

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

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| ASSETS | | | | |
| Cash and short-term funds | 18,357,737 | 19,670,005 | 17,170,338 | 19,893,236 |
| Deposits and placements with banks and other financial institutions | 8,712,850 | 1,460,309 | 8,736,868 | 1,573,127 |
| Securities purchased under resale agreements | 4,869,388 | 1,495,438 | 4,022,128 | 978,552 |
| Securities held-for-trading | 1,554,685 | 5,261,938 | 1,666,465 | 5,199,416 |
| Securities available-for-sale | 4,072,682 | 3,140,213 | 3,563,556 | 1,132,430 |
| Securities held-to-maturity | 2,235,067 | 832,676 | 1,736,713 | 610,839 |
| Loans, advances and financing | 66,812,784 | 55,718,729 | 64,579,905 | 53,856,112 |
| Other assets | 747,028 | 767,380 | 939,236 | 935,282 |
| Statutory deposits with Central Banks | 2,099,349 | 1,869,256 | 2,050,000 | 1,823,000 |
| Deferred tax assets | 347,704 | 280,554 | 289,008 | 220,646 |
| Investment in subsidiary companies | - | - | 1,316,156 | 1,376,156 |
| Investment in associated companies | 47,378 | 45,936 | 28,465 | 28,465 |
| Investment properties | 47,351 | 33,594 | - | - |
| Property and equipment | 937,098 | 942,192 | 570,671 | 567,101 |
| Intangible assets | 765,157 | 811,399 | 695,393 | 738,356 |
| TOTAL ASSETS | 111,606,258 | 92,329,619 | 107,364,902 | 88,932,718 |
| LIABILITIES | | | | |
| Deposits from customers | 84,129,641 | 72,246,303 | 82,205,182 | 68,265,639 |
| Deposits and placements of banks and other financial institutions | 7,680,690 | 2,958,481 | 6,783,600 | 4,765,730 |
| Obligations on securities sold under repurchase agreements | 4,041,949 | 3,258,431 | 3,696,984 | 3,018,317 |
| Bills and acceptances payable | 2,129,715 | 1,260,992 | 2,127,659 | 1,258,917 |
| Recourse obligations on loans sold to Cagamas | 285,005 | 346,213 | 285,005 | 346,213 |
| Other liabilities | 1,410,919 | 1,644,918 | 1,158,858 | 1,333,525 |
| Subordinated notes | 2,757,622 | 1,375,214 | 2,757,622 | 1,375,214 |
| Provision for tax expense and zakat | 250,388 | 233,170 | 212,037 | 154,372 |
| Deferred tax liabilities | 3,080 | 3,080 | - | - |
| TOTAL LIABILITIES | 102,689,009 | 83,326,802 | 99,226,947 | 80,517,927 |

The Condensed 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.

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

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital | 3,417,373 | 3,355,767 | 3,417,373 | 3,355,767 |
| Reserves | 5,018,851 | 4,708,368 | 4,675,298 | 4,488,453 |
| Proposed dividends | 829,884 | 1,172,012 | 829,884 | 1,172,012 |
| Treasury shares | (784,600) | (601,441) | (784,600) | (601,441) |
| | 8,481,508 | 8,634,706 | 8,137,955 | 8,414,791 |
| Minority interests | 435,741 | 368,111 | - | - |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 111,606,258 | 92,329,619 | 107,364,902 | 88,932,718 |
| COMMITMENTS AND CONTINGENCIES | 28,951,601 | 19,780,677 | 28,754,773 | 19,535,337 |
| CAPITAL ADEQUACY | | | | |
| <u>Before deducting proposed dividends</u> | | | | |
| Core Capital Ratio | 11.4% | 13.8% | 11.1% | 13.8% |
| Risk-Weighted Capital Ratio | 17.1% | 17.8% | 14.9% | 15.3% |
| <u>After deducting proposed dividends</u> | | | | |
| Core Capital Ratio | 10.2% | 11.8% | 9.8% | 11.6% |
| Risk-Weighted Capital Ratio | 15.9% | 15.7% | 13.6% | 13.1% |
| NET ASSETS PER SHARE (RM) | 2.58 | 2.65 | 2.47 | 2.58 |

