

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2005

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
ASSETS				
Cash and short-term funds	13,129,295	19,670,005	13,030,422	19,893,236
Deposits and placements with banks and other financial institutions	2,160,727	1,460,309	2,157,430	1,573,127
Securities purchased under resale agreements	10,979,390	1,495,438	10,073,313	978,552
Securities held-for-trading	4,006,461	5,261,938	3,959,307	5,199,416
Securities available-for-sale	3,121,817	3,140,213	1,830,266	1,132,430
Securities held-to-maturity	901,016	832,676	609,221	610,839
Loans, advances and financing	58,404,295	55,718,729	56,542,421	53,856,112
Other assets	675,844	767,380	862,820	935,282
Statutory deposits with Central Banks	1,998,797	1,869,256	1,950,800	1,823,000
Deferred tax assets	294,428	280,554	236,457	220,646
Investment in subsidiary companies	-	-	1,376,156	1,376,156
Investment in associated companies	46,906	45,936	28,465	28,465
Investment properties	33,492	33,594	-	-
Goodwill/Intangible asset	795,984	811,399	727,615	738,356
Property and equipment	931,532	942,192	555,530	567,101
TOTAL ASSETS	97,479,984	92,329,619	93,940,223	88,932,718
LIABILITIES				
Deposits from customers	78,069,743	72,246,303	75,299,704	68,265,639
Deposits and placements of banks and other financial institutions	3,402,077	2,958,481	3,796,480	4,765,730
Obligations on securities sold under repurchase agreements	1,514,784	3,258,431	1,245,096	3,018,317
Bills and acceptances payable	2,099,789	1,260,992	2,097,523	1,258,917
Recourse obligations on loans sold to Cagamas	341,236	346,213	341,236	346,213
Other liabilities	2,277,371	1,644,918	2,159,060	1,333,525
Subordinated notes	1,322,019	1,375,214	1,322,019	1,375,214
Provision for tax expense and zakat	258,193	233,170	188,291	154,372
Deferred tax liabilities	3,080	3,080	-	-
TOTAL LIABILITIES	89,288,292	83,326,802	86,449,409	80,517,927

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	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
SHAREHOLDERS' EQUITY				
Share capital	3,397,542	3,355,767	3,397,542	3,355,767
Reserves	5,193,131	4,708,368	4,877,800	4,488,453
Proposed dividends	-	1,172,012	-	1,172,012
Treasury shares	<u>(784,528)</u>	<u>(601,441)</u>	<u>(784,528)</u>	<u>(601,441)</u>
	7,806,145	8,634,706	7,490,814	8,414,791
Minority interests	<u>385,547</u>	<u>368,111</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>97,479,984</u>	<u>92,329,619</u>	<u>93,940,223</u>	<u>88,932,718</u>
COMMITMENTS AND CONTINGENCIES	<u>20,468,798</u>	<u>19,780,677</u>	<u>20,222,498</u>	<u>19,535,337</u>
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	11.4%	13.9%	11.2%	13.8%
Risk-Weighted Capital Ratio	<u>15.2%</u>	<u>17.8%</u>	<u>12.7%</u>	<u>15.3%</u>
<u>After deducting proposed dividends</u>				
Core Capital Ratio	11.4%	11.8%	11.2%	11.6%
Risk-Weighted Capital Ratio	<u>15.2%</u>	<u>15.7%</u>	<u>12.7%</u>	<u>13.1%</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>2.14</u>	<u>2.40</u>	<u>2.07</u>	<u>2.36</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1st QUARTER AND THREE MONTHS ENDED 31 MARCH 2005

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Group				
Operating revenue	1,418,573	1,160,493	1,418,573	1,160,493
Interest income	1,127,955	879,974	1,127,955	879,974
Interest expense	(530,324)	(323,195)	(530,324)	(323,195)
Net interest income	597,631	556,779	597,631	556,779
Net income from Islamic Banking business				
Net financing income	94,607	92,691	94,607	92,691
Other Islamic banking income	1,781	1,144	1,781	1,144
	694,019	650,614	694,019	650,614
Other operating income	198,240	188,724	198,240	188,724
Net income	892,259	839,338	892,259	839,338
Other operating expenses	(323,859)	(320,300)	(323,859)	(320,300)
Operating profit	568,400	519,038	568,400	519,038
Allowance for losses on loans, advances and financing	(89,798)	(88,175)	(89,798)	(88,175)
	478,602	430,863	478,602	430,863
Share of results in associated companies	996	752	996	752
Profit before tax expense and zakat	479,598	431,615	479,598	431,615
Tax expense and zakat	(115,620)	(112,049)	(115,620)	(112,049)
Profit after tax expense	363,978	319,566	363,978	319,566
Minority interests	(18,849)	(15,860)	(18,849)	(15,860)
Net profit for the period	345,129	303,706	345,129	303,706
Earnings per RM1.00 share:				
- basic (sen)	10.6	9.6	10.6	9.6
- diluted (sen)	10.5	9.3	10.5	9.3

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UNAUDITED INCOME STATEMENTS
FOR THE 1st QUARTER AND THREE MONTHS ENDED 31 MARCH 2005

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
<u>Bank</u>				
Operating revenue	1,169,523	736,273	1,169,523	736,273
Interest income	958,953	600,924	958,953	600,924
Interest expense	(468,198)	(295,913)	(468,198)	(295,913)
Net interest income	490,755	305,011	490,755	305,011
Net income from Islamic Banking business				
Net financing income	94,607	34,268	94,607	34,268
Other Islamic banking income	1,781	1,124	1,781	1,124
	587,143	340,403	587,143	340,403
Other operating income	97,406	104,515	97,406	104,515
Net income	684,549	444,918	684,549	444,918
Other operating expenses	(260,280)	(189,673)	(260,280)	(189,673)
Operating profit	424,269	255,245	424,269	255,245
Allowance for losses on loans, advances and financing	(77,800)	(9,649)	(77,800)	(9,649)
Profit before tax expense and zakat	346,469	245,596	346,469	245,596
Tax expense and zakat	(100,248)	(68,785)	(100,248)	(68,785)
Net profit for the period	246,221	176,811	246,221	176,811

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2004.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1st QUARTER ENDED 31 MARCH 2005

<u>Group</u>	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		<u>Proposed Dividends</u> RM'000	<u>Treasury Shares</u> RM'000	<u>Total</u> RM'000
	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Profits</u> RM'000				
At 1 January 2005								
As previously stated	3,355,767	1,347,084	2,614,989	682,324	1,172,012	(601,441)	8,570,735	
Prior year adjustments	-	-	44,531	19,440	-	-	63,971	
At 1 January 2005, as restated	3,355,767	1,347,084	2,659,520	701,764	1,172,012	(601,441)	8,634,706	
Issue of shares pursuant to:								
- exercise of share options	41,775	151,296	-	-	-	-	193,071	
Currency translation differences	-	-	(797)	-	-	-	(797)	
Net profit for the period	-	-	-	345,129	-	-	345,129	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(4,464)	-	-	-	(4,464)	
Transfer to statutory reserves	-	-	234	(234)	-	-	-	
Buy-back of shares	-	-	-	-	-	(183,087)	(183,087)	
Transfer to proposed dividends	-	-	-	(6,401)	6,401	-	-	
Dividend payable	-	-	-	-	(1,178,413)	-	(1,178,413)	
At 31 March 2005	3,397,542	1,498,380	2,654,493	1,040,258	-	(784,528)	7,806,145	
At 1 January 2004								
As previously stated	3,206,600	928,433	2,387,630	1,762,092	503,000	(169,960)	8,617,795	
Prior year adjustments	-	-	10,751	17,890	-	-	28,641	
At 1 January 2004, as restated	3,206,600	928,433	2,398,381	1,779,982	503,000	(169,960)	8,646,436	
Issue of shares pursuant to:								
- exercise of share options	79,793	209,105	-	-	-	-	288,898	
Currency translation differences	-	-	(1,711)	-	-	-	(1,711)	
Net profit for the period	-	-	-	303,706	-	-	303,706	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(2,284)	-	-	-	(2,284)	
Buy-back of shares	-	-	-	-	-	(208,386)	(208,386)	
At 31 March 2004	3,286,393	1,137,538	2,394,386	2,083,688	503,000	(378,346)	9,026,659	

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1st QUARTER ENDED 31 MARCH 2005

<u>Bank</u>	Non-distributable Reserves			Distributable Reserves		Proposed Dividends	Treasury Shares	Total
	Share Capital	Share Premium	Other Reserves	Retained Profits	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Treasury Shares	RM'000
At 1 January 2005								
As previously stated	3,355,767	1,347,084	2,401,569	732,497	1,172,012		(601,441)	8,407,488
Prior year adjustments	-	-	5,331	1,972	-		-	7,303
At 1 January 2005, as restated	3,355,767	1,347,084	2,406,900	734,469	1,172,012		(601,441)	8,414,791
Issue of shares pursuant to:								
- exercise of share options	41,775	151,296	-	-	-		-	193,071
Net profit for the period	-	-	-	246,221	-		-	246,221
Unrealised net loss on revaluation of securities available-for-sale	-	-	(1,769)	-	-		-	(1,769)
Buy-back of shares	-	-	-	-	-		(183,087)	(183,087)
Transfer to proposed dividend	-	-	-	(6,401)	6,401		-	-
Dividend payable	-	-	-	-	(1,178,413)		-	(1,178,413)
At 31 March 2005	3,397,542	1,498,380	2,405,131	974,289	-		(784,528)	7,490,814
At 1 January 2004								
As previously stated	3,206,600	928,433	1,842,160	1,172,318	503,000		(169,960)	7,482,551
Prior year adjustments	-	-	20,452	(2,179)	-		-	18,273
At 1 January 2004, as restated	3,206,600	928,433	1,862,612	1,170,139	503,000		(169,960)	7,500,824
Issue of shares pursuant to:								
- exercise of share options	79,793	209,105	-	-	-		-	288,898
Net profit for the period	-	-	-	176,811	-		-	176,811
Unrealised net loss on revaluation of securities available-for-sale	-	-	(2,416)	-	-		-	(2,416)
Buy-back of shares	-	-	-	-	-		(208,386)	(208,386)
At 31 March 2004	3,286,393	1,137,538	1,860,196	1,346,950	503,000		(378,346)	7,755,731

