividend will be franked out from the available Section 108 credit balance while the share dividend will be distributed as single tier dividend.

34. INTEREST INCOME

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Loans, advances and financing				
– Interest income other than recoveries from NPLs	6,012,156	5,247,765	5,312,156	4,524,461
– Recoveries from NPLs	82,389	96,244	82,389	95,762
Money at call and deposit placements with financial institutions	1,552,005	1,549,546	1,398,635	1,387,015
Securities held-for-trading	296,899	345,153	266,999	322,054
Securities available-for-sale	144,185	158,341	118,868	140,153
Securities held-to-maturity	268,460	165,282	206,878	58,298
Others	57,911	40,125	57,896	40,100
Amortisation of premium less accretion of discount	8,414,005 (6,777)	7,602,456 (14,807)	7,443,821 (12,685)	6,567,843 (22,425)
Net interest/income suspended	(117,520)	(135,845)	(117,520)	(135,840)
	8,289,708	7,451,804	7,313,616	6,409,578

35. INTEREST EXPENSE

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits and placements of banks and other financial institutions	232,420	386,686	186,551	346,564
Deposits from customers	3,932,019	3,408,930	3,612,358	2,984,509
Loans sold to Cagamas	144,646	102,672	144,646	102,672
Subordinated notes	152,319	162,777	152,915	162,777
Hybrid capital securities	86,193	100,515	86,193	100,515
Borrowings	11,337	23,747	–	–
Others	3,462	22,880	3,177	14,709
	4,562,396	4,208,207	4,185,840	3,711,746

36. OTHER OPERATING INCOME

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(a) Fee income:				
Commissions	157,612	143,302	166,245	180,330
Service charges and fees	200,692	184,920	139,445	128,580
Guarantee fees	29,153	20,628	23,316	18,321
Processing fees	22,032	16,983	1,046	1,977
Commitment fees	47,561	39,880	43,995	37,710
Unit trust management fees	331,588	285,360	—	—
Fee on sale of trust units	64,899	200,455	—	—
Net brokerage and commissions from stock-broking activities	69,526	102,811	—	—
Other fee income	51,783	34,083	40,600	24,537
	974,846	1,028,422	414,647	391,455
(b) Net gain arising from sale of:				
Securities held-for-trading	10,919	7,239	11,344	6,950
Securities available-for-sale	13,514	93,305	13,491	45,515
	24,433	100,544	24,835	52,465
(c) Gross dividend income from:				
Securities held-for-trading	89	239	89	235
Securities available-for-sale	47,345	46,604	43,215	36,836
Securities held-to-maturity	6,657	8,112	6,461	6,610
Associated companies	—	—	5,130	3,692
Subsidiary companies:				
– quoted outside Malaysia	—	—	81,468	103,411
– unquoted in Malaysia	—	—	272,558	400,721
	54,091	54,955	408,921	551,505
(d) Unrealised gain/(loss) on revaluation of:				
Securities held-for-trading	1,700	2,951	1,417	(1,106)
Trading derivatives	(3,815)	—	(37,036)	(10,926)
	(2,115)	2,951	(35,619)	(12,032)
(e) Unrealised (loss)/gain on hedging derivatives	(44)	(291)	190	(276)

36. OTHER OPERATING INCOME (CONTINUED)

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(f) Other income:				
Foreign exchange profit	174,300	176,868	25,120	258,744
Rental income from:				
– investment properties (Note 16)	5,201	4,947	–	–
– other properties	7,434	6,861	4,123	3,218
Net (loss)/gain on disposal of property and equipment	(1,773)	6,040	(1,748)	1,155
Net loss on disposal of foreclosed properties	(8,652)	(3,648)	(8,812)	(3,648)
Gain on revaluation of investment properties (Note 16)	7,956	3,475	–	–
Lease income and factoring charges	44	1,364	–	–
Gain on disposal of prepaid land lease payments	–	1,580	–	–
Goodwill income *	200,000	–	180,000	–
Others	17,806	5,398	16,441	11,248
	402,316	202,885	215,124	270,717
Total other operating income	1,453,527	1,389,466	1,028,098	1,253,834

* The goodwill income was received pursuant to a long term regional strategic alliance agreement entered into with ING Asia/Pacific Limited ("ING") on 7 November 2007, which involves the joint development of bancassurance business, Takaful business and various other services between the Group and ING in the Asia Pacific region for ten (10) years commencing 1 January 2008.

37. OTHER OPERATING EXPENSES

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Personnel costs				
– Salaries, allowances and bonuses	913,011	814,885	721,562	645,381
– Pension costs	62,475	74,423	49,451	65,892
– Others	86,185	71,281	75,888	64,196
	1,061,671	960,589	846,901	775,469
Establishment costs				
– Depreciation and amortisation	118,859	103,121	92,520	80,875
– Rental	62,666	56,014	67,502	65,637
– Insurance	14,985	15,528	12,181	13,382
– Water and electricity	32,492	27,095	24,115	20,479
– General repairs and maintenance	57,141	54,689	51,817	50,880
– Information technology expenses	22,136	17,711	13,080	9,108
– Others	30,126	32,228	19,807	19,718
	338,405	306,386	281,022	260,079
Marketing expenses				
– Sales commission	82,041	126,364	–	–
– Advertisement and publicity	71,747	70,855	29,524	25,653
– Others	70,110	81,576	48,769	38,611
	223,898	278,795	78,293	64,264
Administration and general expenses				
– Communication expenses	62,551	54,004	51,401	42,597
– Legal and professional fees	48,304	40,628	40,065	35,041
– Others	56,272	53,306	31,947	39,775
	167,127	147,938	123,413	117,413
Shared service cost charged to Public Islamic Bank Berhad	–	–	(21,100)	–
Total other operating expenses	1,791,101	1,693,708	1,308,529	1,217,225

37. OTHER OPERATING EXPENSES (CONTINUED)

(a) Included in other operating expenses are the following statutory disclosures:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Auditors' remuneration: *				
– statutory audit fees	2,778	2,558	891	840
– audit related services	424	285	158	161
– other services	183	181	52	50
Depreciation of property and equipment (Note 18)	116,122	95,589	92,518	80,873
Amortisation of prepaid land lease payments (Note 17)	2,737	7,532	2	2
Goodwill written off (Note 19)	–	47	–	–
Direct operating expenses of investment properties that:				
– generated rental income	63	75	–	–
Directors' remuneration (Note 38)	22,132	19,797	16,204	13,744
Pension costs				
– defined contribution plan	104,333	92,101	90,353	81,689
– defined benefit plan (Note 25(a))	(41,943)	(15,517)	(41,063)	(15,797)
Property and equipment written off (Note 18)	4,243	108	4,238	107
Rental of premises	62,666	56,014	67,502	65,637

* Included in the auditors' remuneration for statutory audit fees, audit related services and other services of the Group are fees paid to accounting firms other than the Bank's auditors amounting to RM1,652,000 (2007 – RM1,584,000), RM91,000 (2007 – RM124,000) and RM59,000 (2007 – RM57,000) respectively.

Included in the auditors' remuneration for statutory audit fees and other services of the Bank are fees paid in relation to the Bank's overseas branches of RM151,000 (2007 – RM140,000) and RM8,000 (2007 – RM6,000) respectively.

Audit related services included half year limited review, special audit, review of statement of internal control and withholding tax audit.

(b) Employees

The number of persons employed by the Group and the Bank (excluding Directors) as at the end of the financial year was 16,160 (2007 – 14,287) and 13,511 (2007 – 12,279) respectively.

38. DIRECTORS' REMUNERATION

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of the Bank:				
Executive Directors:				
Fees	678	573	250	220
Salary and other remuneration, including meeting allowances	3,373	2,961	3,267	2,850
Bonuses	4,704	3,700	4,704	3,700
Benefits-in-kind				
– arising from exercise of share options	174	3,935	–	3,935
– others	73	73	73	73
	9,002	11,242	8,294	10,778
Non-Executive Directors:				
Fees	2,018	1,822	892	795
Other remuneration	7,307	6,393	7,055	6,139
Benefits-in-kind				
– arising from exercise of share options	24	8,015	–	8,015
– others	113	116	113	116
	9,462	16,346	8,060	15,065
Past Director:				
Other remuneration	36	40	36	40
Benefits-in-kind	25	25	25	25
	61	65	61	65
Directors of subsidiary companies:				
Executive Directors:				
Fees	186	184	–	–
Salary and other remuneration, including meeting allowances	2,181	2,388	–	–
Bonuses	1,423	1,620	–	–
Benefits-in-kind				
– arising from exercise of share options	268	459	–	–
– others	200	180	–	–
	4,258	4,831	–	–

38. DIRECTORS' REMUNERATION (CONTINUED)

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-Executive Directors:				
Fees	211	104	—	—
Other remuneration	15	12	—	—
Benefits-in-kind				
– arising from exercise of share options	116	—	—	—
	342	116	—	—
Grand Total	23,125	32,600	16,415	25,908
Total (excluding benefits-in-kind) (Note 37)	22,132	19,797	16,204	13,744

Included in the remuneration of the Executive Directors is the remuneration attributable to the Chief Executive Officer of the Bank, including benefits-in-kind, during the financial year amounting to RM4,650,000 (2007 – RM6,177,000).

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

2008	Remuneration received from the Bank						Bank Total RM'000	Remuneration received from Subsidiary Companies				Group Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits-in-kind			Fees RM'000	Other Emoluments RM'000	Benefits-in-kind		
					ESOS RM'000	Others RM'000				ESOS RM'000	Others RM'000	
Executive Directors:												
Tan Sri Dato' Sri Tay Ah Lek	936	125	2,702	850	–	37	4,650	253	78	174	–	5,155
Dato' Lee Kong Lam	816	125	2,002	665	–	36	3,644	175	28	–	–	3,847
	1,752	250	4,704	1,515	–	73	8,294	428	106	174	–	9,002
Non-Executive Directors:												
Tan Sri Dato' Sri Dr. Teh Hong Piow	–	170	–	6,303	–	88	6,561	364	36	–	–	6,961
Tan Sri Dato' Thong Yaw Hong	–	170	–	371	–	25	566	296	50	–	–	912
Dato' Yeoh Chin Kee	–	125	–	82	–	–	207	128	29	24	–	388
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah	–	125	–	82	–	–	207	30	26	–	–	263
Dato' Haji Abdul Aziz bin Omar	–	125	–	100	–	–	225	130	52	–	–	407
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff	–	125	–	82	–	–	207	130	46	–	–	383
Quah Poh Keat	–	52	–	35	–	–	87	48	13	–	–	148
	–	892	–	7,055	–	113	8,060	1,126	252	24	–	9,462
Total Directors' Remuneration	1,752	1,142	4,704	8,570	–	186	16,354	1,554	358	198	–	18,464

38. DIRECTORS' REMUNERATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows (continued):

2007	Remuneration received from the Bank						Bank Total RM'000	Remuneration received from Subsidiary Companies		Group Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits-in-kind			Fees RM'000	Other Emoluments RM'000	
					ESOS RM'000	Others RM'000				
Executive Directors:										
Tan Sri Dato' Sri Tay Ah Lek	846	110	2,100	699	2,385	37	6,177	214	83	6,474
Dato' Lee Kong Lam	737	110	1,600	568	1,550	36	4,601	139	28	4,768
	1,583	220	3,700	1,267	3,935	73	10,778	353	111	11,242
Non-Executive Directors:										
Tan Sri Dato' Sri Dr. Teh Hong Piow	–	150	–	5,417	–	91	5,658	301	38	5,997
Tan Sri Dato' Thong Yaw Hong	–	150	–	363	1,060	25	1,598	252	58	1,908
Dato' Yeoh Chin Kee	–	110	–	76	2,333	–	2,519	129	31	2,679
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah	–	110	–	76	954	–	1,140	30	26	1,196
Dato' Haji Abdul Aziz bin Omar	–	110	–	94	1,384	–	1,588	115	52	1,755
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff	–	110	–	76	1,278	–	1,464	115	46	1,625
Lee Chin Guan *	–	55	–	37	1,006	–	1,098	85	3	1,186
	–	795	–	6,139	8,015	116	15,065	1,027	254	16,346
Total Directors' Remuneration	1,583	1,015	3,700	7,406	11,950	189	25,843	1,380	365	27,588

* This represents remuneration paid to this Director during the previous financial year until his resignation on 3 July 2007.

39. ALLOWANCE FOR LOSSES ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for bad and doubtful debts and financing:				
– general allowance (net) (Note 9)	232,101	210,302	232,437	218,687
– specific allowance (Note 9)	542,651	467,020	330,367	346,326
– specific allowance written back (Note 9)	(74,660)	(107,563)	(70,419)	(104,974)
Bad debts recovered from stock broking activities	(9)	(26,278)	-	-
Bad debts and financing written off	539	1,064	385	1,045
Bad debts and financing recovered	(152,060)	(137,383)	(98,581)	(106,950)
	548,562	407,162	394,189	354,134

40. IMPAIRMENT LOSS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Securities held-to-maturity	29,197	4,315	145	–
Foreclosed properties	1,179	7,748	1,179	7,748
Property and equipment (Note 18)	–	(2,687)	–	–
Prepaid land lease payments (Note 17)	–	2,621	–	–
Intangible assets (Note 19)	2,486	162	–	–
	32,862	12,159	1,324	7,748

41. TAX EXPENSE AND ZAKAT

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian income tax	798,283	703,961	679,512	744,824
Overseas income tax	63,153	64,254	2,777	1,085
(Over)/Under provision in prior years	861,436	768,215	682,289	745,909
– Malaysian income tax	(26,532)	324	–	–
– Overseas income tax	1,589	3,141	2,519	–
Deferred tax (income)/expense (Note 13)	836,493	771,680	684,808	745,909
– relating to origination and reversal of temporary differences arising from:	(80,144)	17,419	(59,977)	(12,349)
• allowance for losses on loans	(68,028)	(38,924)	(67,267)	(38,798)
• tax losses	791	24,948	–	–
• excess of capital allowances over depreciation	(16,813)	1,950	2,822	1,003
• deferred handling fees	3,611	4,978	3,912	4,978
• other temporary differences	295	24,467	556	20,468
– relating to changes in tax rate	–	12,587	–	10,860
Tax expense	756,349	801,686	624,831	744,420
Zakat	179	166	149	166
	756,528	801,852	624,980	744,586

41. TAX EXPENSE AND ZAKAT (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007 – 27%) on the estimated chargeable profit for the year. The computation of deferred tax assets and deferred tax liabilities is based on a tax rate of 25%, which is the corporate tax rate effective from the year of assessment 2009.

Tax in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax expense at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

Group	%	2008 RM'000	%	2007 RM'000
Profit before tax expense		3,379,188		3,003,638
Income tax using Malaysian tax rate of 26% (2007 – 27%)	26.0	878,588	27.0	810,982
Effects of different tax rates in foreign jurisdictions	(0.9)	(30,006)	(1.5)	(47,068)
Income not subject to tax	(2.9)	(97,548)	(0.7)	(21,104)
Effects of utilisation of unrecognised benefit of tax losses	0.0	(12)	0.0	(398)
Expenses not deductible for tax purposes	0.9	30,270	0.8	26,133
Income subject to tax at Bank but eliminated at Group	0.0	–	0.6	17,089
Deferred tax relating to changes in tax rate	23.1	781,292	26.2	785,634
(Over)/under provision in prior years	0.0	–	0.4	12,587
	(0.7)	(24,943)	0.1	3,465
Tax expense for the year	22.4	756,349	26.7	801,686
Bank	%	2008 RM'000	%	2007 RM'000
Profit before tax expense		2,897,716		2,850,783
Income tax using Malaysian tax rate of 26% (2007 – 27%)	26.0	753,406	27.0	769,712
Income not subject to tax	(5.2)	(151,551)	(1.6)	(45,210)
Expenses not deductible for tax purposes	0.7	20,457	0.3	9,058
Deferred tax relating to changes in tax rate	21.5	622,312	25.7	733,560
Under provision in prior years	–	–	0.4	10,860
	0.1	2,519	–	–
Tax expense for the year	21.6	624,831	26.1	744,420

41. TAX EXPENSE AND ZAKAT (CONTINUED)

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax recognised directly in equity				
Relating to unrealised (loss)/gain on securities available-for-sale:				
At 1 January	(5,497)	3,239	(5,497)	3,239
Decrease during the year (Note 13)	(107,362)	(8,736)	(96,875)	(8,736)
At 31 December	(112,859)	(5,497)	(102,372)	(5,497)
Tax savings arising from tax losses				
Tax savings arising from utilisation of tax losses	12	398	—	—

42. EARNINGS PER SHARE (EPS)

(a) Basic Earnings Per Share

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

	Group		Bank	
	2008	2007	2008	2007
Net profit attributable to equity holders of the Bank (RM'000)	2,581,237	2,123,915	2,272,736	2,106,197
'000				
Number of ordinary shares at beginning of the year	3,351,614	3,338,610	3,351,614	3,338,610
Effects of share options exercised during the year	3,527	43,270	3,527	43,270
Effects of shares bought back and held as treasury shares	(13)	(29,001)	(13)	(29,001)
Weighted average number of ordinary shares in issue	3,355,128	3,352,879	3,355,128	3,352,879
Basic earnings per share (sen)	76.9	63.3	67.7	62.8

42. EARNINGS PER SHARE (EPS) (CONTINUED)

(b) Diluted Earnings Per Share

The calculation of the diluted earnings per share is based on the net profit attributable to equity holders of the Bank for the year divided by the adjusted weighted average number of ordinary shares of RM1.00 each in issue or issuable under the exercise of share options granted under the Public Bank Berhad Group Employees' Share Option Scheme which is set out as follows:

	Group		Bank	
	2008	2007	2008	2007
'000				
Weighted average number of ordinary shares	3,355,128	3,352,879	3,355,128	3,352,879
Effects of share options	508	23,360	508	23,360
Adjusted weighted average number of ordinary shares in issue or issuable	3,355,636	3,376,239	3,355,636	3,376,239
Diluted earnings per share (sen)	76.9	62.9	67.7	62.4

43. DIVIDENDS

	Group and Bank	
	2008 RM'000	2007 RM'000
Dividends recognised as distribution to ordinary equity holders of the Bank:		
Interim dividend of 30.0% less 26.0% tax (2007 – 25.0% less 27.0% tax)	744,952	614,074
Final dividend of 30.0% less 27.0% tax and special dividend of 10.0% less 27.0% tax in respect of the financial year ended 31 December 2006	–	980,534
Final dividend of 40.0% less 26.0% tax and special dividend of 10.0% less 26.0% tax in respect of the financial year ended 31 December 2007	1,241,230	–
	1,986,182	1,594,608

A final cash dividend of 25.0%, less 25.0% tax, amounting to approximately RM629,180,444 computed based on the outstanding issued and paid-up capital, excluding treasury shares held by the Bank, of 3,355,629,034 ordinary shares of RM1.00 each and a share dividend distribution from the treasury shares held by the Bank, on the basis of one (1) PBB treasury share listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad for every thirty-five (35) ordinary shares of RM1.00 each held in PBB, fractions of treasury shares to be disregarded, have been proposed by the Directors in respect of the financial year ended 31 December 2008, for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Upon approval by the shareholders, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings and the share dividend distributed will be accounted for as a transfer of reserves, during the financial year ending 31 December 2009.

43. DIVIDENDS (CONTINUED)

Accordingly, based on the above, the gross and net dividend declared or proposed per share for each financial year are as follows:

	Gross per share		Net per share	
	2008 Sen	2007 Sen	2008 Sen	2007 Sen
Dividends per RM1.00 share:				
<u>Cash Dividends</u>				
Proposed:				
Final dividend of 25.0% less 25.0% tax	25.0	–	18.8	–
Final dividend of 40.0% less 26.0% tax	–	40.0	–	29.6
Special dividend of 10.0% less 26.0% tax	–	10.0	–	7.4
Paid:				
Interim dividend of 30.0% less 26.0% tax (2007 – 25.0% less 27.0% tax)	30.0	25.0	22.2	18.3
	55.0	75.0	41.0	55.3

Share Dividends

Proposed distribution of share dividend on the basis of one (1) PBB treasury share listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad for every thirty-five (35) ordinary shares of RM1.00 each held in PBB, fractions of treasury shares to be disregarded (2007-Nil). Based on the share price of PBB Local shares of RM8.85 per share on 31 December 2008, the value of the share dividends attributable to shareholders would be 25.3 sen per RM1.00 share.

44. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both. The related parties of the Group and the Bank are:

(i) **Subsidiary Companies**

Details of the subsidiary companies are shown in Note 14.

(ii) **Associated Companies**

Associated companies are those entities in which the Group has significant influence but not control, and where it generally holds interest of between 20% to 50% in the entities as disclosed in Note 15.

(iii) **Key Management Personnel**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank includes Executive Directors and Non-Executive Directors of the Bank and certain members of senior management of the Bank and heads of major subsidiary companies (including close members of their families) of the Group.

(iv) **Public Bank Group Officers' Retirement Benefits Fund**

Details of the retirement benefits fund are shown in Note 25(a).

(v) **Companies in Which Certain Directors Have Substantial Financial Interest**

These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Bank.

All related party transactions are conducted at arm's length basis and on normal commercial terms which are not more favourable than those generally available to the public.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The significant transactions of the Group and the Bank with its related parties are as follows:

Group	Key Management Personnel		Companies in which Certain Directors have Substantial Interest		Public Bank Group Officers' Retirement Benefits Fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income earned:						
Interest on loans, advances and financing	4	26	—	—	24,746	23,003
Commission income	—	—	20,335	18,066	—	—
Rental income	147	147	2,277	2,165	—	—
Brokerage income	2	—	100	106	4	14
	153	173	22,712	20,337	24,750	23,017
Expenditure incurred:						
Interest on deposits	81,922	59,254	10,769	9,752	—	4
Rental of premises	—	—	357	313	13,612	11,390
Insurance premiums	—	—	21,610	19,733	—	—
	81,922	59,254	32,736	29,798	13,612	11,394

Bank	Subsidiary Companies		Associated Companies		Key Management Personnel		Companies in which Certain Directors have Substantial Interest		Public Bank Group Officers' Retirement Benefits Fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income earned:										
Interest on loans, advances and financing	125,054	87,580	—	—	4	7	—	—	24,746	23,003
Dividend income (Note 36(c))	354,026	504,132	5,130	3,692	—	—	—	—	—	—
Overhead expenses recharged	1,713	841	—	—	—	—	—	—	—	—
Shared service costs recharged (Note 37)	21,100	—	—	—	—	—	—	—	—	—
Commission income	33,318	64,860	—	—	—	—	20,103	17,882	—	—
Commitment fees and bank charges received	1,838	6,184	—	—	—	—	—	—	—	—
Rental income	1,165	945	—	—	147	147	11	11	—	—
	538,214	664,542	5,130	3,692	151	154	20,114	17,893	24,746	23,003

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The significant transactions of the Group and the Bank with its related parties are as follows (continued):

Bank	Subsidiary Companies		Associated Companies		Key Management Personnel		Companies in which Certain Directors have Substantial Interest		Public Bank Group Officers' Retirement Benefits Fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Expenditure incurred:										
Interest on deposits	82,910	62,802	-	-	81,644	59,251	8,241	6,558	-	4
Rental of premises	24,403	25,192	-	-	-	-	357	313	13,096	11,048
Insurance premiums	-	-	-	-	-	-	17,938	16,623	-	-
Brokerage commission	110	1,600	-	-	-	-	-	-	-	-
Corporate advisory fees	2,253	1,085	-	-	-	-	-	-	-	-
Commission on loans	-	15	-	-	-	-	-	-	-	-
Others	1,993	1,730	-	-	-	-	-	-	-	-
	111,669	92,424	-	-	81,644	59,251	26,536	23,494	13,096	11,052

Included in the significant transactions of the Group are interest on deposits paid to Directors of the Bank amounting to RM81,748,000 (2007 – RM58,856,000) and rental received from a Director of the Bank amounting to RM147,000 (2007 – RM147,000).

Included in the significant transactions of the Bank are interest on deposits paid to Directors of the Bank amounting to RM81,494,000 (2007 – RM58,856,000) and rental received from a Director of the Bank amounting to RM147,000 (2007 – RM147,000).

(b) The significant outstanding balances of the Group and the Bank with its related parties are as follows:

Group	Associated Companies		Key Management Personnel		Companies in which Certain Directors have Substantial Interest		Public Bank Group Officers' Retirement Benefits Fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amount due from related parties								
Interbank lending	36,476	29,015	-	-	-	-	-	-
Loans, advances and financing	-	-	161	647	-	-	575,524	743,912
Rental deposits	-	-	-	-	-	-	3,625	-
	36,476	29,015	161	647	-	-	579,149	743,912
Amount due to related parties								
Demand deposits	650	156	57,889	43,169	5,066	2,333	1,429	17
Short-term deposits	271,217	103,973	2,216,244	1,825,700	141,387	189,722	-	-
Others	-	-	4	-	-	-	154	3,113
	271,867	104,129	2,274,137	1,868,869	146,453	192,055	1,583	3,130

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The significant outstanding balances of the Group and the Bank with its related parties are as follows (continued):

	Subsidiary Companies		Associated Companies		Key Management Personnel		Companies in which Certain Directors have Substantial Interest		Public Bank Group Officers' Retirement Benefits Fund	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Bank										
Amount due from related parties										
Interbank lending	6,427,728	3,011,025	36,476	29,015	-	-	-	-	-	-
Loans, advances and financing	254,394	195,459	-	-	161	182	-	-	575,524	743,912
Dividend receivable (Note 11)	231,265	131,596	-	-	-	-	-	-	-	-
Rental deposits	32,601	33,671	-	-	-	-	-	-	3,496	-
Interest receivable	25,260	7,525	-	-	-	-	-	-	-	-
Others	766,615	240,135	-	-	-	-	-	-	-	-
	7,737,863	3,619,411	36,476	29,015	161	182	-	-	579,020	743,912
Amount due to related parties										
Demand deposits	141,503	111,402	650	156	57,781	43,077	5,066	2,333	1,429	17
Short-term deposits	507,991	605,670	271,217	103,973	2,205,883	1,825,527	88,488	93,953	-	-
Interbank borrowing	3,680,054	1,094,424	-	-	-	-	-	-	-	-
Subordinated notes	20,025	-	-	-	-	-	-	-	-	-
Interest payable	5,773	3,609	-	-	-	-	-	-	-	-
Others	11,828	11,811	-	-	-	-	-	-	154	2,948
	4,367,174	1,826,916	271,867	104,129	2,263,664	1,868,604	93,554	96,286	1,583	2,965

Included in the significant outstanding balances of the Group are demand deposits and short-term deposits payable to Directors of the Bank amounting to RM2,266,010,000 (2007 – RM1,864,591,000).

Included in the significant outstanding balances of the Bank are demand deposits and short-term deposits payable to Directors of the Bank amounting to RM2,256,615,000 (2007 – RM1,864,591,000).

(c) There were no loans granted to the Directors of the Bank. Loans made to other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group.

No provisions have been recognised in respect of loans granted to key management personnel (2007 – RM Nil).

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key Management Personnel Compensation

The remuneration of Directors and other members of key management during the year are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits				
Fees	2,696	2,395	1,142	1,015
Salary and other remuneration, including meeting allowances	19,912	16,514	16,534	13,824
Benefits-in-kind				
– arising from exercise of share options	198	12,156	–	12,140
– others	655	612	235	238
Post-employment benefits	3,250	2,692	2,903	2,426
	26,711	34,369	20,814	29,643

Included in the total key management personnel compensation are:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors' remuneration including benefits-in-kind – Directors of the Bank	18,464	27,588	16,354	25,843

The movement in share options of key management personnel is as follows:

	PBB ESOS		PFHL ESOS	
	2008 '000	2007 '000	2008 '000	2007 '000
At 1 January	–	22,196	5,988	6,338
Exercised	–	(22,196)	(1,510)	–
Lapsed	–	–	–	(350)
At 31 December	–	–	4,478	5,988

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 25(b)).

45. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	Bank
	2008 RM'000	2008 RM'000
Outstanding credit exposures with connected parties	1,336,334	1,319,862
of which:		
Total credit exposure which is non-performing or in default	1,278	1,278
Total credit exposures	120,322,072	107,573,353
Percentage of outstanding credit exposures to connected parties		
– as a proportion of total credit exposures	1.11%	1.23%
– as a proportion of capital base	8.47%	10.37%
– which is non-performing or in default	0.10%	0.10%

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 1 January 2008.

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and his close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

45. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONTINUED)

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

46. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and the Bank's risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Bank's businesses whilst managing its key areas of credit, market, liquidity and operational risks. The guidelines and policies adopted by the Group and the Bank to manage the following risks that arise in the conduct of the business activities are as follows:

(a) Credit Risk

Credit risk is the potential loss of revenue as a result of defaults by the borrowers or counterparties through its lending, hedging, trading and investing activities. The primary exposure to credit risk arises through its loans, advances and financing as well as financial transactions with counterparties including interbank money market activities, derivative instruments used for hedging and debt instruments. The amount of credit exposure is represented by the carrying amounts of the assets in the balance sheet.

The management of credit risk is governed by credit policies and guidelines documenting the lending standards, discretionary power for loans approval, credit risk rating, collateral and valuation, review, rehabilitation and restructuring of problematic and delinquent loans. The dealings with counterparties are guided by counterparty limit, credit quality, tenure and types of permissible transactions and these are subject to regular review.

The credit exposure arising from on- and off-balance sheet activities are set out in Note 51.

(b) Market Risk

Market risk is the risk of loss arising from adverse movements in the level of market prices or rates, the three key components being foreign currency exchange risk, interest rate risk and equity risk.

Market risk arising from trading activities is governed by the Trading Book Policy Statement. The Trading Book Policy Statement sets out the trading limits which include, inter alia, the Overall Open Position, Daily and Cumulative Cut Loss Position and Maximum Holding Periods to ensure that dealers' day-to-day trading activities are within the risk parameters set, independent mark-to-market valuation and validation procedures, policy on hedged transactions and prohibition on the transfer of financial instruments from the trading book to the banking book.

(i) Foreign Currency Exchange Risk

Foreign currency exchange risk refers to adverse exchange rate movements on foreign currency positions originating from money market activities and from the Group's investments and retained earnings in its overseas subsidiary companies, branches and associated companies, where the functional currencies are not in Ringgit.

Foreign currency exchange open positions are monitored against predetermined position limits and cut-loss limits. Where possible, the foreign currency-denominated assets are generally funded by borrowings and deposits received in the same foreign currencies.

46. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Market Risk (continued)

(ii) Interest Rate Risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the level of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through interest rate sensitivity gap analysis. The potential reduction in net interest income from an adverse interest rate movement is monitored against the risk tolerance limits set.

The effects of changes in the level of interest rates on the market value of securities are monitored closely and mark-to-market valuations are regularly reported to management. Hedging instruments such as interest rate swaps are used to minimise exposure to interest rate volatility.

(iii) Equity Risk

Equity risk refers to the adverse movements in the price of equities on the equity positions taken from time to time. Equity positions are monitored against predetermined cut-loss limits.

(c) Liquidity Risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

Liquidity risk is primarily managed through Bank Negara Malaysia's New Liquidity Framework which takes into consideration the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments, and also the realisable cash value of eligible liquefiable assets. Liquidity risk management is supplemented by internal liquidity risk management policy.

In addition, the Liquidity Contingency Funding Plan ensures that alternative funding strategies are in place and can be implemented on a timely basis to minimise the liquidity risk that may arise due to unforeseen adverse changes in the market place.

(d) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk is managed through established operational risk management processes, proper monitoring and reporting of the business units' adherence to established risk policies, procedures and limits by independent control and support units, and oversight provided by the management and the Board.

The operational risk management processes encompass appropriate documentation of processes and procedures within the framework of system of internal controls, regular disaster recovery and business continuity planning and simulations, self-compliance audit and internal audit.