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2005

| Group | 4th Quarter ended | | Financial Year ended | |
|--|--|--|--|--|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Revenue | 1,559,363 | 1,425,030 | 5,919,711 | 5,045,340 |
| Interest income | 1,220,804 | 1,038,792 | 4,615,500 | 3,815,892 |
| Interest expense | (586,361) | (434,429) | (2,131,641) | (1,494,564) |
| Net interest income | 634,443 | 604,363 | 2,483,859 | 2,321,328 |
| Net income from Islamic Banking business | | | | |
| Net financing income | 107,996 | 95,026 | 399,407 | 374,468 |
| Other Islamic banking income | 1,946 | 1,766 | 7,367 | 5,916 |
| | 744,385 | 701,155 | 2,890,633 | 2,701,712 |
| Other operating income | 246,795 | 207,319 | 917,944 | 742,295 |
| Net income | 991,180 | 908,474 | 3,808,577 | 3,444,007 |
| Other operating expenses | (361,607) | (340,183) | (1,398,995) | (1,306,193) |
| Operating profit | 629,573 | 568,291 | 2,409,582 | 2,137,814 |
| Allowance for losses on loans, advances and financing | (93,206) | (46,612) | (382,006) | (271,034) |
| Impairment written back/(loss) | 9,560 | (15,884) | 15,443 | (16,719) |
| | 545,927 | 505,795 | 2,043,019 | 1,850,061 |
| Share of results in associated companies | 1,454 | 1,112 | 5,651 | 3,813 |
| Profit before tax expense and zakat | 547,381 | 506,907 | 2,048,670 | 1,853,874 |
| Tax expense and zakat | (129,434) | (142,735) | (512,238) | (510,199) |
| Profit after tax expense | 417,947 | 364,172 | 1,536,432 | 1,343,675 |
| Minority interests | (26,813) | (25,248) | (86,151) | (72,602) |
| Net profit for the period | 391,134 | 338,924 | 1,450,281 | 1,271,073 |
| Earnings per RM1.00 share: | | | | |
| - basic (sen) | 11.9 | 10.5 | 44.2 | 39.5 |
| - diluted (sen) | 11.8 | 10.3 | 43.8 | 38.8 |

PUBLIC BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2005

| | 4th Quarter ended | | Financial Year ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Bank</u> | | | | |
| Revenue | 1,327,602 | 1,215,175 | 5,049,081 | 3,668,892 |
| Interest income | 1,088,244 | 920,543 | 4,120,977 | 2,931,504 |
| Interest expense | (566,900) | (424,553) | (2,078,632) | (1,441,136) |
| Net interest income | 521,344 | 495,990 | 2,042,345 | 1,490,368 |
| Net income from Islamic Banking business | | | | |
| Net financing income | 107,996 | 95,026 | 399,407 | 219,768 |
| Other Islamic banking income | 1,946 | 1,766 | 7,367 | 5,864 |
| | 631,286 | 592,782 | 2,449,119 | 1,716,000 |
| Other operating income | 214,468 | 592,227 | 673,138 | 2,490,532 |
| Net income | 845,754 | 1,185,009 | 3,122,257 | 4,206,532 |
| Other operating expenses | (277,218) | (251,622) | (1,084,260) | (830,322) |
| Operating profit | 568,536 | 933,387 | 2,037,997 | 3,376,210 |
| Allowance for losses on loans, advances and financing | (74,583) | (72,747) | (310,346) | (453,696) |
| Impairment written back/(loss) | (355) | (746) | 5,528 | (1,611) |
| Profit before tax expense and zakat | 493,598 | 859,894 | 1,733,179 | 2,920,903 |
| Tax expense and zakat | (113,830) | (208,831) | (452,287) | (679,115) |
| Net profit for the period | 379,768 | 651,063 | 1,280,892 | 2,241,788 |

The Condensed 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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

| <u>Group</u> | <u>Non-distributable Reserves</u> | | | <u>Distributable Reserves</u> | | <u>Treasury Shares</u> | <u>Total</u> |
|---|-----------------------------------|----------------------|-----------------------|-------------------------------|---------------------------|------------------------|------------------|
| | <u>Share Capital</u> | <u>Share Premium</u> | <u>Other Reserves</u> | <u>Retained Profits</u> | <u>Proposed Dividends</u> | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 | - | - | 61,805 | 2,166 | - | - | 63,971 |
| At 1 January 2005, as restated | 3,355,767 | 1,347,084 | 2,676,794 | 684,490 | 1,172,012 | (601,441) | 8,634,706 |
| Issue of shares pursuant to exercise of share options | 61,606 | 227,096 | - | - | - | - | 288,702 |
| Currency translation differences | - | - | (31,581) | - | - | - | (31,581) |
| Net profit for the period | - | - | - | 1,450,281 | - | - | 1,450,281 |
| Unrealised net loss on revaluation of securities available-for-sale | - | - | (25,820) | - | - | - | (25,820) |
| Transfer to statutory reserves | - | - | 324,432 | (324,432) | - | - | - |
| Buy-back of shares | - | - | - | - | - | (183,159) | (183,159) |
| Transfer to proposed dividends | - | - | - | (479,609) | 479,609 | - | - |
| Dividends paid | - | - | - | - | (1,651,621) | - | (1,651,621) |
| Dividends proposed | - | - | - | (829,884) | 829,884 | - | - |
| At 31 December 2005 | 3,417,373 | 1,574,180 | 2,943,825 | 500,846 | 829,884 | (784,600) | 8,481,508 |
| 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 | - | - | 30,560 | (1,919) | - | - | 28,641 |
| At 1 January 2004, as restated | 3,206,600 | 928,433 | 2,418,190 | 1,760,173 | 503,000 | (169,960) | 8,646,436 |
| Issue of shares pursuant to exercise of share options | 149,167 | 418,651 | - | - | - | - | 567,818 |
| Currency translation differences | - | - | (1,348) | - | - | - | (1,348) |
| Net profit for the period | - | - | - | 1,271,073 | - | - | 1,271,073 |
| Unrealised net gain on revaluation of securities available-for-sale | - | - | 31,245 | - | - | - | 31,245 |
| Transfer to statutory reserves | - | - | 228,707 | (228,707) | - | - | - |
| Buy-back of shares | - | - | - | - | - | (431,481) | (431,481) |
| Transfer to proposed dividends | - | - | - | (946,037) | 946,037 | - | - |
| Dividends paid | - | - | - | - | (1,449,037) | - | (1,449,037) |
| Dividends proposed | - | - | - | (1,172,012) | 1,172,012 | - | - |
| At 31 December 2004 | 3,355,767 | 1,347,084 | 2,676,794 | 684,490 | 1,172,012 | (601,441) | 8,634,706 |