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2005

	Group		Bank	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Profit before tax expense and zakat	479,598	431,615	346,469	245,596
Adjustments for non-cash items	131,437	132,254	116,510	20,583
Operating profit before changes in working capital	611,035	563,869	462,979	266,179
Changes in working capital				
Net changes in operating assets	(11,842,517)	(5,532,622)	(11,377,450)	(5,492,662)
Net changes in operating liabilities	4,813,409	4,701,011	4,712,069	7,889,577
Tax expense and zakat paid	(104,471)	(72,023)	(66,600)	(49,485)
Net cash generated (used in)/from operating activities	(6,522,544)	(339,765)	(6,269,002)	2,613,609
Net cash generated from/(used in) investing activities	75,057	126,038	(603,799)	301,988
Net cash (used in)/generated from financing activities	(92,045)	80,329	9,987	80,512
Net change in cash and cash equivalents	(6,539,532)	(133,398)	(6,862,814)	2,996,109
Cash and cash equivalents at beginning of the year	19,670,005	7,970,828	19,893,236	11,498,710
Exchange differences on translation of opening balance	(1,178)	-	-	-
Cash and cash equivalents at end of the period	<u>13,129,295</u>	<u>7,837,430</u>	<u>13,030,422</u>	<u>14,494,819</u>

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 1st quarter ended 31 March 2005 have been prepared in accordance with FRS134 (Interim Financial Reporting) (formerly known as MASB26) issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 31 December 2004.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which became effective for the current financial year. The adoption of the revised BNM/GP8 have resulted in changes in the accounting policies of the Group and the Bank which have been applied retrospectively in this unaudited condensed interim financial statements and the details are disclosed in Note A30.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2004 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 1st quarter ended 31 March 2005.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 1st quarter ended 31 March 2005.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st quarter ended 31 March 2005 other than as disclosed in Note A30.

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A6. Debt and Equity Securities

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

(a) Issuance of Shares

During the 1st quarter ended 31 March 2005, the issued and paid-up share capital of the Bank was increased from 3,355,767,324 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,397,542,660 PBB Shares by the issuance of 41,775,336 PBB Shares pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme at the following option prices:

<u>Number of PBB Shares issued:</u>	<u>Option price per share:</u>
47,675	RM 1.64
497,025	RM 3.40
6,992,736	RM 3.56
6,378,400	RM 4.60
27,859,500	RM 4.92

(b) Share Buy-back

On 30 March 2005, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the 1st quarter ended 31 March 2005, the Bank bought back from the open market, 23,997,100 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 RM7.61 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the 1st quarter ended 31 March 2005, including transaction costs, was RM183,086,627 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 March 2005, the total shares bought back, all of which are held as treasury shares, amounted to 124,174,500 PBB Shares. None of the treasury shares held were resold or cancelled during the 1st quarter ended 31 March 2005.

A7. Dividends Paid

No dividend was paid during the 1st quarter ended 31 March 2005.

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A8. Securities Held-for-trading

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
At fair value				
Malaysian Government Treasury Bills	9,868	-	9,868	-
Malaysian Government Securities	414,877	644,872	409,827	644,872
Malaysia Government Investment Certificates	5,312	55,798	5,312	55,798
Cagamas bonds	328,621	1,189,404	328,621	1,189,404
Negotiable instruments of deposit	2,842,649	2,982,523	2,842,649	2,982,523
Khazanah bonds	47,014	46,954	47,014	46,954
Bank Negara Malaysia Negotiable notes	35,977	1,335	35,977	1,335
	<u>3,684,318</u>	<u>4,920,886</u>	<u>3,679,268</u>	<u>4,920,886</u>
Quoted securities:				
Shares in Malaysia	14,176	5,112	11,056	5,112
	<u>14,176</u>	<u>5,112</u>	<u>11,056</u>	<u>5,112</u>
Unquoted securities:				
Private debt securities	307,967	335,940	268,983	273,418
	<u>307,967</u>	<u>335,940</u>	<u>268,983</u>	<u>273,418</u>
Total securities held-for-trading	<u>4,006,461</u>	<u>5,261,938</u>	<u>3,959,307</u>	<u>5,199,416</u>

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A9. Securities Available-for-sale

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
At fair value				
Quoted securities:				
Shares and convertible loan stocks				
in Malaysia	48,595	45,736	48,595	45,736
Shares outside Malaysia	17,893	17,954	-	-
Bonds trust units in Malaysia	<u>1,117,994</u>	<u>1,109,779</u>	<u>1,024,106</u>	<u>1,016,581</u>
	<u>1,184,482</u>	<u>1,173,469</u>	<u>1,072,701</u>	<u>1,062,317</u>
Unquoted securities:				
Shares	62,980	63,005	62,410	62,408
Private debt securities	<u>1,874,355</u>	<u>1,903,739</u>	<u>695,155</u>	<u>7,705</u>
	<u>1,937,335</u>	<u>1,966,744</u>	<u>757,565</u>	<u>70,113</u>
Total securities available-for-sale	<u><u>3,121,817</u></u>	<u><u>3,140,213</u></u>	<u><u>1,830,266</u></u>	<u><u>1,132,430</u></u>

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A10. Securities Held-to-maturity

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
At amortised cost				
Money market instruments:				
Cagamas Mudharabah bonds	127,449	127,503	127,449	127,503
Negotiable instruments of deposit	<u>571,245</u>	<u>503,032</u>	<u>279,660</u>	<u>281,405</u>
	<u>698,694</u>	<u>630,535</u>	<u>407,109</u>	<u>408,908</u>
Unquoted securities:				
Shares	37,713	37,713	37,503	37,503
Private debt securities	<u>213,441</u>	<u>213,260</u>	<u>213,441</u>	<u>213,260</u>
	<u>251,154</u>	<u>250,973</u>	<u>250,944</u>	<u>250,763</u>
Accumulated impairment losses	<u>(48,832)</u>	<u>(48,832)</u>	<u>(48,832)</u>	<u>(48,832)</u>
Total securities held-to-maturity	<u><u>901,016</u></u>	<u><u>832,676</u></u>	<u><u>609,221</u></u>	<u><u>610,839</u></u>

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A11. Loans, Advances and Financing

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Overdrafts	6,600,630	6,351,805	6,503,169	6,251,543
Term loans				
- Housing loans/financing	15,950,201	15,210,093	15,861,872	14,936,248
- Syndicated term loan/financing	265,852	320,270	256,654	293,149
- Hire purchase receivables	20,867,168	19,659,110	20,539,208	19,570,181
- Other term loans/financing	14,943,724	14,234,079	13,420,867	12,573,686
Credit card receivables	487,781	477,221	487,632	477,009
Bills receivables	78,292	71,695	77,125	70,570
Trust receipts	318,424	317,002	304,634	309,516
Claims on customers under acceptance credits	1,532,278	1,443,472	1,532,278	1,442,264
Lease, factored and confirming receivables	74,099	83,261	40,294	43,176
Revolving credits	2,041,506	2,130,482	2,152,479	2,338,269
*Staff loans	640,545	639,079	614,550	613,589
	<u>63,800,500</u>	<u>60,937,569</u>	<u>61,790,762</u>	<u>58,919,200</u>
Unearned interest and income	<u>(4,141,533)</u>	<u>(4,025,116)</u>	<u>(4,138,450)</u>	<u>(4,021,191)</u>
Gross loans, advances and financing	<u>59,658,967</u>	<u>56,912,453</u>	<u>57,652,312</u>	<u>54,898,009</u>
Allowance for bad and doubtful debts and financing:				
- general	(933,499)	(895,833)	(865,153)	(821,318)
- specific	(321,173)	(297,891)	(244,738)	(220,579)
Net loans, advances and financing	<u><u>58,404,295</u></u>	<u><u>55,718,729</u></u>	<u><u>56,542,421</u></u>	<u><u>53,856,112</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM1,941,815 (2004: RM1,376,952) and Nil (2004 - Nil) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Domestic banking institutions	-	-	-	-
Domestic non-bank financial institutions				
- Stockbroking companies	86,431	88,564	86,431	88,564
- Others	1,867,648	1,884,453	1,847,611	2,092,241
Domestic business enterprises				
- Small and medium enterprises	13,673,835	13,058,537	13,549,846	12,975,529
- Others	3,999,389	4,153,732	3,978,420	3,780,161
Government and statutory bodies	2,063	3,705	2,063	3,705
Individuals	37,983,131	35,744,658	37,951,570	35,728,279
Other domestic entities	127,701	126,826	127,701	126,826
Foreign entities	1,918,769	1,851,978	108,670	102,704
Gross loans, advances and financing	<u>59,658,967</u>	<u>56,912,453</u>	<u>57,652,312</u>	<u>54,898,009</u>

A11b. By interest/profit rate sensitivity

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Fixed rate				
- Housing loans/financing	7,173,466	7,032,304	7,158,739	7,028,793
- Hire purchase receivables	17,639,632	16,612,976	17,559,441	16,508,488
- Other fixed rate loan/financing	10,792,605	10,027,810	9,328,371	8,586,237
Variable rate				
- Base lending rate plus	21,268,720	20,289,544	21,141,629	20,154,646
- Cost plus	2,087,818	2,328,050	2,151,968	2,331,136
- Other variable rates	696,726	621,769	312,164	288,709
Gross loans, advances and financing	<u>59,658,967</u>	<u>56,912,453</u>	<u>57,652,312</u>	<u>54,898,009</u>