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK

(a) Interest Rate Risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following tables indicate the effective interest rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS												
Cash and short-term funds	33,979,116	-	-	-	-	-	-	-	2,617,911	-	36,597,027	3.24
Deposits and placements with banks and other financial institutions	4,496	1,581,038	179,393	-	-	-	-	-	176,518	-	1,941,445	3.74
Securities purchased under resale agreements	3,962,485	799,922	-	-	-	-	-	-	-	379,339	5,141,746	2.96
Securities held-for-trading	-	-	-	-	-	-	-	-	-	11,349,842	11,349,842	3.39
Securities available-for-sale	87,591	-	553,321	161,004	411,816	332,671	-	1,494,450	2,585,519	-	5,626,372	3.71
Securities held-to-maturity	2,722,137	2,422,240	1,057,146	984,232	308,723	312,084	127,921	263,451	88,785	-	8,286,719	3.76
Loans, advances and financing												
- performing	74,633,947	6,187,337	9,973,247	7,192,884	6,048,162	4,628,514	3,655,891	7,138,512	-	-	119,458,494	6.05
- non-performing *	-	-	-	-	-	-	-	-	(722,190)	-	(722,190)	-
- Islamic house financing sold to Cagamas	(200,008)	(150,001)	-	-	-	-	-	-	-	-	(350,009)	3.74
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	8,730,572	103,088	8,833,660	-
Total Assets	115,189,764	10,840,536	11,763,107	8,338,120	6,768,701	5,273,269	3,783,812	8,896,413	13,477,115	11,832,269	196,163,106	
LIABILITIES AND EQUITY												
Deposits from customers	93,704,176	25,428,376	25,467,966	345,119	334,486	179,881	257,695	12,560	16,549,305	-	162,279,564	3.02
Deposits and placements of banks and other financial institutions	4,303,365	239,870	108,088	-	-	-	-	-	938,556	-	5,589,879	2.36
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Borrowings	860,234	-	-	-	-	-	-	-	-	-	860,234	1.11
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,450,555	-	-	-	4,178,195	3.65
Hybrid capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,073,076	229,291	3,302,367	-

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(a) Interest Rate Risk (continued)

Group 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Total Liabilities	100,922,392	30,369,933	27,137,447	348,498	334,944	1,674,160	1,708,250	2,137,044	21,072,415	229,291	185,934,374	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,536,706	-	9,536,706	-
Minority interests	-	-	-	-	-	-	-	-	692,026	-	692,026	-
Total Liabilities and Equity	100,922,392	30,369,933	27,137,447	348,498	334,944	1,674,160	1,708,250	2,137,044	31,301,147	229,291	196,163,106	
On-balance sheet interest sensitivity gap	14,267,372	(19,529,397)	(15,374,340)	7,989,622	6,433,757	3,599,109	2,075,562	6,759,369	(17,824,032)	11,602,978	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	391,480	(2,810,423)	(257,962)	(67,793)	(55,773)	1,070,531	1,500,000	229,940	-	-	-	
Total interest sensitivity gap	14,658,852	(22,339,820)	(15,632,302)	7,921,829	6,377,984	4,669,640	3,575,562	6,989,309	(17,824,032)	11,602,978	-	

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

Group 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS												
Cash and short-term funds	34,357,299	-	-	-	-	-	-	-	1,191,489	-	35,548,788	3.80
Deposits and placements with banks and other financial institutions	5,821	1,911,878	513,990	-	-	-	-	-	252,084	-	2,683,773	5.05
Securities purchased under resale 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 to Cagamas	-	-	(410,003)	-	-	-	-	-	-	-	(410,003)	3.73
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,789,644	65,856	7,855,500	-
Total Assets	99,475,179	15,673,900	11,244,863	7,946,073	5,277,745	4,629,305	3,366,809	7,950,842	10,388,343	8,202,128	174,155,187	

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(a) Interest Rate Risk (continued)

Group 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	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 banks and other financial institutions	8,193,015	2,003,199	68,467	-	-	-	-	-	173,437	-	10,438,118	4.47
Obligations on securities sold 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 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 balances	-	-	-	-	-	-	-	-	2,826,008	62,933	2,888,941	-
Total Liabilities	87,922,029	30,610,756	22,163,420	1,365,982	32,694	74,509	1,494,353	1,878,728	18,571,360	62,933	164,176,764	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,342,174	-	9,342,174	-
Minority interests	-	-	-	-	-	-	-	-	636,249	-	636,249	-
Total Liabilities and Equity	87,922,029	30,610,756	22,163,420	1,365,982	32,694	74,509	1,494,353	1,878,728	28,549,783	62,933	174,155,187	
On-balance sheet interest 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 sensitivity gap (interest rate swaps)	800,173	(1,605,464)	(1,103,438)	559,936	(112,421)	(347,183)	1,054,774	753,623	-	-	-	
Total interest sensitivity gap	12,353,323	(16,542,320)	(12,021,995)	7,140,027	5,132,630	4,207,613	2,927,230	6,825,737	(18,161,440)	8,139,195	-	

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

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(a) Interest Rate Risk (continued)

Bank 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS												
Cash and short-term funds	27,458,539	-	-	-	-	-	-	-	2,106,420	-	29,564,959	3.22
Deposits and placements with banks and other financial institutions	-	2,605,145	1,052,664	-	-	-	-	-	176,517	-	3,834,326	3.99
Securities purchased under resale agreements	3,962,485	799,922	-	-	-	-	-	-	-	-	4,762,407	2.91
Securities held-for-trading	-	-	-	-	-	-	-	-	-	10,846,741	10,846,741	3.38
Securities available-for-sale	77,968	-	528,153	161,004	557,770	332,671	-	1,176,513	2,080,065	-	4,914,144	3.46
Securities held-to-maturity	2,578,577	1,919,408	1,291,322	2,589,255	399,220	312,084	122,930	263,451	88,332	-	9,564,579	3.73
Loans, advances and financing												
- performing	65,590,132	3,929,734	6,592,174	4,639,410	3,978,219	3,012,085	2,430,455	3,562,194	-	-	93,734,403	5.98
- non-performing *	-	-	-	-	-	-	-	-	(560,112)	-	(560,112)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	9,934,833	102,574	10,037,407	-
Total Assets	99,667,701	9,254,209	9,464,313	7,389,669	4,935,209	3,656,840	2,553,385	5,002,158	13,826,055	10,949,315	166,698,854	
LIABILITIES AND EQUITY												
Deposits from customers	73,779,904	20,477,072	24,348,083	208,907	457,340	179,289	256,930	12,560	14,342,163	-	134,062,248	3.12
Deposits and placements of banks and other financial institutions	6,582,878	196,254	118,131	-	-	-	-	-	224,254	-	7,121,517	2.03
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,470,580	-	-	-	4,198,220	3.65
Hybrid capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,973,469	227,436	2,200,905	-

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(a) Interest Rate Risk (continued)

Bank 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Total Liabilities	82,417,399	25,375,013	26,027,607	212,286	457,798	1,673,568	1,727,510	2,137,044	17,051,364	227,436	157,307,025	-
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,391,829	-	9,391,829	
Total Liabilities and Equity	82,417,399	25,375,013	26,027,607	212,286	457,798	1,673,568	1,727,510	2,137,044	26,443,193	227,436	166,698,854	
On-balance sheet interest sensitivity gap	17,250,302	(16,120,804)	(16,563,294)	7,177,383	4,477,411	1,983,272	825,875	2,865,114	(12,617,138)	10,721,879	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	166,288	(3,101,777)	(174,478)	(67,793)	13,517	1,070,531	1,500,000	593,712	-	-	-	
Total interest sensitivity gap	17,416,590	(19,222,581)	(16,737,772)	7,109,590	4,490,928	3,053,803	2,325,875	3,458,826	(12,617,138)	10,721,879	-	

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

Bank 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS												
Cash and short-term funds	31,607,242	-	-	-	-	-	-	-	998,905	-	32,606,147	3.73
Deposits and placements with banks and other financial institutions	-	2,362,592	454,488	-	-	-	-	-	252,086	-	3,069,166	4.99
Securities purchased under resale 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 to Cagamas	-	-	(410,003)	-	-	-	-	-	-	-	(410,003)	3.73
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,530,282	64,735	7,595,017	-
TOTAL ASSETS	89,318,853	13,676,393	9,670,882	7,220,824	4,948,467	4,399,242	3,300,591	7,844,804	9,937,472	8,153,572	158,471,100	

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(a) Interest Rate Risk (continued)

Bank 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	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 banks and other financial institutions	7,083,223	2,052,848	52,612	-	-	-	-	-	158,151	-	9,346,834	4.70
Obligations on securities sold 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 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 balances	-	-	-	-	-	-	-	-	1,551,496	61,923	1,613,419	-
Total Liabilities	77,792,347	27,620,161	21,765,890	1,638,069	32,446	74,509	1,494,353	1,878,728	16,762,059	61,923	149,120,485	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,350,615	-	9,350,615	-
Total Liabilities and Equity	77,792,347	27,620,161	21,765,890	1,638,069	32,446	74,509	1,494,353	1,878,728	26,112,674	61,923	158,471,100	
On-balance sheet interest 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 sensitivity gap (interest rate swaps)	700,978	(1,517,690)	(1,372,197)	740,921	(112,421)	(281,053)	1,054,774	786,688	-	-	-	
Total interest sensitivity gap	12,227,484	(15,461,458)	(13,467,205)	6,323,676	4,803,600	4,043,680	2,861,012	6,752,764	(16,175,202)	8,091,649	-	

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

(b) Foreign Exchange Risk

The Group's foreign exchange exposures originate from the Treasury Division's money market activities and the Group's investments and retained earnings in subsidiary companies, branches and associated companies whose functional currencies are not in Ringgit Malaysia. The main foreign currencies in which the Group's businesses are transacted in are United States Dollars and Hong Kong Dollars.

The Group's foreign exchange risk is managed by the Treasury function and closely monitored by the Asset and Liabilities Management Committee ("ALCO"). The types of instruments entered into include foreign currency denominated loans, deposits and borrowings, foreign currency denominated securities and foreign exchange related contracts. Where possible, foreign currency denominated assets and securities are funded by foreign currency deposits and borrowings of the same foreign currency.

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(b) Foreign Exchange Risk (continued)

The table below summarises the assets, liabilities and net open position by currency as at the balance sheet date, which are mainly in Ringgit Malaysia, Hong Kong Dollars and United States Dollars. Others mainly include exposure to Euros, Australian Dollars, Chinese Renminbi, New Zealand Dollars, Sri Lanka Rupees, Great Britain Pounds and Japanese Yen.

Group 2008	Malaysian Ringgit RM'000	Hong Kong Dollars RM'000	United States Dollars RM'000	Others RM'000	Total RM'000
ASSETS					
Cash and short-term funds	31,348,350	451,285	3,599,203	1,198,189	36,597,027
Deposits and placements with banks and other financial institutions	1,756,588	46,943	91,456	46,458	1,941,445
Securities purchased under resale agreements	5,126,053	–	–	15,693	5,141,746
Securities held-for-trading	11,349,842	–	–	–	11,349,842
Securities available-for-sale	2,669,414	9,623	2,687,159	260,176	5,626,372
Securities held-to-maturity	7,851,780	169,981	93,552	171,406	8,286,719
Loans, advances and financing	103,493,306	10,412,901	4,034,067	446,021	118,386,295
Derivative financial assets	284,771	514	295,338	9,606	590,229
Other assets	600,212	136,487	734,946	77,029	1,548,674
Statutory deposits with Central Banks	2,339,800	–	296,908	–	2,636,708
Deferred tax assets	477,346	751	10,601	157	488,855
Investment in associated companies	1,411	–	126,391	–	127,802
Investment properties	1,850	63,968	194	–	66,012
Prepaid land lease payments	8,910	282,963	–	–	291,873
Property and equipment	902,844	62,547	44,494	1,604	1,011,489
Intangible assets	769,251	1,302,767	–	–	2,072,018
TOTAL ASSETS	168,981,728	12,940,730	12,014,309	2,226,339	196,163,106
LIABILITIES					
Deposits from customers	144,287,317	7,326,696	7,017,389	3,648,162	162,279,564
Deposits and placements of banks and other financial institutions	619,682	309,059	4,385,611	275,527	5,589,879
Bills and acceptances payable	3,062,077	–	28	269	3,062,374
Recourse obligations on loans sold to Cagamas	4,537,277	–	–	–	4,537,277
Derivative financial liabilities	173,277	1,855	318,849	1,165	495,146
Other liabilities	1,875,064	161,826	251,264	134,663	2,422,817
Borrowings	–	860,234	–	–	860,234
Subordinated notes	1,450,555	–	2,727,640	–	4,178,195
Hybrid capital securities	1,276,840	–	847,644	–	2,124,484
Provision for tax expense and zakat	354,796	2,862	24,297	499	382,454
Deferred tax liabilities	1,950	–	–	–	1,950
TOTAL LIABILITIES	157,638,835	8,662,532	15,572,722	4,060,285	185,934,374
Minority interests	–	692,026	–	–	692,026
On Balance Sheet Open Position	11,342,893	3,586,172	(3,558,413)	(1,833,946)	9,536,706
Off Balance Sheet Open Position	(2,909,324)	(2,669,166)	3,650,663	1,927,827	–
Net Open Position	8,433,569	917,006	92,250	93,881	9,536,706

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(b) Foreign Exchange Risk (continued)

Group 2007	Malaysian Ringgit RM'000	Hong Kong Dollars RM'000	United States Dollars RM'000	Others RM'000	Total RM'000
ASSETS					
Cash and short-term funds	27,888,161	688,116	5,985,633	986,878	35,548,788
Deposits and placements with banks and other financial institutions	2,496,967	36,018	123,627	27,161	2,683,773
Securities purchased under resale agreements	12,723,490	—	—	—	12,723,490
Securities held-for-trading	8,056,729	—	5,198	—	8,061,927
Securities available-for-sale	1,356,046	21,638	2,431,868	271,769	4,081,321
Securities held-to-maturity	2,652,469	876,793	242,150	100,983	3,872,395
Loans, advances and financing	88,517,635	7,983,702	2,542,630	284,026	99,327,993
Derivative financial assets	47,694	1,349	53,735	9,471	112,249
Other assets	1,423,053	239,685	138,071	11,379	1,812,188
Statutory deposits with Central Banks	2,274,070	—	99,857	—	2,373,927
Deferred tax assets	321,762	—	—	—	321,762
Investment in associated companies	1,257	—	45,061	—	46,318
Investment properties	1,850	52,302	238	—	54,390
Prepaid land lease payments	7,946	251,615	—	—	259,561
Property and equipment	802,481	50,579	9,950	1,799	864,809
Intangible assets	771,737	1,238,559	—	—	2,010,296
TOTAL ASSETS	149,343,347	11,440,356	11,678,018	1,693,466	174,155,187
LIABILITIES					
Deposits from customers	125,636,696	7,123,175	4,030,407	1,974,293	138,764,571
Deposits and placements of banks and other financial institutions	3,632,716	28,714	6,148,851	627,837	10,438,118
Obligations on securities sold under repurchase agreements	—	—	—	2,279	2,279
Bills and acceptances payable	3,447,405	4,639	17	235	3,452,296
Recourse obligations on loans sold to Cagamas	3,956,404	—	—	—	3,956,404
Derivative financial liabilities	76,254	1,010	75,487	435	153,186
Other liabilities	1,869,343	330,661	104,166	43,512	2,347,682
Borrowings	—	349,730	—	—	349,730
Subordinated notes	—	—	2,468,571	—	2,468,571
Hybrid capital securities	1,160,230	—	695,624	—	1,855,854
Provision for tax expense and zakat	344,723	5,644	15,123	381	365,871
Deferred tax liabilities	2,303	19,899	—	—	22,202
TOTAL LIABILITIES	140,126,074	7,863,472	13,538,246	2,648,972	164,176,764
Minority interests	—	636,249	—	—	636,249
On Balance Sheet Open Position	9,217,273	2,940,635	(1,860,228)	(955,506)	9,342,174
Off Balance Sheet Open Position	(746,303)	(2,237,222)	2,119,787	863,738	—
Net Open Position	8,470,970	703,413	259,559	(91,768)	9,342,174

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(b) Foreign Exchange Risk (continued)

Bank 2008	Malaysian Ringgit RM'000	Hong Kong Dollars RM'000	United States Dollars RM'000	Others RM'000	Total RM'000
ASSETS					
Cash and short-term funds	25,413,556	820,485	2,849,946	480,972	29,564,959
Deposits and placements with banks and other financial institutions	3,834,326	—	—	—	3,834,326
Securities purchased under resale agreements	4,746,714	—	—	15,693	4,762,407
Securities held-for-trading	10,846,741	—	—	—	10,846,741
Securities available-for-sale	2,554,622	—	2,155,459	204,063	4,914,144
Securities held-to-maturity	9,562,928	—	97	1,554	9,564,579
Loans, advances and financing	91,605,875	427,182	1,082,414	58,820	93,174,291
Derivative financial assets	284,771	—	295,338	9,606	589,715
Other assets	1,365,023	34,540	725,733	71,888	2,197,184
Statutory deposits with Central Banks	1,998,200	—	—	—	1,998,200
Deferred tax assets	387,415	—	—	157	387,572
Investment in subsidiary companies	1,272,725	1,672,195	474,761	—	3,419,681
Investment in associated companies	30	—	101,295	—	101,325
Prepaid land lease payments	15	—	—	—	15
Property and equipment	642,505	118	4,095	1,604	648,322
Intangible assets	695,393	—	—	—	695,393
TOTAL ASSETS	155,210,839	2,954,520	7,689,138	844,357	166,698,854
LIABILITIES					
Deposits from customers	130,763,564	129,188	743,412	2,426,084	134,062,248
Deposits and placements of banks and other financial institutions	806,414	—	6,027,236	287,867	7,121,517
Bills and acceptances payable	3,062,077	—	28	269	3,062,374
Recourse obligations on loans sold to Cagamas	4,537,277	—	—	—	4,537,277
Derivative financial liabilities	173,277	—	268,596	781	442,654
Other liabilities	1,176,888	240	212,010	114,295	1,503,433
Subordinated notes	1,470,580	—	2,727,640	—	4,198,220
Hybrid capital securities	1,276,840	—	847,644	—	2,124,484
Provision for tax expense and zakat	254,319	—	—	499	254,818
TOTAL LIABILITIES	143,521,236	129,428	10,826,566	2,829,795	157,307,025
On Balance Sheet Open Position	11,689,603	2,825,092	(3,137,428)	(1,985,438)	9,391,829
Off Balance Sheet Open Position	(2,909,324)	(2,051,964)	2,974,349	1,986,939	—
Net Open Position	8,780,279	773,128	(163,079)	1,501	9,391,829

47. INTEREST RATE RISK AND FOREIGN EXCHANGE RISK (CONTINUED)

(b) Foreign Exchange Risk (continued)

Bank 2007	Malaysian Ringgit RM'000	Hong Kong Dollars RM'000	United States Dollars RM'000	Others RM'000	Total RM'000
ASSETS					
Cash and short-term funds	26,435,238	433,433	5,427,299	310,177	32,606,147
Deposits and placements with banks and other financial institutions	3,069,166	—	—	—	3,069,166
Securities purchased under resale agreements	12,006,597	—	—	—	12,006,597
Securities held-for-trading	8,051,599	—	—	—	8,051,599
Securities available-for-sale	1,253,129	—	2,190,309	205,424	3,648,862
Securities held-to-maturity	1,679,915	—	97	7,993	1,688,005
Loans, advances and financing	88,543,061	589,610	638,102	34,934	89,805,707
Derivative financial assets	47,694	—	53,735	9,471	110,900
Other assets	1,211,355	1,868	87,391	8,802	1,309,416
Statutory deposits with Central Banks	2,272,000	—	—	—	2,272,000
Deferred tax assets	276,975	—	—	—	276,975
Investment in subsidiary companies	467,725	1,672,195	213,841	—	2,353,761
Investment in associated companies	30	—	28,435	—	28,465
Prepaid land lease payments	17	—	—	—	17
Property and equipment	545,155	166	970	1,799	548,090
Intangible assets	695,393	—	—	—	695,393
TOTAL ASSETS	146,555,049	2,697,272	8,640,179	578,600	158,471,100
LIABILITIES					
Deposits from customers	124,652,787	135,560	620,258	1,016,223	126,424,828
Deposits and placements of banks and other financial institutions	2,329,699	—	6,392,087	625,048	9,346,834
Obligations on securities sold under repurchase agreements	—	—	—	2,279	2,279
Bills and acceptances payable	3,447,405	4,639	17	235	3,452,296
Recourse obligations on loans sold to Cagamas	3,956,404	—	—	—	3,956,404
Derivative financial liabilities	76,254	—	70,395	435	147,084
Other liabilities	1,115,173	492	56,108	27,733	1,199,506
Subordinated notes	—	—	2,468,571	—	2,468,571
Hybrid capital securities	1,160,230	—	695,624	—	1,855,854
Provision for tax expense and zakat	266,448	—	—	381	266,829
TOTAL LIABILITIES	137,004,400	140,691	10,303,060	1,672,334	149,120,485
On Balance Sheet Open Position	9,550,649	2,556,581	(1,662,881)	(1,093,734)	9,350,615
Off Balance Sheet Open Position	(746,303)	(1,872,729)	1,730,331	888,701	—
Net Open Position	8,804,346	683,852	67,450	(205,033)	9,350,615

48. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the resulting fair value estimates.

Fair value information for non-financial assets and non-financial liabilities are excluded as they do not fall within the scope of FRS 132 Financial Instruments: Disclosure and Presentation which requires the fair value information to be disclosed. These include investment in subsidiary companies, investment in associated companies, investment properties, prepaid land lease payments, property and equipment and intangible assets.

The estimated fair values of the financial instruments of the Group and the Bank approximate their respective carrying amounts as shown on the balance sheets, except for the following financial assets and financial liabilities:

	2008		2007	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group				
Financial assets				
Securities held-to-maturity	8,286,719	8,331,232	3,872,395	3,881,802
Loans, advances and financing *	120,145,782	119,797,090	100,850,957	100,860,356
Financial liabilities				
Deposits from customers	162,279,564	162,285,033	138,764,571	138,759,442
Recourse obligations on loans sold to Cagamas	4,537,277	4,538,483	3,956,404	3,955,513
Subordinated notes	4,178,195	4,014,401	2,468,571	2,486,880
Hybrid capital securities	2,124,484	1,730,911	1,855,854	1,903,601
Bank				
Financial assets				
Securities held-to-maturity	9,564,579	9,615,605	1,688,005	1,692,515
Loans, advances and financing *	94,594,223	94,353,352	91,180,553	91,204,546
Financial liabilities				
Deposits from customers	134,062,248	134,058,795	126,424,828	126,424,058
Recourse obligations on loans sold to Cagamas	4,537,277	4,538,483	3,956,404	3,955,513
Subordinated notes	4,198,220	4,034,499	2,468,571	2,486,880
Hybrid capital securities	2,124,484	1,730,911	1,855,854	1,903,601

* The general allowance of the Group and the Bank of RM1,759,487,000 (2007 – RM1,522,964,000) and RM1,419,932,000 (2007 – RM1,374,846,000) respectively, are not included in the carrying amounts.

48. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (a) *Cash and Short-Term Funds* – The carrying amount approximates fair value due to the relatively short maturity of the financial instruments.
- (b) *Deposits and Placements with Banks and Other Financial Institutions and Securities Purchased under Resale Agreements* – The fair values of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of the financial instruments. For those financial instruments with maturity of more than one year, the fair values are estimated based on discounted cash flows using market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risks and remaining period to maturity.
- (c) *Securities Held-for-Trading, Securities Available-for-Sale and Securities Held-to-Maturity* – The fair values of these financial instruments are estimated based on quoted or observable market prices. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where the discounted cash flow technique is used, the expected future cash flows are discounted using market interest rates for similar instruments.
- (d) *Loans, Advances and Financing* – The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying amounts. For fixed rate loans with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using market rates of loans of similar credit risks and maturity.

The fair values of non-performing loans are represented by their carrying amounts, net of specific allowance for bad and doubtful debts and financing, being the expected recoverable amount.

- (e) *Derivative Financial Instruments* – The fair values of derivative financial instruments are obtained from quoted market rates in active markets, including recent market transactions and valuation techniques, such as discounted cash flow models, as appropriate.
- (f) *Deposits from Customers* – The fair values of deposits payable on demand (demand and savings deposits), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturities of more than one year are estimated using discounted cash flows based on market rates for similar deposits from customers. The fair values of Islamic deposits are deemed to approximate their carrying amounts as profit rates are determined at the end of their holding periods based on the profit generated from the assets invested. The fair values of negotiable instruments of deposit and money market deposits are estimated based on quoted or observable market prices. Where such quoted or observable market prices are not available, the fair values of negotiable instruments of deposit and money market deposits are estimated using the discounted cash flow technique.
- (g) *Deposits and Placements of Banks and Other Financial Institutions, Obligations on Securities Sold under Repurchase Agreements and Bills and Acceptances Payable* – The fair values of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of the financial instruments.
- (h) *Recourse Obligations on Loans Sold to Cagamas* – The fair values of recourse obligations on loans sold to Cagamas with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of recourse obligations on loans sold to Cagamas with remaining maturity of more than one year are estimated using discounted cash flows based on prevailing Cagamas rates with similar remaining period to maturity.

48. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments (continued):

- (i) *Borrowings* – The fair values approximate carrying amounts as these are variable rate borrowings.
- (j) *Subordinated Notes and Hybrid Capital Securities* – The fair values of these financial instruments are estimated based on quoted or observable market prices.

49. OPERATING LEASES

The Group and the Bank as a Lessee

The Group and the Bank leases a number of premises under operating leases. The leases typically run for an initial period of three years, with an option to renew the leases. None of the leases include contingent rentals. Total future minimum lease payments under these non-cancellable operating leases are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Within one year	18,824	14,189	615	1,032
Between one and five years	18,453	8,736	594	343
More than five years	5,839	5,427	–	–
	43,116	28,352	1,209	1,375

The Group as a Lessor

The Group leases out its investment properties under operating leases with the term of the leases ranging from one to five years. None of the leases include contingent rentals. Total future minimum lease payments under these non-cancellable operating leases are as follows:

	Group	
	2008 RM'000	2007 RM'000
Within one year	3,982	3,350
Between one and five years	1,891	1,095
More than five years	–	391
	5,873	4,836

50. CAPITAL AND OTHER COMMITMENTS

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Capital expenditure:				
Authorised and contracted for:				
– Land and buildings	–	25,847	–	–
– Renovations	3,597	3,158	–	449
– Office equipment, furniture and fittings	2,155	9,142	1,925	8,604
– Computer equipment and software	21,920	27,382	19,563	23,695
	27,672	65,529	21,488	32,748
Authorised but not contracted for:				
– Land and buildings	490,500	4,500	–	–
– Renovations	2,342	5,677	–	464
– Office equipment, furniture and fittings	616	1,651	–	294
– Computer equipment and software	2,924	6,717	105	1,113
– Motor vehicles	–	94	–	–
– Additional investment in an associate company	217,000	–	217,000	–
	713,382	18,639	217,105	1,871
	741,054	84,168	238,593	34,619

51. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Group and the Bank as at 31 December are as follows:

	Group		Bank	
	2008	2007	2008	2007
<u>Before deducting proposed dividends*:</u>				
Core capital ratio	8.3%	9.1%	10.9%	11.1%
Risk-weighted capital ratio	13.7%	13.6%	13.4%	13.3%
<u>After deducting proposed dividends:</u>				
Core capital ratio	7.7%	7.6%	10.1%	9.5%
Risk-weighted capital ratio	13.1%	12.4%	12.8%	11.9%

* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the proposed dividends were not deducted.

51. CAPITAL ADEQUACY (CONTINUED)

- (a) The capital adequacy ratios of the Group and the Bank as at 31 December are as follows (continued):

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

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 (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The comparative capital adequacy ratios for 31 December 2007 have not been restated based on RWCAF-Basel II guidelines, as they represent actual amounts reported for regulatory compliance purposes as of that date. The minimum regulatory capital adequacy requirement is 8.0% (2007 – 8.0%) for the risk-weighted capital ratio.

The detailed disclosures on the risk-weighted assets, as set out in Notes 51(c), (d), (f) and (g) are presented in accordance with para 4.3 of Bank Negara Malaysia's Concept Paper – Risk-Weighted Capital Adequacy Framework (Based II) and Capital Adequacy Framework of Islamic Banks (CAFIB) – Disclosure Requirements (Pillar 3), whereby such disclosures are effective for financial reports for periods beginning on or after 1 January 2008. In accordance with para 7.2(i) of the concept paper, the comparative amounts for the previous financial year ended 31 December 2007 as per Note 51(e) are not presented in this manner as the current financial year represents the first time adoption and disclosure of RWCAF.

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

	Public Islamic Bank Berhad ¹	Public Investment Bank Berhad ²	Public Bank (L) Ltd ³	Public Bank (Hong Kong) Limited ⁴	Public Finance Limited ⁴	Cambodian Public Bank Plc ⁵
2008						
<u>Before deducting proposed dividends:</u>						
Core capital ratio	9.1%	20.6%	8.3%	15.4%	20.6%	N/A
Risk-weighted capital ratio	11.0%	20.9%	8.8%	15.4%	21.8%	19.0%
<u>After deducting proposed dividends:</u>						
Core capital ratio	9.1%	19.7%	8.3%	15.4%	20.6%	N/A
Risk-weighted capital ratio	11.0%	20.0%	8.8%	15.4%	21.8%	19.0%
2007						
<u>Before deducting proposed dividends:</u>						
Core capital ratio	N/A	24.7%	10.1%	11.8%	28.1%	N/A
Risk-weighted capital ratio	N/A	24.9%	10.7%	13.2%	29.2%	19.9%
<u>After deducting proposed dividends:</u>						
Core capital ratio	N/A	24.7%	10.1%	11.8%	28.1%	N/A
Risk-weighted capital ratio	N/A	24.9%	10.7%	13.2%	29.2%	19.9%

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

51. CAPITAL ADEQUACY (CONTINUED)

(a) The capital adequacy ratios of the Group and the Bank as at 31 December are as follows (continued):

- ² The capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Public Investment Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Offshore Financial Services Authority (LOFSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the core capital ratio and risk-weighted capital ratio respectively.
- ⁴ The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking (Capital) Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
- ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory Solvency Ratio requirement is 15.0%.

(b) The components of Tier I and Tier II Capital of the Group and of the Bank are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tier I Capital				
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	3,604,386	3,562,188	3,552,599	3,538,858
Retained profits (before proposed dividend)	1,902,658	1,362,252	1,772,724	1,491,238
Hybrid capital securities	1,439,510	1,345,882	1,541,477	1,487,546
Treasury shares	(1,274,112)	(1,273,897)	(1,274,112)	(1,273,897)
Minority interests	692,026	636,249	—	—
Less: Intangible assets	(2,045,669)	(1,983,956)	(695,393)	(695,393)
Less: Deferred tax assets, net	(386,484)	(316,265)	(285,201)	(271,478)
Total Tier I Capital	9,596,740	8,972,548	10,276,519	9,916,969

51. CAPITAL ADEQUACY (CONTINUED)

(b) The components of Tier I and Tier II Capital of the Group and of the Bank are as follows (continued):

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Tier II Capital</u>				
General allowance for bad and doubtful debts	1,759,487	1,522,964	1,433,444	1,381,714
Subordinated notes	3,968,793	2,469,830	3,988,818	2,469,830
Hybrid capital securities	450,609	512,348	348,642	370,684
Total Tier II Capital	6,178,889	4,505,142	5,770,904	4,222,228
Total capital	15,775,629	13,477,690	16,047,423	14,139,197
Less: Investment in subsidiary and associated companies	(960)	–	(3,318,384)	(2,270,069)
Capital base	15,774,669	13,477,690	12,729,039	11,869,128

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

Group 2008 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	45,529,703	40,392,203	7,079	566
Public Sector Entities	226,399	226,399	45,280	3,622
Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")	9,647,008	9,647,008	2,656,110	212,489
Insurance Companies, Securities Firms and Fund Managers	30,192	24,538	14,711	1,177
Corporates	31,587,342	29,788,698	27,412,005	2,192,960
Regulatory Retail	59,098,305	58,514,484	44,325,939	3,546,075
Residential Mortgages	31,354,081	31,331,706	15,754,491	1,260,359
Higher Risk Assets	144,845	144,817	217,225	17,378
Other Assets	3,166,272	3,166,272	2,133,482	170,679
Equity Exposures	2,657,984	2,657,984	2,633,226	210,658
Total On-Balance Sheet Exposures	183,442,131	175,894,109	95,199,548	7,615,963

51. CAPITAL ADEQUACY (CONTINUED)

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

Group 2008 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk (continued)				
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	11,553,542	11,077,42	8,691,505	695,320
Derivative Financial Instruments	1,062,516	1,062,516	269,196	21,536
Other Treasury-related Off-Balance Sheet Exposures	15,874	15,874	3,175	254
Total Off-Balance Sheet Exposures (Note 51(f))	12,631,932	12,155,816	8,963,876	717,110
Total On and Off-Balance Sheet Exposures	196,074,063	188,049,925	104,163,424	8,333,073
(ii) Large Exposure Risk Requirement	—	—	—	—
(iii) Market Risk	Long Position	Short Position		
Interest Rate Risk	20,841,662	(9,101,710)	732,535	58,603
Foreign Currency Risk	1,101,726	(42,943)	1,101,726	88,138
Equity Risk	980	—	1,363	109
Total (Note 51(g))	21,944,368	(9,144,653)	1,835,624	146,850
(iv) Operational Risk			9,342,863	747,429
Total RWA and Capital Requirements			115,341,911	9,227,352

51. CAPITAL ADEQUACY (CONTINUED)

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

Bank 2008 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	37,240,902	32,487,731	7,080	566
Public Sector Entities	687	687	137	11
Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")	13,097,186	13,097,186	3,554,021	284,322
Insurance Companies, Securities Firms and Fund Managers	2,847	2,847	3,851	308
Corporates	27,739,697	26,119,513	23,717,302	1,897,384
Regulatory Retail	42,385,979	41,844,274	31,731,983	2,538,559
Residential Mortgages	27,421,752	27,404,232	14,149,127	1,131,930
Higher Risk Assets	135,867	135,853	203,779	16,302
Other Assets	2,984,616	2,984,616	2,075,270	166,022
Equity Exposures	2,154,635	2,154,635	2,129,876	170,390
Total On-Balance Sheet Exposures	153,164,168	146,231,574	77,572,426	6,205,794
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	10,219,352	9,931,894	7,818,361	625,469
Derivative Financial Instruments	1,051,784	1,051,784	267,050	21,364
Other Treasury-related Off-Balance Sheet Exposures	1,594	1,594	319	26
Total Off-Balance Sheet Exposures (Note 51(f))	11,272,730	10,985,272	8,085,730	646,859
Total On and Off-Balance Sheet Exposures	164,436,898	157,216,846	85,658,156	6,852,653
(ii) Large Exposure Risk Requirement	–	–	–	–
(iii) <u>Market Risk</u>	Long Position	Short Position		
Interest Rate Risk	20,082,657	(9,273,390)	827,062	66,165
Foreign Currency Risk	924,347	(306,358)	924,347	73,948
Equity Risk	980	–	1,363	109
Total (Note 51(g))	21,007,984	(9,579,748)	1,752,772	140,222
(iv) Operational Risk			7,236,385	578,911
Total RWA and Capital Requirements			94,647,313	7,571,786

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

51. CAPITAL ADEQUACY (CONTINUED)

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

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

51. CAPITAL ADEQUACY (CONTINUED)

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

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

(e) The breakdown of risk-weighted assets by risk weights for the previous financial year are as follows:

2007	Group		Bank	
	Notional RM'000	Risk- weighted RM'000	Notional RM'000	Risk- weighted RM'000
Risk-weighted assets for credit risk:				
0%	48,711,241	-	45,294,849	-
10%	385,400	38,540	385,400	38,540
20%	14,891,588	2,978,318	11,250,047	2,250,009
50%	25,985,302	12,992,651	24,099,651	12,049,826
100%	80,860,623	80,860,623	72,903,520	72,903,520
Risk-weighted asset equivalent for market risk	-	2,222,304	-	1,909,634
	170,834,154	99,092,436	153,933,467	89,151,529

51. CAPITAL ADEQUACY (CONTINUED)

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

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

Note 10 <----- Note 51 (c) ----->

51. CAPITAL ADEQUACY (CONTINUED)

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

2007 Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,362,071		1,362,071	787,538
Transaction-related contingent items	520,122		260,061	165,025
Short term self-liquidating trade-related contingencies	675,466		135,093	110,918
Assets sold with recourse	967,643		967,643	212,814
Obligations under an on-going underwriting agreement	201,648		159,148	159,148
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	4,873,728		2,436,864	2,166,834
– not exceeding one year	13,825,529		–	–
Unutilised credit card lines	2,638,103		–	–
	25,064,310		5,320,880	3,602,277
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
– less than one year	8,614,768	48,792	128,072	28,975
Interest rate related contracts:				
– less than one year	318,357	674	468	94
– one year to less than five years	3,804,644	61,473	93,826	18,765
– five years and above	2,968,978	1,310	220,325	44,065
	15,706,747	112,249	442,691	91,899
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	36,413		36,413	7,283
	40,807,470	112,249	5,799,984	3,701,459

Note 10

51. CAPITAL ADEQUACY (CONTINUED)

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

2008 Bank (Inclusive of Public Bank (L) Ltd.)	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,567,192		1,567,192	999,825
Transaction-related contingent items	549,206		274,603	162,481
Short term self-liquidating trade-related contingencies	498,861		99,773	63,237
Obligations under an on-going underwriting agreement	75,000		37,500	37,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	9,224,333		4,612,166	3,666,939
– not exceeding one year	15,399,609		3,079,922	2,477,232
Unutilised credit card lines	2,740,982		548,196	411,147
	30,055,183		10,219,352	7,818,361
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
– less than one year	8,254,482	90,431	174,241	76,038
– one year to less than five years	37,532	592	2,468	1,234
Interest rate related contracts:				
– less than one year	2,177,466	32,880	37,558	7,532
– one year to less than five years	4,040,635	216,196	342,341	68,572
– five years and above	3,555,860	234,366	458,158	95,165
Equity related contracts:				
– one year to less than five years	272,106	15,250	37,018	18,509
	18,338,081	589,715	1,051,784	267,050
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	1,594		1,594	319
	48,394,858	589,715	11,272,730	8,085,730

←----- Note 51 (c) ----->

The Off-Balance Sheet exposures of the Bank above, which are inclusive of Public Bank (L) Ltd.'s exposures, are presented for computation of risk-weighted assets for capital adequacy compliance purposes for the Bank.