The Condensed 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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

| <u>Bank</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 | <u>Retained Profits</u> 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 | 61,606 | 227,096 | - | - | - | - | | 288,702 |
| Net profit for the period | - | - | - | 1,280,892 | - | - | | 1,280,892 |
| Unrealised net loss on revaluation of securities available-for-sale | - | - | (11,650) | - | - | - | | (11,650) |
| Transfer to statutory reserves | - | - | 320,223 | (320,223) | - | - | | - |
| Buy-back of shares | - | - | - | - | - | (183,159) | | (183,159) |
| Transfer to proposed dividends | - | - | - | (479,609) | 479,609 | - | | - |
| Dividends paid | - | - | - | - | (1,651,621) | - | | (1,651,621) |
| Dividends proposed | - | - | - | (829,884) | 829,884 | - | | - |
| At 31 December 2005 | 3,417,373 | 1,574,180 | 2,715,473 | 385,645 | 829,884 | (784,600) | | 8,137,955 |
| 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 | 149,167 | 418,651 | - | - | - | - | | 567,818 |
| Net profit for the period | - | - | - | 2,241,788 | - | - | | 2,241,788 |
| Unrealised net loss on revaluation of securities available-for-sale | - | - | (15,121) | - | - | - | | (15,121) |
| Transfer to statutory reserves | - | - | 559,409 | (559,409) | - | - | | - |
| Buy-back of shares | - | - | - | - | - | (431,481) | | (431,481) |
| Transfer to proposed dividends | - | - | - | (946,037) | 946,037 | - | | - |
| Dividends paid | - | - | - | - | (1,449,037) | - | | (1,449,037) |
| Dividends proposed | - | - | - | (1,172,012) | 1,172,012 | - | | - |
| At 31 December 2004 | 3,355,767 | 1,347,084 | 2,406,900 | 734,469 | 1,172,012 | (601,441) | | 8,414,791 |

The Condensed 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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Profit before tax expense and zakat | 2,048,670 | 1,853,874 | 1,733,179 | 2,920,903 |
| Adjustments for non-cash items | <u>497,810</u> | <u>440,816</u> | <u>221,429</u> | <u>(1,522,996)</u> |
| Operating profit before changes in working capital | 2,546,480 | 2,294,690 | 1,954,608 | 1,397,907 |
| Changes in working capital | | | | |
| Net changes in operating assets | (22,459,781) | (13,045,149) | (21,572,762) | (5,443,364) |
| Net changes in operating liabilities | 17,933,087 | 26,020,200 | 17,155,867 | 1,535,091 |
| Tax expense and zakat paid | <u>(556,117)</u> | <u>(406,233)</u> | <u>(446,613)</u> | <u>(428,061)</u> |
| Net cash (used in)/generated from operating activities | (2,536,331) | 14,863,508 | (2,908,900) | (2,938,427) |
| Net cash generated from/(used in) investing activities | 1,280,287 | (3,186,986) | 225,258 | 11,018,041 |
| Net cash (used in)/generated from financing activities | (55,227) | 23,623 | (39,256) | 314,912 |
| Net change in cash and cash equivalents | <u>(1,311,271)</u> | <u>11,700,145</u> | <u>(2,722,898)</u> | <u>8,394,526</u> |
| 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 balances | (997) | (968) | - | - |
| Cash and cash equivalents at end of the year | <u><u>18,357,737</u></u> | <u><u>19,670,005</u></u> | <u><u>17,170,338</u></u> | <u><u>19,893,236</u></u> |

The Condensed 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.

PUBLIC BANK BERHAD
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(Incorporated in Malaysia)

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 audited condensed financial statements for the 4th quarter and the financial year ended 31 December 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 audited condensed 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 audited condensed 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 audited condensed financial statements and the details are disclosed in Note A30.

Bank Negara Malaysia has granted indulgence to Public Bank Berhad from complying with the requirement on the impairment of loans under the revised BNM/GP8 until 1 January 2006. Therefore, the allowance for bad and doubtful debts and financing of the Group are computed based on the requirement of BNM/GP3 which is consistent with the adoption made in the previous audited annual financial statements.

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 4th quarter and the financial year ended 31 December 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 4th quarter and the financial year ended 31 December 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 4th quarter and the financial year ended 31 December 2005 other than as disclosed in Note A30.

PUBLIC BANK BERHAD
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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 financial year ended 31 December 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 3,417,373,089 PBB Shares by the issuance of 61,605,765 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> |
|-------------------------------------|--------------------------------|
| 64,489 | RM 1.64 |
| 1,123,850 | RM 3.40 |
| 10,627,351 | RM 3.56 |
| 10,331,375 | RM 4.60 |
| 35,817,000 | RM 4.92 |
| 3,641,700 | RM 6.37 |

(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 financial year ended 31 December 2005, the Bank bought back from the open market, 24,007,100 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 financial year ended 31 December 2005, including transaction costs, was RM183,158,887 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 December 2005, the total shares bought back, all of which are held as treasury shares, amounted to 124,184,500 PBB Shares. None of the treasury shares held were resold or cancelled during the financial year ended 31 December 2005.