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A11. Loans, Advances and Financing (continued)

A11c. By economic purposes

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Agriculture	614,704	594,712	613,924	593,749
Mining and quarrying	41,608	36,479	39,358	34,120
Manufacturing	3,001,671	2,854,301	2,929,306	2,771,624
Electricity, gas and water	42,433	34,553	35,503	27,442
Construction	2,009,708	1,963,517	1,914,016	1,867,005
Real estate	1,791,626	1,798,680	1,842,665	1,716,974
Purchase of landed properties	22,280,761	20,827,668	22,245,515	20,792,004
(of which: - residential	14,891,357	14,034,091	14,856,111	13,998,427
- non-residential)	7,389,404	6,793,577	7,389,404	6,793,577
General commerce	5,562,843	5,429,135	5,389,827	5,244,164
Transport, storage and communication	476,519	541,110	459,835	516,480
Finance, insurance and business services	2,641,387	2,756,497	2,652,217	2,876,037
Purchase of securities	534,794	537,880	531,793	534,879
Purchase of transport vehicles	15,055,307	14,184,166	14,786,000	13,957,563
Consumption credit	4,669,840	4,493,521	3,319,279	3,147,898
Others	935,766	860,234	893,074	818,070
Gross loans, advances and financing	59,658,967	56,912,453	57,652,312	54,898,009

A11d. Non-performing loans by sector

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Agriculture	7,079	6,534	7,011	6,502
Mining and quarrying	559	572	559	572
Manufacturing	96,152	95,486	91,668	94,478
Electricity, gas and water	783	649	783	649
Construction	132,839	129,583	93,900	90,226
Real estate	25,928	32,572	25,928	32,572
Purchase of landed properties	598,093	580,711	597,485	579,964
(of which: - residential	520,628	499,232	520,020	498,485
- non-residential)	77,465	81,479	77,465	81,479
General commerce	160,747	164,240	160,567	163,748
Transport, storage and communication	12,824	13,751	12,516	13,461
Finance, insurance and business services	55,360	37,872	39,193	36,667
Purchase of securities	89,297	90,054	89,297	90,054
Purchase of transport vehicles	199,142	191,242	199,129	191,229
Consumption credit	145,936	142,559	86,015	81,303
Others	22,197	24,390	22,197	24,390
	1,546,936	1,510,215	1,426,248	1,405,815

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
At 1 January	1,510,215	1,781,055	1,405,815	1,000,762
Non-performing during the period/year	638,503	1,767,839	594,140	1,529,636
Reclassified as performing	(518,373)	(1,485,533)	(517,980)	(1,423,619)
Recoveries	(31,298)	(187,134)	(30,345)	(110,256)
Amount written off	(51,548)	(361,238)	(25,129)	(155,412)
Loans converted to investment securities	(327)	(4,574)	(327)	(4,574)
Amount vested over from Public Finance Berhad	-	-	-	569,278
Exchange differences	(236)	(200)	74	-
Closing balance	<u>1,546,936</u>	<u>1,510,215</u>	<u>1,426,248</u>	<u>1,405,815</u>
Specific allowance	<u>(321,173)</u>	<u>(297,891)</u>	<u>(244,738)</u>	<u>(220,579)</u>
Net non-performing loans, advances and financing	<u><u>1,225,763</u></u>	<u><u>1,212,324</u></u>	<u><u>1,181,510</u></u>	<u><u>1,185,236</u></u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u><u>2.07%</u></u>	<u><u>2.14%</u></u>	<u><u>2.06%</u></u>	<u><u>2.17%</u></u>

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

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
<u>General Allowance</u>				
At 1 January	895,833	826,892	821,318	445,439
Allowance made during the period/year	44,848	108,878	43,852	375,887
Amount written back	(7,000)	(39,781)	-	-
Exchange differences	(182)	(156)	(17)	(8)
Closing balance	<u>933,499</u>	<u>895,833</u>	<u>865,153</u>	<u>821,318</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.57%</u></u>	<u><u>1.58%</u></u>	<u><u>1.51%</u></u>	<u><u>1.50%</u></u>

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

	Group		Bank	
	31 March	31 December	31 March	31 December
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<u>Specific Allowance</u>				
At 1 January	297,891	376,989	220,579	173,728
Allowance made during the period/year	86,936	354,006	61,146	149,378
Amount written back in respect of recoveries	(11,698)	(69,267)	(11,675)	(24,811)
Amount written off	(51,604)	(363,248)	(25,185)	(157,353)
Amount transferred to accumulated impairment losses in value of securities	(143)	(500)	(143)	(500)
Amount vested over from Public Finance Berhad	-	-	-	80,137
Exchange differences	(209)	(89)	16	-
Closing balance	<u>321,173</u>	<u>297,891</u>	<u>244,738</u>	<u>220,579</u>

A12. Other Assets

	Group		Bank	
	31 March	31 December	31 March	31 December
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Interest/Income receivable	66,532	45,539	57,323	37,028
Other debtors, deposits and prepayments	369,552	326,931	428,682	359,285
Foreclosed properties	101,075	98,080	100,811	97,816
Taxi licenses	16,897	14,490	-	-
Amount due from clients	12,999	12,386	-	-
Outstanding contracts on clients' accounts	97,880	206,254	-	-
Amount due from subsidiary companies	-	-	188,773	227,345
Dividend receivable from subsidiary companies	-	-	58,860	150,108
Derivatives	10,909	63,700	28,371	63,700
	<u>675,844</u>	<u>767,380</u>	<u>862,820</u>	<u>935,282</u>

A13. Deposits from Customers

	Group		Bank	
	31 March	31 December	31 March	31 December
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<u>By type of customer</u>				
Federal and state governments	284,688	258,528	284,688	258,528
Local government and statutory authorities	544,768	554,184	544,768	554,184
Business enterprises	22,575,746	18,356,782	21,329,653	16,072,496
Individuals	42,491,404	41,668,674	42,266,771	40,903,032
Foreign customers	2,269,273	1,199,966	1,623,078	1,050,029
Others	9,903,864	10,208,169	9,250,746	9,427,370
	<u>78,069,743</u>	<u>72,246,303</u>	<u>75,299,704</u>	<u>68,265,639</u>

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A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Licensed banks	1,480,534	1,146,857	837,184	769,850
Licensed finance companies	225,000	240,000	200,000	240,000
Licensed merchant banks	86,100	104,000	36,100	44,878
Other financial institutions	1,610,443	1,467,624	2,723,196	3,711,002
	<u>3,402,077</u>	<u>2,958,481</u>	<u>3,796,480</u>	<u>4,765,730</u>

A15. Other Liabilities

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Interest/Profit payable	434,329	422,185	396,205	407,063
Other creditors and accruals	456,977	545,956	285,296	268,535
Employees benefits	2,605	5,741	2,605	5,741
Accrued restoration cost	7,346	8,589	7,346	7,665
Profit Equalisation Reserves	29,638	28,393	29,638	28,393
Outstanding contracts on clients' accounts	89,880	202,621	-	-
Dividend payable to shareholders	1,178,413	305,379	1,178,413	305,379
Amount due to subsidiary companies	-	-	255,976	292,988
Derivatives	78,183	126,054	3,581	17,761
	<u>2,277,371</u>	<u>1,644,918</u>	<u>2,159,060</u>	<u>1,333,525</u>

A16. Interest Income

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPL	861,685	759,383	861,685	759,383
- Recoveries from NPLs	20,776	12,924	20,776	12,924
Money at call and deposit placements with financial institutions	178,852	63,366	178,852	63,366
Securities held-for-trading	35,986	47,183	35,986	47,183
Securities available-for-sale	45,959	7,589	45,959	7,589
Securities held-to-maturity	6,222	7,305	6,222	7,305
Others	17,319	2,807	17,319	2,807
	<u>1,166,799</u>	<u>900,557</u>	<u>1,166,799</u>	<u>900,557</u>
Amortisation of premium less accretion of discount	(6,630)	(4,141)	(6,630)	(4,141)
Interest income suspended	(32,214)	(16,442)	(32,214)	(16,442)
	<u>1,127,955</u>	<u>879,974</u>	<u>1,127,955</u>	<u>879,974</u>

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A16. Interest Income (continued)

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
<u>Bank</u>				
Loan, advances and financing				
- Interest income other than recoveries from NPL	765,962	424,737	765,962	424,737
- Recoveries from NPLs	20,662	12,924	20,662	12,924
Money at call and deposit placements with financial institutions	161,081	124,410	161,081	124,410
Securities held-for-trading	35,234	47,115	35,234	47,115
Securities available-for-sale	4,539	5,562	4,539	5,562
Securities held-to-maturity	3,753	2,392	3,753	2,392
Others	6,001	864	6,001	864
	<u>997,232</u>	<u>618,004</u>	<u>997,232</u>	<u>618,004</u>
Amortisation of premium less accretion of discount	(6,480)	(4,217)	(6,480)	(4,217)
Interest income suspended	(31,799)	(12,863)	(31,799)	(12,863)
	<u>958,953</u>	<u>600,924</u>	<u>958,953</u>	<u>600,924</u>

A17. Interest Expense

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	33,457	12,211	33,457	12,211
Deposits from customers	437,505	300,943	437,505	300,943
Loans sold to Cagamas	3,438	5,540	3,438	5,540
Subordinated notes	12,253	-	12,253	-
Others	43,671	4,501	43,671	4,501
	<u>530,324</u>	<u>323,195</u>	<u>530,324</u>	<u>323,195</u>