51. CAPITAL ADEQUACY (CONTINUED)

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

2007 Bank (Inclusive of Public Bank (L) Ltd.)	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,240,028		1,240,028	752,948
Transaction-related contingent items	467,985		233,993	159,569
Short term self-liquidating trade-related contingencies	479,284		95,857	90,645
Assets sold with recourse	967,643		967,643	212,814
Obligations under an on-going underwriting agreement	75,000		37,500	37,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	4,565,891		2,282,945	2,012,915
– not exceeding one year	11,991,515		–	–
Unutilised credit card lines	2,519,144		–	–
	22,306,490		4,857,966	3,266,391
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
– less than one year	7,757,992	47,693	120,020	27,307
Interest rate related contracts:				
– less than one year	148,793	652	298	60
– one year to less than five years	3,804,644	61,473	93,827	18,766
– five years and above	2,968,978	1,310	220,324	44,065
	14,680,407	111,128	434,469	90,198
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	–		–	–
	36,986,897	111,128	5,292,435	3,356,589

51. CAPITAL ADEQUACY (CONTINUED)

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

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

Note 10

The Off-Balance Sheet exposures of the Bank above, which are excluding Public Bank (L) Ltd.'s exposures, represent the Off-Balance Sheet exposures of the Bank on a standalone basis for disclosure purposes.

51. CAPITAL ADEQUACY (CONTINUED)

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

2007 Bank (Excluding Public Bank (L) Ltd.)	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>				
Direct credit substitutes	1,240,028		1,240,028	752,948
Transaction-related contingent items	467,985		233,993	159,569
Short term self-liquidating trade-related contingencies	479,284		95,857	90,645
Assets sold with recourse	967,643		967,643	212,814
Obligations under an on-going underwriting agreement	75,000		37,500	37,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
– exceeding one year	4,562,584		2,281,292	2,011,262
– not exceeding one year	11,978,248		–	–
Unutilised credit card lines	2,519,144		–	–
	22,289,916		4,856,313	3,264,738
<u>Derivative Financial Contracts</u>				
Foreign exchange related contracts:				
– less than one year	7,757,992	47,693	120,020	27,307
Interest rate related contracts:				
– less than one year	148,793	652	298	60
– one year to less than five years	3,557,529	61,473	90,033	18,007
– five years and above	2,935,913	1,082	218,010	43,602
	14,400,227	110,900	428,361	88,976
<u>Other Treasury-related Exposures</u>				
Forward asset purchases	–		–	–
	36,690,143	110,900	5,284,674	3,353,714

Note 10

51. CAPITAL ADEQUACY (CONTINUED)

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

Group	2008		2007	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Interest rate risk				
– General interest rate risk	403,760	32,301	322,160	25,773
– Specific interest rate risk	328,775	26,302	266,213	21,297
	732,535	58,603	588,373	47,070
Equity position risk				
– General risk	975	78	181,638	14,531
– Specific risk	388	31	183,738	14,699
	1,363	109	365,376	29,230
Foreign exchange risk	1,101,726	88,138	1,151,905	92,152
Option risk	–	–	116,650	9,332
Total (Note 51(c))	1,835,624	146,850	2,222,304	177,784

51. CAPITAL ADEQUACY (CONTINUED)

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

Bank	2008		2007	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Interest rate risk				
– General interest rate risk	519,612	41,569	452,471	36,198
– Specific interest rate risk	307,450	24,596	266,172	21,294
	827,062	66,165	718,643	57,492
Equity position risk				
– General risk	975	78	154,235	12,339
– Specific risk	388	31	167,810	13,425
	1,363	109	322,045	25,764
Foreign exchange risk	924,347	73,948	868,946	69,516
Total (Note 51(c))	1,752,772	140,222	1,909,634	152,772

52. SEGMENT INFORMATION

The following segment information has been prepared in accordance with FRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. It is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

The Group's operating and reportable segments are business units engaged in providing different products or services, or similar products and services in different geographical locations. These businesses are managed and assessed separately as each requires a differentiated strategy focused on the specific products and services provided for the economic, competitive and regulatory environment in which it operates.

52. SEGMENT INFORMATION (CONTINUED)

The Group's business is organised into the following key operating segments:

(i) **Hire Purchase**

The hire purchase operations is focused on the provision of passenger vehicle financing to all levels of customers.

(ii) **Retail Operations**

Retail operations focuses on providing products and services to individual customers and small- and medium-sized enterprises. The products and services offered to customers include credit facilities (mortgages, trade and personal loans), credit cards, remittance services, deposit collection and investment products.

(iii) **Corporate Lending**

The corporate lending operations caters to the funding needs of large corporate customers which are primarily public listed companies and their related corporations.

(iv) **Treasury and Capital Market Operations**

The treasury and capital market operations is involved in proprietary trading in treasury related products and services such as foreign exchange, money market operations and securities trading. Income from customer trading is reflected under Retail Operations.

(v) **Investment Banking**

The investment banking operations caters to the business needs of large corporate customers through the provision of financial solutions and direct lending. The services offered include structured financing, corporate advisory services, merger and acquisition, share-broking and debt restructuring advisory services.

(vi) **Fund Management**

The fund management operations comprises of sale of trust units and the management of unit trust funds as conducted by the Bank's wholly owned subsidiary company, Public Mutual Berhad.

(vii) **Others**

Others refer mainly to non-core operations such as property holding.

Measurement and Evaluation of Segment Performance

The Group evaluates operating segments' performance on the basis of revenue, profit, cost-to-income ratio, loans and deposit growth and asset quality. Expenses directly associated with each operating segment are included in determining their respective profit. Transactions between operating segments are based on mutually agreed allocation bases. In addition to the operating segments, the segment information disclosed also includes internal service providers (head office), which operate on a non-profit basis, and inter-segment eliminations.

Major Customers

Revenues from no one single customer amounted to greater than 10% of the Group's revenues for the current financial year (2007 – none).

52. SEGMENT INFORMATION (CONTINUED)

(a) By Business Segments:

	<----- Operating Segments ----->							Head Office RM'000	Inter- segment Elimination RM'000	Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000			
2008										
External revenue	1,546,484	5,122,271	707,819	2,284,481	229,783	396,949	15,277	197,243	–	10,500,307
Revenue from other segments	–	976,255	–	280,288	–	–	267	1,095,208	(2,352,018)	–
Total revenue	1,546,484	6,098,526	707,819	2,564,769	229,783	396,949	15,544	1,292,451	(2,352,018)	10,500,307
Net interest income and Islamic banking income	438,961	3,323,272	149,318	189,876	11,088	(1,386)	(4,552)	179,152	–	4,285,729
Other operating income	6,219	762,295	44,841	177,527	105,565	369,925	48,144	6,762	(67,751)	1,453,527
Net income	445,180	4,085,567	194,159	367,403	116,653	368,539	43,592	185,914	(67,751)	5,739,256
Other operating expenses	(128,679)	(1,168,974)	(54,417)	(47,088)	(42,157)	(185,214)	(28,179)	(204,144)	67,751	(1,791,101)
of which:										
Depreciation and amortisation	(1,353)	(70,812)	(1,292)	(484)	(493)	(6,886)	(5,805)	(31,734)	–	(118,859)
Allowance for losses on loans, advances and financing excluding general allowance	(92,056)	(181,775)	(43,076)	–	446	–	–	–	–	(316,461)
Impairment loss	–	(3,665)	–	(29,197)	–	–	–	–	–	(32,862)
Profit by segments	224,445	2,731,153	96,666	291,118	74,942	183,325	15,413	(18,230)	–	3,598,832
Reconciliation of segment profits to consolidated profits:										
General allowance										(232,101)
Share of profit after tax of equity accounted associated companies										12,457
Profit before tax expense and zakat										3,379,188
Cost-to-income ratio	28.9%	28.6%	28.0%	12.8%	36.1%	50.3%	64.6%	109.8%		31.2%
Gross loans	29,276,274	74,125,543	16,653,994	–	237,747	23,049	1,977	–		120,318,584
Net non-performing loans	128,734	866,627	41,936	–	–	–	–	–		1,037,297
Deposits from customers	–	108,322,907	–	50,628,523	3,328,134	–	–	–		162,279,564
Addition to non-current assets	2,905	265,205	558	556	381	10,634	3,868	–		284,107
Segment assets	28,943,932	110,227,560	16,439,772	64,876,026	5,005,130	260,965	269,310	790,652	(33,487,265)	193,326,082
Reconciliation of segment assets to consolidated assets:										
Investment in associated companies										127,802
Unallocated assets										637,204
Intangible assets										2,072,018
Total assets										196,163,106

52. SEGMENT INFORMATION (CONTINUED)

(a) By Business Segments (continued):

	<----- Operating Segments ----->							Head Office RM'000	Inter-segment Elimination RM'000	Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000			
2007										
External revenue	1,415,814	4,522,712	483,086	2,305,247	281,161	429,782	14,519	105,278	-	9,557,599
Revenue from other segments	-	923,633	-	124,065	-	-	904	1,227,711	(2,276,313)	-
Total revenue	1,415,814	5,446,345	483,086	2,429,312	281,161	429,782	15,423	1,332,989	(2,276,313)	9,557,599
Net interest income and Islamic banking income	460,652	2,911,637	97,957	140,017	11,539	2,780	(5,411)	102,650	-	3,721,821
Other operating income	4,417	553,382	42,455	209,885	163,627	431,920	27,901	31,962	(76,083)	1,389,466
Net income	465,069	3,465,019	140,412	349,902	175,166	434,700	22,490	134,612	(76,083)	5,111,287
Other operating expenses	(99,452)	(1,079,335)	(38,210)	(54,907)	(35,438)	(251,820)	(17,910)	(192,719)	76,083	(1,693,708)
of which:										
Depreciation and amortisation	(713)	(59,045)	(1,775)	(567)	(553)	(5,102)	(8,762)	(26,604)	-	(103,121)
Allowance for losses on loans, advances and financing excluding general allowance	(98,073)	(175,233)	49,681	-	26,765	-	-	-	-	(196,860)
Impairment loss	-	(8,996)	-	(4,315)	-	-	1,152	-	-	(12,159)
Profit by segments	267,544	2,201,455	151,883	290,680	166,493	182,880	5,732	(58,107)	-	3,208,560
Reconciliation of segment profits to consolidated profits:										
General allowance										(210,302)
Share of profit after tax of equity accounted associated companies										5,380
Profit before tax expense and zakat										3,003,638
Cost-to-income ratio	21.4%	31.1%	27.2%	15.7%	20.2%	57.9%	79.6%	143.2%		33.1%
Gross loans	26,053,044	63,265,298	11,539,275	-	127,948	17,346	2,005	-		101,004,916
Net non-performing loans	163,600	1,046,003	40,198	-	-	-	-	-		1,249,801
Deposits from customers	-	93,365,627	-	43,498,981	1,899,963	-	-	-		138,764,571
Addition to non-current assets	5,377	95,163	207	386	381	10,634	3,868	3,517		119,533
Segment assets	25,783,057	95,260,889	11,388,416	64,788,213	5,031,507	409,872	261,371	130,872	(31,420,271)	171,633,926
Reconciliation of segment assets to consolidated assets:										
Investment in associated companies										46,318
Unallocated assets										464,647
Intangible assets										2,010,296
Total assets										174,155,187

52. SEGMENT INFORMATION (CONTINUED)

(b) By Geographical Locations:

In presenting information by geographical locations, segment revenue is based on the geographical locations of customers. Segment assets are based on the geographical locations of assets.

		Hong Kong SAR and the People's Republic of China RM'000		Other Countries RM'000	Total RM'000
2008	Malaysia RM'000		Cambodia RM'000		
Operating revenue	9,437,992	839,513	193,958	28,844	10,500,307
Profit before tax expense and zakat	3,058,161	167,327	128,385	25,315	3,379,188
Non-current assets	3,278,628	1,771,830	60,455	6,955	5,117,868
Total assets	176,114,753	16,173,699	3,408,403	466,251	196,163,106

		Hong Kong SAR and the People's Republic of China RM'000		Other Countries RM'000	Total RM'000
2007	Malaysia RM'000		Cambodia RM'000		
Operating revenue	8,412,152	1,016,235	105,342	23,870	9,557,599
Profit before tax expense and zakat	2,552,170	349,821	82,666	18,981	3,003,638
Non-current assets	3,021,149	1,980,613	42,947	2,853	5,047,562
Total assets	157,697,613	14,450,433	1,707,519	299,622	174,155,187

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

53. RATING STATEMENT

As at 31 December 2008, the Bank was accorded the following ratings:

Agencies	Date accorded/Reaffirmed	Ratings
Rating Agency Malaysia Berhad	10 September 2008 (Reaffirmed) 10 September 2008 (Reaffirmed) 10 September 2008 (Reaffirmed) 10 September 2008 (Reaffirmed) 10 September 2008 (Reaffirmed)	Long-Term Rating: AAA Short-Term Rating: P1 Outlook: Stable Subordinated Medium-Term Notes Programme: AA1 Hybrid Tier-1 Capital Securities: AA2
Moody's Investors Services	6 November 2008 (Reaffirmed) 6 November 2008 (Reaffirmed) 6 November 2008 (Reaffirmed) 7 May 2007 (Upgraded)	Long-Term Deposits Rating: A3 Short-Term Deposits Rating: P-1 Financial Strength: C Subordinated notes: A3
Standard & Poor's	21 December 2008 (Reaffirmed) 21 December 2008 (Reaffirmed) 21 December 2008 (Reaffirmed) 30 May 2006 (Affirmed) 30 May 2006 (Affirmed) 30 May 2006 (Assigned) 11 July 2005 (Assigned)	Long-Term Rating: A- Short-Term Rating: A-2 Outlook: Stable Subordinated Notes (due 2014): BBB+ Subordinated Notes (due 2017): BBB+ Hybrid Tier-1 Capital Securities: BBB Bank Fundamental Strength: B

54. SIGNIFICANT EVENTS

Subordinated Medium Term Note Programme

On 13 March 2008, the Bank had obtained the approval of Bank Negara Malaysia for the issuance of up to RM5.0 billion of Subordinated Notes under a Subordinated Medium Term Note ("MTN") Programme, whereby approval was also obtained for these Subordinated Notes to be classified as Tier II Capital for inclusion in the computation of the risk-weighted capital adequacy ratios for the Group and the Bank. The approval of the Securities Commission for the above programme was obtained on 15 April 2008.

On 16 May 2008, the Bank issued its first tranche of Subordinated Notes amounting to RM1,400 million under this Subordinated MTN Programme (Note 27 (c)).

55. SUBSEQUENT EVENTS

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

56. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2008 and results for the financial year ended on this date under the Islamic banking business of the Group and the Bank are summarised as follows:

Balance Sheets as at 31 December 2008

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Cash and short-term funds	(d)	3,323,580	2,007,898	—	2,007,898
Securities held-for-trading	(e)	382,296	391,299	—	391,299
Securities available-for-sale	(f)	400,454	—	—	—
Securities held-to-maturity	(g)	—	1,371	—	1,371
Financing, advances and other loans	(h)	12,023,665	10,401,229	—	10,401,229
Other assets	(j)	65,039	521,709	—	521,709
Statutory deposits with Bank Negara Malaysia		341,600	387,000	—	387,000
Deferred tax assets	(k)	72,304	32,798	—	32,798
Property and equipment		359	256	—	256
Total Assets		16,609,297	13,743,560	—	13,743,560
LIABILITIES AND ISLAMIC BANKING FUNDS					
Deposits from customers	(l)	13,786,574	10,149,037	—	10,149,037
Deposits and placements of banks and other financial institutions	(m)	700,576	1,599,539	—	1,599,539
Bills and acceptances payable		—	46,942	—	46,942
Other liabilities	(n)	974,266	34,026	—	34,026
Provision for tax expense and zakat	(o)	44,013	101,160	—	101,160
Total Liabilities		15,505,429	11,930,704	—	11,930,704
Islamic Banking Funds		1,103,868	1,812,856	—	1,812,856
Total Liabilities and Islamic Banking Funds		16,609,297	13,743,560	—	13,743,560
OFF-BALANCE SHEET EXPOSURES					
	(v)	1,050,966	1,273,244	—	1,273,244

The accompanying notes form an integral part of the financial statements

56. ISLAMIC BANKING BUSINESS (CONTINUED)

Income Statements for the financial year ended 31 December 2008

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income derived from investment of depositors' funds and financial institutions	(p)	751,646	641,260	617,181	641,260
Allowance for losses on financing, advances and other loans	(q)	(64,372)	(75,149)	(56,532)	(75,149)
– General allowance		(25,651)	(27,600)	(24,244)	(27,600)
– Other loan loss allowances		(38,721)	(47,549)	(32,288)	(47,549)
Transfer to Profit Equalisation Reserves, net	(n)	(22,059)	(7,929)	(18,083)	(7,929)
Total attributable income		665,215	558,182	542,566	558,182
Income attributable to depositors and financial institutions	(r)	(276,778)	(250,936)	(248,554)	(250,936)
Income attributable to the reporting institution		388,437	307,246	294,012	307,246
Income derived from investment of Islamic Banking Funds	(s)	105,608	95,829	95,340	95,829
Total net income		494,045	403,075	389,352	403,075
Other operating expenses	(t)	(152,631)	(73,091)	(112,373)	(73,091)
Profit before zakat and tax expense		341,414	329,984	276,979	329,984
Tax expense	(u)	(90,316)	(90,658)	(73,549)	(90,658)
Zakat	(u)	(179)	(166)	(149)	(166)
Profit for the year		250,919	239,160	203,281	239,160

The accompanying notes form an integral part of the financial statements

56. ISLAMIC BANKING BUSINESS (CONTINUED)

Income Statements for the financial year ended 31 December 2008 (continued)

Net income from Islamic banking business as reported in the income statements of the Group and the Bank is derived as follows:-

	Note	Group		Bank	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income derived from investment of depositors' funds and financial institutions	(p)	751,646	641,260	617,181	641,260
Income derived from investment of Islamic Banking Funds	(s)	105,608	95,829	95,340	95,829
Income attributable to depositors and financial institutions	(r)	(276,778)	(250,936)	(248,554)	(250,936)
Transfer to Profit Equalisation Reserves, net	(n)	(22,059)	(7,929)	(18,083)	(7,929)
Net income from Islamic banking business reported in the income statements of the Group and the Bank		558,417	478,224	445,884	478,224

The accompanying notes form an integral part of the financial statements

56. ISLAMIC BANKING BUSINESS (CONTINUED)

Statements of Changes in Islamic Banking Funds for the year ended 31 December 2008

Group	Capital Funds RM'000	<----- Non-distributable Reserves ----->			Distributable Reserves	Total RM'000
		Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Retained Profits RM'000	
At 1 January 2007	924,140	–	–	–	649,556	1,573,696
Net profit for the year	–	–	–	–	239,160	239,160
At 31 December 2007	924,140	–	–	–	888,716	1,812,856
Existing share capital and reserves of Islamic banking subsidiary company, Public Islamic Bank Berhad	127,717	–	–	–	3,736	131,453
Issuance of share capital by Public Islamic Bank Berhad upon commencement of Islamic banking operations	31,500	773,500	–	–	–	805,000
Unrealised net gain on revaluation of securities available-for-sale	–	–	–	341	–	341
Net profit for the year	–	–	–	–	250,919	250,919
Transfer to statutory reserves	–	–	23,819	–	(23,819)	–
Amount retained by the Bank	(804,140)	–	–	–	(1,092,561)	(1,896,701)
At 31 December 2008	279,217	773,500	23,819	341	26,991	1,103,868

Bank	Capital Funds RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2007	924,140	649,556	1,573,696
Net profit for the year	–	239,160	239,160
At 31 December 2007	924,140	888,716	1,812,856
Net profit for the year	–	203,281	203,281
Amount retained by the Bank	(924,140)	(1,091,997)	(2,016,137)
At 31 December 2008	–	–	–

The accompanying notes form an integral part of the financial statements

56. ISLAMIC BANKING BUSINESS (CONTINUED)

Cash Flow Statements for the year ended 31 December 2008

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit before zakat and tax expense	341,414	329,984	276,979	329,984
Adjustments for:				
Depreciation	72	54	58	54
Allowance for losses on financing, advances and other loans	92,417	110,846	79,618	110,846
Write-back of allowance for losses on financing, advances and other loans	(18,589)	(27,872)	(15,151)	(27,872)
Amortisation of premium less accretion of discount	130	109	94	109
Transfer to Profit Equalisation Reserves, net	22,059	7,929	18,083	7,929
Operating profit before working capital changes	437,503	421,050	359,681	421,050
Decrease/(Increase) in operating assets:				
Securities held-for-trading	8,873	(391,299)	301,254	(391,299)
Financing, advances and other loans	(1,696,264)	(1,460,567)	(1,436,524)	(1,460,567)
Statutory deposits with Bank Negara Malaysia	45,400	(78,000)	387,000	(78,000)
Other assets	456,670	(401,045)	102,093	(401,045)
Increase/(Decrease) in operating liabilities:				
Deposits from customers	3,637,537	2,411,268	1,476,842	2,411,268
Deposits and placements of banks and other financial institutions	(898,963)	781,529	(1,284,092)	781,529
Bills and acceptances payable	(46,942)	17,644	(46,942)	17,644
Other liabilities	918,182	10,829	799,080	10,829
Cash generated from operations	2,861,996	1,311,409	658,392	1,311,409
Tax expense and zakat paid	(187,262)	(43,779)	(188,155)	(43,779)
Net cash generated from operating activities	2,674,734	1,267,630	470,237	1,267,630
Cash flows from investing activities				
Purchase of property and equipment	(175)	(127)	(134)	(127)
Net (purchase)/disposal of securities	(398,629)	50,256	1,277	50,256
Net cash vested over to Public Islamic Bank Berhad (Note 14(a))	–	–	(463,141)	–
Net cash (used in)/generated from investing activities	(398,804)	50,129	(461,998)	50,129
Cash flows from financing activities				
Proceeds from increase in capital funds	936,453	–	–	–
Net capital funds transferred to conventional business	(1,896,701)	–	(2,016,137)	–
Net cash used in financing activities	(960,248)	–	(2,016,137)	–
Net increase/(decrease) in cash and cash equivalents	1,315,682	1,317,759	(2,007,898)	1,317,759
Cash and cash equivalents at beginning of year	2,007,898	690,139	2,007,898	690,139
Cash and cash equivalents at end of year	3,323,580	2,007,898	–	2,007,898

The accompanying notes form an integral part of the financial statements

56. ISLAMIC BANKING BUSINESS (CONTINUED)

Notes to the Financial Statements for the financial year ended 31 December 2008

(a) Significant Accounting Policies

The accounting policies adopted by the Islamic banking business are consistent with those adopted by the Group and the Bank as disclosed in Note 2 to the financial statements of the Group and the Bank. The significant accounting policies and methods of computation are consistent with those adopted in previous years.

(b) Basis of Accounting

The financial statements of the Islamic banking business have been prepared on a basis consistent with that of the Group and the Bank as disclosed in Note 2 to the financial statements of the Group and the Bank, and have been prepared under the accrual basis of accounting.

(c) Transfer of Net Assets of Islamic Banking Business from the Bank to Public Islamic Bank Berhad ("PIBB")

On 1 November 2008, the Islamic banking business of the Bank was transferred to PIBB in accordance with the terms and conditions of the business transfer agreement dated 30 May 2008 entered into between the Bank and PIBB and the Vesting Orders obtained from the High Court of Malaya and the High Court of Sabah and Sarawak on 15 July 2008 and 26 June 2008 respectively. The total net assets transferred to PIBB amounted to RM1,904,940,325.

Pursuant to Section 3(4) of the Islamic Banking Act, 1983, the Minister of Finance had granted an Islamic banking license to PIBB, for PIBB to transact Islamic banking business in Malaysia with effect from 1 November 2008.

(d) Cash and Short-Term Funds

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and balances with banks and other financial institutions	14,760	97,668	—	97,668
Money at call and deposit placements maturing within one month	3,308,820	1,910,230	—	1,910,230
	3,323,580	2,007,898	—	2,007,898

(e) Securities Held-for-Trading

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At Fair Value				
Money market instruments:				
Malaysian Government Treasury Bills	—	25,695	—	25,695
Cagamas bonds	382,296	272,848	—	272,848
Bank Negara Malaysia Monetary Notes	—	92,756	—	92,756
	382,296	391,299	—	391,299

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(f) Securities Available-for-Sale

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At Fair Value				
Quoted securities:				
Trust units in Malaysia	400,454	–	–	–

(g) Securities Held-to-Maturity

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At Amortised Cost				
Money market instruments:				
Cagamas Mudharabah bonds	–	1,371	–	1,371
Market value:				
Cagamas Mudharabah bonds	–	1,371	–	1,371

The maturity structure of money market instruments held are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Maturity within one year	–	1,371	–	1,371

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(h) Financing, Advances and Other Loans

(i) Net financing, advances and other loans analysed by type are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash line	109,713	82,882	–	82,882
Term financing				
House financing	2,680,000	2,638,157	–	2,638,157
Hire purchase receivables	9,345,331	8,326,371	–	8,326,371
Other term financing	3,735,357	2,913,806	–	2,913,806
Revolving credit	2,104	–	–	–
Less: Unearned income	15,872,505 (3,284,067)	13,961,216 (2,957,006)	– –	13,961,216 (2,957,006)
Gross financing, advances and other loans (including Islamic house financing sold to Cagamas)	12,588,438	11,004,210	–	11,004,210
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	–	(410,003)
Gross financing, advances and other loans (excluding Islamic house financing sold to Cagamas)	12,238,429	10,594,207	–	10,594,207
Less: Allowance for bad and doubtful debts and financing				
– General	(190,746)	(165,095)	–	(165,095)
– Specific	(24,018)	(27,883)	–	(27,883)
Total net financing, advances and other loans	12,023,665	10,401,229	–	10,401,229

(ii) The maturity structure of gross financing, advances and other loans are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Maturity within one year	277,105	234,194	–	234,194
More than one year to three years	1,188,316	1,285,076	–	1,285,076
More than three years to five years	2,587,214	2,370,127	–	2,370,127
More than five years	8,535,803	7,114,813	–	7,114,813
Less: Islamic house financing sold to Cagamas	12,588,438 (350,009)	11,004,210 (410,003)	– –	11,004,210 (410,003)
Gross financing, advances and other loans	12,238,429	10,594,207	–	10,594,207

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(h) Financing, Advances and Other Loans (continued)

(iii) Gross financing, advances and other loans analysed by contract are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Bai' Bithaman Ajil-i (deferred payment sale)	2,911,232	2,753,702	—	2,753,702
Ijarah Thamma Al-Bai'-i (leasing)	8,057,261	7,201,502	—	7,201,502
Bai-Al-Einah-i	1,619,945	1,049,006	—	1,049,006
Less: Islamic house financing sold to Cagamas	12,588,438 (350,009)	11,004,210 (410,003)	— —	11,004,210 (410,003)
	12,238,429	10,594,207	—	10,594,207

(iv) Gross financing, advances and other loans analysed by type of customer are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other domestic non-bank financial institutions	655	129,816	—	129,816
Domestic business enterprises				
– Small and medium enterprises	906,855	974,366	—	974,366
– Others	335,575	187,984	—	187,984
Government and statutory authorities	87	240	—	240
Individuals	11,308,252	9,678,754	—	9,678,754
Other domestic entities	1,413	3,359	—	3,359
Foreign customers	35,601	29,691	—	29,691
Less: Islamic house financing sold to Cagamas	12,588,438 (350,009)	11,004,210 (410,003)	— —	11,004,210 (410,003)
	12,238,429	10,594,207	—	10,594,207

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(h) Financing, Advances and Other Loans (continued)

(v) Gross financing, advances and other loans analysed by profit rate sensitivity are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed rate				
– House financing	1,385,679	1,420,274	–	1,420,274
– Hire purchase receivables	8,057,261	7,201,502	–	7,201,502
– Other fixed rate financing	2,416,985	1,912,588	–	1,912,588
Variable rate				
– BFR plus	652,083	415,846	–	415,846
– Cost plus	76,430	54,000	–	54,000
Less: Islamic house financing sold to Cagamas	12,588,438 (350,009)	11,004,210 (410,003)	– –	11,004,210 (410,003)
	12,238,429	10,594,207	–	10,594,207

(vi) Gross financing, advances and other loans analysed by economic purpose are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Purchase of securities	799	1,573	–	1,573
Purchase of transport vehicles	8,060,891	7,207,898	–	7,207,898
Purchase of landed properties	2,535,370	2,309,164	–	2,309,164
(of which: – residential	1,704,867	1,555,789	–	1,555,789
– non-residential)	830,503	753,375	–	753,375
Purchase of fixed assets (excluding landed properties)	7,521	7,479	–	7,479
Personal use	1,700,566	1,115,551	–	1,115,551
Purchase of consumer durables	17,211	20,493	–	20,493
Construction	9,822	2,257	–	2,257
Working capital	140,490	231,897	–	231,897
Other purpose	115,768	107,898	–	107,898
Less: Islamic house financing sold to Cagamas	12,588,438 (350,009)	11,004,210 (410,003)	– –	11,004,210 (410,003)
	12,238,429	10,594,207	–	10,594,207

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(h) Financing, Advances and Other Loans (continued)