(c) Subordinated Notes

On 20 June 2005, the Bank issued USD400 million in aggregate principal amount of Subordinated Notes ("the Notes") due 2017 callable with step-up in 2012. The Notes bear interest at the rate of 5% 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). The Notes 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 of the Bank in accordance with the terms and conditions of the Notes and qualify as Tier II capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

A7. Dividends Paid

During the financial year ended 31 December 2005, the following dividends were paid:

- i) The final dividend of 35%, less 28% tax and the special dividend of 15%, less 28% tax in respect of financial year ended 31 December 2004, amounting to RM1,178,412,538 were paid on 12 April 2005; and
- ii) The interim dividend of 20% less 28% tax in respect of the financial year ended 31 December 2005, amounting to RM473,208,701 were paid on 18 August 2005.

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A8. Securities Held-for-trading

| | Group | | Bank | |
|---|--|--|--|--|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| At fair value | | | | |
| Malaysian Government Treasury Bills | 9,694 | - | 9,694 | - |
| Malaysian Government Securities | 10,490 | 644,872 | - | 644,872 |
| Malaysian Government Investment Certificates | 15,031 | 55,798 | 15,031 | 55,798 |
| Cagamas bonds | - | 1,189,404 | - | 1,189,404 |
| Negotiable instruments of deposit | 1,315,477 | 2,982,523 | 1,465,477 | 2,982,523 |
| Khazanah bonds | - | 46,954 | - | 46,954 |
| Bank Negara Malaysia Negotiable notes | - | 1,335 | - | 1,335 |
| Bank Negara Malaysia Bills | 24,802 | - | - | - |
| | 1,375,494 | 4,920,886 | 1,490,202 | 4,920,886 |
| Quoted securities: | | | | |
| Shares in Malaysia | 10,886 | 5,112 | 7,958 | 5,112 |
| | 10,886 | 5,112 | 7,958 | 5,112 |
| Unquoted securities: | | | | |
| Private debt securities | 168,305 | 335,940 | 168,305 | 273,418 |
| | 168,305 | 335,940 | 168,305 | 273,418 |
| Total securities held-for-trading | 1,554,685 | 5,261,938 | 1,666,465 | 5,199,416 |

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A9. Securities Available-for-sale

| | Group | | Bank | |
|---|--|--|--|--|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| At fair value | | | | |
| Quoted securities: | | | | |
| Shares and convertible loan stocks in Malaysia | 17,764 | 45,736 | 17,764 | 45,736 |
| Shares outside Malaysia | 22,613 | 17,954 | - | - |
| Bonds trust units in Malaysia | 1,141,103 | 1,109,779 | 1,045,140 | 1,016,581 |
| | 1,181,480 | 1,173,469 | 1,062,904 | 1,062,317 |
| Unquoted securities: | | | | |
| Shares | 13,947 | 63,005 | 13,377 | 62,408 |
| Private debt securities | 2,877,255 | 1,903,739 | 2,487,275 | 7,705 |
| | 2,891,202 | 1,966,744 | 2,500,652 | 70,113 |
| Total securities available-for-sale | 4,072,682 | 3,140,213 | 3,563,556 | 1,132,430 |

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A10. Securities Held-to-maturity

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| At amortised cost | | | | |
| Money market instruments: | | | | |
| Malaysian Government Treasury Bills | 109,559 | - | 109,559 | - |
| Malaysian Government Securities | 577,310 | - | 577,310 | - |
| Malaysian Government Investment Certificates | 4,768 | - | 4,768 | - |
| Cagamas bonds | 323,773 | - | 323,773 | - |
| Cagamas Mudharabah bonds | 127,479 | 127,503 | 127,479 | 127,503 |
| Negotiable instruments of deposit | 865,821 | 503,032 | 398,867 | 281,405 |
| Bank Negara Malaysia Bills | 104,308 | - | 104,308 | - |
| | <u>2,113,018</u> | <u>630,535</u> | <u>1,646,064</u> | <u>408,908</u> |
| Unquoted securities: | | | | |
| Shares | 87,502 | 37,713 | 87,057 | 37,503 |
| Private debt securities | 70,442 | 213,260 | 39,487 | 213,260 |
| | <u>157,944</u> | <u>250,973</u> | <u>126,544</u> | <u>250,763</u> |
| Accumulated impairment losses | (35,895) | (48,832) | (35,895) | (48,832) |
| Total securities held-to-maturity | <u><u>2,235,067</u></u> | <u><u>832,676</u></u> | <u><u>1,736,713</u></u> | <u><u>610,839</u></u> |

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A11. Loans, Advances and Financing