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	34,719	55,778	34,719	55,778
Deposits from customers	417,753	238,810	417,753	238,810
Loans sold to Cagamas	3,438	1,310	3,438	1,310
Subordinated notes	12,253	-	12,253	-
Others	35	15	35	15
	<u>468,198</u>	<u>295,913</u>	<u>468,198</u>	<u>295,913</u>

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A18. Other Operating Income

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Group				
(a) Fee income:				
Commissions	20,868	20,080	20,868	20,080
Service charges and fees	40,536	37,890	40,536	37,890
Guarantee fees	5,170	5,755	5,170	5,755
Processing fees	532	4,890	532	4,890
Commitment fees	8,101	7,074	8,101	7,074
Unit trust management fees	31,113	29,075	31,113	29,075
Net brokerage and commissions from stock broking activities	5,200	9,286	5,200	9,286
Other fee income	8,625	4,547	8,625	4,547
	<u>120,145</u>	<u>118,597</u>	<u>120,145</u>	<u>118,597</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading	4,076	8,536	4,076	8,536
Net gain from sale of securities available-for-sale	-	1,554	-	1,554
	<u>4,076</u>	<u>10,090</u>	<u>4,076</u>	<u>10,090</u>
(c) Gross dividend income from:				
Securities held-for-trading	861	61	861	61
Securities available-for-sale	8,599	4,927	8,599	4,927
Securities held-to-maturity	-	478	-	478
	<u>9,460</u>	<u>5,466</u>	<u>9,460</u>	<u>5,466</u>
(d) Unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives	5,584	(6,430)	5,584	(6,430)
(e) Other income:				
Foreign exchange profit/(loss)				
- Realised	7,239	30,060	7,239	30,060
- Unrealised	(11)	-	(11)	-
Rental income	1,839	561	1,839	561
Gain on disposal of property and equipment (net)	2,045	27	2,045	27
Gain on disposal of foreclosed properties	56	11	56	11
Gain on sale of trust units	20,518	20,117	20,518	20,117
Lease income and factoring charges	532	519	532	519
Others	26,757	9,706	26,757	9,706
	<u>58,975</u>	<u>61,001</u>	<u>58,975</u>	<u>61,001</u>
Total other operating income	<u>198,240</u>	<u>188,724</u>	<u>198,240</u>	<u>188,724</u>

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A18. Other Operating Income (continued)

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Bank				
(a) Fee income:				
Commissions	20,402	18,652	20,402	18,652
Service charges and fees	26,479	21,209	26,479	21,209
Guarantee fees	4,395	4,862	4,395	4,862
Processing fees	147	129	147	129
Commitment fees	7,722	6,983	7,722	6,983
Other fee income	2,766	2,514	2,766	2,514
	<u>61,911</u>	<u>54,349</u>	<u>61,911</u>	<u>54,349</u>
(b) Gain arising from sale of securities:				
Net gain from sale of securities held-for-trading	1,678	8,488	1,678	8,488
Net gain/(loss) from sale of securities available-for-sale	-	-	-	-
	<u>1,678</u>	<u>8,488</u>	<u>1,678</u>	<u>8,488</u>
(c) Gross dividend income from:				
Securities held-for-trading	56	29	56	29
Securities available-for-sale	8,599	4,927	8,599	4,927
Securities held-to-maturity	-	-	-	-
Associated companies	-	-	-	-
Subsidiary companies	-	-	-	-
	<u>8,655</u>	<u>4,956</u>	<u>8,655</u>	<u>4,956</u>
(d) Unrealised gains/(losses) on revaluation of securities held-for-trading and derivatives	5,409	(6,323)	5,409	(6,323)
(e) Other income:				
Foreign exchange profit				
- Realised	7,213	29,921	7,213	29,921
Rental income	583	922	583	922
Gain on disposal of property and equipment (net)	1,772	25	1,772	25
Gain on disposal of foreclosed properties	56	11	56	11
Gain on sale of trust units	-	-	-	-
Lease income and factoring charges	-	-	-	-
Others	10,129	12,166	10,129	12,166
	<u>19,753</u>	<u>43,045</u>	<u>19,753</u>	<u>43,045</u>
Total other operating income	<u>97,406</u>	<u>104,515</u>	<u>97,406</u>	<u>104,515</u>

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A19. Other Operating Expenses

<u>Group</u>	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Personnel costs				
- Salaries, allowances and bonuses	144,024	138,957	144,024	138,957
- Pension costs	16,958	18,632	16,958	18,632
- Others	12,279	11,456	12,279	11,456
Establishment costs				
- Depreciation	22,479	21,876	22,479	21,876
- Rental	11,708	13,045	11,708	13,045
- Insurance	1,390	4,217	1,390	4,217
- Water and electricity	4,823	4,899	4,823	4,899
- General repairs	4,205	3,430	4,205	3,430
- Information technology expenses	3,368	7,275	3,368	7,275
- Others	13,206	13,054	13,206	13,054
Marketing expenses				
- Sales commission	23,153	14,354	23,153	14,354
- Advertisement and publicity	10,651	8,398	10,651	8,398
- Handling fees	5,226	12,857	5,226	12,857
- Others	13,861	10,910	13,861	10,910
Administration and general expenses				
- Amortisation of goodwill/intangible assets	11,542	11,297	11,542	11,297
- Communication expenses	8,376	12,370	8,376	12,370
- Others	16,610	13,273	16,610	13,273
	323,859	320,300	323,859	320,300

<u>Bank</u>	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Personnel costs				
- Salaries, allowances and bonuses	122,300	86,321	122,300	86,321
- Pension costs	15,151	12,025	15,151	12,025
- Others	11,457	8,064	11,457	8,064
Establishment costs				
- Depreciation	18,183	15,178	18,183	15,178
- Rental	15,885	15,607	15,885	15,607
- Insurance	1,053	3,363	1,053	3,363
- Water and electricity	3,934	3,611	3,934	3,611
- General repairs	3,372	2,111	3,372	2,111
- Information technology expenses	2,412	3,897	2,412	3,897
- Others	11,701	7,714	11,701	7,714
Marketing expenses				
- Advertisement and publicity	4,610	3,059	4,610	3,059
- Handling fees	5,225	453	5,225	453
- Others	11,129	6,966	11,129	6,966
Administration and general expenses				
- Amortisation of goodwill/intangible assets	10,741	4,914	10,741	4,914
- Communication expenses	7,320	10,453	7,320	10,453
- Others	15,807	5,937	15,807	5,937
	260,280	189,673	260,280	189,673

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A20. Allowance for Losses on Loans, Advances and Financing

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
<u>Group</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	37,848	36,815	37,848	36,815
- specific allowance	86,936	105,359	86,936	105,359
- specific allowance written back	(11,698)	(29,490)	(11,698)	(29,490)
Net write back of allowance in share broking activities	(503)	-	(503)	-
Bad debts and financing written off	194	365	194	365
Bad debts and financing recovered	(22,979)	(24,874)	(22,979)	(24,874)
	89,798	88,175	89,798	88,175
	89,798	88,175	89,798	88,175
	1st Quarter ended	31 March	Three months ended	31 March
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	43,852	6,885	43,852	6,885
- specific allowance	61,146	25,420	61,146	25,420
- specific allowance written back	(11,675)	(5,767)	(11,675)	(5,767)
Net write back of allowance in share broking activities	-	-	-	-
Bad debts and financing written off	194	340	194	340
Bad debts and financing recovered	(15,717)	(17,229)	(15,717)	(17,229)
	77,800	9,649	77,800	9,649
	77,800	9,649	77,800	9,649

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

By Business Segments

	1st Quarter ended 31 March 2005		Three months ended 31 March 2005		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Asset RM'000
<u>Group</u>					
Retail operations	690,795	426,670	690,795	426,670	55,900,468
Corporate lending	53,372	9,933	53,372	9,933	4,334,549
Treasury and capital market operations	427,353	81,168	427,353	81,168	32,709,014
Investment banking	20,335	1,978	20,335	1,978	2,577,317
Share broking and fund management	60,210	24,698	60,210	24,698	468,241
Others	980	3,123	980	3,123	218,505
	<u>1,253,045</u>	<u>547,570</u>	<u>1,253,045</u>	<u>547,570</u>	<u>96,208,094</u>
Inter-segment elimination	<u>165,528</u>	-	<u>165,528</u>	-	-
	<u>1,418,573</u>	<u>547,570</u>	<u>1,418,573</u>	<u>547,570</u>	<u>96,208,094</u>
Unallocated expenses	-	(57,426)	-	(57,426)	-
Amortisation of goodwill/intangible asset	-	(11,542)	-	(11,542)	-
Share of results in associated companies	-	996	-	996	-
Goodwill/intangible asset	-	-	-	-	795,984
Unallocated assets	-	-	-	-	429,000
Investment in associated companies	-	-	-	-	46,906
	<u><u>1,418,573</u></u>	<u><u>479,598</u></u>	<u><u>1,418,573</u></u>	<u><u>479,598</u></u>	<u><u>97,479,984</u></u>

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

	1st Quarter ended		Three months ended		
	31 March 2004		31 March 2004		
<u>Group</u>	Operating Revenue	Profit Before Tax Expense	Operating Revenue	Profit Before Tax Expense	Total Asset
	RM'000	RM'000	RM'000	RM'000	RM'000
Retail operations	1,030,557	333,224	1,030,557	333,224	46,146,687
Treasury and capital market operations	187,462	59,852	187,462	59,852	14,988,523
Corporate lending	49,786	34,320	49,786	34,320	3,760,814
Investment banking	21,348	3,888	21,348	3,888	2,721,066
Share broking and fund management	57,373	31,966	57,373	31,966	454,003
Others	946	2,517	946	2,517	220,836
	<u>1,347,472</u>	<u>465,767</u>	<u>1,347,472</u>	<u>465,767</u>	<u>68,291,929</u>
Inter-segment elimination	(186,979)	-	(186,979)	-	-
	1,160,493	465,767	1,160,493	465,767	68,291,929
Unallocated expenses	-	(23,607)	-	(23,607)	-
Amortisation of goodwill/intangible assets	-	(11,297)	-	(11,297)	-
Share of results in associated companies	-	752	-	752	-
Goodwill/intangible asset	-	-	-	-	807,007
Unallocated assets	-	-	-	-	602,308
Investment in associated companies	-	-	-	-	48,179
	<u><u>1,160,493</u></u>	<u><u>431,615</u></u>	<u><u>1,160,493</u></u>	<u><u>431,615</u></u>	<u><u>69,749,423</u></u>

Inter-segment pricing is determined on a negotiated basis.