(vii) Gross financing, advances and other loans analysed by sectors are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Agriculture, hunting, forestry and fishing	186,364	123,795	—	123,795
Mining and quarrying	7,298	6,835	—	6,835
Manufacturing	138,351	152,168	—	152,168
Electricity, gas and water	921	916	—	916
Construction	230,762	223,645	—	223,645
Wholesale & retail trade and restaurants & hotels	310,519	325,447	—	325,447
Transport, storage and communication	51,056	50,600	—	50,600
Finance, insurance and business services	124,697	243,644	—	243,644
Real estate	94,723	102,062	—	102,062
Community, social and personal services	63,125	49,303	—	49,303
Households	11,343,522	9,708,202	—	9,708,202
(of which: – purchase of residential properties	1,676,028	1,529,790	—	1,529,790
– purchase of transport vehicles	7,494,181	6,615,794	—	6,615,794
– others)	2,173,313	1,562,618	—	1,562,618
Others	37,100	17,593	—	17,593
	12,588,438	11,004,210	—	11,004,210
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	—	(410,003)
	12,238,429	10,594,207	—	10,594,207

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(i) Non-performing Financing

- (i) Movements in non-performing financing, advances and other loans ("NPF") including income receivable are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	169,490	176,357	169,490	176,357
Non-performing during the year	350,014	412,190	291,538	412,190
Reclassified as performing	(295,926)	(330,764)	(237,556)	(330,764)
Recoveries	(27,151)	(34,791)	(22,586)	(34,791)
Amount written off	(52,068)	(53,502)	(39,781)	(53,502)
Amount retained by the Bank	–	–	(4,520)	–
Amount vested over to Public Islamic Bank Berhad	–	–	(156,585)	–
At 31 December	144,359	169,490	–	169,490
Specific allowance	(24,018)	(27,883)	–	(27,883)
Net non-performing financing, advances and other loans	120,341	141,607	–	141,607
Net NPF as % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	0.96%	1.29%	–	1.29%

Non-performing financing, advances and other loans by classification are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Substandard (>3-9 months)	81,135	93,150	–	93,150
Doubtful (>9-12 months)	16,551	20,381	–	20,381
Bad (>12 months)	46,673	55,959	–	55,959
	144,359	169,490	–	169,490

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(i) Non-performing Financing (continued)

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

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>General allowance</u>				
At 1 January	165,095	137,495	165,095	137,495
Allowance made during the year (Note 56(q))	25,651	27,600	24,244	27,600
Amount retained by the Bank	–	–	(2,254)	–
Amount vested over to Public Islamic Bank Berhad	–	–	(187,085)	–
At 31 December	190,746	165,095	–	165,095
As % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	1.52%	1.50%	–	1.50%
<u>Specific allowance</u>				
At 1 January	27,883	26,014	27,883	26,014
Allowance made during the year (Note 56(q))	66,766	83,246	55,374	83,246
Amount written back (Note 56(q))	(18,589)	(27,872)	(15,151)	(27,872)
Amount written off	(52,068)	(53,502)	(39,781)	(53,502)
Reinstatement of amount written off previously due to restructuring/rescheduling, now classified as performing loan	51	–	–	–
Amount transferred to accumulated impairment loss of foreclosed properties	(25)	(3)	(25)	(3)
Amount retained by the Bank	–	–	(37)	–
Amount vested over to Public Islamic Bank Berhad	–	–	(28,263)	–
At 31 December	24,018	27,883	–	27,883

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(i) Non-performing Financing (continued)

(iii) Non-performing financing by purpose

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Purchase of securities	–	14	–	14
Purchase of transport vehicles	61,939	75,519	–	75,519
Purchase of landed properties	64,969	80,828	–	80,828
(of which: – residential	55,656	68,564	–	68,564
– non-residential)	9,313	12,264	–	12,264
Purchase of fixed assets (excluding landed properties)	124	1,000	–	1,000
Personal use	16,349	10,803	–	10,803
Purchase of consumer durables	175	751	–	751
Working capital	561	471	–	471
Other purpose	242	104	–	104
	144,359	169,490	–	169,490
Non-performing financing by sectors				
Agriculture, hunting, forestry and fishing	52	51	–	51
Mining and quarrying	–	154	–	154
Manufacturing	1,546	2,332	–	2,332
Electricity, gas and water	44	47	–	47
Construction	1,266	2,498	–	2,498
Wholesale & retail trade and restaurants & hotels	3,395	5,768	–	5,768
Transport, storage and communication	233	1,123	–	1,123
Finance, insurance and business services	338	1,452	–	1,452
Real estate	795	112	–	112
Community, social and personal services	656	843	–	843
Households	135,813	155,093	–	155,093
(of which: – purchase of residential properties	55,477	67,157	–	67,157
– purchase of transport vehicles	57,981	68,347	–	68,347
– others)	22,355	19,589	–	19,589
Others	221	17	–	17
	144,359	169,490	–	169,490

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(j) Other Assets

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred handling fees	51,745	46,622	–	46,622
Income receivable	388	2,509	–	2,509
Other receivables, deposits and prepayments	12,906	472,578	–	472,578
	65,039	521,709	–	521,709

(k) Deferred Tax Assets

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	32,798	26,459	32,798	26,459
Existing deferred tax assets of Islamic banking subsidiary company, Public Islamic Bank Berhad	24,807	–	–	–
Recognised in income statement (Note 56(u))				
– relating to origination and reversal of temporary difference	14,813	7,651	13,457	7,651
– relating to changes in tax rate	–	(1,312)	–	(1,312)
– recognised in equity	(114)	–	–	–
Amount vested over to Public Islamic Bank Berhad	–	–	(46,255)	–
At 31 December	72,304	32,798	–	32,798

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets shown on the balance sheet is as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets	80,626	44,456	–	44,456
Deferred tax liabilities	(8,322)	(11,658)	–	(11,658)
Deferred tax assets, net	72,304	32,798	–	32,798

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(k) Deferred Tax Assets (continued)

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group	Allowance for Losses on Loans RM'000	Profit Equalisation Reserves RM'000	Tax Losses RM'000	Total RM'000
At 1 January 2007	35,749	1,247	–	36,996
Recognised in income statement (Note 56(u))				
– relating to origination and reversal of temporary difference	7,176	2,062	–	9,238
– relating to changes in tax rate	(1,651)	(127)	–	(1,778)
At 31 December 2007	41,274	3,182	–	44,456
Existing deferred tax assets of Islamic banking subsidiary company, Public Islamic Bank Berhad	–	–	24,807	24,807
Recognised in income statement (Note 56(u))				
– relating to origination and reversal of temporary difference	5,849	5,514	–	11,363
At 31 December 2008	47,123	8,696	24,807	80,626

Deferred tax liabilities of the Group	Deferred Handling Fees RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2007	10,537	–	10,537
Recognised in income statement (Note 56(u))			
– relating to origination and reversal of temporary difference	1,584	3	1,587
– relating to changes in tax rate	(466)	–	(466)
At 31 December 2007	11,655	3	11,658
Recognised in income statement (Note 56(u))			
– relating to origination and reversal of temporary difference	1,281	(4,731)	(3,450)
Recognised in equity	–	114	114
At 31 December 2008	12,936	(4,614)	8,322

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(k) **Deferred Tax Assets (continued)**

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Bank	Allowance for Losses on Loans RM'000	Profit Equalisation Reserves RM'000	Total RM'000
At 1 January 2007	35,749	1,247	36,996
Recognised in income statement (Note 56(u))			
– relating to origination and reversal of temporary difference	7,176	2,062	9,238
– relating to changes in tax rate	(1,651)	(127)	(1,778)
At 31 December 2007	41,274	3,182	44,456
Recognised in income statement (Note 56(u))			
– relating to origination and reversal of temporary difference	5,497	4,521	10,018
Amount vested over to Public Islamic Bank Berhad	(46,771)	(7,703)	(54,474)
At 31 December 2008	–	–	–

Deferred tax liabilities of the Bank	Deferred Handling Fees RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2007	10,537	–	10,537
Recognised in income statement (Note 56(u))			
– relating to origination and reversal of temporary difference	1,584	3	1,587
– relating to changes in tax rate	(466)	–	(466)
At 31 December 2007	11,655	3	11,658
Recognised in income statement (Note 56(u))			
– relating to origination and reversal of temporary difference	1,582	(5,021)	(3,439)
Amount vested over to Public Islamic Bank Berhad	(13,237)	5,018	(8,219)
At 31 December 2008	–	–	–

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(I) Deposits From Customers

(i) By type of deposit

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-Mudharabah Fund				
Wadiah current deposits-i	1,828,887	1,769,188	—	1,769,188
Wadiah savings deposits-i	3,232,045	2,922,341	—	2,922,341
Negotiable Debt Certificate-i	4,487,970	3,351,212	—	3,351,212
Others	2,836	2,410	—	2,410
	9,551,738	8,045,151	—	8,045,151
Mudharabah Fund				
Mudharabah savings deposits-i	74,033	66,894	—	66,894
Mudharabah general investment deposits-i	3,493,453	2,036,992	—	2,036,992
Mudharabah special investment deposits-i	667,350	—	—	—
	4,234,836	2,103,886	—	2,103,886
	13,786,574	10,149,037	—	10,149,037
(ii) By type of customer				
Federal and state governments	312,476	660,318	—	660,318
Local government and statutory authorities	540,412	559,992	—	559,992
Business enterprises	1,980,917	1,548,048	—	1,548,048
Individuals	3,604,440	3,277,366	—	3,277,366
Foreign customers	79,812	81,277	—	81,277
Others	7,268,517	4,022,036	—	4,022,036
	13,786,574	10,149,037	—	10,149,037

(iii) The maturity structure of Negotiable Debt Certificate-i and Mudharabah general and special investment deposits-i are as follows:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Due within six months	5,772,019	3,238,187	—	3,238,187
More than six months to one year	755,699	1,239,678	—	1,239,678
More than one year to three years	2,119,881	905,602	—	905,602
More than three years to five years	1,174	4,737	—	4,737
	8,648,773	5,388,204	—	5,388,204

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(m) Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Mudharabah Fund				
Licensed banks/Islamic banks	700,576	1,550,259	–	1,550,259
Other financial institutions	–	49,280	–	49,280
	700,576	1,599,539	–	1,599,539

(n) Other Liabilities

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income payable	16,126	20,222	–	20,222
Other creditors and accruals	924,871	1,079	–	1,079
Employee benefits	(1,515)	–	–	–
Profit Equalisation Reserves (Note 24)	34,784	12,725	–	12,725
	974,266	34,026	–	34,026
The movements in Profit Equalisation Reserves are as follows:				
At 1 January	12,725	4,796	12,725	4,796
Net increase/(decrease):	22,059	7,929	18,083	7,929
– Amount arising during the year	25,059	16,370	21,083	16,370
– Amount written back	(3,000)	(8,441)	(3,000)	(8,441)
Amount vested over to Public Islamic Bank Berhad	–	–	(30,808)	–
At 31 December	34,784	12,725	–	12,725

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(o) Provision for Tax Expense and Zakat

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense	43,843	100,994	–	100,994
Zakat	170	166	–	166
	44,013	101,160	–	101,160

(p) Income Derived from Investment of Depositors' Funds and Financial Institutions

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income derived from investment of:				
(i) General investment deposits	164,802	100,555	132,580	100,555
(ii) Other deposits	586,844	540,705	484,601	540,705
	751,646	641,260	617,181	641,260
(i) Income derived from investment of general investment deposits:				
Finance income and Hibah				
Financing, advances and other loans	143,079	87,923	113,731	87,923
Securities held-for-trading	1,294	–	1,173	–
Securities held-to-maturity	–	1,155	–	1,155
Money at call and deposits with financial institutions	18,746	9,612	16,350	9,612
Others	174	74	234	74
	163,293	98,764	131,488	98,764
Amortisation of premium less accretion of discount	(26)	(15)	(18)	(15)
Total finance income and Hibah	163,267	98,749	131,470	98,749
Other operating income				
Fee income	1,524	1,799	1,110	1,799
Other income	11	7	–	7
	1,535	1,806	1,110	1,806
	164,802	100,555	132,580	100,555

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(p) Income Derived from Investment of Depositors' Funds and Financial Institutions (continued)

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(ii) Income derived from investment of other deposits:				
Finance income and Hibah				
Financing, advances and other loans	508,829	472,778	415,704	472,778
Securities held-for-trading	4,670	–	4,286	–
Securities held-to-maturity	–	6,211	–	6,211
Money at call and deposits with financial institutions	67,361	51,687	59,760	51,687
Others	667	398	857	398
	581,527	531,074	480,607	531,074
Amortisation of premium less accretion of discount	(89)	(80)	(64)	(80)
Total finance income and Hibah	581,438	530,994	480,543	530,994
Other operating income				
Fee income	5,370	9,673	4,058	9,673
Other income	36	38	–	38
	5,406	9,711	4,058	9,711
	586,844	540,705	484,601	540,705

(q) Allowance for Losses on Financing, Advances and Other Loans

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for bad and doubtful debts and financing:				
– general allowance (Note 56(i)(ii))	25,651	27,600	24,244	27,600
– specific allowance (Note 56(i)(ii))	66,766	83,246	55,374	83,246
– specific allowance written back (Note 56(i)(ii))	(18,589)	(27,872)	(15,151)	(27,872)
Bad debts and financing recovered	(9,686)	(8,008)	(8,071)	(8,008)
Bad debts and financing written off	230	183	136	183
	64,372	75,149	56,532	75,149

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(r) Income Attributable to Depositors and Financial Institutions

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits from customers				
– Mudharabah fund	92,004	58,598	76,701	58,598
– Non-Mudharabah fund	122,268	142,414	111,715	142,414
Deposits and placements of banks and other financial institutions				
– Mudharabah fund	62,506	49,924	60,138	49,924
	276,778	250,936	248,554	250,936

(s) Income Derived from Investment of Islamic Banking Funds

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Finance Income and Hibah				
Financing, advances and other loans	91,384	83,790	82,032	83,790
Securities held-for-trading	867	–	828	–
Securities held-to-maturity	–	1,101	–	1,101
Money at call and deposits with financial institutions	12,306	9,160	11,543	9,160
Others	146	71	165	71
	104,703	94,122	94,568	94,122
Amortisation of premium less accretion of discount	(15)	(14)	(12)	(14)
Total finance income and Hibah	104,688	94,108	94,556	94,108
Operating Income				
Fee income	916	1,714	784	1,714
Other income	4	7	–	7
	920	1,721	784	1,721
	105,608	95,829	95,340	95,829

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(t) Other Operating Expenses

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Personnel costs				
– Salaries, allowances and bonuses	6,068	2,797	3,819	2,797
– Pension costs	615	359	485	359
– Others	483	311	387	311
	7,166	3,467	4,691	3,467
Establishment costs				
– Depreciation	72	54	58	54
– Rental	241	158	201	158
– Insurance	314	(475)	(86)	(475)
– Water and electricity	50	40	36	40
– General repairs and maintenance	36	21	28	21
– Others	64	49	50	49
	777	(153)	287	(153)
Marketing expenses				
– Advertisement and publicity	1,072	12	49	12
– Others	3,656	2,845	3,013	2,845
	4,728	2,857	3,062	2,857
Administration and general expenses				
– Communication expenses	(8,358)	(7,157)	(7,114)	(7,157)
– Legal and professional fees	3,465	2,609	2,755	2,609
– Others	1,627	1,648	1,396	1,648
	(3,266)	(2,900)	(2,963)	(2,900)
Shared service cost charged	143,226	69,820	107,296	69,820
	152,631	73,091	112,373	73,091

Included in other operating expenses is the Shariah Committee's remuneration of RM63,000 (2007 – RM63,000) and RM51,000 (2007 – RM63,000) for the Group and the Bank respectively.

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(u) Tax Expense and Zakat

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian income tax	105,129	96,997	87,006	96,997
Deferred tax expense (Note 56(k))				
– relating to origination and reversal of temporary differences arising from:	(14,813)	(7,651)	(13,457)	(7,651)
• allowance for losses on loans	(5,849)	(7,176)	(5,497)	(7,176)
• Profit Equalisation Reserves	(5,514)	(2,062)	(4,521)	(2,062)
• deferred handling fees	1,281	1,584	1,582	1,584
• other temporary differences	(4,731)	3	(5,021)	3
– relating to changes in tax rate	–	1,312	–	1,312
Tax expense	90,316	90,658	73,549	90,658
Zakat	179	166	149	166
	90,495	90,824	73,698	90,824

(v) Capital Adequacy

The capital adequacy ratios under the Islamic banking business of the Group and the Bank as at 31 December are as follows:

	Group		Bank	
	2008	2007	2008	2007
Core capital ratio	9.5%	17.0%	–	17.0%
Risk-weighted capital ratio	11.2%	18.5%	–	18.5%

With effect from 1 January 2008, the capital adequacy ratios of the Islamic banking business of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II) and the Capital Adequacy Framework for Islamic Banks (CAFIB) for the period prior to and subsequent to the vesting of the Islamic banking business from the Bank to PIBB respectively. The Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The comparative capital adequacy ratios for 31 December 2007 have not been restated based on RWCAF-Basel II and CAFIB guidelines, as they represent actual amounts reported for regulatory compliance purposes as of that date.

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

Components of Tier I and Tier II Capital:

	Group		Bank	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<u>Tier I Capital</u>				
Capital funds	279,217	924,140	—	924,140
Share premium	773,500	—	—	—
Other reserves	23,819	—	—	—
Retained profits	26,991	888,716	—	888,716
Less: Deferred tax assets, net	(72,418)	(32,798)	—	(32,798)
Total Tier I Capital	1,031,109	1,780,058	—	1,780,058
<u>Tier II Capital</u>				
General allowance for bad and doubtful debts	190,746	165,095	—	165,095
Total Tier II Capital	190,746	165,095	—	165,095
Capital base	1,221,855	1,945,153	—	1,945,153

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

Group 2008 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	3,650,858	3,650,858	—	—
Public Sector Entities	87	87	17	1
Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")	14,710	14,710	2,942	235
Insurance Companies, Securities Firms and Fund Managers	29	29	29	2
Corporates	383,239	381,571	382,355	30,588
Regulatory Retail	10,544,896	10,535,615	7,970,906	637,672
Residential Mortgages	1,276,764	1,275,578	683,986	54,719
Higher Risk Assets	9,397	9,384	14,075	1,126
Other Assets	65,009	65,009	54,658	4,373
Equity Exposures	400,454	400,454	400,454	32,036
Total On-Balance Sheet Exposures	16,345,443	16,333,295	9,509,422	760,752

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

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

Group 2008 Exposure Class	Gross Exposures RM'000		Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk (continued)					
Off-Balance Sheet Exposures:					
Credit-related Off-Balance Sheet Exposures	658,875		658,875	409,331	32,746
Total Off-Balance Sheet Exposures	658,875		658,875	409,331	32,746
Total On and Off-Balance Sheet Exposures	17,004,318		16,992,170	9,918,753	793,498
(ii) Large Exposure Risk Requirement	-		-	-	-
(iii) Market Risk	Long Position	Short Position			
Profit Rate Risk	382,296	-		21,504	1,720
Gold Position	297	-		297	24
	382,593	-		21,801	1,744
(iv) Operational Risk				947,972	75,838
Total RWA and Capital Requirements				10,888,526	871,080

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

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

Bank 2008 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	—	—	—	—
Public Sector Entities	—	—	—	—
Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")	—	—	—	—
Insurance Companies, Securities Firms and Fund Managers	—	—	—	—
Corporates	—	—	—	—
Regulatory Retail	—	—	—	—
Residential Mortgages	—	—	—	—
Higher Risk Assets	—	—	—	—
Other Assets	—	—	—	—
Equity Exposures	—	—	—	—
Total On-Balance Sheet Exposures	—	—	—	—
Off-Balance Sheet Exposures:				
Credit-related Off-Balance Sheet Exposures	—	—	—	—
Total Off-Balance Sheet Exposures	—	—	—	—
Total On and Off-Balance Sheet Exposures	—	—	—	—
(ii) Large Exposure Risk Requirement	—	—	—	—
(iii) Market Risk	Long Position	Short Position		
Profit Rate Risk	—	—	—	—
Gold Position	—	—	—	—
	—	—	—	—
(iv) Operational Risk			—	—
Total RWA and Capital Requirements			—	—

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

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

The breakdown of credit risk exposures by risk weights for the current financial year are as follows:

Group 2008 Risk Weights	<----- Exposures after Netting and Credit Risk Mitigation ----->										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
0%	3,650,858	-	-	-	-	-	-	-	297	-	3,651,155	-
20%	-	87	14,710	-	-	-	-	-	12,569	-	27,366	5,473
35%	-	-	-	-	-	-	683,530	-	-	-	683,530	239,236
50%	-	-	-	-	7	5,488	474,818	-	-	-	480,313	240,157
75%	-	-	-	-	-	10,607,917	515,880	-	-	-	11,123,797	8,342,848
100%	-	-	-	29	406,847	12,200	24,276	-	52,143	400,454	895,949	895,949
150%	-	-	-	-	1,576	90,185	27,097	11,202	-	-	130,060	195,090
Total Exposures	3,650,858	87	14,710	29	408,430	10,715,790	1,725,601	11,202	65,009	400,454	16,992,170	9,918,753
Risk-Weighted Assets by Exposures	-	17	2,942	29	409,215	8,106,159	928,477	16,803	54,657	400,454	9,918,753	
Average Risk Weight	0.0%	20.0%	20.0%	100.0%	100.2%	75.6%	53.8%	150.0%	84.1%	100.0%	58.4%	
Deduction from Capital Base			-							-	-	

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

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

Bank 2008	<----- Exposures after Netting and Credit Risk Mitigation ----->										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
0%	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight	-	-	-	-	-	-	-	-	-	-	-	-
Deduction from Capital Base			-							-	-	

The breakdown of risk-weighted assets by risk weights for the previous financial year are as follows:

2007	Group		Bank	
	Notional RM'000	Risk- weighted RM'000	Notional RM'000	Risk- weighted RM'000
Risk-weighted assets for credit risk:				
0%	2,740,930	-	2,740,930	-
10%	141,162	14,116	141,162	14,116
20%	564,444	112,889	564,444	112,889
50%	1,523,694	761,847	1,523,694	761,847
100%	9,572,641	9,572,641	9,572,641	9,572,641
Risk-weighted asset equivalent for market risk	-	30,598	-	30,598
	14,542,871	10,492,091	14,542,871	10,492,091

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

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

2008 Group	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Credit-related Exposures			
Assets sold with recourse	341,989	341,989	163,769
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
– exceeding one year	583,635	291,818	225,063
– not exceeding one year	125,342	25,068	20,499
	1,050,966	658,875	409,331

2007 Group	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Credit-related Exposures			
Assets sold with recourse	967,643	967,643	212,814
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
– exceeding one year	228,416	114,208	77,800
– not exceeding one year	77,185	–	–
	1,273,244	1,081,851	290,614

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

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

2008 Bank	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>			
Assets sold with recourse	–	–	–
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
– exceeding one year	–	–	–
– not exceeding one year	–	–	–
	–	–	–

2007 Bank	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related Exposures</u>			
Assets sold with recourse	967,643	967,643	212,814
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
– exceeding one year	228,416	114,208	77,800
– not exceeding one year	77,185	–	–
	1,273,244	1,081,851	290,614

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(v) Capital Adequacy (continued)

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

Group	2008		2007	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Profit rate risk				
– General profit rate risk	9,557	765	22,073	1,766
– Specific profit rate risk	11,947	955	8,525	682
	21,504	1,720	30,598	2,448
Equity position risk	–	–	–	–
Gold Position	297	24	–	–
	21,801	1,744	30,598	2,448

Bank	2008		2007	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Profit rate risk				
– General profit rate risk	–	–	22,073	1,766
– Specific profit rate risk	–	–	8,525	682
	–	–	30,598	2,448
Equity position risk	–	–	–	–
Gold position	–	–	–	–
	–	–	30,598	2,448

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(w) Yield/Profit Rate Risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market profit rates on its financial position and cash flows. The following tables indicate the effective profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group 2008	Non trading book									Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-yield / profit sensitive RM'000			
ASSETS												
Cash and short-term funds	3,308,820	-	-	-	-	-	-	-	14,760	-	3,323,580	3.21
Securities held-for-trading	-	-	-	-	-	-	-	-	-	382,296	382,296	3.47
Securities available-for-sale	-	-	-	-	-	-	-	-	400,454	-	400,454	-
Financing, advances and other loans												
- performing	1,011,995	357,800	1,589,239	1,844,253	1,584,328	1,369,668	1,103,412	3,583,384	-	-	12,444,079	5.78
- non-performing *	-	-	-	-	-	-	-	-	(70,405)	-	(70,405)	-
- Islamic house financing sold to Cagamas	(200,008)	(150,001)	-	-	-	-	-	-	-	-	(350,009)	3.74
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	479,302	-	479,302	-
Total Assets	4,120,807	207,799	1,589,239	1,844,253	1,584,328	1,369,668	1,103,412	3,583,384	824,111	382,296	16,609,297	
LIABILITIES AND ISLAMIC BANKING FUNDS												
Deposits from customers	7,963,440	860,940	975,313	2,030,536	220,956	592	582	-	1,734,215	-	13,786,574	2.68
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	700,576	-	700,576	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	1,018,279	-	1,018,279	-
Total Liabilities	7,963,440	860,940	975,313	2,030,536	220,956	592	582	-	3,453,070	-	15,505,429	
Islamic Banking Funds	-	-	-	-	-	-	-	-	1,103,868	-	1,103,868	-
Total Liabilities and Islamic Banking Funds	7,963,440	860,940	975,313	2,030,536	220,956	592	582	-	4,556,938	-	16,609,297	
On-balance sheet profit sensitivity gap	(3,842,633)	(653,141)	613,926	(186,283)	1,363,372	1,369,076	1,102,830	3,583,384	(3,732,827)	382,296	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(3,842,633)	(653,141)	613,926	(186,283)	1,363,372	1,369,076	1,102,830	3,583,384	(3,732,827)	382,296	-	

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

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(w) Yield/Profit Rate Risk (continued)

Group 2007	Non trading book									Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-yield / profit sensitive RM'000			
ASSETS												
Cash and short-term funds	1,990,886	-	-	-	-	-	-	-	17,012	-	2,007,898	3.53
Securities held-for-trading	-	-	-	-	-	-	-	-	-	391,299	391,299	3.62
Securities held-to-maturity	-	-	1,371	-	-	-	-	-	-	-	1,371	3.48
Financing, advances and other loans												
- performing	706,502	329,269	1,403,773	1,628,904	1,416,096	1,280,876	985,834	3,083,466	-	-	10,834,720	5.98
- non-performing *	-	-	-	-	-	-	-	-	(23,488)	-	(23,488)	-
- Islamic house financing sold to Cagamas	-	-	(410,003)	-	-	-	-	-	-	-	(410,003)	3.73
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	941,763	-	941,763	-
Total Assets	2,697,388	329,269	995,141	1,628,904	1,416,096	1,280,876	985,834	3,083,466	935,287	391,299	13,743,560	
LIABILITIES AND ISLAMIC BANKING FUNDS												
Deposits from customers	4,917,816	1,132,459	1,437,570	509,991	482,919	3,923	814	-	1,663,545	-	10,149,037	2.55
Deposits and placements of banks and other financial institutions	1,599,280	-	-	-	-	-	-	-	259	-	1,599,539	3.50
Bills and acceptances payable	-	-	-	-	-	-	-	-	46,942	-	46,942	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	135,186	-	135,186	-
Total Liabilities	6,517,096	1,132,459	1,437,570	509,991	482,919	3,923	814	-	1,845,932	-	11,930,704	
Islamic Banking Funds	-	-	-	-	-	-	-	-	1,812,856	-	1,812,856	-
Total Liabilities and Islamic Banking Funds	6,517,096	1,132,459	1,437,570	509,991	482,919	3,923	814	-	3,658,788	-	13,743,560	
On-balance sheet profit sensitivity gap	(3,819,708)	(803,190)	(442,429)	1,118,913	933,177	1,276,953	985,020	3,083,466	(2,723,501)	391,299	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(3,819,708)	(803,190)	(442,429)	1,118,913	933,177	1,276,953	985,020	3,083,466	(2,723,501)	391,299	-	

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

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(w) Yield/Profit Rate Risk (continued)

Bank 2008	Non trading book									Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-yield / profit sensitive RM'000			
ASSETS												
Cash and short-term funds	-	-	-	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	-	-
Securities held-to-maturity	-	-	-	-	-	-	-	-	-	-	-	-
Financing, advances and other loans												
- performing	-	-	-	-	-	-	-	-	-	-	-	-
- non-performing *	-	-	-	-	-	-	-	-	-	-	-	-
- Islamic house financing sold to Cagamas	-	-	-	-	-	-	-	-	-	-	-	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	-	-	-	-	-	-	-	-	-	-	-	
LIABILITIES AND ISLAMIC BANKING FUNDS												
Deposits from customers	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-	-	-	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-	
Islamic Banking Funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Islamic Banking Funds	-	-	-	-	-	-	-	-	-	-	-	
On-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	-	-	-	-	-	-	-	-	-	-	-	

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

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(w) Yield/Profit Rate Risk (continued)

Bank 2007	Non trading book									Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	Over 5 years RM'000	Non-yield / profit sensitive RM'000			
ASSETS												
Cash and short-term funds	1,990,886	-	-	-	-	-	-	-	17,012	-	2,007,898	3.53
Securities held-for-trading	-	-	-	-	-	-	-	-	-	391,299	391,299	3.62
Securities held-to-maturity	-	-	1,371	-	-	-	-	-	-	-	1,371	3.48
Financing, advances and other loans												
- performing	706,502	329,269	1,403,773	1,628,904	1,416,096	1,280,876	985,834	3,083,466	-	-	10,834,720	5.98
- non-performing *	-	-	-	-	-	-	-	-	(23,488)	-	(23,488)	-
- Islamic house financing sold to Cagamas	-	-	(410,003)	-	-	-	-	-	-	-	(410,003)	3.73
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	941,763	-	941,763	-
Total Assets	2,697,388	329,269	995,141	1,628,904	1,416,096	1,280,876	985,834	3,083,466	935,287	391,299	13,743,560	
LIABILITIES AND ISLAMIC BANKING FUNDS												
Deposits from customers	4,917,816	1,132,459	1,437,570	509,991	482,919	3,923	814	-	1,663,545	-	10,149,037	2.55
Deposits and placements of banks and other financial institutions	1,599,280	-	-	-	-	-	-	-	259	-	1,599,539	3.50
Bills and acceptances payable	-	-	-	-	-	-	-	-	46,942	-	46,942	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	135,186	-	135,186	-
Total Liabilities	6,517,096	1,132,459	1,437,570	509,991	482,919	3,923	814	-	1,845,932	-	11,930,704	
Islamic Banking Funds	-	-	-	-	-	-	-	-	1,812,856	-	1,812,856	-
Total Liabilities and Islamic Banking Funds	6,517,096	1,132,459	1,437,570	509,991	482,919	3,923	814	-	3,658,788	-	13,743,560	
On-balance sheet profit sensitivity gap	(3,819,708)	(803,190)	(442,429)	1,118,913	933,177	1,276,953	985,020	3,083,466	(2,723,501)	391,299	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(3,819,708)	(803,190)	(442,429)	1,118,913	933,177	1,276,953	985,020	3,083,466	(2,723,501)	391,299	-	

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

56. ISLAMIC BANKING BUSINESS (CONTINUED)

(x) Fair Values of Financial Assets and Liabilities

The estimated fair values of the financial instruments of the Group and the Bank approximate their respective carrying amounts as shown in the balance sheets, except for the following financial assets and financial liabilities:

	2008		2007	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group				
Financial assets				
Securities held-to-maturity	—	—	1,371	1,371
Financing, advances and other loans*	12,214,411	12,110,995	10,566,324	10,609,858
Financial liabilities				
Deposits from customers	13,786,574	13,788,143	10,149,037	10,147,984
Bank				
Financial assets				
Securities held-to-maturity	—	—	1,371	1,371
Financing, advances and other loans**	—	—	10,566,324	10,609,858
Financial liabilities				
Deposits from customers	—	—	10,149,037	10,147,984

* The general allowance of the Group of RM190,746,000 (2007 – RM165,095,000) is not included in the carrying amounts.

** The general allowance of the Bank of RM165,095,000 for year 2007 is not included in the carrying amounts.

(y) Allocation of Income

The method of allocation of income to the types of deposits is based on "The Framework on Rate of Return" issued by Bank Negara Malaysia. This Framework on Rate of Return which is based on the return on assets concept, calculates the income on assets. The return on assets after deducting incidental expenses and allowances for losses on financing, advances and other loans are distributed to the depositors using the weighted average method.

(z) Shariah Committee

The Shariah Committee was established under Bank Negara Malaysia's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise the Board of Directors on Shariah matters in its business operations and to provide technical assistance in ensuring the Islamic banking products and services offered by the Group and the Bank and the relevant documentation are in compliance with Shariah principles. The Shariah Committee also provides guidance on legal matters on Islamic banking products and services.

(aa) Zakat Obligations

This represents business zakat payable by the Group and the Bank to comply with Shariah principles. Zakat provision is calculated based on 2.5% of the estimated Muslim individual shareholders using the profit and loss method.

BURSA SECURITIES LISTING REQUIREMENTS

COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

(i) Utilisation of Proceeds Raised from Corporate Proposals

On 16 May 2008, Public Bank issued RM1.4 billion in aggregate principal amount of Subordinated Notes ("the Notes") due in 2018 and callable with step-up in 2013. The Notes bear interest at a rate of 4.73% per annum from (and including) 16 May 2008 to (but excluding) 16 May 2013 and thereafter, at a rate of 5.73% per annum from (and including) 16 May 2013 to (but excluding) the date of early redemption in full of such Notes or the maturity date of the Notes (whichever is earlier). The interest is payable semi-annually in arrears on 16 May and 16 November each year commencing on 16 November 2008. The Notes were issued at par. The proceeds from the issuance of the Notes have been used for working capital, general banking and other corporate purposes.