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Overdrafts | 6,980,718 | 6,351,805 | 6,780,784 | 6,251,543 |
| Term loans | | | | |
| - Housing loans/financing | 18,990,594 | 15,210,093 | 18,902,511 | 14,936,248 |
| - Syndicated term loan/financing | 223,062 | 320,270 | 223,062 | 293,149 |
| - Hire purchase receivables | 22,661,200 | 19,659,110 | 22,372,548 | 19,570,181 |
| - Other term loans/financing | 17,715,911 | 14,234,079 | 15,954,181 | 12,573,686 |
| Credit card receivables | 581,341 | 477,221 | 581,341 | 477,009 |
| Bills receivables | 71,909 | 71,695 | 71,909 | 70,570 |
| Trust receipts | 311,772 | 317,002 | 290,079 | 309,516 |
| Claims on customers under acceptance credits | 1,717,953 | 1,443,472 | 1,717,953 | 1,442,264 |
| Lease, factored and confirming receivables | 33,927 | 83,261 | 31,665 | 43,176 |
| Revolving credits | 2,430,478 | 2,130,482 | 2,432,554 | 2,338,269 |
| *Staff loans | 646,310 | 639,079 | 619,849 | 613,589 |
| | 72,365,175 | 60,937,569 | 69,978,436 | 58,919,200 |
| Unearned interest and income | (4,263,185) | (4,025,116) | (4,261,955) | (4,021,191) |
| Gross loans, advances and financing | 68,101,990 | 56,912,453 | 65,716,481 | 54,898,009 |
| Allowance for bad and doubtful debts and financing: | | | | |
| - general | (1,056,199) | (895,833) | (984,830) | (821,318) |
| - specific | (233,007) | (297,891) | (151,746) | (220,579) |
| Net loans, advances and financing | 66,812,784 | 55,718,729 | 64,579,905 | 53,856,112 |

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM2,946,287 (2004: RM2,668,612) and RM1,639,020 (2004 - RM1,376,952) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Domestic non-bank financial institutions | | | | |
| - Stock broking companies | 2,020 | 88,564 | 2,020 | 88,564 |
| - Others | 1,888,142 | 1,884,453 | 1,868,118 | 2,092,241 |
| Domestic business enterprises | | | | |
| - Small and medium enterprises | 14,808,430 | 13,058,537 | 14,711,677 | 12,975,529 |
| - Others | 4,894,024 | 4,153,732 | 4,638,316 | 3,780,161 |
| Government and statutory bodies | 1,614 | 3,705 | 1,614 | 3,705 |
| Individuals | 44,317,128 | 35,744,658 | 44,255,346 | 35,728,279 |
| Other domestic entities | 96,541 | 126,826 | 96,541 | 126,826 |
| Foreign entities | 2,094,091 | 1,851,978 | 142,849 | 102,704 |
| Gross loans, advances and financing | <u>68,101,990</u> | <u>56,912,453</u> | <u>65,716,481</u> | <u>54,898,009</u> |

A11b. By interest/profit rate sensitivity

| | Group | | Bank | |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Fixed rate | | | | |
| - Housing loans/financing | 7,381,411 | 7,032,304 | 7,379,003 | 7,028,793 |
| - Hire purchase receivables | 19,387,926 | 16,612,976 | 19,342,375 | 16,508,488 |
| - Other fixed rate loan/financing | 11,473,182 | 10,027,810 | 9,690,159 | 8,586,237 |
| Variable rate | | | | |
| - Base lending rate plus | 26,125,091 | 20,289,544 | 26,096,187 | 20,154,646 |
| - Cost plus | 2,487,226 | 2,328,050 | 2,432,493 | 2,331,136 |
| - Other variable rates | 1,247,154 | 621,769 | 776,264 | 288,709 |
| Gross loans, advances and financing | <u>68,101,990</u> | <u>56,912,453</u> | <u>65,716,481</u> | <u>54,898,009</u> |

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A11. Loans, Advances and Financing (continued)

A11c. By economic purposes

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Agriculture, hunting, forestry and fishing | 582,883 | 594,712 | 581,984 | 593,749 |
| Mining and quarrying | 42,403 | 36,479 | 41,415 | 34,120 |
| Manufacturing | 3,173,330 | 2,854,301 | 3,112,255 | 2,771,624 |
| Electricity, gas and water | 40,234 | 34,553 | 33,853 | 27,442 |
| Construction | 2,148,247 | 1,963,517 | 2,039,666 | 1,867,005 |
| Real estate | 2,145,745 | 1,798,680 | 2,156,002 | 1,716,974 |
| Purchase of landed properties | 26,891,768 | 20,827,668 | 26,860,500 | 20,792,004 |
| (of which: - residential | 17,787,928 | 14,034,091 | 17,756,660 | 13,998,427 |
| - non-residential) | 9,103,840 | 6,793,577 | 9,103,840 | 6,793,577 |
| Wholesale & retail trade and restaurants & hotels | 6,120,757 | 5,429,135 | 5,902,450 | 5,244,164 |
| Transport, storage and communication | 480,953 | 541,110 | 472,628 | 516,480 |
| Finance, insurance and business services | 2,840,802 | 2,756,497 | 2,701,795 | 2,876,037 |
| Purchase of securities | 531,170 | 537,880 | 526,259 | 534,879 |
| Purchase of transport vehicles | 16,683,429 | 14,184,166 | 16,424,264 | 13,957,563 |
| Consumption credit | 5,383,258 | 4,493,521 | 3,900,164 | 3,147,898 |
| Others | 1,037,011 | 860,234 | 963,246 | 818,070 |
| Gross loans, advances and financing | 68,101,990 | 56,912,453 | 65,716,481 | 54,898,009 |