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

By Geographical Locations

	1st Quarter ended		Three months ended		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Asset RM'000
<u>Group</u>					
<u>31 March 2005</u>					
Malaysia	1,303,738	410,229	1,303,738	410,229	95,503,469
Outside Malaysia	114,835	69,369	114,835	69,369	1,976,515
	<u>1,418,573</u>	<u>479,598</u>	<u>1,418,573</u>	<u>479,598</u>	<u>97,479,984</u>
 <u>31 March 2004</u>					
Malaysia	1,053,442	382,976	1,053,442	382,976	67,575,169
Outside Malaysia	107,051	48,639	107,051	48,639	2,174,254
	<u>1,160,493</u>	<u>431,615</u>	<u>1,160,493</u>	<u>431,615</u>	<u>69,749,423</u>

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

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A22. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 31 December 2004.

A23. Subsequent Events

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

A24. Changes in the Composition of Group

There were no significant changes in the composition of the Group for the 1st quarter ended 31 March 2005.

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A25. Commitments and Contingencies

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

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

<u>Group</u>	As at 31 March 2005			As at 31 December 2004		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	877,158	877,158	622,640	864,582	864,582	621,841
Certain transaction-related contingent items	363,820	181,910	125,438	356,632	178,316	122,975
Short-term self-liquidating trade-related contingencies	504,521	100,905	95,860	549,886	109,977	104,049
Forward assets purchased	141,432	141,432	-	-	-	-
Obligations under underwriting agreements	20,000	10,000	10,000	45,850	22,925	22,925
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,136,377	2,068,189	1,702,869	4,086,615	2,043,308	1,640,070
- maturity not exceeding one year	8,645,351	-	-	8,342,491	-	-
Foreign exchange related contracts:						
- less than one year	2,710,440	40,079	10,274	3,445,413	50,731	14,614
- one year to less than five years	380,040	19,976	3,995	381,201	24,457	4,891
Interest rate related contracts:						
- less than one year	68,252	142	28	70,798	177	35
- one year to less than five years	2,047,607	76,318	15,263	638,209	19,918	3,984
- five years and above	573,800	38,228	7,646	999,000	73,076	14,615
	<u>20,468,798</u>	<u>3,554,337</u>	<u>2,594,013</u>	<u>19,780,677</u>	<u>3,387,467</u>	<u>2,549,999</u>

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A25. Commitments and Contingencies (continued)

<u>Bank</u>	As at 31 March 2005			As at 31 December 2004		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	872,811	872,811	618,292	861,544	861,544	618,801
Certain transaction-related contingent items	356,330	178,165	121,871	348,568	174,284	118,981
Short-term self-liquidating trade-related contingencies	426,180	85,236	80,250	474,999	95,000	89,415
Forward assets purchased	141,432	141,432	-	-	-	-
Obligations under underwriting agreements	30,000	15,000	15,000	30,000	15,000	15,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,135,790	2,067,895	1,702,722	4,085,883	2,042,942	1,639,866
- maturity not exceeding one year	8,498,816	-	-	8,218,756	-	-
Foreign exchange related contracts:						
- less than one year	2,710,440	40,079	10,274	3,445,413	50,731	14,614
- one year to less than five years	380,040	19,976	3,995	381,201	24,457	4,891
Interest rate related contracts:						
- less than one year	68,252	142	28	70,798	177	35
- one year to less than five years	2,047,607	76,318	15,264	638,175	19,915	3,983
- five years and above	554,800	37,088	7,418	980,000	71,936	14,387
	<u>20,222,498</u>	<u>3,534,142</u>	<u>2,575,114</u>	<u>19,535,337</u>	<u>3,355,986</u>	<u>2,519,973</u>

* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

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A26. Off-Balance Sheet Financial Instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2005:

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

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	440,987	208,917	116,456	83,720	31,894	-	-
- swap	2,649,493	1,044,253	1,031,616	117,584	76,000	380,040	-
Sub total	3,090,480	1,253,170	1,148,072	201,304	107,894	380,040	-
Interest rate related contracts							
- swap	2,689,659	581,400	671,859	1,436,400	-	-	-
Total	5,780,139	1,834,570	1,819,931	1,637,704	107,894	380,040	-

Bank

Items	Principal Amount RM'000	>1 - 3 months RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	440,987	208,917	116,456	83,720	31,894	-	-
- swap	2,649,493	1,044,253	1,031,616	117,584	76,000	380,040	-
Sub total	3,090,480	1,253,170	1,148,072	201,304	107,894	380,040	-
Interest rate related contracts							
- swap	2,670,659	562,400	671,859	1,436,400	-	-	-
Total	5,761,139	1,815,570	1,819,931	1,637,704	107,894	380,040	-

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

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 March 2005, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,237,118,000 (31 December 2004 : RM1,377,179,000).

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A26. Off-Balance Sheet Financial Instruments (continued)

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 March 2005, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM10,907,000 (31 December 2004 : RM11,502,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

Derivatives financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

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A27. Interest/Profit Rate Risk

Group	Non trading book							Total	Effective interest rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 5 years	over 5 years	Non-interest sensitive	Trading book		
As at 31 March 2005	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	12,489,572	-	-	-	-	639,723	-	13,129,295	2.75
Deposits and placements with banks and other financial institutions	965	1,809,236	346,526	4,000	-	-	-	2,160,727	2.82
Securities purchased under resale agreements	4,973,188	5,100,125	-	-	-	-	906,077	10,979,390	2.78
Securities held-for-trading	-	-	-	-	-	-	4,006,461	4,006,461	2.94
Securities available-for-sale	-	-	71,060	714,645	1,106,806	1,156,336	72,970	3,121,817	3.04
Securities held-to-maturity	21,109	91,932	409,453	339,668	-	38,854	-	901,016	3.08
Loans, advances and financing									
- performing	25,242,061	3,288,850	9,955,749	15,494,710	4,128,304	2,357	-	58,112,031	6.83
- non-performing *	-	-	-	-	-	292,264	-	292,264	-
Other non-interest sensitive balances	-	-	-	-	-	4,766,074	10,909	4,776,983	-
TOTAL ASSETS	42,726,895	10,290,143	10,782,788	16,553,023	5,235,110	6,895,608	4,996,417	97,479,984	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	35,811,054	16,475,124	17,219,763	344,317	5,825	8,213,660	-	78,069,743	2.64
Deposits and placements of banks and other financial institutions	2,629,957	663,262	5,715	-	-	103,143	-	3,402,077	2.71
Obligations on securities sold under repurchase agreements	1,492,784	22,000	-	-	-	-	-	1,514,784	2.57
Bills and acceptances payable	474,111	740,907	176,372	-	-	708,399	-	2,099,789	2.81
Recourse obligations on loans sold to Cagamas	288,613	6,826	25,425	20,372	-	-	-	341,236	4.00
Subordinated notes	-	-	-	1,322,019	-	-	-	1,322,019	4.30
Other non-interest sensitive balances	-	-	-	-	-	2,460,461	78,183	2,538,644	-
Total Liabilities	40,696,519	17,908,119	17,427,275	1,686,708	5,825	11,485,663	78,183	89,288,292	
Shareholders' equity	-	-	-	-	-	7,806,145	-	7,806,145	
Minority interests	-	-	-	-	-	385,547	-	385,547	
Total Liabilities and Shareholders' Equity	40,696,519	17,908,119	17,427,275	1,686,708	5,825	19,677,355	78,183	97,479,984	
On-balance sheet interest sensitivity gap	2,030,376	(7,617,976)	(6,644,487)	14,866,315	5,229,285	(12,781,747)	4,918,234	-	
Off-balance interest sensitivity gap (interest rate swaps)	585,200	668,059	(1,291,852)	612,393	(573,800)	-	-	-	
Total interest sensitivity gap	2,615,576	(6,949,917)	(7,936,339)	15,478,708	4,655,485	(12,781,747)	4,918,234	-	

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

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A27. Interest/Profit Rate Risk (continued)