The proceeds raised from the issuances of USD 750 million Subordinated Notes and two issuances of Innovative Tier-1 Capital Securities of USD 200 million and RM1.2 billion in previous years have been used for working capital, general banking and other corporate purposes, as intended.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Securities.

(ii) Share Buy Back

During the financial year ended 31 December 2008, Public Bank bought back a total of 20,000 of its ordinary shares of RM1.00 each ("PBB Shares") which are listed and quoted as "Local" on the Main Board of Bursa Securities ("PBB Local Shares") in the open market. The details of the PBB Local Shares bought back during the year are as follows:

Monthly Breakdown 2008	Number of PBB Local Shares Bought Back	Buy Back Price Per PBB Local Share (RM)			Average Cost Per PBB Local Share* (RM)	Total Cost* (RM)
		Lowest	Highest	Average		
January	10,000	11.30	11.30	11.30	11.34	113,401
August	10,000	10.10	10.10	10.10	10.13	101,359
Total	20,000	10.10	11.30	10.70	10.74	214,760

* Inclusive of transaction cost

All the PBB Local 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 December 2008, a total of 176,296,800 PBB Shares bought back were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year. The Board of Directors recommend a share dividend of 1 PBB Local Share held as treasury share for every 35 PBB Shares held, fraction shares to be disregarded, amounting to a total of approximately 95,875,115 PBB Local Shares held as treasury shares to be distributed. This is computed based on the issued and paid-up capital of the Bank as at 31 December 2008, excluding treasury shares held by the Bank, of 3,355,629,034 PBB Shares. The PBB Local Shares held as treasury shares will be distributed on 11 March 2009 to shareholders whose names appear in the Record of Depositors on 2 March 2009. Subsequent to the proposed share dividend, the remaining number of treasury shares held will be approximately 80,421,685 PBB Shares.

Disclosed in accordance with Paragraph 12.24, Appendix 12D of the Listing Requirements of Bursa Securities.

(iii) Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by Public Bank or exercised during the financial year ended 31 December 2008, except for the exercise of share options under the Public Bank Berhad Employees' Share Option Scheme as disclosed in Note 25 (b) to the financial statements.

Disclosed in accordance with Appendix 9C, Part A, item 15 of the Listing Requirements of Bursa Securities.

(iv) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

Public Bank did not sponsor any ADR or GDR programme during the financial year ended 31 December 2008.

Disclosed in accordance with Appendix 9C, Part A, item 16 of the Listing Requirements of Bursa Securities.

(v) Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on Public Bank and its subsidiary companies, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2008.

Disclosed in accordance with Appendix 9C, Part A, item 17 of the Listing Requirements of Bursa Securities.

(vi) Non-audit Fees

The amount of non-audit fees paid to external auditors by the Group and the Bank for the financial year ended 31 December 2008 amounted to RM457,000 and RM210,000 respectively.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Securities.

(vii) Variation in Results

There were no profit estimate, forecast or projection issued by Public Bank and its subsidiary companies during the financial year ended 31 December 2008.

Disclosed in accordance with Appendix 9C, Part A, item 19 of the Listing Requirements of Bursa Securities.

(viii) Profit Guarantee

There were no profit guarantees given by Public Bank and its subsidiary companies during the financial year ended 31 December 2008.

Disclosed in accordance with Appendix 9C, Part A, item 20 of the Listing Requirements of Bursa Securities.

(ix) Material Contracts

There were no material contracts entered into by Public Bank and its subsidiary companies involving directors' and major shareholders' interests, which subsisted at the end of the financial year ended 31 December 2008 or, if not then subsisting, entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Securities.

(x) Revaluation Policy

The Public Bank Group does not revalue its landed properties classified as Property and Equipment. The revaluation policy on landed properties classified as Investment Properties are as disclosed in Note 2 (g) to the financial statements.

Disclosed in accordance with Appendix 9C, Part A, item 24 of the Listing Requirements of Bursa Securities.

(xi) Recurrent Related Party Transaction of a Revenue or Trading Nature

The recurrent related party transactions of a revenue or trading nature entered into by the Public Bank Group qualified as exempted transactions as defined under Paragraph 10.08(9)(e) and Paragraph 10.09(1)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Securities.

Disclosed in accordance with Paragraph 10.09(1)(b) of the Listing Requirements of Bursa Securities.

MALAYSIAN ECONOMY: WEATHERING EXTERNAL CHALLENGES

I. REVIEW 2008

Challenging Global Setting

2008 has been a challenging year for the Malaysian economy due to the more adverse economic environment in the global economy. As a result of the financial crisis with its origins in the sub-prime mortgage-backed securities in the United States of America ("US") in August 2007 and the resultant huge losses by major global financial institutions, credit markets in the US and major developed economies seized up. Liquidity in the global financial systems had to be injected by major central banks and recapitalisation of major global financial institutions had to be undertaken to prevent systemic risks.

Dim Global Prospects

Prospects for global growth deteriorated sharply because of the rapid and widespread effects of the financial turmoil and its devastating impact on the developed and developing economies. Also, as the financial sector in the major economies started the process of de-leveraging, business and consumer confidence in these countries were shattered and labour market conditions softened significantly.

Recession Threats

Amidst these adverse developments, expectations of global economic growth was revised downwards sharply to only 3.7% for 2008 from 5% in 2007. Economic growth in most of the advanced economies slowed significantly in 2008 (Table 1). Despite massive rescue packages to shore up the US financial system and the liquidity injection, bank recapitalisation, and the coordinated actions by global central banks to cut interest rates, credit markets remained tight. By November 2008, major economies such as the US, the Euro area and Japan were already in a technical recession. To limit the decline in global economic activity, interest rates had been reduced sharply by major global central banks and massive stimulus packages had been introduced in the second half of 2008.

Table 1
GDP Growth of Advanced Economies, 2007-2008

	2007	2008		
		1Q	2Q	3Q
United States (%, annualised q-o-q)	2.0	0.9	2.8	-0.5
Japan (%, q-o-q)	2.1	0.7	-1.0	-0.5
Euro Area (%, q-o-q)	2.6	0.7	-0.2	-0.2
United Kingdom (%, q-o-q)	3.0	0.3	0.0	-0.5

Sources: Bureau of Economic Analysis, US Department of Commerce and Reuters.

No de-coupling

Asia has not been spared the effects of the slowdown in the global economy. Growth in Taiwan, Singapore and Hong Kong's economies either contracted or slowed substantially in the third quarter of 2008 (Table 2). There were signs that the economy of the People's Republic of China ("PRC") was also moderating. The notion that Asian economies had decoupled from the US was subjected to debate.

Table 2
GDP Growth of Selected Asian Economies, 2007-2008

	% Annual Change			
	2007	2008		
		1Q	2Q	3Q
People's Republic of China	11.9	10.6	10.1	9.0
Hong Kong	6.4	7.1	4.2	1.7
South Korea	5.0	5.8	4.8	3.8
Taiwan	5.7	6.3	4.6	-1.0
Singapore	7.7	6.9	2.2	-0.3

Source: Reuters.

Malaysia: Slower GDP Growth

As an open economy and where international trade forms more than 200% of GDP, the Malaysian economy is not insulated from the global economic slowdown, particularly when the economies of its major trading partners - the US, Euro area and Japan, which collectively took in more than one-third of Malaysia's total exports – slowed substantially. However, Malaysia entered 2008 from a position of strength as the economy had expanded by 6.3% in 2007 and inflation was low at only 2%. Together with the high national savings rate, the economy also enjoyed a large current account surplus, low unemployment and a stable ringgit during the year.

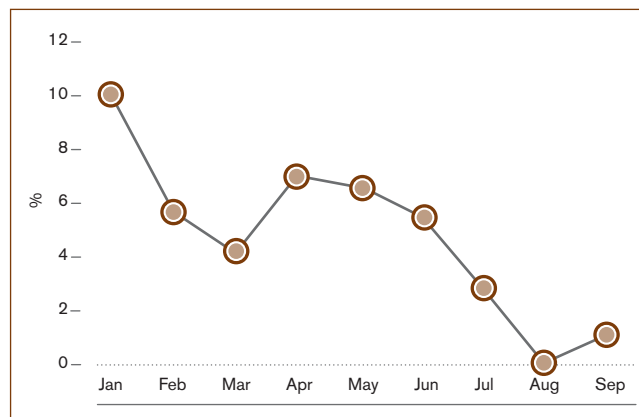
The banking sector was not only robust with strong profitability, high capitalisation and high asset quality but also flushed with liquidity (Table 3). While GDP growth was still respectable in the first half of 2008, driven by both domestic demand and export performance - the risks for domestic activity to decelerate rose sharply in the second half of 2008. The Leading Index for the Malaysian economy grew only by 0.1% in August and 1.2% in September (Graph 1).

Table 3
Malaysia's Banking System: Key Strengths, 2007-2008

	2007	2008		
		Mar	Jun	Sep
Pre-Tax Profit (RM billion – Quarterly)	17.7	5.7	4.5	4.1
Risk-Weighted Capital Ratio (%)	13.2	13.3	13.3	13.0
Net NPL Ratio (%)	3.2	3.0	2.6	2.4
Loan-Deposit Ratio (%)	74.1	72.5	73.7	75.6

Source: Bank Negara Malaysia, *Monthly Statistical Bulletin*, September 2008 and *Quarterly Bulletin*, various issues.

Graph 1
Malaysia: Leading Index, 2008



Source: Department of Statistics, Malaysia, *Leading, Coincident and Lagging Indices*, September 2008.

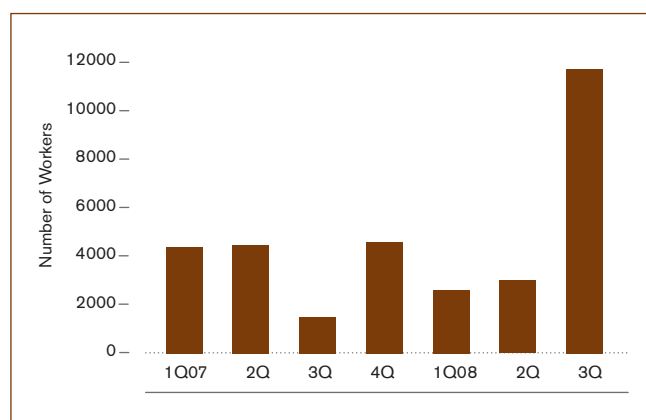
As shown in Table 4, GDP for the third quarter eased to 4.7% due to the slowing down of final consumption expenditure comprising private final consumption and Government final consumption, and investments. Growth of exports was also sluggish in the third quarter of 2008, compounded by sharply weaker commodity prices – particularly crude oil and crude palm oil prices. Export of E&E products – which constitutes close to 40% of Malaysia's exports – remained subdued as the global book-to-bill ratio was hovering at only around 0.8%. Labour market conditions softened in the third quarter of 2008 (Graph 2).

Table 4
Malaysia: GDP by Expenditure Components, 2007-2008
(at constant 2000 prices)

	% Annual Change		
	2007	2008	
		First Half	3Q
Aggregate Domestic Demand	9.8	9.4	6.5
Consumption	9.9	10.8	7.8
Public sector	6.6	12.7	6.9
Private sector	10.8	10.3	8.1
Gross Fixed Capital Formation	9.6	5.8	3.1
Exports of Goods and Services	4.2	7.9	5.1
Imports of Goods and Services	5.4	5.9	8.2
GDP	6.3	7.1	4.7

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter, 2008.

Graph 2
Malaysia: Retrenchments, 2007-2008

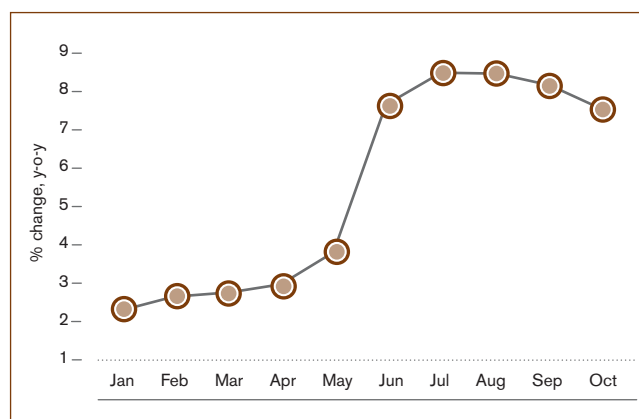


Source: Official website of Ministry of Human Resources.

Elevated but Easing Price Trend

A significant growth headwind also came from high inflation which has had a deflationary impact on domestic demand. During 2008, inflation surged sharply from 2.3% in January 2008 to 7.7% in June 2008 and 8.5% in July and August 2008 due to high global oil prices (Graph 3) and the major restructuring of domestic energy prices to ensure fiscal sustainability. The rapid rise in consumer prices was attributed to the sharp increase in transportation costs and food prices. However, as global oil prices have declined by over 75% from its peak in July 2008, there had been a significant reduction in domestic fuel prices. As a consequence, inflation is expected to ease further in the first half of 2009 from that in the fourth quarter of 2008.

Graph 3
Malaysia: Inflation, 2008



Source: Department of Statistics, Malaysia, Consumer Price Index, various issues.

Strong banking sector

Malaysia's banking sector has been spared the effects of the global financial turmoil that saw hundreds of billions of writedowns and losses. This is due in no small measures to the effective prudential regulations of Bank Negara Malaysia. Not only do Malaysian banks have negligible or zero exposure to the sub-prime and toxic securities that had such a devastating effect on the US and affected financial institutions in other countries, the major banking consolidation initiated by Bank Negara Malaysia in 2000 and the implementation of the Financial Sector Masterplan

have led to improved corporate governance practices and better risk management infrastructure been put into place. This has significantly contributed to the strength and resilience of the banking and financing industry in Malaysia to weather the current global financial crisis and support the real economy. Loan growth remained healthy at an annualised rate of 10.3% as at the end of October 2008.

Macroeconomic Management

In Malaysia, the balance of risks between high inflation and that of slower economic growth had changed significantly in the second half of 2008 due to lower risk for global inflation and higher risk to slower economic growth. The higher risk to slower growth was due to the impact of the fast deterioration of the major developed economies and the far reaching consequences of the financial crisis and economic slowdown in the developed economies, on the real economy and equity markets of the emerging economies. Helped by the sharp drop in global oil prices, Bank Negara Malaysia expects inflation to ease further to less than 3% in the second half of 2009 from 7.6% in October 2008.

To stimulate domestic economic growth, the Malaysian Government has taken several key measures to support domestic demand. In August 2008, the Government decided to further pump-prime the economy with the fiscal deficit for 2008 being increased to 4.8% from 3.1% in 2007. In addition, the Government has also introduced a RM7 billion stimulus package and measures to boost private investment and shore up private consumption.

The authorities have also introduced measures to maintain confidence in the banking system, which include the liquidity support by Bank Negara Malaysia and the full guarantee to all ringgit and foreign currency deposits in commercial banks and locally incorporated foreign banks, Islamic and investment banks and deposit-taking institutions. Bank Negara Malaysia has also created new funds to support SMEs and micro enterprises including the SME Assistance Financing Facility and the SME Modernisation Facility. To further support domestic economic activity, Bank Negara Malaysia has also cut its Overnight Policy Rate ("OPR") by 25 basis points to 3.25% on 24 November 2008. The OPR was kept unchanged at 3.50% since May 2006.

II. PROSPECTS FOR 2009

Growth in Emerging Asia

Although the outlook for the global economy remains uncertain, the coordinated global actions to support financial markets and to provide massive fiscal stimulus and monetary easing are expected to limit the decline in world growth. Emerging Asia is expected to grow by 6.5% in 2009, supported by domestic demand and more accommodating fiscal and monetary policies.

Positive Outlook for Malaysia

Amidst the challenging global environment, the Malaysian economy is projected to record a positive GDP growth of 3.5%-4% in 2009 based on the key preemptive fiscal and monetary policy interventions by the Government thus far. The Government's fiscal deficit is expected to remain at 4.8% of GDP in 2009. The Government still has room to maneuver as the fiscal position of the Government remains healthy, given its low exposure to external debt. The Malaysian Government still enjoys high sovereign ratings.

In addition to the strong liquidity positions of financial institutions and the assurance of steady access to financing by households and businesses, Bank Negara Malaysia has the capacity to undertake the appropriate policy response - including further rate cuts - to avoid a severe economic downturn. Loan growth of the banking system is expected to remain healthy at 7% in 2009.

Malaysia's Fundamental Strength

Malaysia also has other underlying strengths to weather the current global economic slowdown. Corporate tax rate will be lowered to 25% in 2009. The banking sector should remain resilient with high capitalisation, strong asset quality and ample liquidity. Credit markets are expected to remain stable. Furthermore, household and business sectors' balance sheet is expected to remain healthy.

The high national savings rate can be further tapped to stimulate domestic consumer spending. The focus of the Government to ensure efficiency in its spending on projects with higher multiplier effects on the domestic economy should support growth in 2009.

INVESTOR INFORMATION

STOCK MARKET PERFORMANCE IN 2008

Following the strong performance of the local stock market in the fourth quarter of 2007, the stock market continued to rally into 2008 with investor buying propelling the bellwether Kuala Lumpur Composite Index ("KLCI") to a series of record highs before closing at the record and year's high of 1,516.22 points on 11 January 2008. In just two weeks into 2008, the KLCI was already up 4.9% to emerge as the top performer in Asia. However, in line with the fall in regional bourses due to the lingering fears of a US triggered global recession with its origins in the US sub-prime and credit crunch problems, the KLCI retreated to a lower close of 1,357.40 points as at the end of February 2008.

The 12th general election held on 8 March 2008 saw a setback to the ruling coalition. Barisan Nasional was returned to power, but lost its two-thirds majority and a total of five states to the opposition. The KLCI plunged by a hefty 123.1 points, or 9.5%, on Monday, 10 March 2008 on heavy volume of 1.18 billion shares to record one of its biggest daily losses. The recovery of regional and global equity markets however helped the KLCI to record a higher close at 1,247.52 points as at the end of March 2008, down 13.7% for the first quarter of 2008.

By the end of April 2008, the KLCI had recovered 106.64 points or 9.1% from 10 March 2008 when it hit the low of 1,173.22 points for the first quarter of 2008. While the rise was in line with the recovery of regional and global equity bourses in April 2008, it was still 1.3% below the pre-general election close of 1,296.33 points on 7 March 2008. The KLCI continued to edge higher in early May 2008, hitting a second quarter high of 1,300.67 points on 16 May 2008. From mid May 2008 to the end of June 2008, the KLCI came under further selling pressure due to a confluence of factors, led by cost push inflationary pressures from higher petrol pump prices and increase in electricity tariffs that dampened economic growth and consumer expectations. The KLCI subsequently fell into an extended period of weakness and closed the first half of 2008 lower by 258.86 points or 17.9% at 1,186.57 points.

The KLCI began the third quarter of 2008 by extending its downward trend on contagion fears following concerns of a financial crisis in the US. Much of the weakness in global equity markets was triggered by concerns over the health of the US

economy and its impact on the rest of the world after a string of highly publicised failures of large financial institutions in the US. By the end of September 2008, the upheaval in the US financial system had sent shock waves through the global financial markets. The KLCI fell below 1,000 points on 18 September 2008 to close at 991.66 points but made a slight recovery to close the third quarter of 2008 at 1,018.68 points, down 14.1% for the quarter.

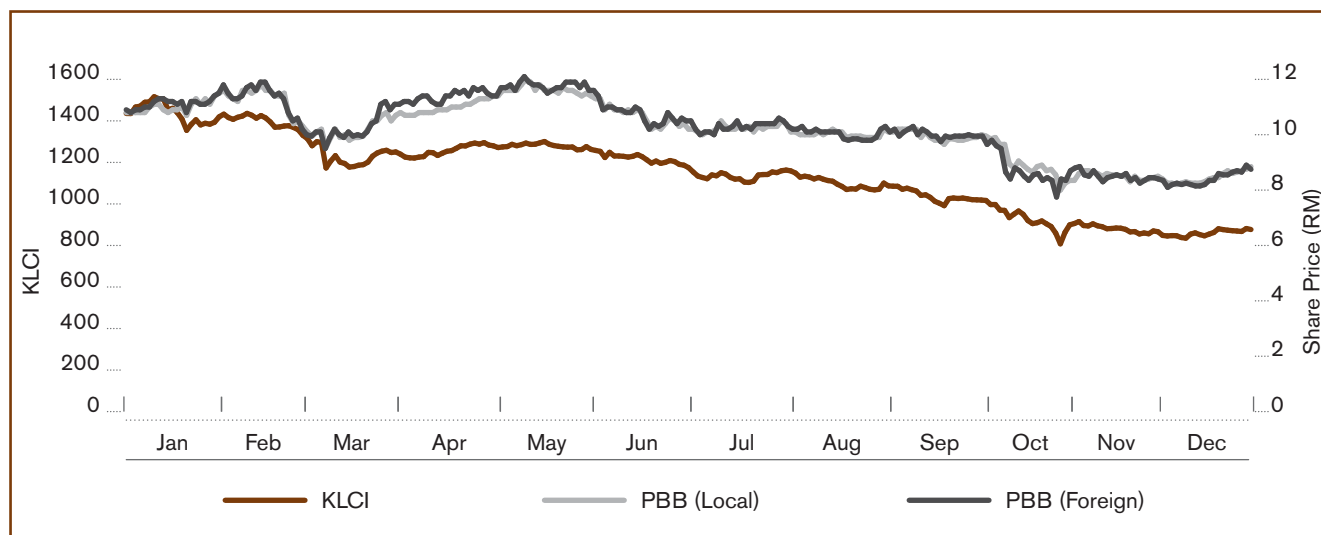
For the month of October 2008, the KLCI retreated in tandem with the sharp fall of global and regional equity markets over rising fears of a global recession. Despite concerted efforts by governments and central banks worldwide to cut interest rates and inject massive liquidity into their financial systems, the dysfunctional global credit markets continued to generate fears of a global recession which bit deeply into Malaysian equities, resulting in the KLCI falling to a four-year low of 829.41 points on 29 October 2008. The KLCI, together with global and regional equity indices subsequently rebounded from oversold conditions following the cut in US interest rate by 50 basis points to 1.0% by the US Federal Reserve on 29 October 2008 that was followed by a further interest-rate reduction from 1.0% to between 0.0% and 0.25% on 16 December 2008.

The KLCI continued to recover following the recovery of the US and regional equity markets to close the fourth quarter at 876.75 points, registering a gain of 5.7% from the year low of 829.41 points on 29 October 2008.

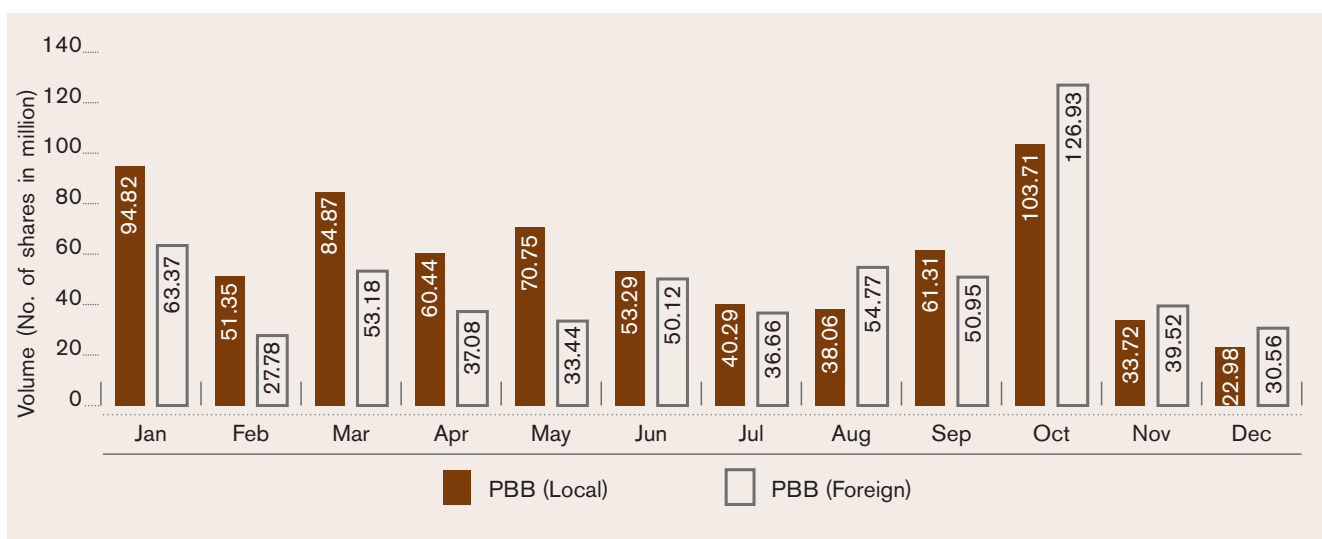
For 2008, the KLCI lost 568.28 points or 39.3%, when compared to the gain of 31.8% for 2007, to close at 876.75 points on 31 December 2008.

The outlook for the stock market in 2009 remains challenging. Due to the swiftness and severity of the credit crunch, and with the US and European economies in recession, the resultant fall of equity and commodity prices have significantly reduced the medium-term corporate earnings outlook. Fears of a global recession will continue to pervade through at least in the first half of 2009. The US economic downturn, along with falling commodity and oil prices, are expected to pull down Malaysia's export growth in 2009 and 2010. Combined with a lower GDP growth outlook for 2009, the current consensus is only for a 3.6% upside for the KLCI to 908 points.

PUBLIC BANK (LOCAL) SHARE AND PUBLIC BANK (FOREIGN) SHARE PRICES AND KLCI IN 2008



PUBLIC BANK (LOCAL) SHARE AND PUBLIC BANK (FOREIGN) SHARE TRANSACTIONS IN 2008



PUBLIC BANK SHARE PRICE PERFORMANCE IN 2008

Both Public Bank (Local) share and Public Bank (Foreign) share prices rose from RM11.00 as at the end of 2007 to RM11.80 and RM11.90 respectively on 19 February 2008. This was after the announcement of the Public Bank Group's better than expected financial results for 2007 on 21 January 2008. Public Bank declared a final dividend of 40% per share less 26% income tax and a special dividend of 10% per share less 26% income tax bringing the total gross dividend for 2007 to 75 sen per Public Bank Share. On 27 February 2008, Public Bank (Local) shares and Public Bank (Foreign) shares opened the day at an ex-dividend price of RM10.40 and RM10.50 respectively. However, following a sell down in regional and global equity markets coupled with the perception of higher political risk after the 12th general election on 8 March 2008, Public Bank (Local) share and Public Bank (Foreign) share prices fell to close at a low for the first quarter of 2008 of RM9.55 and RM9.50 respectively on 10 March 2008.

Public Bank (Local) share and Public Bank (Foreign) share prices gradually improved in line with the general uptrend of the Kuala Lumpur Composite Index ("KLCI") and regional equity markets. On 24 April 2008, the closing share prices of Public Bank (Local) shares and Public Bank (Foreign) shares of RM11.20 and RM11.70 respectively saw Public Bank achieved yet another milestone when it reached the pinnacle of being the largest listed financial institution on Bursa Securities by market capitalisation. On 12 May 2008, both Public Bank (Local) share and Public Bank (Foreign) share prices rose to a year high of RM12.00 and RM12.10 respectively, bringing Public Bank's market capitalisation to a record high of RM42.49 billion. However, both Public Bank (Local) share and Public Bank (Foreign) share prices began to fall in line with the decline in local and regional equity markets on concerns of the rising inflation rate as a result of the continued increases in crude oil prices. Both Public Bank (Local) share and Public Bank (Foreign) share prices fell to close the second quarter of 2008 at RM10.40 and RM10.60 respectively.

The announcement of a good set of second quarter results together with an interim dividend of 30% less 26% income tax on 17 July 2008 saw Public Bank share prices traded higher until the end of July 2008 before the share prices consolidated to around RM10.00 in the month of August 2008. Both Public Bank (Local) share and Public Bank (Foreign) share prices started to trend lower in September 2008 along with the declines in regional and global stock markets.

For the month of October 2008, Public Bank (Local) share and Public Bank (Foreign) share prices continued to trend lower after the sharp declines in regional and global stock markets on concerns of the fallout of the global financial crisis and risk of a global recession. The announcement of Public Bank's third quarter financial results on 14 October 2008, which was in line with consensus expectations at least helped to calm and allay investors' fears about Public Bank's profitability in the midst of the global financial turmoil.

For the fourth quarter of 2008 and in tandem with the lower KLCI, Public Bank (Local) share eased to a year low of RM8.20 on 28 October 2008 and Public Bank (Foreign) share prices declined to a year low of RM8.10 on 2 December 2008.

For 2008, Public Bank's value in terms of market capitalisation declined by 19.7% or RM7.66 billion to RM31.15 billion as compared to the decline of 39.3% of the KLCI. The total average daily volume and value of Public Bank shares traded in 2008 increased by 0.36 million shares and RM6.4 million respectively to 5.4 million shares and RM54.6 million respectively per day, an increase of 7.2% and 13.3% respectively when compared to the previous year.

Based on the 2008 closing share prices of RM8.85 and RM8.75 for Public Bank (Local) shares and Public Bank (Foreign) shares and on the total gross dividend of 80 sen paid during the year, shareholders of Public Bank (Local) shares and Public Bank (Foreign) shares would have enjoyed a gross dividend yield of 9.0% and 9.1% respectively for 2008. Including the gross dividend paid during the year, the fall in value to holders of Public Bank (Local) shares and Public Bank (Foreign) shares for 2008 was 12.3% and 13.2% respectively, outperforming the KLCI which fell by 39.3% in 2008.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2008

Authorised Share Capital : RM10,000,000,000
 Issued and Paid-up Share Capital : RM3,531,925,834 comprising 3,531,925,834 ordinary shares of RM1.00 each
 Class of Shares : Ordinary shares of RM1.00 each
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	6,245	7.03	252	0.28	199,709	0.01	9,753	*1
100 – 1,000	21,028	23.67	737	0.83	14,857,013	0.44	460,993	0.01
1,001 – 10,000	40,536	45.63	4,629	5.21	150,643,629	4.49	20,805,504	0.62
10,001 – 100,000	10,913	12.28	2,732	3.08	286,705,222	8.54	77,496,652	2.31
100,001 – 167,781,450 (less than 5% of issued shares ^{*2})	1,056	1.19	709	0.80	1,295,317,764	38.60	877,724,245	26.16
167,781,451 (5% of issued shares ^{*2}) and above	2	*1	–	–	631,408,550	18.82	–	–
Total	79,780	89.80	9,059	10.20	2,379,131,887	70.90	976,497,147	29.10

Notes:

*1 Less than 0.01%.

*2 Excluding a total of 176,296,800 Public Bank ("PBB") shares bought-back by PBB and retained as treasury shares as at 31 December 2008.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND IN SUBSIDIARY COMPANY

The Directors' direct and indirect interests in shares in the Company and its subsidiary company based on the Register of Directors' Shareholdings are as follows:

Shares Held in the Company

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares ^{*4}	No. of Shares Held	% of Issued Shares ^{*4}	No. of Shares Held	% of Issued Shares ^{*4}
Tan Sri Dato' Sri Dr. Teh Hong Piow	21,524,250	0.64	786,468,596 ^{*1}	23.44	807,992,846	24.08
Tan Sri Dato' Thong Yaw Hong	7,313,750	0.22	821,875 ^{*2}	0.02	8,135,625	0.24
Tan Sri Dato' Sri Tay Ah Lek	8,610,109	0.26	339,482 ^{*2}	0.01	8,949,591	0.27
Dato' Lee Kong Lam	1,079,921	0.03	800,000 ^{*3}	0.02	1,879,921	0.05
Dato' Yeoh Chin Kee	200,000	0.01	300,000 ^{*3}	0.01	500,000	0.02
Dato' Haji Abdul Aziz bin Omar	750,000	0.02	–	–	750,000	0.02
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff	350,000	0.01	–	–	350,000	0.01

Notes:

*1 Deemed to have interests in PBB shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

*2 Deemed to have interests in PBB shares held by person(s) connected as defined per Section 122A of the Companies Act, 1965 and held by other corporation by virtue of Section 6A(4) of the Companies Act, 1965.

*3 Deemed to have interests in PBB shares held by person(s) connected as defined per Section 122A of the Companies Act, 1965.

*4 Excluding a total of 176,296,800 PBB shares bought-back by PBB and retained as treasury shares as at 31 December 2008.

Shares Held in Subsidiary Company

– Shares Held in Public Financial Holdings Limited (“PFHL”)

Name	Direct Interests	
	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Tay Ah Lek	350,000	0.03
Dato' Yeoh Chin Kee	150,000	0.01

Share Options Held in Subsidiary Company

– Share Options Held under the PFHL Employees' Share Option Scheme

Name	No. of Options Held	Option Price (HKD)
Tan Sri Dato' Sri Tay Ah Lek	1,230,000	6.35
Dato' Yeoh Chin Kee	550,000	6.35

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and indirect interests of 807,992,846 shares in PBB, and pursuant to Section 6A(4)(c) of the Companies Act, 1965, is deemed interested in the shares in all of PBB's subsidiary companies to the extent that PBB has interests.