A11d. Non-performing loans by sector

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Agriculture, hunting, forestry and fishing | 4,775 | 6,534 | 4,690 | 6,502 |
| Mining and quarrying | 81 | 572 | 81 | 572 |
| Manufacturing | 76,326 | 95,486 | 75,514 | 94,478 |
| Electricity, gas and water | 8,167 | 649 | 8,167 | 649 |
| Construction | 90,631 | 129,583 | 52,165 | 90,226 |
| Real estate | 33,504 | 32,572 | 33,504 | 32,572 |
| Purchase of landed properties | 662,288 | 580,711 | 661,678 | 579,964 |
| (of which: - residential | 586,959 | 499,232 | 586,349 | 498,485 |
| - non-residential) | 75,329 | 81,479 | 75,329 | 81,479 |
| Wholesale & retail trade and restaurants & hotels | 126,643 | 164,240 | 126,384 | 163,748 |
| Transport, storage and communication | 10,714 | 13,751 | 7,795 | 13,461 |
| Finance, insurance and business services | 17,483 | 37,872 | 16,760 | 36,667 |
| Purchase of securities | 32,059 | 90,054 | 32,059 | 90,054 |
| Purchase of transport vehicles | 172,100 | 191,242 | 172,069 | 191,229 |
| Consumption credit | 155,703 | 142,559 | 83,347 | 81,303 |
| Others | 16,005 | 24,390 | 15,995 | 24,390 |
| | 1,406,479 | 1,510,215 | 1,290,208 | 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 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 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 year | 2,401,800 | 1,767,839 | 2,267,240 | 1,529,636 |
| Reclassified as performing | (2,015,119) | (1,485,533) | (2,001,713) | (1,423,619) |
| Recoveries | (72,351) | (133,688) | (66,665) | (56,810) |
| Amount written off | (383,364) | (361,238) | (280,029) | (155,412) |
| Loans converted to foreclosed properties/ securities | (34,461) | (58,020) | (34,461) | (58,020) |
| Amount vested over from PBFIN Berhad (formerly known as Public Finance Berhad) | - | - | - | 569,278 |
| Exchange differences | (241) | (200) | 21 | - |
| Closing balance | <u>1,406,479</u> | <u>1,510,215</u> | <u>1,290,208</u> | <u>1,405,815</u> |
| Specific allowance | <u>(233,007)</u> | <u>(297,891)</u> | <u>(151,746)</u> | <u>(220,579)</u> |
| Net non-performing loans, advances and financing | <u><u>1,173,472</u></u> | <u><u>1,212,324</u></u> | <u><u>1,138,462</u></u> | <u><u>1,185,236</u></u> |
| Net NPL as % of gross loans, advances and financing less specific allowance | <u><u>1.73%</u></u> | <u><u>2.14%</u></u> | <u><u>1.74%</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 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 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 year | 170,787 | 108,878 | 163,539 | 375,887 |
| Amount written back | (10,038) | (39,781) | - | - |
| Exchange differences | (383) | (156) | (27) | (8) |
| Closing balance | <u>1,056,199</u> | <u>895,833</u> | <u>984,830</u> | <u>821,318</u> |
| As % of gross loans, advances and financing less specific allowance | <u><u>1.56%</u></u> | <u><u>1.58%</u></u> | <u><u>1.50%</u></u> | <u><u>1.50%</u></u> |

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A11. Loans, Advances and Financing (continued)

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

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Specific Allowance</u> | | | | |
| At 1 January | 297,891 | 376,989 | 220,579 | 173,728 |
| Allowance made during the year | 359,490 | 354,006 | 248,994 | 149,378 |
| Amount written back in respect of recoveries | (37,337) | (69,267) | (34,315) | (24,811) |
| Amount written off | (383,341) | (363,248) | (280,006) | (157,353) |
| Amount transferred to accumulated impairment losses in value of foreclosed properties / securities | (3,508) | (500) | (3,508) | (500) |
| Amount vested over from PBFIN Berhad (formerly known as Public Finance Berhad) | - | - | - | 80,137 |
| Exchange differences | (188) | (89) | 2 | - |
| Closing balance | <u>233,007</u> | <u>297,891</u> | <u>151,746</u> | <u>220,579</u> |

A12. Other Assets

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Interest/Income receivable | 67,736 | 45,539 | 63,221 | 37,028 |
| Other debtors, deposits and prepayments | 425,008 | 326,931 | 420,582 | 359,285 |
| Foreclosed properties | 110,741 | 98,080 | 110,477 | 97,816 |
| Taxi licenses | 13,156 | 14,490 | - | - |
| Amount due from clients | 10,422 | 12,386 | - | - |
| Outstanding contracts on clients' accounts | 79,053 | 206,254 | - | - |
| Amount due from subsidiary companies | - | - | 155,171 | 227,345 |
| Dividend receivable from subsidiary companies | - | - | 149,720 | 150,108 |
| Derivatives | 40,912 | 63,700 | 40,065 | 63,700 |
| | <u>747,028</u> | <u>767,380</u> | <u>939,236</u> | <u>935,282</u> |