Group	Non trading book						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	over 5 years RM'000					
ASSETS										
Cash and short-term funds	19,121,121	-	-	-	-	548,884	-	19,670,005	2.68	
Deposits and placements with banks and other financial institutions	745	1,243,558	216,006	-	-	-	-	1,460,309	2.64	
Securities purchased under resale agreements	347,700	1,147,738	-	-	-	-	-	1,495,438	2.79	
Securities held-for-trading	-	-	-	-	-	-	5,261,938	5,261,938	3.01	
Securities available-for-sale	-	-	74,513	733,106	1,123,420	1,146,169	63,005	3,140,213	4.84	
Securities held-to-maturity	4,702	112,162	174,035	516,996	1,756	23,025	-	832,676	3.12	
Loans, advances and financing										
- performing	24,434,545	2,761,239	8,974,495	15,339,420	3,892,539	-	-	55,402,238	6.96	
- non-performing *	-	-	-	-	-	316,491	-	316,491	-	
Other non-interest sensitive balances	-	-	-	-	-	4,738,810	11,501	4,750,311	-	
TOTAL ASSETS	43,908,813	5,264,697	9,439,049	16,589,522	5,017,715	6,773,379	5,336,444	92,329,619		
LIABILITIES AND SHAREHOLDERS' EQUITY										
Deposits from customers	36,612,072	12,501,026	14,714,562	336,916	5,258	8,076,469	-	72,246,303	2.63	
Deposits and placements of banks and other financial institutions	1,969,618	439,163	431,315	-	-	118,385	-	2,958,481	2.38	
Obligations on securities sold under repurchase agreements	3,253,431	5,000	-	-	-	-	-	3,258,431	2.64	
Bills and acceptances payable	431,285	74,717	-	-	-	754,990	-	1,260,992	2.85	
Recourse obligations on loans sold to Cagamas	291,747	5,674	23,781	25,011	-	-	-	346,213	4.00	
Subordinated notes	-	-	-	1,375,214	-	-	-	1,375,214	3.44	
Other non-interest sensitive balances	-	-	-	-	-	1,863,407	17,761	1,881,168	-	
Total Liabilities	42,558,153	13,025,580	15,169,658	1,737,141	5,258	10,813,251	17,761	83,326,802		
Shareholders' equity	-	-	-	-	-	8,634,706	-	8,634,706		
Minority interests	-	-	-	-	-	368,111	-	368,111		
Total Liabilities and Shareholders' Equity	42,558,153	13,025,580	15,169,658	1,737,141	5,258	19,816,068	17,761	92,329,619		
On-balance sheet interest sensitivity gap	1,350,660	(7,760,883)	(5,730,609)	14,852,381	5,012,457	(13,042,689)	5,318,683	-		
Off-balance interest sensitivity gap (interest rate swaps)	577,200	(427,193)	157,202	691,791	(999,000)	-	-	-		
Total interest sensitivity gap	1,927,860	(8,188,076)	(5,573,407)	15,544,172	4,013,457	(13,042,689)	5,318,683	-		

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

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A27. Interest/Profit Rate Risk (continued)

Bank	Non trading book							Total	Effective interest rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 5 years	over 5 years	Non-interest sensitive	Trading book		
As at 31 March 2005	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	12,434,216	-	-	-	-	596,206	-	13,030,422	2.74
Deposits and placements with banks and other financial institutions	-	1,826,464	330,966	-	-	-	-	2,157,430	2.66
Securities purchased under resale agreements	4,973,188	5,100,125	-	-	-	-	-	10,073,313	2.78
Securities held-for-trading	-	-	-	-	-	-	3,959,307	3,959,307	2.93
Securities available-for-sale	-	-	18,787	-	676,369	1,072,700	62,410	1,830,266	3.22
Securities held-to-maturity	10,968	11,159	228,876	319,574	-	38,644	-	609,221	3.20
Loans, advances and financing									
- performing	24,774,058	2,985,806	9,396,204	14,980,391	4,089,605	-	-	56,226,064	6.37
- non-performing *	-	-	-	-	-	316,357	-	316,357	-
Other non-interest sensitive balances	-	-	-	-	-	5,709,472	28,371	5,737,843	-
TOTAL ASSETS	42,192,430	9,923,554	9,974,833	15,299,965	4,765,974	7,733,379	4,050,088	93,940,223	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	34,267,441	15,096,731	17,482,080	341,226	5,825	8,106,401	-	75,299,704	2.67
Deposits and placements of banks and other financial institutions	2,354,636	1,344,732	-	-	-	97,112	-	3,796,480	2.92
Obligations on securities sold under repurchase agreements	1,223,096	22,000	-	-	-	-	-	1,245,096	2.54
Bills and acceptances payable	474,111	740,907	176,372	-	-	706,133	-	2,097,523	2.81
Recourse obligations on loans sold to Cagamas	288,613	6,826	25,425	20,372	-	-	-	341,236	4.00
Subordinated notes	-	-	-	1,322,019	-	-	-	1,322,019	4.30
Other non-interest sensitive balances	-	-	-	-	-	2,343,770	3,581	2,347,351	-
Total Liabilities	38,607,897	17,211,196	17,683,877	1,683,617	5,825	11,253,416	3,581	86,449,409	
Shareholders' equity	-	-	-	-	-	7,490,814	-	7,490,814	
Total Liabilities and Shareholders' Equity	38,607,897	17,211,196	17,683,877	1,683,617	5,825	18,744,230	3,581	93,940,223	
On-balance sheet interest sensitivity gap	3,584,533	(7,287,642)	(7,709,044)	13,616,348	4,760,149	(11,010,851)	4,046,507	-	
Off-balance interest sensitivity gap (interest rate swaps)	566,200	668,059	(1,291,852)	612,393	(554,800)	-	-	-	
Total interest sensitivity gap	4,150,733	(6,619,583)	(9,000,896)	14,228,741	4,205,349	(11,010,851)	4,046,507	-	

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

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A27. Interest/Profit Rate Risk (continued)

Bank	← Non trading book →						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	over 5 years RM'000					
ASSETS										
Cash and short-term funds	19,383,268	-	-	-	-	-	509,968	-	19,893,236	2.68
Deposits and placements with banks and other financial institutions	-	1,497,127	76,000	-	-	-	-	-	1,573,127	2.43
Securities purchased under resale agreements	147,393	831,159	-	-	-	-	-	-	978,552	2.81
Securities held-for-trading	-	-	-	-	-	-	-	5,199,416	5,199,416	3.00
Securities available-for-sale	-	-	-	-	-	-	1,070,022	62,408	1,132,430	-
Securities held-to-maturity	4,702	1,119	83,737	496,710	1,756	-	22,815	-	610,839	3.23
Loans, advances and financing										
- performing	23,918,520	2,492,233	8,381,560	14,853,258	3,846,623	-	-	-	53,492,194	6.47
- non-performing *	-	-	-	-	-	-	363,918	-	363,918	-
Other non-interest sensitive balances	-	-	-	-	-	-	5,677,505	11,501	5,689,006	-
TOTAL ASSETS	43,453,883	4,821,638	8,541,297	15,349,968	3,848,379	7,644,228	5,273,325	88,932,718		
LIABILITIES AND SHAREHOLDERS' EQUITY										
Deposits from customers	33,297,789	11,817,049	14,851,531	329,963	5,258	-	7,964,049	-	68,265,639	2.67
Deposits and placements of banks and other financial institutions	3,696,546	493,890	471,200	-	-	-	104,094	-	4,765,730	2.61
Obligations on securities sold under repurchase agreements	3,013,317	5,000	-	-	-	-	-	-	3,018,317	2.64
Bills and acceptances payable	431,285	74,717	-	-	-	-	752,915	-	1,258,917	2.85
Recourse obligations on loans sold to Cagamas	291,747	5,674	23,781	25,011	-	-	-	-	346,213	4.00
Subordinated notes	-	-	-	1,375,214	-	-	-	-	1,375,214	3.44
Other non-interest sensitive balances	-	-	-	-	-	-	1,470,136	17,761	1,487,897	-
Total Liabilities	40,730,684	12,396,330	15,346,512	1,730,188	5,258	10,291,194	17,761	80,517,927		
Shareholders' equity	-	-	-	-	-	-	8,414,791	-	8,414,791	
Total Liabilities and Shareholders' Equity	40,730,684	12,396,330	15,346,512	1,730,188	5,258	18,705,985	17,761	88,932,718		
On-balance sheet interest sensitivity gap	2,723,199	(7,574,692)	(6,805,215)	13,619,780	3,843,121	(11,061,757)	5,255,564	-	-	
Off-balance interest sensitivity gap (interest rate swaps)	444,200	(479,025)	(13,798)	971,623	(923,000)	-	-	-	-	
Total interest sensitivity gap	3,167,399	(8,053,717)	(6,819,013)	14,591,403	2,920,121	(11,061,757)	5,255,564	-	-	

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

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A28. Capital Adequacy

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

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
<u>Before deducting proposed dividends:</u>				
Core capital ratio	11.4%	13.9%	11.2%	13.8%
Risk-weighted capital ratio	<u>15.2%</u>	<u>17.8%</u>	<u>12.7%</u>	<u>15.3%</u>
<u>After deducting proposed dividends:</u>				
Core capital ratio	11.4%	11.8%	11.2%	11.6%
Risk-weighted capital ratio	<u>15.2%</u>	<u>15.7%</u>	<u>12.7%</u>	<u>13.1%</u>

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
<u>Components of Tier I and Tier II capital:</u>				
<u>Tier I capital</u>				
Paid-up share capital	3,397,542	3,355,767	3,397,542	3,355,767
Share premium	1,498,380	1,347,084	1,498,380	1,347,084
Other reserves	2,614,753	2,614,753	2,450,465	2,450,465
Retained profits, as restated	676,160	1,874,012	745,987	1,926,371
As previously stated	-	1,854,572	-	1,924,399
Prior year adjustments ^{*1}	-	19,440	-	1,972
Treasury shares	(784,528)	(601,441)	(784,528)	(601,441)
Minority interests	384,136	368,111	-	-
Less: Goodwill/intangible assets	(795,984)	(811,399)	(727,615)	(738,356)
Less: Deferred tax assets, net, as restated	(283,542)	(282,700)	(223,486)	(222,719)
As previously stated	-	(283,542)	-	(223,486)
Prior year adjustments ^{*1}	-	842	-	767
Total Tier I capital	<u>6,706,917</u>	<u>7,864,187</u>	<u>6,356,745</u>	<u>7,517,171</u>
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	933,499	930,994	891,555	862,723
Subordinated notes, at cost	1,323,379	1,323,014	1,323,379	1,323,014
Total Tier II capital	<u>2,256,878</u>	<u>2,254,008</u>	<u>2,214,934</u>	<u>2,185,737</u>
Total capital	<u>8,963,795</u>	<u>10,118,195</u>	<u>8,571,679</u>	<u>9,702,908</u>
Less: Investment in subsidiary companies	-	-	(1,365,364)	(1,365,364)
Capital base	<u>8,963,795</u>	<u>10,118,195</u>	<u>7,206,315</u>	<u>8,337,544</u>

*1 The prior year adjustments are in respect of the change in accounting policies as disclosed in Note A1 and Note A30.