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares ²	No. of Shares Held	% of Issued Shares ²	No. of Shares Held	% of Issued Shares ²
Tan Sri Dato' Sri Dr. Teh Hong Piow	21,524,250	0.64	786,468,596 ¹	23.44	807,992,846	24.08
Employees Provident Fund Board	477,975,944	14.24	–	–	477,975,944	14.24
Consolidated Teh Holdings Sdn Bhd	79,479,687	2.37	165,711,639 ¹	4.94	245,191,326	7.31
Sekuriti Pejal Sdn Bhd	201,394,686	6.00	38,720,856 ¹	1.15	240,115,542	7.15

Notes:

¹ Deemed to have interests in PBB shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

² Excluding a total of 176,296,800 PBB shares bought-back by PBB and retained as treasury shares as at 31 December 2008.

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name	No. of Shares Held	% of Issued Shares*
1. Employees Provident Fund Board	430,013,864	12.81
2. Sekuriti Pejal Sdn Berhad	103,724,186	3.09
3. Sekuriti Pejal Sdn Berhad	97,670,500	2.91
4. Kepunyaan Chintamani Sdn Bhd	67,919,531	2.02
5. Consolidated Teh Holdings Sdn Berhad	58,770,687	1.75

	Name	No. of Shares Held	% of Issued Shares*
6.	Valuecap Sdn Bhd	55,604,200	1.66
7.	Selected Securities Sdn Bhd	49,580,000	1.48
8.	HSBC Nominees (Asing) Sdn Bhd – <i>TNTC for Saudi Arabian Monetary Agency</i>	48,852,200	1.45
9.	Selected Holdings Sdn Berhad	37,684,000	1.12
10.	HSBC Nominees (Asing) Sdn Bhd – <i>BNP Paribas Secs Svs Lux for Aberdeen Global</i>	37,639,814	1.12
11.	Malaysia Nominees (Tempatan) Sendirian Berhad – <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	34,680,153	1.03
12.	Kayakita Corporation Sdn Bhd	33,660,437	1.00
13.	Kepunyaan Perindustrian Sdn Berhad	31,751,233	0.95
14.	Kumpulan Wang Persaraan (Diperbadankan)	28,127,000	0.84
15.	Tong Meng Industries Limited	26,946,921	0.80
16.	Selected Securities Sdn Bhd	26,536,562	0.79
17.	Kayakita Corporation Sdn Bhd	26,364,500	0.79
18.	LPI Capital Bhd	25,739,578	0.77
19.	Selected Holdings Sdn Berhad	24,914,046	0.74
20.	HSBC Nominees (Asing) Sdn Bhd – <i>Exempt An for JPMorgan Chase Bank, National Association (U.K.)</i>	22,825,621	0.68
21.	Securities Holdings Sdn Berhad	22,776,156	0.68
22.	Amanah Raya Nominees (Tempatan) Sdn Bhd – <i>Amanah Saham Wawasan 2020</i>	21,723,000	0.65
23.	Tan Sri Dato' Sri Dr. Teh Hong Piow	21,055,500	0.63
24.	Luhur Management Sdn Bhd	19,348,015	0.58
25.	Amanah Raya Nominees (Tempatan) Sdn Bhd – <i>Amanah Saham Malaysia</i>	18,406,500	0.55
26.	Citigroup Nominees (Tempatan) Sdn Bhd – <i>Exempt An for Prudential Fund Management Berhad</i>	18,319,346	0.55
27.	Amanah Raya Nominees (Tempatan) Sdn Bhd – <i>Skim Amanah Saham Bumiputera</i>	17,978,600	0.54
28.	Citigroup Nominees (Asing) Sdn Bhd – <i>Exempt An for Mellon Bank (Mellon)</i>	17,701,061	0.53
29.	HSBC Nominees (Asing) Sdn Bhd – <i>BNP Paribas Secs Svs Paris for Aberdeen Asia Pacific Fund</i>	17,540,450	0.52
30.	HSBC Nominees (Tempatan) Sdn Bhd – <i>Nomura Asset Mgmt Malaysia for Employees Provident Fund</i>	16,935,680	0.50
		1,460,789,341	43.53

Note:

* Excluding a total of 176,296,800 PBB shares bought-back by PBB and retained as treasury shares as at 31 December 2008.

AUTHORISED AND ISSUED SHARE CAPITAL

AUTHORISED SHARE CAPITAL

The authorised share capital as at 31 December 2008 is RM10,000,000,000 divided into 10,000,000,000 ordinary shares of RM1.00 each. The changes in the authorised share capital are as follows:

Date	Increase in Authorised Share Capital (RM)	Total Authorised Share Capital (RM)
30.12.1965	50,000,000	50,000,000
06.01.1982	250,000,000	300,000,000
30.09.1986	200,000,000	500,000,000
08.06.1987	500,000,000	1,000,000,000
17.06.1997	4,000,000,000	5,000,000,000
30.03.2005	5,000,000,000	10,000,000,000

ISSUED AND PAID-UP SHARE CAPITAL

The issued and paid-up share capital as at 31 December 2008 is RM3,531,925,834 comprising 3,531,925,834 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
Up to 30.08.1966	16,000,000	Cash	16,000,000
15.11.1978	4,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	20,000,000
22.07.1981	5,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	25,000,000
07.01.1982	10,000,000	Capitalisation of capital reserve account and general reserve account (Bonus Issue 2:5)	35,000,000
11.02.1982	35,000,000	Rights Issue 1:1 at RM2.00 per share	70,000,000
22.06.1983	42,000,000	Capitalisation of share premium account and general reserve account (Bonus Issue 3:5)	112,000,000
22.08.1983	56,000,000 *	Rights Issue 1:2 at RM2.00 per share	168,000,000
05.07.1984	42,000,000 *	Capitalisation of share premium account and general reserve account (Bonus Issue 1:4)	210,000,000
05.02.1988	42,000,000 *	Capitalisation of share premium account and general reserve account (Bonus Issue 1:5)	252,000,000
03.08.1988	105,000,000 *	Rights Issue 1:2 at RM1.60 per share	357,000,000
11.10.1989	218,500 *	Exercise of share options under Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS") at option price of RM3.80 per share	357,218,500
02.05.1990	1,237,500 *	Exercise of share options under PBB ESOS at option price of RM3.80 per share	358,456,000
15.06.1990	119,485,333 *	Capitalisation of share premium account and general reserve account (Bonus Issue 1:3)	477,941,333
06.08.1990	71,691,200 *	Rights Issue 1:5 at RM2.20 per share	549,632,533
08.10.1990	138,500 *	Exercise of share options under PBB ESOS at option price of RM2.76 per share	549,771,033

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
12.04.1991	3,828,850 *	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,599,883
24.09.1991	334,300 *	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,934,183
25.03.1992	114,700 *	Exercise of share options under PBB ESOS at option price of RM2.76 per share	554,048,883
15.04.1993	1,038,701 *	Exercise of share options under PBB ESOS at option price of RM2.76 per share	555,087,584
01.10.1993	9,912,337 *	Exercise of share options under PBB ESOS at option price of RM2.76 per share	564,999,921
20.04.1994	3,434,479 *	Exercise of share options under PBB ESOS at option price of RM2.76 per share	568,434,400
05.10.1994	1,113,000 *	Exercise of share options under PBB ESOS at option price of RM7.84 per share	569,547,400
27.12.1994	50,000,000 *	Issue and private placement of 50,000,000 new shares as follows: – 35,000,000 PBB local shares at RM8.28 per share – 15,000,000 PBB foreign shares at RM10.62 per share	619,547,400
18.04.1996	25,500 *	Exercise of share options under PBB ESOS at option price of RM7.84 per share	619,572,900
07.08.1996	206,524,300 *	Capitalisation of share premium account (Bonus Issue 1:3)	826,097,200
25.10.1996	143,541 *	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,240,741
12.05.1997	358,850 *	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,599,591
06.01.1998	165,319,918 *	Capitalisation of share premium account (Bonus Issue 1:5)	991,919,509
09.03.1998	165,319,918 *	Rights Issue 1:5 at RM2.00 per PBB local share and at RM2.28 per PBB foreign share	1,157,239,427
11.02.1999	8,007,750 *	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,165,247,177
11.05.1999	35,500 *	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,165,282,677
19.05.1999	4,736,865 *	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,170,019,542
07.06.1999	1,077,950 *	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,171,097,492
02.07.1999	12,063,250 *	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,183,160,742
08.12.2000	11,899,125 *	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,195,059,867

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
15.02.2001	1,662,500 *	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,196,722,367
31.03.2001	213,140,892 *	New PBB local shares issued in exchange for 125,377,000 ordinary shares of RM1.00 each in Hock Hua Bank Bhd ("HHB") pursuant to terms of merger of PBB and HHB	1,409,863,259
23.04.2001	422,958,977 *	Capitalisation of share premium account and retained profits (Bonus Issue 3:10)	1,832,822,236
11.12.2001	996,387 *	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,833,818,623
12.03.2002	1,025,362 *	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,834,843,985
12.07.2002	458,710,997 *	Capitalisation of share premium account (Bonus Issue 1:4)	2,293,554,982
13.09.2002	13,570,954 *	Exercise of share options under PBB ESOS as follows: – 1,488,329 shares at option price of RM2.04 per share – 12,082,625 shares at option price of RM4.44 per share	2,307,125,936
08.10.2002	7,153,442 *	Exercise of share options under PBB ESOS as follows: – 412,567 shares at option price of RM2.04 per share – 6,740,875 shares at option price of RM4.44 per share	2,314,279,378
12.12.2002	247,675 *	Exercise of share options under PBB ESOS as follows: – 130,050 shares at option price of RM2.04 per share – 117,625 shares at option price of RM4.44 per share	2,314,527,053
14.03.2003	153,158 *	Exercise of share options under PBB ESOS as follows: – 112,408 shares at option price of RM2.04 per share – 40,750 shares at option price of RM4.44 per share	2,314,680,211
09.04.2003	37,907 *	Exercise of share options under PBB ESOS at option price of RM2.04 per share	2,314,718,118
13.06.2003	202,598,923 *	New PBB local shares issued in exchange for 135,065,949 ordinary shares of RM1.00 each in Public Finance Bhd ("PFB") pursuant to terms of privatisation of PFB	2,517,317,041
16.07.2003	629,329,261 *	Capitalisation of share premium account (Bonus Issue 1:4)	3,146,646,302
14.08.2003	8,337,798 *	Exercise of share options under PBB ESOS as follows: – 250,423 shares at option price of RM1.64 per share – 8,087,375 shares at option price of RM3.56 per share	3,154,984,100
05.09.2003	2,804,031 *	Exercise of share options under PBB ESOS as follows: – 75,156 shares at option price of RM1.64 per share – 2,728,875 shares at option price of RM3.56 per share	3,157,788,131
08.09.2003	2,902,623 *	Exercise of share options under PBB ESOS as follows: – 67,856 shares at option price of RM1.64 per share – 1,595,142 shares at option price of RM3.56 per share – 1,239,625 shares at option price of RM3.40 per share	3,160,690,754

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
12.09.2003	7,001,644 *	Exercise of share options under PBB ESOS as follows: – 54,489 shares at option price of RM1.64 per share – 4,948,530 shares at option price of RM3.56 per share – 1,998,625 shares at option price of RM3.40 per share	3,167,692,398
24.09.2003	1,216,063 *	Exercise of share options under PBB ESOS as follows: – 6,250 shares at option price of RM1.64 per share – 915,688 shares at option price of RM3.56 per share – 294,125 shares at option price of RM3.40 per share	3,168,908,461
15.10.2003	3,518,818 *	Exercise of share options under PBB ESOS as follows: – 15,169 shares at option price of RM1.64 per share – 2,515,399 shares at option price of RM3.56 per share – 988,250 shares at option price of RM3.40 per share	3,172,427,279
27.10.2003	2,054,251 *	Exercise of share options under PBB ESOS as follows: – 3,313 shares at option price of RM1.64 per share – 1,457,938 shares at option price of RM3.56 per share – 593,000 shares at option price of RM3.40 per share	3,174,481,530
29.10.2003	6,748,111 *	Exercise of share options under PBB ESOS as follows: – 32,993 shares at option price of RM1.64 per share – 3,781,268 shares at option price of RM3.56 per share – 2,933,850 shares at option price of RM3.40 per share	3,181,229,641
06.11.2003	4,913,239 *	Exercise of share options under PBB ESOS as follows: – 39,115 shares at option price of RM1.64 per share – 3,806,374 shares at option price of RM3.56 per share – 1,067,750 shares at option price of RM3.40 per share	3,186,142,880
13.11.2003	1,202,135 *	Exercise of share options under PBB ESOS as follows: – 5,040 shares at option price of RM1.64 per share – 961,220 shares at option price of RM3.56 per share – 235,875 shares at option price of RM3.40 per share	3,187,345,015
18.11.2003	455,750 *	Exercise of share options under PBB ESOS as follows: – 406,250 shares at option price of RM3.56 per share – 49,500 shares at option price of RM3.40 per share	3,187,800,765
21.11.2003	5,801,710 *	Exercise of share options under PBB ESOS as follows: – 33,297 shares at option price of RM1.64 per share – 2,989,788 shares at option price of RM3.56 per share – 2,778,625 shares at option price of RM3.40 per share	3,193,602,475
01.12.2003	1,417,894 *	Exercise of share options under PBB ESOS as follows: – 16,324 shares at option price of RM1.64 per share – 1,062,070 shares at option price of RM3.56 per share – 339,500 shares at option price of RM3.40 per share	3,195,020,369
04.12.2003	68,000 *	Exercise of share options under PBB ESOS at option price of RM3.56 per share	3,195,088,369

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
22.12.2003	2,297,250 *	Exercise of share options under PBB ESOS as follows: – 13,484 shares at option price of RM1.64 per share – 1,889,391 shares at option price of RM3.56 per share – 394,375 shares at option price of RM3.40 per share	3,197,385,619
26.12.2003	9,214,108 *	Exercise of share options under PBB ESOS as follows: – 20,525 shares at option price of RM1.64 per share – 6,642,458 shares at option price of RM3.56 per share – 2,551,125 shares at option price of RM3.40 per share	3,206,599,727
27.01.2004	1,883,267 *	Exercise of share options under PBB ESOS as follows: – 4,547 shares at option price of RM1.64 per share – 1,680,345 shares at option price of RM3.56 per share – 198,375 shares at option price of RM3.40 per share	3,208,482,994
20.02.2004	483,813 *	Exercise of share options under PBB ESOS as follows: – 457,313 shares at option price of RM3.56 per share – 26,500 shares at option price of RM3.40 per share	3,208,966,807
01.03.2004	1,024,066 *	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873
03.03.2004	13,717,282 *	Exercise of share options under PBB ESOS as follows: – 38,231 shares at option price of RM1.64 per share – 10,718,176 shares at option price of RM3.56 per share – 1,647,375 shares at option price of RM3.40 per share – 1,313,500 shares at option price of RM4.60 per share	3,223,708,155
05.03.2004	28,660,157 *	Exercise of share options under PBB ESOS as follows: – 253,907 shares at option price of RM1.64 per share – 28,406,250 shares at option price of RM3.56 per share	3,252,368,312
11.03.2004	13,177,700 *	Exercise of share options under PBB ESOS as follows: – 36,366 shares at option price of RM1.64 per share – 10,361,459 shares at option price of RM3.56 per share – 940,875 shares at option price of RM3.40 per share – 1,839,000 shares at option price of RM4.60 per share	3,265,546,012
17.03.2004	12,271,286 *	Exercise of share options under PBB ESOS as follows: – 46,892 shares at option price of RM1.64 per share – 10,183,769 shares at option price of RM3.56 per share – 597,125 shares at option price of RM3.40 per share – 1,443,500 shares at option price of RM4.60 per share	3,277,817,298
23.03.2004	8,575,825 *	Exercise of share options under PBB ESOS as follows: – 38,252 shares at option price of RM1.64 per share – 6,166,723 shares at option price of RM3.56 per share – 867,350 shares at option price of RM3.40 per share – 1,503,500 shares at option price of RM4.60 per share	3,286,393,123

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
06.04.2004	1,919,157 *	Exercise of share options under PBB ESOS as follows: – 1,703,532 shares at option price of RM3.56 per share – 69,625 shares at option price of RM3.40 per share – 146,000 shares at option price of RM4.60 per share	3,288,312,280
13.04.2004	4,016,890 *	Exercise of share options under PBB ESOS as follows: – 3,078,890 shares at option price of RM3.56 per share – 405,000 shares at option price of RM3.40 per share – 533,000 shares at option price of RM4.60 per share	3,292,329,170
16.04.2004	1,233,902 *	Exercise of share options under PBB ESOS as follows: – 10,500 shares at option price of RM1.64 per share – 1,017,652 shares at option price of RM3.56 per share – 85,750 shares at option price of RM3.40 per share – 120,000 shares at option price of RM4.60 per share	3,293,563,072
17.08.2004	11,152,166	Exercise of share options under PBB ESOS as follows: – 13,349 shares at option price of RM1.64 per share – 6,270,567 shares at option price of RM3.56 per share – 857,550 shares at option price of RM3.40 per share – 2,299,700 shares at option price of RM4.60 per share – 1,711,000 shares at option price of RM4.92 per share	3,304,715,238
30.08.2004	12,767,404	Exercise of share options under PBB ESOS as follows: – 57,078 shares at option price of RM1.64 per share – 7,127,076 shares at option price of RM3.56 per share – 618,450 shares at option price of RM3.40 per share – 2,372,800 shares at option price of RM4.60 per share – 2,592,000 shares at option price of RM4.92 per share	3,317,482,642
09.09.2004	1,649,681	Exercise of share options under PBB ESOS as follows: – 908,831 shares at option price of RM3.56 per share – 67,350 shares at option price of RM3.40 per share – 260,500 shares at option price of RM4.60 per share – 413,000 shares at option price of RM4.92 per share	3,319,132,323
27.09.2004	623,819	Exercise of share options under PBB ESOS as follows: – 8,125 shares at option price of RM1.64 per share – 344,819 shares at option price of RM3.56 per share – 63,375 shares at option price of RM3.40 per share – 136,000 shares at option price of RM4.60 per share – 71,500 shares at option price of RM4.92 per share	3,319,756,142
28.09.2004	1,737,912	Exercise of share options under PBB ESOS as follows: – 795,637 shares at option price of RM3.56 per share – 120,875 shares at option price of RM3.40 per share – 347,900 shares at option price of RM4.60 per share – 473,500 shares at option price of RM4.92 per share	3,321,494,054

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
04.10.2004	4,621,593	Exercise of share options under PBB ESOS as follows: – 33,767 shares at option price of RM1.64 per share – 2,569,876 shares at option price of RM3.56 per share – 267,650 shares at option price of RM3.40 per share – 1,187,300 shares at option price of RM4.60 per share – 563,000 shares at option price of RM4.92 per share	3,326,115,647
26.10.2004	1,755,048	Exercise of share options under PBB ESOS as follows: – 665,498 shares at option price of RM3.56 per share – 71,650 shares at option price of RM3.40 per share – 527,400 shares at option price of RM4.60 per share – 490,500 shares at option price of RM4.92 per share	3,327,870,695
19.11.2004	4,569,277	Exercise of share options under PBB ESOS as follows: – 187,546 shares at option price of RM1.64 per share – 2,491,856 shares at option price of RM3.56 per share – 289,375 shares at option price of RM3.40 per share – 1,212,000 shares at option price of RM4.60 per share – 388,500 shares at option price of RM4.92 per share	3,332,439,972
25.11.2004	20,935,350	Exercise of share options under PBB ESOS as follows: – 31,710 shares at option price of RM1.64 per share – 9,479,777 shares at option price of RM3.56 per share – 653,600 shares at option price of RM3.40 per share – 4,162,263 shares at option price of RM4.60 per share – 6,608,000 shares at option price of RM4.92 per share	3,353,375,322
03.12.2004	2,392,002	Exercise of share options under PBB ESOS as follows: – 1,183,077 shares at option price of RM3.56 per share – 140,300 shares at option price of RM3.40 per share – 604,125 shares at option price of RM4.60 per share – 464,500 shares at option price of RM4.92 per share	3,355,767,324
28.01.2005	20,743,000	Exercise of share options under PBB ESOS at option price of RM4.92 per share	3,376,510,324
31.01.2005	2,415,001	Exercise of share options under PBB ESOS as follows: – 15,475 shares at option price of RM1.64 per share – 985,926 shares at option price of RM3.56 per share – 104,200 shares at option price of RM3.40 per share – 954,400 shares at option price of RM4.60 per share – 355,000 shares at option price of RM4.92 per share	3,378,925,325
07.02.2005	10,466,250	Exercise of share options under PBB ESOS as follows: – 2,406,250 shares at option price of RM3.56 per share – 2,250,000 shares at option price of RM4.60 per share – 5,810,000 shares at option price of RM4.92 per share	3,389,391,575

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
21.02.2005	7,511,743	Exercise of share options under PBB ESOS as follows: – 26,106 shares at option price of RM1.64 per share – 3,364,187 shares at option price of RM3.56 per share – 377,950 shares at option price of RM3.40 per share – 2,883,000 shares at option price of RM4.60 per share – 860,500 shares at option price of RM4.92 per share	3,396,903,318
25.02.2005	639,342	Exercise of share options under PBB ESOS as follows: – 6,094 shares at option price of RM1.64 per share – 236,373 shares at option price of RM3.56 per share – 14,875 shares at option price of RM3.40 per share – 291,000 shares at option price of RM4.60 per share – 91,000 shares at option price of RM4.92 per share	3,397,542,660
01.08.2005	12,813,748	Exercise of share options under PBB ESOS as follows: – 14,482 shares at option price of RM1.64 per share – 1,382,291 shares at option price of RM3.56 per share – 194,275 shares at option price of RM3.40 per share – 1,397,700 shares at option price of RM4.60 per share – 6,670,000 shares at option price of RM4.92 per share – 3,155,000 shares at option price of RM6.37 per share	3,410,356,408
31.10.2005	2,114,074	Exercise of share options under PBB ESOS as follows: – 1,063 shares at option price of RM1.64 per share – 442,561 shares at option price of RM3.56 per share – 96,950 shares at option price of RM3.40 per share – 424,800 shares at option price of RM4.60 per share – 1,014,500 shares at option price of RM4.92 per share – 134,200 shares at option price of RM6.37 per share	3,412,470,482
09.11.2005	3,737,523	Exercise of share options under PBB ESOS as follows: – 1,269 shares at option price of RM1.64 per share – 1,429,354 shares at option price of RM3.56 per share – 238,525 shares at option price of RM3.40 per share – 1,537,875 shares at option price of RM4.60 per share – 204,000 shares at option price of RM4.92 per share – 326,500 shares at option price of RM6.37 per share	3,416,208,005
15.11.2005	660,400	Exercise of share options under PBB ESOS as follows: – 163,100 shares at option price of RM3.56 per share – 61,700 shares at option price of RM3.40 per share – 390,100 shares at option price of RM4.60 per share – 45,500 shares at option price of RM4.92 per share	3,416,868,405
05.12.2005	504,684	Exercise of share options under PBB ESOS as follows: – 217,309 shares at option price of RM3.56 per share – 35,375 shares at option price of RM3.40 per share – 202,500 shares at option price of RM4.60 per share – 23,500 shares at option price of RM4.92 per share – 26,000 shares at option price of RM6.37 per share	3,417,373,089

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
13.01.2006	3,553,363	Exercise of share options under PBB ESOS as follows: – 2,587 shares at option price of RM1.64 per share – 391,750 shares at option price of RM3.56 per share – 77,325 shares at option price of RM3.40 per share – 519,300 shares at option price of RM4.60 per share – 71,000 shares at option price of RM4.92 per share – 86,000 shares at option price of RM6.37 per share – 2,405,401 shares at option price of RM5.67 per share	3,420,926,452
18.01.2006	115,100	Exercise of share options under PBB ESOS as follows: – 8,600 shares at option price of RM3.56 per share – 83,500 shares at option price of RM4.60 per share – 23,000 shares at option price of RM4.92 per share	3,421,041,552
08.02.2006	329,363	Exercise of share options under PBB ESOS as follows: – 45,938 shares at option price of RM3.56 per share – 2,425 shares at option price of RM3.40 per share – 27,500 shares at option price of RM4.60 per share – 7,500 shares at option price of RM4.92 per share – 7,000 shares at option price of RM6.37 per share – 239,000 shares at option price of RM5.67 per share	3,421,370,915
28.02.2006	3,922,364	Exercise of share options under PBB ESOS as follows: – 302 shares at option price of RM1.64 per share – 234,931 shares at option price of RM3.56 per share – 20,125 shares at option price of RM3.40 per share – 293,500 shares at option price of RM4.60 per share – 63,500 shares at option price of RM4.92 per share – 255,000 shares at option price of RM6.37 per share – 3,055,006 shares at option price of RM5.67 per share	3,425,293,279
09.03.2006	8,050,287	Exercise of share options under PBB ESOS as follows: – 1,282 shares at option price of RM1.64 per share – 296,195 shares at option price of RM3.56 per share – 3,125 shares at option price of RM3.40 per share – 314,600 shares at option price of RM4.60 per share – 108,000 shares at option price of RM4.92 per share – 402,390 shares at option price of RM6.37 per share – 6,924,695 shares at option price of RM5.67 per share	3,433,343,566
14.03.2006	12,000	Exercise of share options under PBB ESOS at option price of RM5.67 per share	3,433,355,566
14.08.2006	1,960,920	Exercise of share options under PBB ESOS as follows: – 2,094 shares at option price of RM1.64 per share – 94,596 shares at option price of RM3.56 per share – 11,625 shares at option price of RM3.40 per share – 212,500 shares at option price of RM4.60 per share – 40,000 shares at option price of RM4.92 per share – 115,000 shares at option price of RM6.37 per share – 1,485,105 shares at option price of RM5.67 per share	3,435,316,486

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
22.08.2006	13,588,150	Exercise of share options under PBB ESOS as follows: – 17,923 shares at option price of RM1.64 per share – 411,452 shares at option price of RM3.56 per share – 44,250 shares at option price of RM3.40 per share – 555,000 shares at option price of RM4.60 per share – 72,900 shares at option price of RM4.92 per share – 319,000 shares at option price of RM6.37 per share – 12,167,625 shares at option price of RM5.67 per share	3,448,904,636
04.09.2006	1,147,600	Exercise of share options under PBB ESOS as follows: – 34,600 shares at option price of RM3.56 per share – 83,500 shares at option price of RM4.60 per share – 51,500 shares at option price of RM4.92 per share – 978,000 shares at option price of RM5.67 per share	3,450,052,236
22.09.2006	754,127	Exercise of share options under PBB ESOS as follows: – 16,127 shares at option price of RM3.56 per share – 22,000 shares at option price of RM4.60 per share – 7,000 shares at option price of RM4.92 per share – 16,000 shares at option price of RM6.37 per share – 693,000 shares at option price of RM5.67 per share	3,450,806,363
20.11.2006	1,735,884	Exercise of share options under PBB ESOS as follows: – 2,698 shares at option price of RM1.64 per share – 31,886 shares at option price of RM3.56 per share – 6,500 shares at option price of RM3.40 per share – 130,500 shares at option price of RM4.60 per share – 19,000 shares at option price of RM4.92 per share – 542,500 shares at option price of RM6.37 per share – 1,002,800 shares at option price of RM5.67 per share	3,452,542,247
30.11.2006	3,142,529	Exercise of share options under PBB ESOS as follows: – 1,358 shares at option price of RM1.64 per share – 90,371 shares at option price of RM3.56 per share – 4,000 shares at option price of RM3.40 per share – 188,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 1,083,300 shares at option price of RM6.37 per share – 1,731,500 shares at option price of RM5.67 per share	3,455,684,776
05.12.2006	4,553,096	Exercise of share options under PBB ESOS as follows: – 4,092 shares at option price of RM1.64 per share – 161,211 shares at option price of RM3.56 per share – 18,793 shares at option price of RM3.40 per share – 349,600 shares at option price of RM4.60 per share – 78,000 shares at option price of RM4.92 per share – 1,655,200 shares at option price of RM6.37 per share – 2,286,200 shares at option price of RM5.67 per share	3,460,237,872

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
15.12.2006	2,407,500	Exercise of share options under PBB ESOS as follows: – 30,700 shares at option price of RM3.56 per share – 1,800 shares at option price of RM3.40 per share – 82,200 shares at option price of RM4.60 per share – 59,000 shares at option price of RM4.92 per share – 729,000 shares at option price of RM6.37 per share – 1,504,800 shares at option price of RM5.67 per share	3,462,645,372
22.12.2006	179,500	Exercise of share options under PBB ESOS as follows: – 17,500 shares at option price of RM4.60 per share – 50,000 shares at option price of RM6.37 per share – 112,000 shares at option price of RM5.67 per share	3,462,824,872
25.01.2007	7,252,589	Exercise of share options under PBB ESOS as follows: – 473 shares at option price of RM1.64 per share – 184,208 shares at option price of RM3.56 per share – 14,800 shares at option price of RM3.40 per share – 234,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,230,108 shares at option price of RM6.37 per share – 3,545,000 shares at option price of RM5.67 per share	3,470,077,461
30.01.2007	16,102,248	Exercise of share options under PBB ESOS as follows: – 5,228 shares at option price of RM1.64 per share – 68,187 shares at option price of RM3.56 per share – 29,000 shares at option price of RM3.40 per share – 254,031 shares at option price of RM4.60 per share – 60,200 shares at option price of RM4.92 per share – 11,004,802 shares at option price of RM6.37 per share – 4,680,800 shares at option price of RM5.67 per share	3,486,179,709
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: – 16,239 shares at option price of RM3.56 per share – 775 shares at option price of RM3.40 per share – 35,100 shares at option price of RM4.60 per share – 11,000 shares at option price of RM4.92 per share – 1,971,000 shares at option price of RM6.37 per share – 764,500 shares at option price of RM5.67 per share	3,488,978,323
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: – 8,000 shares at option price of RM3.56 per share – 1,000 shares at option price of RM3.40 per share – 48,500 shares at option price of RM4.60 per share – 25,500 shares at option price of RM4.92 per share – 2,387,000 shares at option price of RM6.37 per share – 979,000 shares at option price of RM5.67 per share	3,492,427,323
23.02.2007	118,000	Exercise of share options under PBB ESOS as follows: – 3,500 shares at option price of RM4.60 per share – 49,000 shares at option price of RM6.37 per share – 65,500 shares at option price of RM5.67 per share	3,492,545,323

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
14.05.2007	5,659,529	Exercise of share options under PBB ESOS as follows: – 22,492 shares at option price of RM1.64 per share – 75,283 shares at option price of RM3.56 per share – 24,350 shares at option price of RM3.40 per share – 185,000 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,516,279 shares at option price of RM6.37 per share – 1,792,625 shares at option price of RM5.67 per share	3,498,204,852
17.05.2007	7,553,346	Exercise of share options under PBB ESOS as follows: – 3,371 shares at option price of RM1.64 per share – 114,070 shares at option price of RM3.56 per share – 31,507 shares at option price of RM3.40 per share – 216,500 shares at option price of RM4.60 per share – 54,300 shares at option price of RM4.92 per share – 4,608,696 shares at option price of RM6.37 per share – 2,524,902 shares at option price of RM5.67 per share	3,505,758,198
30.05.2007	224,369	Exercise of share options under PBB ESOS as follows: – 9,369 shares at option price of RM3.56 per share – 6,500 shares at option price of RM4.60 per share – 2,500 shares at option price of RM4.92 per share – 128,000 shares at option price of RM6.37 per share – 78,000 shares at option price of RM5.67 per share	3,505,982,567
04.06.2007	2,962,800	Exercise of share options under PBB ESOS as follows: – 43,000 shares at option price of RM3.56 per share – 1,000 shares at option price of RM3.40 per share – 117,000 shares at option price of RM4.60 per share – 34,000 shares at option price of RM4.92 per share – 1,931,000 shares at option price of RM6.37 per share – 836,800 shares at option price of RM5.67 per share	3,508,945,367
07.06.2007	33,900	Exercise of share options under PBB ESOS as follows: – 400 shares at option price of RM3.56 per share – 1,500 shares at option price of RM4.60 per share – 25,000 shares at option price of RM6.37 per share – 7,000 shares at option price of RM5.67 per share	3,508,979,267
10.07.2007	1,974,411	Exercise of share options under PBB ESOS as follows: – 379 shares at option price of RM1.64 per share – 47,133 shares at option price of RM3.56 per share – 91,000 shares at option price of RM4.60 per share – 15,500 shares at option price of RM4.92 per share – 1,201,900 shares at option price of RM6.37 per share – 618,499 shares at option price of RM5.67 per share	3,510,953,678

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
17.07.2007	7,444,206	Exercise of share options under PBB ESOS as follows: – 82,283 shares at option price of RM3.56 per share – 19,925 shares at option price of RM3.40 per share – 95,575 shares at option price of RM4.60 per share – 16,100 shares at option price of RM4.92 per share – 6,428,923 shares at option price of RM6.37 per share – 801,400 shares at option price of RM5.67 per share	3,518,397,884
20.07.2007	727,500	Exercise of share options under PBB ESOS as follows: – 3,000 shares at option price of RM3.56 per share – 21,000 shares at option price of RM4.60 per share – 10,000 shares at option price of RM4.92 per share – 512,000 shares at option price of RM6.37 per share – 181,500 shares at option price of RM5.67 per share	3,519,125,384
14.11.2007	6,071,344	Exercise of share options under PBB ESOS as follows: – 727 shares at option price of RM1.64 per share – 68,822 shares at option price of RM3.56 per share – 450 shares at option price of RM3.40 per share – 138,900 shares at option price of RM4.60 per share – 26,000 shares at option price of RM4.92 per share – 4,763,700 shares at option price of RM6.37 per share – 1,072,745 shares at option price of RM5.67 per share	3,525,196,728
16.11.2007	1,834,280	Exercise of share options under PBB ESOS as follows: – 32,006 shares at option price of RM3.56 per share – 29,075 shares at option price of RM3.40 per share – 86,969 shares at option price of RM4.60 per share – 16,000 shares at option price of RM4.92 per share – 1,117,231 shares at option price of RM6.37 per share – 552,999 shares at option price of RM5.67 per share	3,527,031,008
26.11.2007	849,375	Exercise of share options under PBB ESOS as follows: – 9,700 shares at option price of RM3.56 per share – 19,075 shares at option price of RM3.40 per share – 38,000 shares at option price of RM4.60 per share – 19,500 shares at option price of RM4.92 per share – 479,800 shares at option price of RM6.37 per share – 283,300 shares at option price of RM5.67 per share	3,527,880,383
17.12.2007	11,000	Exercise of share options under PBB ESOS at option price of RM6.37 per share	3,527,891,383
21.01.2008	701,527	Exercise of share options under PBB ESOS as follows: – 46,600 shares at option price of RM3.56 per share – 125 shares at option price of RM3.40 per share – 19,000 shares at option price of RM4.60 per share – 8,500 shares at option price of RM4.92 per share – 481,302 shares at option price of RM6.37 per share – 146,000 shares at option price of RM5.67 per share	3,528,592,910

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.02.2008	710,476	Exercise of share options under PBB ESOS as follows: – 11,109 shares at option price of RM3.56 per share – 4,700 shares at option price of RM4.60 per share – 8,000 shares at option price of RM4.92 per share – 502,167 shares at option price of RM6.37 per share – 184,500 shares at option price of RM5.67 per share	3,529,303,386
18.02.2008	1,595,474	Exercise of share options under PBB ESOS as follows: – 10,262 shares at option price of RM3.56 per share – 50 shares at option price of RM3.40 per share – 61,862 shares at option price of RM4.60 per share – 10,500 shares at option price of RM4.92 per share – 1,090,800 shares at option price of RM6.37 per share – 422,000 shares at option price of RM5.67 per share	3,530,898,860
21.02.2008	65,000	Exercise of share options under PBB ESOS as follows: – 2,500 shares at option price of RM4.60 per share – 41,500 shares at option price of RM6.37 per share – 21,000 shares at option price of RM5.67 per share	3,530,963,860
05.03.2008	748,792	Exercise of share options under PBB ESOS as follows: – 2,121 shares at option price of RM1.64 per share – 23,221 shares at option price of RM3.56 per share – 4,750 shares at option price of RM3.40 per share – 37,700 shares at option price of RM4.60 per share – 17,500 shares at option price of RM4.92 per share – 462,400 shares at option price of RM6.37 per share – 201,100 shares at option price of RM5.67 per share	3,531,712,652
12.03.2008	213,182	Exercise of share options under PBB ESOS as follows: – 18,982 shares at option price of RM3.56 per share – 11,500 shares at option price of RM4.60 per share – 5,500 shares at option price of RM4.92 per share – 123,000 shares at option price of RM6.37 per share – 54,200 shares at option price of RM5.67 per share	3,531,925,834

* The number of shares allotted has been adjusted to reflect the consolidation of PBB shares from par value of RM0.50 to par value of RM1.00 on 2 June 2004.