A13. Deposits from Customers

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>By type of customer</u> | | | | |
| Federal and state governments | 222,874 | 258,528 | 222,874 | 258,528 |
| Local government and statutory authorities | 994,303 | 554,184 | 994,303 | 554,184 |
| Business enterprises | 20,621,483 | 18,356,782 | 20,545,851 | 16,072,496 |
| Individuals | 46,518,735 | 41,668,674 | 46,266,816 | 40,903,032 |
| Foreign customers | 3,066,866 | 1,199,966 | 2,313,030 | 1,050,029 |
| Others | 12,705,380 | 10,208,169 | 11,862,308 | 9,427,370 |
| | <u>84,129,641</u> | <u>72,246,303</u> | <u>82,205,182</u> | <u>68,265,639</u> |

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A14. Deposits and Placements of Banks and Other Financial Institutions

| | Group | | Bank | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Licensed banks | 2,268,249 | 1,146,857 | 1,242,196 | 769,850 |
| Licensed finance companies | - | 240,000 | - | 240,000 |
| Licensed merchant banks | 65,000 | 104,000 | 4,189 | 44,878 |
| Other financial institutions | 5,347,441 | 1,467,624 | 5,537,215 | 3,711,002 |
| | <u>7,680,690</u> | <u>2,958,481</u> | <u>6,783,600</u> | <u>4,765,730</u> |

A15. Other Liabilities

| | Group | | Bank | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest/Profit payable | 508,851 | 422,185 | 499,070 | 407,063 |
| Other creditors and accruals | 594,419 | 545,956 | 289,566 | 268,535 |
| Employees benefits | (6,182) | 5,741 | (5,941) | 5,741 |
| Accrued restoration cost | 7,665 | 8,589 | 7,665 | 7,665 |
| Profit Equalisation Reserves | 21,523 | 28,393 | 21,523 | 28,393 |
| Outstanding contracts on clients' accounts | 72,412 | 202,621 | - | - |
| Dividend payable to shareholders | 54,933 | 305,379 | 3,750 | 305,379 |
| Amount due to subsidiary companies | - | - | 197,356 | 292,988 |
| Derivatives | 157,298 | 126,054 | 145,869 | 17,761 |
| | <u>1,410,919</u> | <u>1,644,918</u> | <u>1,158,858</u> | <u>1,333,525</u> |

A16. Interest Income

| | 4th Quarter ended | | Financial Year ended | |
|---|---------------------|---------------------|----------------------|---------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Loans, advances and financing | | | | |
| - Interest income other than recoveries from NPLs | 954,001 | 788,226 | 3,628,393 | 3,146,247 |
| - Recoveries from NPLs | 14,792 | 20,165 | 80,908 | 74,286 |
| Money at call and deposit placements with financial institutions | 202,995 | 187,170 | 759,499 | 459,111 |
| Securities held-for-trading | 17,992 | 46,509 | 88,309 | 161,377 |
| Securities available-for-sale | 33,835 | 17,425 | 90,015 | 51,956 |
| Securities held-to-maturity | 19,225 | 6,557 | 75,899 | 21,301 |
| Others | 9,043 | 8,477 | 26,495 | 19,052 |
| | <u>1,251,883</u> | <u>1,074,529</u> | <u>4,749,518</u> | <u>3,933,330</u> |
| Amortisation of premium less accretion of discount | (5,765) | (4,922) | (18,867) | (13,460) |
| Net interest/income suspended | (25,314) | (30,815) | (115,151) | (103,978) |
| | <u>1,220,804</u> | <u>1,038,792</u> | <u>4,615,500</u> | <u>3,815,892</u> |

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A16. Interest Income (continued)

| | 4th Quarter ended | | Financial Year ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Bank</u> | | | | |
| Loans, advances and financing | | | | |
| - Interest income other than recoveries from NPLs | 845,545 | 744,092 | 3,223,839 | 2,162,982 |
| - Recoveries from NPLs | 14,767 | 19,035 | 80,254 | 70,010 |
| Money at call and deposit placements with financial institutions | 191,835 | 127,819 | 722,917 | 593,165 |
| Securities held-for-trading | 17,139 | 44,851 | 86,152 | 156,176 |
| Securities available-for-sale | 28,085 | 11,113 | 62,323 | 31,774 |
| Securities held-to-maturity | 15,113 | 3,796 | 61,609 | 13,355 |
| Others | 8,960 | 5,191 | 26,104 | 9,636 |
| | <u>1,121,444</u> | <u>955,897</u> | <u>4,263,198</u> | <u>3,037,098</u> |
| Amortisation of premium less accretion of discount | (7,218) | (4,876) | (27,245) | (13,662) |
| Net interest/income suspended | (25,982) | (30,478) | (114,976) | (91,932) |
| | <u>1,088,244</u> | <u>920,543</u> | <u>4,120,977</u> | <u>2,931,504</u> |