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A29. Operations of Islamic Banking

A29a. Unaudited Balance Sheets as at 31 March 2005

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
ASSETS				
Cash and short-term funds	34,270	204,385	34,270	204,385
Securities held-to-maturity	127,449	127,503	127,449	127,503
Financing, advances and other loans	6,422,225	6,179,167	6,422,225	6,179,167
Other assets	542	1,580,488	542	1,580,517
Statutory deposits with Bank Negara Malaysia	121,000	78,700	121,000	78,700
Deferred tax assets	39,713	38,273	39,713	38,273
Property and equipment	52	52	52	52
Total Assets	6,745,251	8,208,568	6,745,251	8,208,597
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits from customers	3,575,658	3,491,355	3,575,658	3,491,355
Deposits and placements of banks and other financial institutions	2,004,690	3,585,613	2,004,690	3,585,613
Bills and acceptances payable	17,877	29,830	17,877	29,830
Other liabilities	52,061	40,737	52,061	40,737
Provision for tax expense and zakat	23,122	34,012	23,122	34,012
Total Liabilities	5,673,408	7,181,547	5,673,408	7,181,547
Islamic Banking Funds	1,071,843	1,027,021	1,071,843	1,027,050
Total Liabilities and Islamic Banking Funds	6,745,251	8,208,568	6,745,251	8,208,597
COMMITMENTS AND CONTINGENCIES	135,492	145,575	135,492	145,575

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A29b. Unaudited Income Statements for the 1st Quarter and Three Months Ended 31 March 2005

	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
<u>Group</u>				
Income derived from investment of depositors' funds	103,426	91,748	103,426	91,748
Allowance for losses on financing, advances and other loans	(11,977)	(13,966)	(11,977)	(13,966)
Transfer to profit equalisation reserve	(1,245)	(1,094)	(1,245)	(1,094)
Other expenses directly attributable to depositors and Islamic Banking Funds	-	(2,447)	-	(2,447)
Total attributable income	90,204	74,241	90,204	74,241
Income attributable to the depositors	(25,061)	(11,864)	(25,061)	(11,864)
Income attributable to the reporting institution	65,143	62,377	65,143	62,377
Income derived from investment of Islamic Banking Funds	19,268	15,045	19,268	15,045
Total net income	84,411	77,422	84,411	77,422
Other operating expenses	(17,971)	(12,556)	(17,971)	(12,556)
Profit before zakat and tax expense	66,440	64,866	66,440	64,866
Zakat	(39)	(19)	(39)	(19)
Tax expense	(21,608)	(18,164)	(21,608)	(18,164)
Net profit for the financial period	44,793	46,683	44,793	46,683
	1st Quarter ended	31 March	Three months ended	31 March
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Income derived from investment of depositors funds	103,426	34,242	103,426	34,242
Allowance for losses on financing, advances and other loans	(11,977)	(3,130)	(11,977)	(3,130)
Transfer to profit equalisation reserve	(1,245)	(1,094)	(1,245)	(1,094)
Total attributable income	90,204	30,018	90,204	30,018
Income attributable to the depositors	(25,061)	(7,749)	(25,061)	(7,749)
Income attributable to the reporting institution	65,143	22,269	65,143	22,269
Income derived from investment of Islamic Banking Funds	19,268	9,993	19,268	9,993
Total net income	84,411	32,262	84,411	32,262
Other operating expenses	(17,971)	(6,921)	(17,971)	(6,921)
Profit before zakat and tax expense	66,440	25,341	66,440	25,341
Zakat	(39)	(19)	(39)	(19)
Tax expense	(21,608)	(7,095)	(21,608)	(7,095)
Net profit for the financial period	44,793	18,227	44,793	18,227

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A29c. Financing, Advances and Other Loans

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
Al-Qardhassan (overdraft)	11,025	9,737	11,025	9,737
Al-Bai Bithaman Ajil (deferred payment sale)	3,105,831	2,965,698	3,105,831	2,962,784
Al-Ijarah Thamma Al-Bai' (leasing)	5,355,747	5,191,063	5,355,747	5,193,977
Bai-Al-Einah	199,275	194,494	199,275	194,494
	<u>8,671,878</u>	<u>8,360,992</u>	<u>8,671,878</u>	<u>8,360,992</u>
Unearned income	<u>(2,104,507)</u>	<u>(2,048,460)</u>	<u>(2,104,507)</u>	<u>(2,048,460)</u>
Gross financing, advances and other loans	<u>6,567,371</u>	<u>6,312,532</u>	<u>6,567,371</u>	<u>6,312,532</u>
Allowance for bad and doubtful debts and financing:				
- general	(111,195)	(107,295)	(111,195)	(107,295)
- specific	(33,951)	(26,070)	(33,951)	(26,070)
Net financing, advances and other loans	<u>6,422,225</u>	<u>6,179,167</u>	<u>6,422,225</u>	<u>6,179,167</u>

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

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
At 1 January	150,538	88,562	150,538	21,067
Non-performing during the period/year	99,314	260,175	99,314	224,373
Amount vested over from Public Finance Berhad	-	-	-	79,746
Reclassified as performing	(80,989)	(160,355)	(80,989)	(157,713)
Recoveries	(9,516)	(17,194)	(9,516)	(7,762)
Amount written off	(1,195)	(20,650)	(1,195)	(9,173)
Closing balance	<u>158,152</u>	<u>150,538</u>	<u>158,152</u>	<u>150,538</u>
Specific allowance	<u>(33,951)</u>	<u>(26,070)</u>	<u>(33,951)</u>	<u>(26,070)</u>
Net non-performing financing, advances and other loans	<u>124,201</u>	<u>124,468</u>	<u>124,201</u>	<u>124,468</u>
Net NPL as % of gross financing, advances and other loans less specific allowance	<u>1.90%</u>	<u>1.98%</u>	<u>1.90%</u>	<u>1.98%</u>

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A29c. Financing, Advances and Other Loans (continued)

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

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
<u>General allowance</u>				
At 1 January	107,295	99,224	107,295	26,744
Allowance made during the period/year	3,900	8,071	3,900	80,551
Closing balance	<u>111,195</u>	<u>107,295</u>	<u>111,195</u>	<u>107,295</u>
As % gross loans, financing and other loans less specific allowance	<u>1.70%</u>	<u>1.71%</u>	<u>1.70%</u>	<u>1.71%</u>
	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
<u>Specific allowance</u>				
At 1 January	26,070	15,337	26,070	3,164
Allowance made during the period/year	11,301	33,858	11,301	15,466
Amount vested over from Public Finance Berhad	-	-	-	17,006
Amount written back	(2,221)	(2,467)	(2,221)	(384)
Amount written off	(1,199)	(20,658)	(1,199)	(9,182)
Closing balance	<u>33,951</u>	<u>26,070</u>	<u>33,951</u>	<u>26,070</u>

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A29d. Deposits from Customers
i) By type of deposit

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004 RM'000
<u>Non-Mudharabah Fund</u>				
Demand deposits	893,388	946,052	893,388	946,052
Savings deposits	1,826,632	1,684,094	1,826,632	1,684,094
	2,720,020	2,630,146	2,720,020	2,630,146
<u>Mudharabah Fund</u>				
Savings deposits	51,259	43,407	51,259	43,407
General investment deposit	804,379	817,802	804,379	817,802
	855,638	861,209	855,638	861,209
Deposits from customers	3,575,658	3,491,355	3,575,658	3,491,355

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A30. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policies

During the 1st quarter ended 31 March 2005, the Group and the Bank have adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

- 1) The holdings of the securities portfolio of the Group and the Bank are segregated based on the following categories and valuation methods:

- i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The securities held-for-trading will be 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 statements.

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

- iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised 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 statements.