SUMMARY OF PROPERTIES OWNED BY PUBLIC BANK GROUP

AS AT 31 DECEMBER 2008

	No. of Properties		
Area	Freehold	Leasehold	Net Book Value (RM'000)
DOMESTIC			
PUBLIC BANK BERHAD			
Kuala Lumpur	2	–	274,214
Perak	1	–	284
Sarawak	–	1	29
PUBLIC MUTUAL BERHAD			
Kuala Lumpur	2	2	74,748
Johor Darul Takzim	–	1	982
Pulau Pinang	1	–	1,924
Sabah	–	1	80
Sarawak	–	2	2,689
Selangor Darul Ehsan	1	1	6,089
PUBLIC HOLDINGS SDN BHD			
Kuala Lumpur	2	3	29,701
Johor Darul Takzim	3	–	48,805
Melaka	–	1	855
Perak	1	1	4,681
Pulau Pinang	4	–	3,328
Sarawak	–	1	3,066
Selangor Darul Ehsan	1	2	46,991
PB PROPERTIES SDN BHD			
Kuala Lumpur	2	–	26,876
Johor Darul Takzim	1	–	219
Kedah Darul Aman	1	–	1,481
Melaka	–	1	524
Perak	2	–	846
Pulau Pinang	3	–	2,085
Sabah	–	2	1,850
Sarawak	1	2	2,164
PUBLIC BANK (L) LTD			
Federal Territory of Labuan	–	1	360
OVERSEAS			
PUBLIC FINANCIAL HOLDINGS GROUP			
Hong Kong	–	31	388,912

Note:

The details of the top 10 properties as included in the above summary are disclosed in the following page.

LIST OF TOP 10 PROPERTIES OWNED BY PUBLIC BANK GROUP

AS AT 31 DECEMBER 2008

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur Malaysia	36-storey office tower and 5-storey podium (L/B)	Public Bank's Head Office and Kuala Lumpur City Main Office; business premises of subsidiary and associated companies	Freehold	–	14 Years	46,436	2-1-1995	274,012
Basement, Ground Floor, 1st-12th Floor, Flat A & B on 14th Floor, 17th Floor, Flat A on 19th Floor, 21st Floor and Main Roof Public Bank Centre 120 Des Voeux Road Central Hong Kong	A shop unit on ground floor and basement; and office floors of a 23-storey commercial building	Public Bank (HK) Ltd's Main Branch and office	Leasehold 999 Years	834 Years (26-6-2842)	31 Years	5,451	30-5-2006**	111,408
Lot 59 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia	Vacant land	Public Mutual's future new Head Quarters	Freehold	–	–	5,393	24-4-2006	66,836
11th Floor Argyle Centre Phase 1 688 Nathan Road 65 Argyle Street Mongkok Kowloon Hong Kong	Office space on the 11th Floor of a 21-storey commercial building	Public Financial Holdings Group office; part of office space leased to third parties	Leasehold 150 Years	52 Years (18-2-2060)	26 Years	1,465	2-5-1994 (R)	55,895
Public Bank Tower 19 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Malaysia	30-storey office tower (L/B)	Public Bank's Johor Bahru Branch; office space rented to third parties and a related party	Freehold	–	14 Years	36,222	12-8-1991	45,526
Shop B Ground Floor and Office B 1st to 17th Floor JCG Building 16 Mongkok Road Mongkok Kowloon Hong Kong	A shop unit on ground floor and all B units for 1st to 17th floors of an 18-storey commercial building with shops and offices	Public Bank (HK) Ltd. & Public Finance Ltd.'s Mongkok Branch; storeroom of Public Financial Holdings Group; office space leased to third parties	Leasehold 150 Years	42 Years (27-5-2050)	21 Years	2,215	30-6-1994 (R)	40,644

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
11th Floor Wing On House 71 Des Voeux Road Central Central Hong Kong	11th floor of a 31-storey office building built on a 2-storey podium	Office of Public Financial Holdings Group. A portion is leased to Public Bank Berhad, Hong Kong branch as office	Leasehold 999 Years	894 Years (14-8-2902)	41 Years	1,464	11-6-1993	40,100
1 Jalan Air Hitam Kawasan Institusi Bandar Baru Bangi 43000 Kajang Selangor Darul Ehsan Malaysia	5 block integrated multi-storey building (L/B)	Public Bank's IT & Training Centre	Leasehold 99 Years	88 Years (2-9-2096)	11 Years	31,669	3-9-1997	39,283
Wisma Public Bank 300 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	14-storey office building (L/B)	Public Bank's Tiong Nam Branch	Freehold	–	21 Years	10,395	27-8-2003	23,800
Shops Nos. 4, 5A, 5B, 6A and 6B on Level 1 of Shatin New Town Nos. 1-15 Wang Pok Street, Shatin New Territories Hong Kong	5 shops on level 1 of a commercial podium under eight blocks of 22-storey residential building	Public Bank (HK) Ltd's Shatin Branch	Leasehold 149 Years	39 Years (30-6-2047)	25 Years	203	1-12-2006	20,900

Notes:

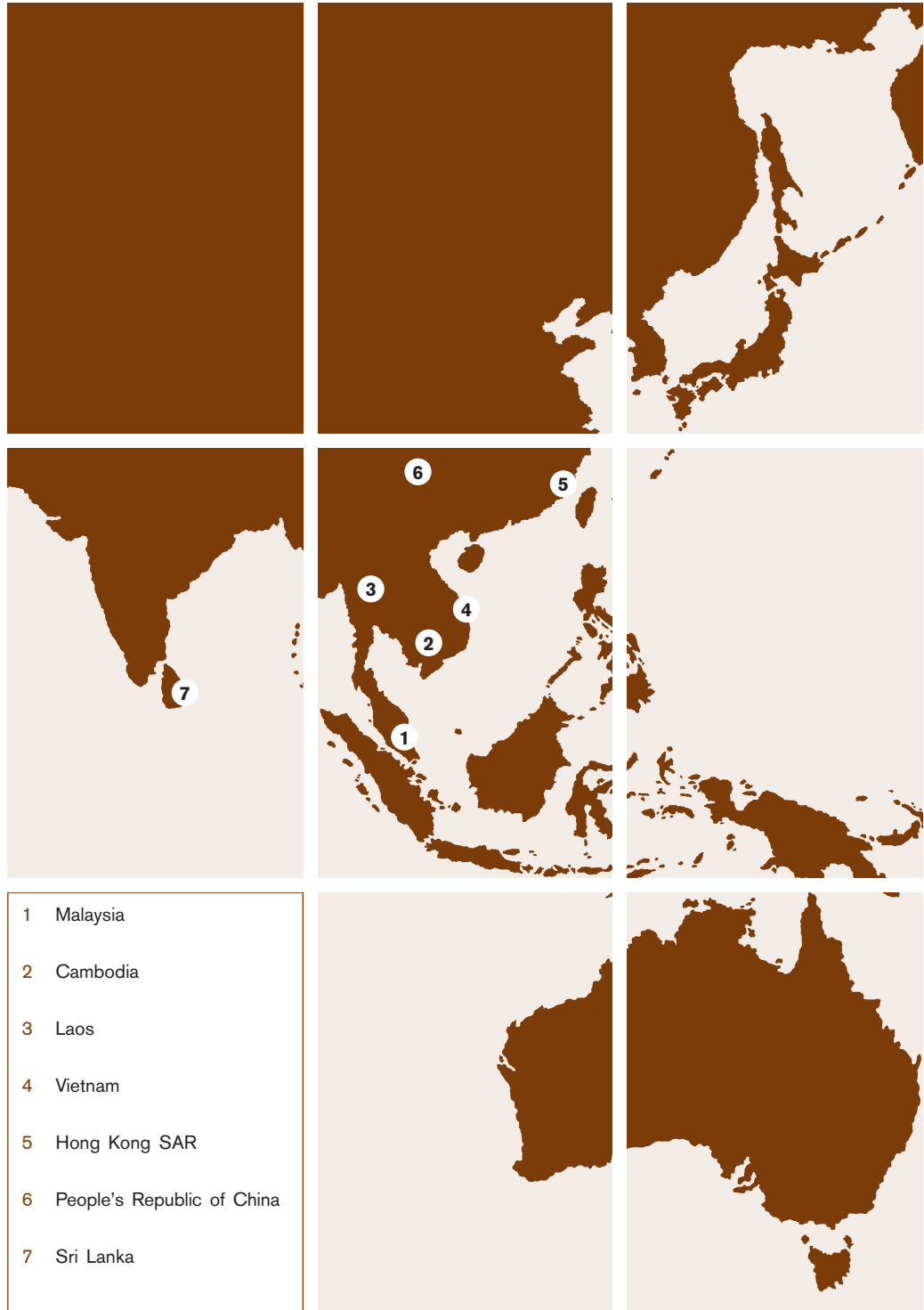
(L/B) Land and building

(R) Revaluation was performed as at 31 December 2008

** The acquisition date of 30 May 2006 is the date such property was acquired upon acquisition of Public Bank (Hong Kong) Limited by Public Financial Holdings Group

Public Financial Holdings Group hold the land portion of all properties by means of leases, in Hong Kong SAR.

INTERNATIONAL NETWORK



- 1 Malaysia
- 2 Cambodia
- 3 Laos
- 4 Vietnam
- 5 Hong Kong SAR
- 6 People's Republic of China
- 7 Sri Lanka

GROUP CORPORATE DIRECTORY


PUBLIC BANK
www.publicbank.com.my

HEAD OFFICE: Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur, Malaysia
 Tel : 03-21766000, 03-21766666, 03-21638888, 03-21638899
 Fax : 03-21639917 Swift: PBBEMYKL
 Cable: "PBBKLCITY" Kuala Lumpur Telex : MA28290/MA28291

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
FEDERAL TERRITORY			
• Bandar Sri Damansara	6, Jalan Tembaga SD5/2A Bandar Sri Damansara 52200 Kuala Lumpur	03-62729568 03-62725741 03-62744126	03-62725767 03-62747185
• Bangsar	36 & 38, Jalan Maarof Bangsar, 59100 Kuala Lumpur	03-22828929 03-22828930	03-22828917 03-22847245
• Bintang Walk	150, Jalan Bukit Bintang 55100 Kuala Lumpur	03-21427969	03-21421241
• Bukit Damansara	36 – 40, Medan Setia 2 Plaza Damansara, Bukit Damansara 50490 Kuala Lumpur	03-20954278 03-20954922	03-20949403 03-20943844 03-20956417
• Changkat Thambi Dollah	85 & 87, Changkat Thambi Dollah Off Jalan Pudu, 55100 Kuala Lumpur	03-21454492 03-21454498	03-21454462 03-21415266
• Jalan Bukit Bintang	Sun Complex, Jalan Bukit Bintang 55100 Kuala Lumpur	03-21445755 03-21445759	03-21445751
• Jalan Hang Lekiu	20 – 26, Jalan Hang Lekiu 50100 Kuala Lumpur	03-20787077 03-20781115	03-20726155
• Jalan Ipoh	Wisma Yap Ka, 480, Batu 3, Jalan Ipoh 51200 Kuala Lumpur	03-40427487 03-40427488	03-40420032
• Jalan Kelang Lama	3045 – 3051, Batu 4½ Jalan Kelang Lama, 58000 Kuala Lumpur	03-79811211 03-79811212	03-79816939
• Jalan Kuchai Lama	44, 46, 48 & 50, Jalan 6/116B Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur	03-79843413 (Direct Line) 03-79804377 03-79804575	03-79843411
• Jalan Pasar	44 & 46, Jalan Pasar 55100 Kuala Lumpur	03-21429160/10/44	03-21429916
• Jalan Raja Chulan	Ground Floor, Wisma Lim Foo Yong 86, Jalan Raja Chulan, 50200 Kuala Lumpur	03-21418255 03-21418366	03-21487721 03-21422893
• Jalan Raja Laut	Lot G3 & 1A.2, Bangunan KWSP 5, Jalan Raja Laut, 50350 Kuala Lumpur	03-26930722	03-26914624
• Jalan Sultan Sulaiman	Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur	03-20702711	03-22732101 03-22722145

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
FEDERAL TERRITORY			
• Jalan Sungei Besi	12, Jalan Sungei Besi 57100 Kuala Lumpur	03-92214771 03-92215655	03-92212968
• Jalan Tun H.S. Lee	Lot G. 01, Plaza First Nationwide 161, Jalan Tun H.S. Lee 50000 Kuala Lumpur	03-20702121 03-20702234	03-20702250
• Jalan Tun Sambanthan	68, Jalan Tun Sambanthan 50470 Brickfields, Kuala Lumpur	03-22725930 03-22736494	03-22736513
• Jinjang	3476 & 3477, Garden Street Jinjang Utara, 52000 Kuala Lumpur	03-62523355 03-62523356	03-62522422
• Kampung Baru	Wisma Le Proton, 134 Jalan Raja Abdullah, Kampung Baru 50300 Kuala Lumpur	03-26927269 03-26928749	03-26927188
• Kepong	17, 19 & 21, Jalan Ambong Kiri Dua Kepong Baru, 52100 Kuala Lumpur	03-62570032 03-62574690	03-62516611 03-62519386
• KL City Main Office	Ground Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur	03-21767888 03-21638866	03-21639901
• Medan Idaman	Medan Idaman Business Centre 4 & 6, Jalan 2/21D Batu 5, Jalan Gombak 53000 Kuala Lumpur	03-40234478 03-40234467	03-40234497
• Mont' Kiara	No. 1 & 3, Jalan Solaris 1 Solaris Mont' Kiara 50480 Kuala Lumpur	03-62036363	03-62037878 03-62036619 03-62036639
• Overseas Union Garden	3 & 5, Medan Hujan Rahmat Taman Overseas Union 58200 Kuala Lumpur	03-77856409 03-77856410	03-77856412
• Pandan Indah	1, 3 & 5, Jalan Pandan Indah 1/23 Pandan Indah, 55100 Kuala Lumpur	03-92747494 03-92742495	03-92746497
• Pandan Jaya	44, Jalan Pandan 2/2 Pandan Jaya, 55100 Kuala Lumpur	03-92812199 03-92863149	03-92812206
• Salak South	31 & 33, Ground Floor, Jalan 3/108C Taman Sungai Besi, Salak South 57100 Kuala Lumpur	03-79805190 03-79802921 03-79805224	03-79805230
• Segambut	75 & 77, Jalan Segambut Pusat 51200 Kuala Lumpur	03-62527052 03-62527054	03-62527057 03-62526620

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
FEDERAL TERRITORY			
• Selayang	45, 47 & 49, Jalan 2/3A Pusat Bandar Utara Selayang Batu Caves, 68100 Kuala Lumpur	03-61368644 03-61368645 03-61368649 03-61385290	03-61368651 03-61374918 03-61383723
• Sentul	36, 38 & 40, Jalan 14/48A Sentul Raya Off Jalan Sentul 51000 Kuala Lumpur	03-40421811 03-40421509	03-40421822
• Seri Petaling	40 – 42, Jalan Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur	03-90585711 03-90585712	03-90570415 03-90582026
• Setapak	263, 265, 267 & 269 Jalan Genting Kelang, Setapak 53300 Kuala Lumpur	03-40219341 03-40219343	03-40219351
• Taman Cheras	1, 3 & 5, Jalan 4/96A Taman Cheras Makmur 56100 Kuala Lumpur	03-91307840 03-91314182 03-91314367	03-91304586
• Taman Connaught	80 & 82, Jalan Cerdas Taman Connaught, Cheras 56000 Kuala Lumpur	03-91017152 03-91023649	03-91023645
• Taman Desa	Lot 1A – 3A, Business Centre Taman Desa, Off Jalan Kelang Lama 58100 Kuala Lumpur	03-79837811 03-79837812	03-79818069
• Taman Maluri	275 & 277, Jalan Mahkota Taman Maluri, Cheras, 55100 Kuala Lumpur	03-92859994 03-92857203	03-92856811
• Taman Melawati	262 – 265, Jalan Bandar 12 Taman Melawati, 53100 Kuala Lumpur	03-41052003 03-41052004	03-41052009
• Taman Midah	2, Jalan Midah 3, Taman Midah 56000 Kuala Lumpur	03-91300533 03-91300234	03-91309226
• Taman Tun Dr. Ismail	66, 68 & 70, Jalan Burhanuddin Helmi Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-77294672 03-77299440	03-77298754 03-77223719
• Tiong Nam	Wisma Public Bank, 300, Jalan Raja Laut 50350 Kuala Lumpur	03-26939555 03-26939528 03-26939526 03-26939718	03-26914673
• Wangsa Maju	24 – 26, Jalan 1A/27A, Section 1 Wangsa Maju, 53300 Kuala Lumpur	03-41428577 03-41428579	03-41429281

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
FEDERAL TERRITORY - LABUAN			
• Labuan	Lucas Kong Building, 5, Jalan Merdeka 87007 Wilayah Persekutuan, Labuan	087-414201 087-414278	087-412388
SELANGOR			
• Ampang	Wisma Saudagar, 420, Batu 5, Jalan Ampang 68000 Ampang, Selangor	03-42562333 03-42562636	03-42578964
• Bandar Bukit Tinggi	Nos. 69 & 71, Jalan Batu Nilam 1 Bandar Bukit Tinggi 41200 Klang, Selangor	03-33236006 03-33231661 03-33236996	03-33237700 03-33237117
• Bandar Puchong Jaya	9 & 10, Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong, Selangor	03-58821888 03-58821889	03-58821299 03-58822340
• Bandar Puteri Puchong	No. 1 & 3, Jalan Puteri 2/3 Bandar Puteri, 47100 Puchong, Selangor	03-80628899 03-80627799	03-80627788
• Bandar Sunway	48 & 50, Jalan PJS 11/28A Bandar Sunway 46150 Petaling Jaya, Selangor	03-56364138 03-56362256	03-56363556
• Banting	251, Jalan Besar 42700 Banting, Selangor	03-31878387 03-31878587	03-31872708
• Batang Kali	3, 4 & 5, Jalan CKC 1 Bandar Baru Batang Kali 44300 Ulu Selangor, Selangor	03-60572401 03-60572402 03-60572403	03-60572405 03-60572277
• Bukit Beruntung	23 & 25, Jalan Melati 2B, Seksyen BB11 Bandar Bukit Beruntung 48300 Rawang, Selangor	03-60282170 03-60282168	03-60282173
• Damansara Jaya	1, 3 & 5, Jalan SS 22/23 Damansara Jaya 47400 Petaling Jaya, Selangor	03-77298588	03-77288125
• Damansara Utama	49, 51 & 53, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya, Selangor	03-77289376 03-77289406	03-77278064
• Jalan SK 10/4	Bangunan MCA Seri Kembangan 1260, Jalan SK 10/4 43300 Seri Kembangan, Selangor	03-89488700 03-89483557	03-89485700 03-89481412
• Jalan Tapah	64 & 66, Jalan Tapah Off Jalan Goh Hock Huat 41400 Kelang, Selangor	03-33435193 03-33419036 03-33419037 03-33414889	03-33411353 03-33417455

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
SELANGOR			
• Kapar	65 & 67, Lintang Dato' Tahir 1 42200 Kapar, Selangor	03-32502799	03-32500915
• Kajang	Nos. 14, 15 & 16, Jalan Raja Haroun 43000 Kajang, Selangor	03-87335752 03-87335754 03-87344240	03-87365369 03-87367278
• Kampung Baru Subang	34 – 36, Jalan Lebuhr Besar Kampung Baru Subang 40150 Shah Alam, Selangor	03-78468986 03-78468012	03-78463351 03-78458713
• Kelana Jaya	F-07, F-08 & F-09, Jalan SS 6/5B Dataran Glomac, Pusat Bandar Kelana Jaya 47301 Petaling Jaya, Selangor	03-78034928 03-78031267 03-78034981	03-78032478
• Klang	28 – 32, Persiaran Sultan Ibrahim 41300 Klang, Selangor	03-33423567 03-33424048	03-33423566
• Kuala Selangor	1 & 3, Jalan Raja Lumu 45000 Kuala Selangor, Selangor	03-32894193 03-32894194 03-32894195	03-32894133
• Pandamaran	306, Jalan Besar, Pandamaran 42000 Port Klang, Selangor	03-31672830 03-31672831	03-31675440
• Petaling Jaya New Town	1, 3 & 5, Jalan 52/2 46200 Petaling Jaya, Selangor	03-79570211 03-79570007	03-79579601
• Petaling Jaya Old Town	N19 & O19, Jalan Pasar Off Jalan Othman 46000 Petaling Jaya, Selangor	03-77836566 03-77835785	03-77836562
• Port Klang	82, Lebuhr Beringin, Off Jalan Berangan 42000 Port Klang, Selangor	03-31674550 03-31674668	03-31685510
• Rawang	45, Jalan 1B, Batu 17, Taman Jati 48000 Rawang, Selangor	03-60924936 03-60924937	03-60917424 03-60922575 03-60924935
• Sabak Bernam	2180 & 2181, Jalan Menteri 45200, Sabak Bernam, Selangor	03-32162500 03-32162805	03-32162809
• SEA Park	8 & 10, Jalan 21/12, Sea Park 46300 Petaling Jaya, Selangor	03-78738931 03-78738932	03-78744798 03-78772086
• Section 14	12, 14 & 16, Jalan 14/14 46100 Petaling Jaya, Selangor	03-79582585 03-79582586	03-79582593
• Sekinchan	102, Jalan Sabak Bernam 45400 Sekinchan, Selangor	03-32411263 03-32411264	03-32411644

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
SELANGOR			
• Semenyih	22B & 23, Jalan Besar 43500 Semenyih, Selangor	03-87238811 03-87238812	03-87237455
• Seri Gombak	19, 21 & 23, Jalan SG 1/6 Taman Seri Gombak 68100 Batu Caves, Selangor	03-61886712 03-61889611	03-61886236 03-61852979
• Seri Kembangan	Lot 255, Jalan Kolej 43300 Seri Kembangan, Selangor	03-89421096 03-89422671	03-89422537
• Seri Setia	B01 & G01, Plaza Seri Setia 1, Jalan SS9A/2 47300 Petaling Jaya, Selangor	03-78741944 03-78741966	03-78769411
• Shah Alam	Lot 31 – 35, Jalan Utas B, Seksyen 15/B 40000 Shah Alam, Selangor	03-55100567 03-55101313	03-55101288
• SS 2	61-1, 61-2 & 61-3, Jalan SS 2/75 47300 Petaling Jaya, Selangor	03-78740436 03-78741933 03-78741977 03-78742989	03-78741491
• Subang Jaya	B1 – B4, Jalan SS 15/4D, Subang Jaya 47500 Petaling Jaya, Selangor	03-56332420 03-56332421	03-56347713
• Sungai Buloh	Lot 403 & 404, Jalan 1A/1 Bandar Baru Sungai Buloh 47000 Sungai Buloh, Selangor	03-61562083 03-61562056 03-61561983 03-61571324	03-61562138
• Sungai Chua	1 & 3, Jalan M/J 2, Taman Majlis Jaya Jalan Sungai Chua, 43000 Kajang Selangor	03-87370228	03-87345570
• Sungai Jarom	S11 – 12, Jalan Rajawali 42600 Sungai Jarom, Selangor	03-31912031 03-31912032	03-31912080
• Sungai Pelek	24-C, Jalan Besar 43950 Sungai Pelek, Selangor	03-31411236 03-31411237	03-31411233
• Taman Chi Liung	22, 24, 26 & 28, Lintang Menalu Taman Chi Liung, 41200 Klang, Selangor	03-33718899 03-33718482	03-33720319
• Taman Indah	23, Jalan Kasturi 1, Plaza Kasturi Off Jalan Balakong, Batu 11 43200 Cheras, Selangor	03-90755202/211	03-90755769
• Taman Mayang	21 & 23, Jalan SS 25/23 Taman Plaza, 47301 Petaling Jaya Selangor	03-78039247 03-78030124	03-78039447

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
SELANGOR			
• Taman Muda	36, Jalan Bunga Tanjung 8A Taman Muda, 68000 Ampang, Selangor	03-42979335 03-42969506	03-42961810
• Taman Sentosa Klang	2, Jalan Dato' Yusof Shahbudin 30 Taman Sentosa, 41200 Klang, Selangor	03-51613369	03-51613524
• Taman Sri Muda	2, Jalan Sepadu B25/B Taman Perindustrian Axis, Section 25 40400 Shah Alam, Selangor	03-51216394 03-51216395	03-51216372
• Taman Taming Jaya	1 & 1-1, Medan Taming Satu Taman Taming Jaya 43300 Balakong, Selangor	03-89614980 03-89614984	03-89614985
• USJ	3, 5 & 7, Jalan USJ 10/1F 47620 UEP Subang Jaya, Selangor	03-56310776 03-56350617	03-56329196
JOHOR			
• Bandar Baru Permas Jaya	17 & 19, Jalan Permas 10/1 Bandar Baru Permas Jaya 81750 Masai, Johor	07-3883252 07-3883253 07-3883254	07-3883259
• Batu Pahat	116, 117 & 118 Jalan Chengal, Taman Makmur 83000 Batu Pahat, Johor	07-4344941 07-4344942	07-4319120
• Bukit Pasir	36-2 & 36-3, Taman Bahagia Jalan Panchor, Bukit Pasir 84300 Muar, Johor	06-9857261 06-9856878	06-9856811
• Chaah	3 & 5, Jalan Yong Peng 85400 Chaah, Johor	07-9262001 07-9262002	07-9262008
• Endau	811 & 812, Jalan Aman Taman Bahagia, 86900 Endau, Johor	07-7944051 07-7944155	07-7944086
• Jalan Abdullah	74 & 76, Jalan Abdullah 84000 Muar, Johor	06-9518753/60	06-9519550 06-9533659
• Johor Bahru	Level 1 & 12, Public Bank Tower 19, Jalan Wong Ah Fook 80000 Johor Bahru, Johor P.O. Box 231, 80720 Johor Bahru, Johor	07-2241733 (10 lines)	07-2223813 07-2223815
• Kahang	12, Jalan Parang 1, Taman Sri Kahang 86700 Kahang, Johor	07-7882294 07-7882295	07-7882297

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
JOHOR			
• Kluang	3A, 3B & 3C, Jalan Dato' Teoh Siew Khor 86000 Kluang, Johor	07-7735112/113 07-7727643/689 07-7712185	07-7735117 07-7727640 07-7724946
• Kota Tinggi	10A, 10B & 10C, Jalan Tun Habab 81900 Kota Tinggi, Johor	07-8834687 07-8834835	07-8834852
• Kulai	42-1, 42-2 & 42-3, Jalan Raya Kulai Besar, 81000 Kulai, Johor	07-6634166 07-6634167	07-6635761
• Masai	1 & 3, Jalan Suria 3 Bandar Seri Alam, 81750 Masai, Johor	07-2522498 07-2522500	07-2511795
• Mersing	21 & 22, Jalan Sulaiman 86800 Mersing, Johor	07-7992695 07-7992697	07-7992530 07-7993912
• Muar	47, 48, 49 & 50 Jalan Sayang, 84000 Muar, Johor	06-9517505 06-9517520	06-9523033
• Parit Raja	11 & 12, Jalan Kristal, Taman Kristal 2 86400 Parit Raja, Batu Pahat, Johor	07-4542855 07-4542857 07-4542859	07-4542844
• Pekan Nenas	SH9 & SH10, Main Road 81500 Pekan Nenas, Johor	07-6995352 07-6995594	07-6995351
• Pontian Kecil	761 & 762, Jalan Taib 82000 Pontian, Johor	07-6879601 07-6879602	07-6876144 07-6877844 07-6878424
• Segamat	62H & 62I, Jalan Genuang 85000 Segamat, Johor	07-9313900 07-9313930	07-9310854
• Simpang Renggam	29, Jalan Kijang, Taman Mohd Yassin 86200 Simpang Renggam, Johor	07-7550511 07-7550512	07-7550513
• Skudai	2 & 4, Jalan Nakhoda 12 Taman Ungku Tun Aminah 81300 Skudai, Johor	07-5570007 07-5570008	07-5560303
• Tangkak	125, Jalan Muar, 84900 Tangkak Johor	06-9782123/4	06-9783733
• Taman Desa Cemerlang	2, 4 & 6, Jalan Johar 2 Taman Desa Cemerlang 81800 Ulu Tiram, Johor	07-8616450	07-8616884 07-8618934
• Taman Johor Jaya	29, 31, 33 & 35, Jalan Rosmerah 2/10 Taman Johor Jaya 81100 Johor Bahru, Johor	07-3546755 07-3550095	07-3547113 07-3550512

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
JOHOR			
• Taman Munshi Ibrahim	48 & 50, Jalan Dian 8 Taman Munshi Ibrahim 81200 Johor Bahru, Johor	07-2346820 07-2346821	07-2346790
• Taman Perling	31, 33 & 35, Jalan Persisiran Perling Taman Perling, 81200 Johor Bahru, Johor	07-2344919 07-2344608	07-2345850
• Taman Sentosa	G1 & G2, Wisma Daiman 64 Jalan Sulam, Taman Sentosa 80150 Johor Bahru, Johor	07-3316521 07-3312266	07-3312666
• Tampoi	14 & 16, Jalan Sri Bahagia 10 Taman Sri Bahagia, Off Jalan Tampoi 81200 Johor Bahru, Johor	07-2377184 07-2377519	07-2378042
• Ulu Tiram	8 & 9, Jalan Raya, Taman Tiram Baru 81800 Ulu Tiram, Johor	07-8613291 07-8613292	07-8612666
PULAU PINANG			
• Bandar Baru Air Itam	54, 56 & 58, Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang	04-8284088 04-8286088	04-8280678
• Bagan Ajam	6862 – 6864, Jalan Bagan Jermal Bagan Ajam, 13000 Butterworth Pulau Pinang	04-3317822 04-3317823	04-3312248
• Bandar Bayan Baru	5, 7, 9 & 11, Lorong Kampung Jawa Bandar Bayan Baru 11900 Bayan Lepas, Pulau Pinang	04-6438200 04-6438390	04-6441877
• Bandar Seberang Jaya	11, Jalan Todak 2 Pusatbandar Seberang Jaya 13700 Seberang Jaya, Pulau Pinang	04-3971096 04-3971105	04-3971107
• Bukit Mertajam	2644 – 2648, Jalan Che Bee Noor 14000 Bukit Mertajam, Pulau Pinang	04-5392205 04-5392207	04-5392164
• Butterworth	85, 87 & 89, Jalan Selat, Taman Selat 12000 Butterworth, Pulau Pinang	04-3329837 04-3329839	04-3329836 04-3321498
• Jalan Air Itam	27A-G-1, 27B-G-1 & 27C-G-1 Jalan Air Itam, 11500 Air Itam Pulau Pinang	04-8288591/95	04-8288537
• Jalan Datuk Keramat	Ground & 1st Floor 456 Jalan Datuk Keramat 10460 Pulau Pinang	04-2264571 04-2281045 04-2282435 04-2292459	04-2291978