- 2) Derivatives financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

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A30. Change in Accounting Policies and Prior Year Adjustments (continued)

- 3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

(b) Prior Year Adjustments

The changes in accounting policies as described above were applied retrospectively and have the following impact on the opening reserves and results of the Group and Bank:

	Group		Bank	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Effects on retained profits:				
At 1 January, as previously stated	682,324	1,762,092	732,497	1,172,318
Effects of adopting the fair value accounting for securities held-for-trading	1,513	(3,004)	1,319	(2,832)
Effects of recognising previously recognised loss on securities available-for -sale to equity	17,927	20,894	653	653
At 1 January, as restated	<u>701,764</u>	<u>1,779,982</u>	<u>734,469</u>	<u>1,170,139</u>

	Group		Bank	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Effects on other reserves				
At 1 January, as previously stated	2,614,989	2,387,630	2,401,569	1,842,160
Effects of adopting the fair value accounting for securities-available for-sale	44,531	10,751	5,331	20,452
At 1 January, as restated	<u>2,659,520</u>	<u>2,398,381</u>	<u>2,406,900</u>	<u>1,862,612</u>

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A30. Change in Accounting Policies and Prior Year Adjustments (continued)

<u>Group</u>	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Effects on net profit for the period				
Net profit before changes in accounting policies	347,362	302,888	347,362	302,888
Effects of adopting the fair value accounting for securities held-for- trading	(2,233)	5,691	(2,233)	5,691
Effects of recognising previously recognised gain on securities available-for -sale to equity	-	(1,321)	-	(1,321)
* Effect of change in method of assigning of collateral values to certain non-performing loans	-	(3,552)	-	(3,552)
	<u>(2,233)</u>	<u>818</u>	<u>(2,233)</u>	<u>818</u>
Net profit for the period	<u><u>345,129</u></u>	<u><u>303,706</u></u>	<u><u>345,129</u></u>	<u><u>303,706</u></u>
<u>Bank</u>	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Effects on net profit for the period				
Net profit before changes in accounting policies	248,580	174,512	248,580	174,512
Effects of adopting the fair value accounting for securities held-for- trading	(2,359)	5,599	(2,359)	5,599
* Effect of change in method of assigning of collateral values to certain non-performing loans	-	(3,300)	-	(3,300)
	<u>(2,359)</u>	<u>2,299</u>	<u>(2,359)</u>	<u>2,299</u>
Net profit for the period	<u><u>246,221</u></u>	<u><u>176,811</u></u>	<u><u>246,221</u></u>	<u><u>176,811</u></u>

* The previous corresponding quarter has been adjusted to reflect the effect of the change in method of assigning of collateral values to certain non-performing loans which was adopted by the Group and the Bank in the 4th quarter and financial year ended 31 December 2004.

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A30. Change in Accounting Policies and Prior Year Adjustments (continued)

(c) Comparative Figures

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

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(i) Balance sheet as at 31 December 2004				
Dealing securities	-	6,645,591	-	5,192,470
Investment securities	-	2,432,848	-	1,740,071
Securities held-for-trading	5,261,938	-	5,199,416	-
Securities available-for-sale	3,140,213	-	1,132,430	-
Securities held-to-maturity	832,676	-	610,839	-
Deferred tax assets	280,554	283,542	220,646	223,486
Other assets	767,380	678,555	935,282	865,322
Other liabilities	1,644,918	1,518,864	1,333,525	1,315,764
Subordinated notes	1,375,214	1,323,014	1,375,214	1,323,014
Reserves	4,708,368	4,644,397	4,488,453	4,481,150
(ii) Income statement for the 1st quarter ended 31 March 2004				
Other operating income	188,724	182,206	104,515	96,739
Net income	839,338	832,820	444,918	437,142
Operating profit	519,038	512,520	255,245	247,469
Allowance for losses on loans, advances and financing	88,175	83,241	9,649	5,066
Profit before tax expense and zakat	431,615	430,031	245,596	242,403
Tax expense and zakat	112,049	111,283	68,785	67,891
Profit after tax expense	319,566	318,748	176,811	174,512
Net profit for the period	303,706	302,888	176,811	174,512

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

B1. Performance Review

The Group's pre-tax profit for the 1st quarter ended 31 March 2005 of RM479.6 million was RM48.0 million or 11.1% higher than that of the previous corresponding quarter of RM431.6 million. Profit attributable to shareholders improved by 13.6% to RM345.1 million. The improvement in earnings was primarily due to higher net interest income, including net income from Islamic Banking operations, which improved by RM43.4 million or 6.7% and higher other operating income of RM9.5 million. The increases were partially offset by higher other operating expenses of RM3.6 million and higher allowance for losses on loans, advances and financing of RM1.6 million.

The growth in the Group's net interest income was driven by strong loans growth of RM10.2 billion or 20.5% to RM59.7 billion and lower non-performing loans at the end of March 2005 as compared to the corresponding quarter in 2004. The growth in loans came mainly from financing of small-and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. As at 31 March 2005, the Group's net non-performing loans ratio ("NPL") improved to 2.1% compared to 2.8% in the same period last year.

For the 1st quarter ended 31 March 2005, the overseas operations of the Group recorded a 42.6% improvement in pre-tax profit to RM69.4 million from the previous corresponding quarter. This was mainly due to lower allowance for losses on loans, advances and financing.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM479.6 million for the 1st quarter ended 31 March 2005 is RM24.8 million lower compared to the preceding 4th quarter ended 31 December 2004. However, net profit attributable to shareholders is higher by RM8.7 million over the preceding 4th quarter ended 31 December 2004. Both the pre-tax profit and net profit attributable to shareholders for the 4th quarter ended 31 December 2004 have been adjusted retrospectively to take into account the change in accounting policies as disclosed in Note A1 and Note A30.

B3. Prospects for 2005

The strong economic conditions in Malaysia will continue to provide a supportive environment for growth in the banking system. Going forward, the Public Bank Group will further leverage on its strategic domestic network of 252 branches, its online channels and strong *PB* brand to continue to build on the momentum of its strong loan growth. Barring any unforeseen circumstances, the Group's and the Bank's performance are expected to continue to record satisfactory performance for 2005.

B4. Profit Forecast or Profit Guarantee

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

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B5. Tax Expense and Zakat

The analysis of the tax expense for the 1st quarter ended 31 March 2005 are as follows:

<u>Group</u>	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Malaysian income tax	104,176	110,888	104,176	110,888
Overseas income tax	12,529	9,201	12,529	9,201
	116,705	120,089	116,705	120,089
(Over)/Under provision in prior period/years				
- Malaysian income tax	(647)	949	(647)	949
- Overseas income tax	4	(19)	4	(19)
	116,062	121,019	116,062	121,019
Share of tax expense in associated companies	25	27	25	27
	116,087	121,046	116,087	121,046
Deferred tax expense				
- Origination and reversal of temporary differences, as restated	(507)	(9,016)	(507)	(9,016)
As previously stated	-	(9,782)	-	(9,782)
Prior year adjustments*	-	766	-	766
	115,580	112,030	115,580	112,030
Tax expense	40	19	40	19
Zakat	115,620	112,049	115,620	112,049

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

<u>Bank</u>	1st Quarter ended		Three months ended	
	31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
Malaysian income tax	100,124	67,335	100,124	67,335
Overseas income tax	84	95	84	95
	100,208	67,430	100,208	67,430
Deferred tax expense				
- Origination and reversal of temporary differences, as restated	-	1,336	-	1,336
As previously stated	-	442	-	442
Prior year adjustments*	-	894	-	894
	100,208	68,766	100,208	68,766
Tax expense	40	19	40	19
Zakat	100,248	68,785	100,248	68,785

The Bank's effective tax rate approximates the statutory tax rate.

* The prior year adjustments are in respect of the change in accounting policies as disclosed in Note A1 and Note A30.

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B6. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the 1st quarter ended 31 March 2005 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposal announced but not completed as at 31 March 2005.

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

	Group		Bank	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 RM'000	31 December 2004
Deposits from customers				
- Fixed deposits				
One year or less	39,379,829	39,162,055	37,204,002	35,734,517
More than one year	154,008	153,392	150,917	146,438
- Negotiable instruments of deposits				
One year or less	17,532,705	12,481,507	17,214,631	12,218,267
More than one year	-	-	-	-
- Savings deposits	11,879,845	11,498,368	11,714,465	11,328,835
- Demand deposits	8,849,039	8,682,720	8,742,995	8,570,697
- Others	274,317	268,261	272,694	266,885
	<u>78,069,743</u>	<u>72,246,303</u>	<u>75,299,704</u>	<u>68,265,639</u>
Deposits and placements of banks and other financial institutions				
One year or less	3,402,077	2,958,481	3,796,480	4,765,730
More than one year	-	-	-	-
	<u>3,402,077</u>	<u>2,958,481</u>	<u>3,796,480</u>	<u>4,765,730</u>
Subordinated notes denominated in United States Dollar (unsecured)				
- more than one year	<u>1,322,019</u>	<u>1,375,214</u>	<u>1,322,019</u>	<u>1,375,214</u>

B10. Off-Balance Sheet Financial Instruments

Please refer to note A26.

B11. Changes in Material Litigation

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

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B12. Proposed Dividends

No dividend has been proposed or declared for 1st quarter ended 31 March 2005.

B13. Earning Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the net profit for the 1st quarter divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 1st quarter excluding the weighted average treasury shares held by the Bank. The weighted average number of ordinary shares used in the previous corresponding quarter have been adjusted for the effects of the share consolidation which was completed on 2 June 2004 for comparability purposes.

	1st Quarter ended		Three months ended	
	31 March 2005	31 March 2004	31 March 2005	31 March 2004
Net profit for the period (RM'000)	<u>345,129</u>	<u>303,706</u>	<u>345,129</u>	<u>303,706</u>
Weighted average number of PBB Shares ('000)	<u>3,270,763</u>	<u>3,176,117</u>	<u>3,270,763</u>	<u>3,176,117</u>
Basic earnings per share (sen)	<u>10.6</u>	<u>9.6</u>	<u>10.6</u>	<u>9.6</u>

Diluted

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

	1st Quarter ended		Three months ended	
	31 March 2005	31 March 2004	31 March 2005	31 March 2004
<i>Weighted average number of PBB Shares ('000)</i>				
Weighted average number of PBB Shares	<u>3,270,763</u>	<u>3,176,117</u>	<u>3,270,763</u>	<u>3,176,117</u>
Effects of share options	<u>13,540</u>	<u>89,458</u>	<u>13,540</u>	<u>89,458</u>
Adjusted weighted average number of ordinary shares in issue or issuable	<u>3,284,303</u>	<u>3,265,575</u>	<u>3,284,303</u>	<u>3,265,575</u>
Diluted earnings per share (sen)	<u>10.5</u>	<u>9.3</u>	<u>10.5</u>	<u>9.3</u>