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
PULAU PINANG			
• Jalan Macalister	104, 104A & 104B, Jalan Macalister 10400 Pulau Pinang	04-2276842 04-2276843	04-2276850
• Jalan Raja Uda	5031 – 5033, Jalan Raja Uda 12300 Butterworth, Pulau Pinang	04-3245297 04-3245298	04-3245301
• Jelutong	407-A & 409-A, Jalan Jelutong 11600 Jelutong, Pulau Pinang	04-2813227 04-2825230	04-2825232
• Kepala Batas	21 & 23, Jalan Bertam 13200 Kepala Batas Seberang Perai Utara, Pulau Pinang	04-5759085 04-5759086	04-5759088
• Lebuh Macallum	Harbour Trade Centre, 2-1-20 & 2-1-30 2, Gat Lebuh Macallum 10300 Pulau Pinang	04-2628442 04-2627732	04-2630057
• Nibong Tebal	3619 – 3620, Jalan Che Ahmad 14300 Nibong Tebal Seberang Perai Selatan, Pulau Pinang	04-5932216 04-5931433	04-5931590
• Prai	2684 & 2685, Jalan Chain Ferry Taman Inderawasih, 13600 Prai Pulau Pinang	04-3901241 04-3901246	04-3902394
• Pulau Pinang	87, Lebuh Bishop 10200 Pulau Pinang	04-2613415 04-2616755	04-2617417
• Pulau Tikus	58, Jalan Cantonment Pulau Tikus, 10250 Pulau Pinang	04-2286017 04-2286018 04-2286019 04-2278744 04-2271890	04-2287075
• Relau	1 & 3, Jalan Relau 11900 Pulau Pinang	04-6443112 04-6443102	04-6443128
• Simpang Ampat	19, 21 & 23, Jalan Keruing Kawasan Perniagaan, Simpang Ampat 14100 Seberang Perai Selatan Pulau Pinang	04-5887000 04-5887248 04-5886744 04-5888021	04-5888080
• Sungai Nibong	33, 35 & 37, Jalan Pantai Jerjak 13 Sungai Nibong, 11900 Pulau Pinang	04-6586000	04-6576212
• Taman Bandar Raya	15 & 16, Lorong Sepakat 1 Taman Bandar Raya 14000 Bukit Mertajam, Pulau Pinang	04-5300288 04-5306327	04-5377288

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
MELAKA			
• Air Keroh	26 & 27, Lorong Setia Satu Air Keroh Heights, 75450 Melaka	06-2327208 06-2327209	06-2327205
• Batu Berendam	46 & 48, Jalan Mutiara Melaka 2 Mutiara Melaka, Batu Berendam 75350 Melaka	06-3176204 06-3176205	06-3176203
• Masjid Tanah	Lot 367 & 368, Kompleks Perniagaan 78300 Masjid Tanah, Melaka	06-3847712 06-3847713	06-3847717
• Melaka	60-68, Jalan Laksamana 75000 Melaka	06-2830233	06-2844552
• Taman Malim Jaya	6 & 8, Jalan Suria 2 Taman Malim Jaya, 75250 Melaka	06-3346397 06-3346404	06-3346412
• Taman Melaka Raya	566, 567 & 568, Jalan Merdeka Taman Melaka Raya, 75000 Melaka	06-2817527 06-2817528	06-2818806
• Tengkeria	300, 300A, 300B & 300-1 Jalan Ong Kim Wee, 75300 Melaka	06-2832052 06-2832054 06-2832072	06-2832159
NEGERI SEMBILAN			
• Bahau	120 & 121, Jalan Gurney 72100 Bahau, Negeri Sembilan	06-4544102 06-4544103	06-4545270
• Gemas	12, Jalan Mahkamah 73400 Gemas, Negeri Sembilan	07-9481770 07-9481780	07-9481110
• Kuala Pilah	564, Jalan Perpatteh 72000 Kuala Pilah, Negeri Sembilan	06-4812277/99	06-4815544
• Kuala Kelawang	128A & 128B, Jalan Syed Ali 71600 Kuala Kelawang, Jebebu Negeri Sembilan	06-6136925 06-6136926	06-6137110
• Nilai	168 – 170, Jalan Besar 71800 Nilai, Negeri Sembilan	06-7991066 06-7991067	06-7991337
• Port Dickson	866 & 867, Jalan Pantai 71000 Port Dickson, Negeri Sembilan	06-6472942 06-6472943	06-6474831 06-6474708
• Rasah	1281 – 1284, Jalan Rasah 70300 Seremban, Negeri Sembilan	06-7620623 06-7625544 06-7628289	06-7637622 06-7616671
• Seremban	44 – 46, Jalan Dato' Lee Fong Yee 70000 Seremban, Negeri Sembilan	06-7630661 06-7630662	06-7634500

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
NEGERI SEMBILAN			
• Tampin	4707 & 4708, Jalan Besar 73000 Tampin, Negeri Sembilan	06-4412511 06-4412512 06-4415785	06-4414814
PERAK			
• Ayer Tawar	139 & 141, Jalan Besar 32400 Ayer Tawar, Perak	05-6726399 05-6726400	05-6726402
• Bagan Serai	244 & 244A, Jalan Besar 34300 Bagan Serai, Perak	05-7212842 05-7212843	05-7212845
• Bidor	62D – 62E, Jalan Besar 35500 Bidor, Perak	05-4341257 05-4340964	05-4341241
• Bercham	4, 6, 8, & 10, Persiaran Bercham Selatan 2 31400 Ipoh, Perak	05-5480058 05-5480632 05-5482462 05-5468444	05-5480333 05-5473888
• Chemor	12 – 16, Laluan Chemor Sinaran Desa Chemor Sinaran 31200 Chemor, Perak	05-2011124 05-2011125	05-2011573
• Gunung Rapat	296 & 298, Jalan Raja Dr. Nazrin Shah Gunung Rapat, 31350 Ipoh, Perak	05-3131646 05-3131649 05-3113144	05-3132023
• Ipoh Garden	133, 133A-D, Jalan Dato' Lau Pak Khuan 31400 Ipoh, Perak	05-5480951 05-5480952	05-5480958
• Ipoh Main Office	7 – 13, Jalan Dato' Maharajalela 30000 Ipoh, Perak	05-2530115 05-2531034	05-2535505
• Jalan Pasir Putih	137 & 139, Jalan Pengkalan Barat Off Jalan Pasir Putih, 31650 Ipoh, Perak	05-3222453 05-3219892	05-3225714
• Jalan Sultan Idris Shah	76, Jalan Sultan Idris Shah 30000 Ipoh, Perak	05-2551068 05-2551069	05-2556555
• Jalan Yang Kalsom	46 – 54, Jalan Yang Kalsom 30250 Ipoh, Perak	05-2531998 05-2531514	05-2535528 05-2558430
• Jelapang	291, 293 & 295, Jalan Silibin 30100 Ipoh, Perak	05-5264014 05-5264015	05-5264485
• Kampar	3 & 4, Jalan Balai 31900 Kampar, Perak	05-4651044 05-4652160	05-4651400

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
PERAK			
• Kamunting	27 – 29, Regat Kamunting Off Jalan Kamunting 34600 Kamunting, Perak	05-8081110 05-8081112	05-8079363
• Kuala Kangsar	12, Jalan Daeng Selili 33000 Kuala Kangsar, Perak	05-7769895 05-7769896	05-7769892
• Menglembu	67 – 73, Jalan Besar 31450 Menglembu, Perak	05-2811014 05-2814978	05-2815015 05-2815580
• Parit Buntar	135 & 137, Jalan Taiping 34200 Parit Buntar, Perak	05-7160078/9/80	05-7160077
• Pantai Remis	66 – 70, Jalan Damar Laut 34900 Pantai Remis, Perak	05-6771251 05-6771252	05-6771495
• Pusing	293, Jalan Besar 31550 Pusing, Perak	05-2884077 05-2884078 05-2883942	05-2883975
• Seri Manjung	Lot No. 2274 – 2277, Taman Samudera 32040 Seri Manjung, Perak	05-6882927 05-6882987	05-6884952
• Simpang Pulai	39 & 41, Persiaran Sengat Baru 2 Taman Bersatu 31300 Simpang Pulai, Ipoh, Perak	05-3575360 05-3575361	05-3575358
• Sitiawan	Lot 166 – 168, Jalan Raja Omar 32000 Sitiawan, Perak	05-6913526 05-6913527	05-6917198
• Sungai Siput	161 & 162, Jalan Besar 31100 Sungai Siput, Perak	05-5986116 05-5984114	05-5986081
• Taiping	178 & 180, Jalan Kota 34000 Taiping, Perak	05-8085070 05-8085071	05-8077362
• Tanjong Malim	Lot 336-337, Jalan Chong Ah Peng 35900 Tanjong Malim, Perak	05-4597602 05-4597603	05-4597605
• Tanjong Piandang	12 & 14, Jalan Piandang 1 Taman Piandang Indah 34250 Tanjong Piandang, Perak	05-7257941 05-7257942	05-7257943
• Teluk Intan	Wisma Boltex, Jalan Pasar 36000 Teluk Intan, Perak	05-6223282 05-6212325	05-6215518

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
KEDAH			
• Alor Setar	1070 & 1071, Jalan Telok Wanjah 05200 Alor Setar, Kedah	04-7315411 04-7315412	04-7315778
• Changlun	73, Jalan Sintok Pekan Baru, 06010 Changlun, Kedah	04-9241457 04-9241085	04-9241870
• Gurun	39 – 41, Jalan Raya 08300 Gurun, Kedah	04-4686143 04-4686325	04-4687024
• Jalan Kota	1557, Jalan Kota 05000 Alor Setar, Kedah	04-7310559 04-7311384	04-7317716
• Jitra	9 & 10, Kompleks Jitra 06000 Jitra, Kedah	04-9174926/27	04-9174931
• Kuala Ketil	45 & 46, Jalan Putra, Taman Tanjung Peteri 09300 Kuala Ketil, Kedah	04-4163318 04-4163278	04-4163103
• Kulim	173 & 174, Jalan Tunku Putra 09000 Kulim, Kedah	04-4901090 04-4901096	04-4907502
• Pokok Sena	A-01, Jalan Semarak 1 Taman Bandar Baru 06400 Pokok Sena, Kedah	04-7822000 04-7822008 04-7825872	04-7821019
• Pulau Langkawi	23, 25 & 27, Jalan Pandak Mayah 4 Pusat Bandar Kuah 07000 Pulau Langkawi, Kedah	04-9667372 04-9667373	04-9667435
• Sik	443 & 444, Jalan Tunku Ibrahim 08200 Sik, Kedah	04-4695691 04-4695764	04-4695664
• Sungai Petani	83A-D, 84A-D & 85A-D Jalan Pengkalan, Susur Kiri Taman Pekan Baru 08000 Sungai Petani, Kedah	04-4217622 04-4217623 04-4217624 04-4217625	04-4211979 04-4213393
PERLIS			
• Kangar	9, Jalan Raja Syed Alwi P.O. Box 43, 01000 Kangar, Perlis	04-9763311 04-9763432	04-9760503
PAHANG			
• Benta	21 & 22, Rumahkedai LKNP 27300 Benta, Pahang	09-3238622 09-3238621	09-3238614
• Bentong	25 – 27, Jalan Chui Yin 28700 Bentong, Pahang	09-2225653 09-2225659	09-2225663

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
PAHANG			
• Bureau de Change Resorts Hotel Genting Highlands	7th Floor, Resorts Hotel Genting Highlands Resort 69000 Genting Highlands, Pahang	03-61011237	03-61011257
• Brinchang	MDCH 41 – 43, Bandar Baru Brinchang 39100 Brinchang, Cameron Highlands Pahang	05-4911590 05-4912682	05-4911508
• Genting Highlands	Lot F/L 1.2, First World Hotel Genting Highlands Resort 69000 Genting Highlands, Pahang	03-64360088 03-64360145	03-64360099
• Jalan Beserah	B-350, Jalan Beserah 25300 Kuantan, Pahang	09-5678461 09-568 8088	09-5686366
• Jerantut	1 & 2 Jalan Inderapura Bandar Inderapura 27000 Jerantut, Pahang	09-2661972 09-2661917 09-2662351	09-2661875
• Kemayan	30 & 32, Ground Floor Jalan Besar, 28380 Kemayan, Pahang	09-2409824 09-2409866	09-2409825
• Kuala Lipis	5G & 5H, Jalan Pekeliling 27200 Kuala Lipis, Pahang	09-3122077	09-3123588
• Kuantan	79 – 85, Jalan Haji Abdul Aziz 25000 Kuantan, Pahang	09-5179822 09-5178288	09-5161519
• Mentakab	16 – 18, Jalan Bunga Matahari 28400 Mentakab, Pahang	09-2775800 09-2775801	09-2773011
• Raub	18 & 19, Bandar Raub Perdana Jalan Lipis, 27600 Raub, Pahang	09-3553471 09-3553502	09-3554918
• Temerloh	74 & 75, Jalan Ahmad Shah 1 Lurah Temerloh, 28000 Temerloh, Pahang	09-2965652 09-2965662	09-2965643
• Triang	38 & 39, Jalan Temerloh 28300 Triang, Pahang	09-2553480 09-2553481	09-2553486
TERENGGANU			
• Chukai	KCP 1, Kemaman Centre Point 24000 Kemaman, Terengganu	09-8595962 09-8594069	09-8594943
• Kuala Dungun	K-156 & K-157, Jalan Paka, Batu 48 23000 Kuala Dungun, Terengganu	09-8482511	09-8484549
• Kuala Terengganu	1, 1A & 1B, Jalan Batas Baru 20300 Kuala Terengganu, Terengganu	09-6226998	09-6233409

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
KELANTAN			
• Gua Musang	42, Jalan Besar 18300 Gua Musang, Kelantan	09-9122600 09-9122602	09-9122603
KELANTAN			
• Kota Bharu	PT Nos. 272, 282, 283, 284 & 285 Jalan Kebun Sultan 15300 Kota Bharu, Kelantan	09-7447143 09-7446944 09-7448562 09-7478550	09-7482110 09-7482810
• Kuala Krai	91 & 92, Jalan Chin Hua 18000 Kuala Krai, Kelantan	09-9664027 09-9664028	09-9664042
• Tanah Merah	443 – 444, Jalan Dato' Nik Mustapha 17500 Tanah Merah, Kelantan	09-9556244 09-9556139	09-9556944
SABAH			
• Beaufort	Lot 6 & 7, Lo Chung Park 89808 Beaufort, Sabah	087-214844 087-214869	087-214839
• City Parade	Lot No. 1-0-M45-M51, 1 Jalan Centre Point City Parade Centre Point Sabah 88000 Kota Kinabalu, P. O. Box 13026 88833 Kota Kinabalu, Sabah	088-251812 088-251813 088-258812 088-259812	088-251816
• Donggongan	Lot A-5 & A-6, Donggongan New Township Jalan Tapikong, 89500 Penampang, Sabah	088-722780 088-723780	088-727780
• Inanam	36 & 38, Block F, Lorong Inanam Inanam New Township Phase 2 88450 Kota Kinabalu, Sabah	088-429113/114/112	088-429987
• Keningau	1 & 2, Block A, Keningau Plaza 89000 Keningau, Sabah	087-335841 087-335846 087-335848	087-335842
• Kota Belud	Lot B6 & B7, Kompleks Centenary Jalan Sabar, 89150 Kota Belud, Sabah	088-977784 088-977807	088-977798
• Kota Kinabalu	Lot G.1 & Lot 1.1, Menara MAA 6, Lorong Api-Api 1, Api-Api Centre 88000 Kota Kinabalu, Sabah	088-239611 088-239612	088-236630
• Lahad Datu	MDLD 0088, Jalan Teratai 91100 Lahad Datu, Sabah	089-884020 089-884021	089-884087 089-882971
• Lido	Lot 8, 9 & 10, Block P, Taman Che Mei KM 5 Jalan Penampang, Lido 88300 Kota Kinabalu, Sabah	088-245687 088-217125	088-245496

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
SABAH			
• Papar	Lot 8023, 162, Jalan Besar Pekan Papar, 89600 Papar, Sabah	088-912522 088-912523	088-912211
• Sandakan	Wisma Sandaraya Third Avenue, 90000 Sandakan, Sabah	089-214257 089-214258	089-272815
• Tawau	TB 304A & 304B, Block 34 Fajar Complex, 91000 Tawau, Sabah	089-761311 089-761322 089-761333 089-761344	089-761355 089-771355 089-761270
SARAWAK			
• Batu Niah	Lot 643, Batu Niah Town Extension 98200 Batu Niah, Sarawak	085-737111	085-737110
• Bintangor	Lot No. 1585 & 1586, Jalan Kelupu 96500 Bintangor, Sarawak	084-693622	084-693255
• Bintulu	29 – 32, Jalan Sommerville 97000 Bintulu, Sarawak	086-331433	086-336028
• China Street	28, China Street 98000 Miri, Sarawak	085-417227 085-417228	085-419855
• Jalan Central	3, Jalan Central 96000 Sibu, Sarawak	084-335677	084-320052
• Jalan Penrissen	143A – 145A, Kota Sentosa, Batu 7 Jalan Penrissen, 93250 Kuching, Sarawak	082-613377	082-615961
• Jalan Tun Zaidi	Lots 2775 & 2776, Block 10, 3rd Mile Jalan Tun Ahmad Zaidi Adruce 93250 Kuching, Sarawak	082-245271	082-245542
• Kapit	63 – 64, Jalan Wharf 96800 Kapit, Sarawak	084-797677 084-797652	084-797628
• Kuching City	Nos. 102 – 110, Jalan Song Thian Cheok 93100 Kuching, Sarawak	082-417922	082-424248
• Limbang	Lot 1082 – 1083, Jalan Buangsiol 98700 Limbang, Sarawak	085-212511 085-212443	085-212676
• Marudi	59 & 60, Jalan Kapitan Lim Ching Kiat Marudi, 98050 Baram, Sarawak	085-755000 085-755009	085-755018
• Miri	Moh Heng Building, 14, Jalan Bendahara 98000 Miri, Sarawak	085-412944 085-412955	085-417273

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
SARAWAK			
• Mukah	41 & 42, Block 68, Mukah New Township 96400 Mukah, Sarawak	084-871900	084-871319
• Padungan	7, 8 & 9, Jalan Chan Bee Kiew Off Jalan Padungan, 93100 Kuching, Sarawak	082-489904 082-489905	082-330488
• Sarikei	51-52, Jalan Masjid, 96100 Sarikei, Sarawak	084-652490	084-653137
• Sibu	2, 4, 6 & 8, Lorong 2, Jalan Tuanku Osman 96000 Sibu, Sarawak P.O. Box 591, 96007 Sibu, Sarawak	084-320088 084-316511 084-320088	084-314088 084-335739
• Sri Aman	840 & 841, Jalan Sabu Simanggang Town, Land District 95000 Sri Aman, Sarawak	083-323031 083-323032	083-323034
• Wisma Saberka Branch	Lot G.01 & G.02A, Wisma Saberka Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak	082-419889 082-428800	082-424662
OVERSEAS BRANCHES			
• Hong Kong	G/F & Room 1101 – 1103, Wing On House 71, Des Voeux Road, Central, Hong Kong Email Address: gmgr@publicbank.imsbiz.com.hk (General)	852-25242819 (General Manager) 852-25259351 (General Line) Telex: 65279 PBB HX	852-28689803
• Sri Lanka	340, R A de Mel Mawatha Colombo 3, Sri Lanka Email Address: angelofernando@publicbank.slt.lk (Country Head) Email Address: halantha@publicbank.slt.lk (Manager) Email Address: pbbslk@publicbank.slt.lk (General)	94-11-2576288 (Country Head) 94-11-2576287 (Banking Service Manager) 94-11-2576289/90/91/92 (General Lines)	94-11-2573958
• Lao P.D.R Vientiane Branch	100/1-4 Talat Sao Road P.O. Box 6614 Vientiane, Lao P.D.R. Email: pbbvte@laotel.com Swift: PBBELALA	856-21-223395 (Country Head) 856-21-223394 856-21-216614 (General Lines) Telex: 4310 PBBVTE LS	856-21-222743

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
OVERSEAS BRANCHES			
• Savannakhet Branch	308/3 Sisavangvong Group 24 Sainuntha Village Kaisone Phoanvihan District Savannakhet Province, Lao P.D.R. Email: pbbsvn@laotel.com Swift: N/A	856-41-252134 (Branch Manager) 856-41-252131 856-41-252132 (General Lines)	856-41-252133
• Sikhai Branch	006, Luangphabang Road Group 01 Meuangwatha Village Silehottabong District Vientiane Capital, Lao P.D.R. Email: pbbski@laotel.com Swift: PBELALA	856-21-219868 (Branch Manager) 856-21-219869 856-21-219870 (General Lines)	856-21-219876
SUBSIDIARIES			
• Public Investment Bank Berhad	Head Office: 25th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur, Malaysia E-mail Address: pivb@publicinvestbank.com.my Website: www.publicbankinvestbank.com		
	Branch Office: 27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur	03-20313011 03-20313733	03-20312533 03-20312530
• Public Mutual Berhad	Block B, Sri Damansara Business Park Persiaran Industri, Bandar Sri Damansara 52200 Kuala Lumpur E-mail: mktg@publicmutual.com.my Website: www.publicmutual.com.my (26 branches and 2 agency offices nationwide)	03-62796800	03-62779800
• Public Invest Nominees (Asing) Sdn. Bhd.	27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur	03-20313011	03-20312533
• Public Invest Nominees (Tempatan) Sdn. Bhd.	27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur	03-20313011	03-20312533
• Public Nominess (Asing) Sdn. Bhd.	6th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21626077	03-20626078
• Public Nominess (Tempatan) Sdn. Bhd.	6th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21626077	03-20626078

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
SUBSIDIARIES			
• PB International Factors Sdn. Bhd.	7th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-2162955	03-21622962
• PB Trust (L) Ltd	Level 8(B), Main Office Tower Financial Park Labuan, Jalan Merdeka 87000 Federal Territory of Labuan, Malaysia Email: pbtrust@streamyx.com	06-087-411898	06-087-451193
• Public Holdings Sdn. Bhd.	8th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21766000	03-21639903
• PB Properties Sdn. Bhd.	8th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21766000	03-21639903
• Public Bank (L) Ltd	Level 8(A) & (B), Main Office Tower Financial Park Labuan, Jalan Merdeka 87000 Federal Territory of Labuan, Malaysia Swift ID: PBLLMYKA	06-087-411898	06-087-413220
• Public Financial Holdings Limited	Room 1105-07, Wing On House 71, Des Voeux Road Central, Hong Kong Website Address: www.publicbank.com.hk	852-25419222	852-28450681
• Public Finance Limited	Room 1105-07, Wing On House 71, Des Voeux Road Central, Hong Kong Website Address: www.publicfinance.com.hk Email Address: info@publicfinance.com.hk (42 branches in Hong Kong)	852-25259351	852-28450681
• Winton (B.V.I.) Limited	Room 1101 – 1110, 11/F, Phase 1 Argyle Centre, 688 Nathan Road Mongkok, Kowloon, Hong Kong Website Address: www.wintonholdings.com.hk	852-23919388	852-23915366
• Public Securities (Nominees) Limited	Room 1108, Wing On House 71, Des Voeux Road Central, Hong Kong	852-28778622	852-28455240
• Public Securities Limited	Room 1108, Wing On House 71, Des Voeux Road Central, Hong Kong	852-28778622	852-28455240

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
SUBSIDIARIES			
• Public Bank (Hong Kong) Limited	Public Bank Centre 120, Des Voeux Road Central, Hong Kong Website Address: www.publicbank.com.hk (27 branches in Hong Kong, 3 branches in Shenzhen, China & 1 representative office in each of Shanghai, Shangyang, China & Taipei, Taiwan)	852-25419222	852-25410009
• Cambodian Public Bank Plc	2nd & 3rd Floor Villa No. 23 Street 114, Corner Road 67 Sangkat Phsar Thmey 2 Khan Daun Penh, Phnom Penh, Cambodia Telex No: (51) 94079463 CPBB G Swift: CPBLKHPP Email Address: campuhoe@campubank.com.kh (11 branches in Cambodia)	855-23-222880/881/882 (General Lines)	855-23-222887
• CampuBank Lonpac Insurance Plc	112D & 112E, Monivong Boulevard Phnom Penh, Cambodia Email Address: enquiries@campubanklonpac.com.kh	855-23-986313	855-23-986308
OVERSEAS ASSOCIATED COMPANIES			
• VID Public Bank	Hanoi Office General Director: Mr Tay Hong Heng 7th Floor, Prime Centre Building 53, Quang Trung Street Hai Ba Trung District, Hanoi Telex No: 412241 VPBVT Swift: VIDPVNV5 Email Address: vpb.han@hn.vnn.vn (Hanoi HO), vidpbho@vnn.vn (GD) Website: www.vidpublicbank.com.vn	844-9438999/9011/ 9012 (GL) 844-9439130 (GD's DL)	844-9439005
	Hanoi Operations Centre Branch Manager: Mr Nguyen Hai Ninh Ground & Mezzanine Floor Hanoi Tungshing Square No. 2, Ngo Quyen Street, Hanoi Email Address: vpb.hn@vnn.vn, Mng.vpbhnopc@fpt.vn	844-8268307/8/9 (GL) 844-8262818 (BM's DL)	844-8266965
	Ho Chi Minh City Branch Branch Manager: Mr Wilson Cheah Hui Pin 15A, Ben Chuong Duong District 1 Ho Chi Minh City Email Address: vidmgr@vnn.vn	848-8223583/4/9 (GL) 848-8212572 (Branch Manager)	848-8223612

BRANCH	ADDRESS	TELEPHONE	FACSIMILE
OVERSEAS ASSOCIATED COMPANIES			
	Danang Branch Branch Manager: Mr Le Van Van No. 2, Tran Phu, Danang City, Vietnam Email Address: vidpbankdn@dng.vnn.vn	84511-3826888 (Branch Manager) 84511-3826801/802 (General Lines)	84511-3826800
	Haiphong Branch Branch Manager: Mr Duong Hoang Nam 56 Dien Bien Phu Street, Haiphong Vietnam Email Address: vidpb@hn.vnn.vn	8431-3823999 (Branch Manager) 8431-3823997/998/995 (General Lines)	8431-3823996
	Binh Duong Branch Branch Manager: Ms Hoang Kim Nga DT743 Road, Binh Hoa Commune Thuan An District, Binh Duong Province Vietnam Email Address: vidpublicbd@hcm.vnn.vn	84-650-712790/791/792 (General Lines)	84-650-728054
	Cho Lon Branch Branch Manager: Ms Tran Thi Suong 26-28 Tran Hung Dao Str Ward 7, District 5, HCMC, Vietnam Email Address: mgr_vpbcl@vnn.vn	848-2610509 (GL) 848-2610508 (BM's DL)	848-2610505
	Dong Nai Branch Branch Manager: Mr Nguyen Tri Chuc 251 Pham Van Thuan (Highway No. 15) Bien Hoa City, Dong Nai Province Email: vidpublicdongnai@vidpublicbank.com.vn	84-613250661/662/663 (General Lines)	84-6132610505

FORM OF
PROXY

PUBLIC BANK

(6463-H)

Number of shares held	CDS Account No.												
				-				-					

“A” I/We _____ NRIC/Co. No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Tel No. _____ being a Member of PUBLIC BANK BERHAD, hereby appoint

_____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

or failing him, _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our *first proxy to attend and vote for me/us on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 25 February 2009 at 11.00 a.m., or any adjournment thereof.

“B” Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

I/We _____ NRIC/Co. No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Tel No. _____ being a Member of PUBLIC BANK BERHAD, hereby appoint

_____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

or failing him, _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our second proxy to attend and vote for me/us on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 25 February 2009 at 11.00 a.m., or any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy “A”	%
Second Proxy “B”	%
	100%

In case of a vote taken by a show of hands, *First Proxy “A”/*Second Proxy “B” shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

(Please indicate with an “X” in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit.)

NO.	ORDINARY RESOLUTIONS	FIRST PROXY “A”		SECOND PROXY “B”	
		FOR	AGAINST	FOR	AGAINST
1.	Receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon				
2.	Declaration of final cash dividend and distribution of share dividend				
3.	Re-election of Tan Sri Dato’ Sri Tay Ah Lek as Director				
4.	Re-election of Dato’ Haji Abdul Aziz bin Omar as Director				
5.	Re-election of Quah Poh Keat as Director				
6.	Re-appointment of Tan Sri Dato’ Sri Dr. Teh Hong Piow as Director				
7.	Re-appointment of Tan Sri Dato’ Thong Yaw Hong as Director				
8.	Re-appointment of Dato’ Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff as Director				
9.	Approval of payment of Directors’ fees				
10.	Re-appointment of Messrs KPMG as Auditors and to authorise the Directors to fix the Auditors’ remuneration				
11.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares				
12.	Proposed Share Buy-Back				

Signed this _____ day of _____ 2009

Signature of Member/Common Seal

* Delete if inapplicable.

NOTES:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 February 2009 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- The right of Foreigners to vote in respect of deposited securities is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 and the Articles of Association of the Company. Where a Foreigner, based on the General Meeting Record of Depositors, holds deposited securities in a Securities Account and such securities raise the ownership of shares in the Company by Foreigners beyond the Company’s foreign shareholding limit of 30%, such Foreigner or the proxy appointed by him, in respect of such securities, shall not be entitled to exercise in any manner whatsoever any voting rights in respect of the aforesaid securities at the Meeting.
- A Member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on his behalf. A proxy need not be a Member of the Company.
- A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Epsilon Registration Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the Meeting.

Please fold here to seal

Please fold here

STAMP

Share Registrar
Epsilon Registration Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Please fold here

PAST **AWARD – WINNING** ANNUAL REPORTS

1983-2008



2004



2003



2002



2001



2000



1999



1998



1997



1996



1995



1994



1991



1990



1989



1988



1987



1986



1983

2007 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- Platinum Award
- ♦ Industry Excellence Award Finance Sector
- ♦ Best Annual Report in Bahasa Malaysia
- Platinum Award

2006 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- Platinum Award
- ♦ Industry Excellence Award – Finance Sector
- ♦ Best Annual Report in Bahasa Malaysia
- Platinum Award
- ♦ Best Design Annual Report
- Platinum Award

2005 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- Gold Award
- ♦ Industry Excellence Award – Finance Sector
- ♦ Best Annual Report in Bahasa Malaysia
- Platinum Award

2004 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- ♦ Industry Excellence Award – Finance Sector
- ♦ Best Annual Report in Bahasa Malaysia
- **CITRA Award**
- Merit Award

2003 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- ♦ Industry Excellence Award – Finance Sector
- ♦ Best Annual Report in Bahasa Malaysia

2002 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- ♦ Industry Excellence Award – Finance Sector
- **CITRA Award**
- Merit Award

2001 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- ♦ Industry Excellence Award – Finance Sector
- **CITRA Award**
- Special Jury Award

2000 – **NACRA Award**

- ♦ Industry Excellence Award – Finance Sector
- **CITRA Award**
- Special Jury Award

1999 – **NACRA Award**

- ♦ Industry Excellence Award – Finance Sector
- **CITRA Award**
- Main Award

1998 – **NACRA Award**

- ♦ Industry Excellence Award – Finance Sector

1997 – **NACRA Award**

- ♦ Best Annual Report in Bahasa Malaysia
- ♦ Industry Excellence Award – Finance Sector

1996 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- ♦ Industry Excellence Award – Finance Sector

1995 – **NACRA Commendation Award**

- ♦ Accounting Information
- ♦ Annual Report in Bahasa Malaysia

1994 – **NACRA Commendation Award**

- ♦ Accounting Information
- ♦ Corporate Information
- ♦ Annual Report in Bahasa Malaysia

1991 – **NACRA Award**

- ♦ Best Accounting Information
- **NACRA Commendation Award**
- ♦ Corporate Information

1990 – **NACRA Award**

- ♦ Best Accounting Information

1989 – **NACRA Award**

- ♦ Most Outstanding Annual Report
- ♦ Best Annual Report – Finance Sector
- **NACRA Commendation Award**
- ♦ Corporate Information
- ♦ Accounting Information
- ♦ Annual Report in Bahasa Malaysia

1988 – **NACRA Award**

- ♦ Best Overall Annual Report
- ♦ Best Corporate Information

– **NARA Award**

- ♦ Best Annual Report – Finance Sector

1987 – **NACRA Award**

- ♦ Best Corporate Information

– **NARA Award**

- ♦ Best Annual Report – Finance Sector

1986 – **NACRA Award**

- ♦ Best Corporate Information

1983 – **NACRA Award**

- ♦ Silver Award