A17. Interest Expense

| | 4th Quarter ended | | Financial Year ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Group</u> | | | | |
| Deposits and placements of banks and other financial institutions | 51,694 | 25,796 | 128,310 | 56,789 |
| Deposits from customers | 493,406 | 387,792 | 1,884,890 | 1,377,649 |
| Loans sold to Cagamas | 2,707 | 3,467 | 12,070 | 18,288 |
| Subordinated notes | 34,433 | 10,557 | 95,696 | 20,101 |
| Others | 4,121 | 6,817 | 10,675 | 21,737 |
| | <u>586,361</u> | <u>434,429</u> | <u>2,131,641</u> | <u>1,494,564</u> |

| | 4th Quarter ended | | Financial Year ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Bank</u> | | | | |
| Deposits and placements of banks and other financial institutions | 49,673 | 33,758 | 139,619 | 224,933 |
| Deposits from customers | 480,037 | 376,748 | 1,831,092 | 1,187,577 |
| Loans sold to Cagamas | 2,707 | 3,467 | 12,070 | 8,455 |
| Subordinated notes | 34,433 | 10,557 | 95,696 | 20,101 |
| Others | 50 | 23 | 155 | 70 |
| | <u>566,900</u> | <u>424,553</u> | <u>2,078,632</u> | <u>1,441,136</u> |

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A18. Other Operating Income

| Group | 4th Quarter ended | | Financial Year ended | |
|---|--|--|--|--|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| (a) Fee income: | | | | |
| Commissions | 27,320 | 23,908 | 98,150 | 89,651 |
| Service charges and fees | 45,054 | 44,914 | 175,954 | 165,786 |
| Guarantee fees | 5,013 | 5,315 | 19,891 | 19,532 |
| Processing fees | 6,223 | 5,653 | 25,022 | 20,984 |
| Commitment fees | 8,910 | 7,766 | 32,632 | 29,273 |
| Unit trust management fees | 37,202 | 30,446 | 136,006 | 116,227 |
| Net brokerage and commissions from stockbroking activities | 3,781 | 5,740 | 18,559 | 23,160 |
| Other fee income | 7,913 | 7,228 | 24,427 | 24,395 |
| | <u>141,416</u> | <u>130,970</u> | <u>530,641</u> | <u>489,008</u> |
| (b) Gain arising from sale of securities: | | | | |
| Net gain from sale of securities | | | | |
| - held-for-trading | 732 | 23,210 | 10,149 | 38,821 |
| - available-for-sale | 3,395 | 30 | 4,162 | 3,487 |
| | <u>4,127</u> | <u>23,240</u> | <u>14,311</u> | <u>42,308</u> |
| (c) Gross dividend income from: | | | | |
| Securities held-for-trading | 155 | 785 | 567 | 1,059 |
| Securities available-for-sale | 9,659 | 12,016 | 41,693 | 38,523 |
| Securities held-to-maturity | 941 | 526 | 3,281 | 1,088 |
| | <u>10,755</u> | <u>13,327</u> | <u>45,541</u> | <u>40,670</u> |
| (d) Unrealised gain on revaluation of securities held-for-trading and derivatives | 6,398 | 2,079 | 20,785 | 11,230 |
| (e) Other income: | | | | |
| Foreign exchange profit | 20,905 | 18,927 | 81,377 | 73,199 |
| Rental income | 1,951 | 1,427 | 7,830 | 6,745 |
| (Loss)/gain on disposal of property and equipment (net) | (645) | (32) | 2,322 | 118 |
| (Loss)/gain on disposal of foreclosed properties | (896) | 64 | (807) | 99 |
| Gain on sale of trust units | 35,808 | 28,369 | 132,729 | 87,575 |
| Lease income and factoring charges | 433 | 635 | 1,995 | 2,314 |
| Others | 26,543 | (11,687) | 81,220 | (10,971) |
| | <u>84,099</u> | <u>37,703</u> | <u>306,666</u> | <u>159,079</u> |
| Total other operating income | <u>246,795</u> | <u>207,319</u> | <u>917,944</u> | <u>742,295</u> |

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A18. Other Operating Income (continued)

| | 4th Quarter ended | | Financial Year ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Bank</u> | | | | |
| (a) Fee income: | | | | |
| Commissions | 26,951 | 23,290 | 98,468 | 84,750 |
| Service charges and fees | 31,505 | 29,344 | 117,664 | 100,770 |
| Guarantee fees | 4,213 | 4,501 | 16,973 | 16,042 |
| Processing fees | 244 | 182 | 814 | 621 |
| Commitment fees | 8,162 | 7,492 | 31,884 | 28,999 |
| Other fee income | 5,527 | 6,206 | 17,198 | 15,131 |
| | <u>76,602</u> | <u>71,015</u> | <u>283,001</u> | <u>246,313</u> |
| (b) Gain arising from sale of securities: | | | | |
| Net gain from sale of securities | | | | |
| - held-for-trading | 841 | 20,816 | 9,763 | 35,804 |
| - available-for-sale | - | 43,935 | - | 46,029 |
| | <u>841</u> | <u>64,751</u> | <u>9,763</u> | <u>81,833</u> |
| (c) Gross dividend income from: | | | | |
| Securities held-for-trading | 155 | 240 | 391 | 502 |
| Securities available-for-sale | 8,842 | 11,004 | 37,430 | 33,214 |
| Securities held-to-maturity | 911 | 496 | 3,191 | 908 |
| Associated companies | - | 2,119 | 2,311 | 2,466 |
| Subsidiary companies | 94,838 | 420,191 | 212,944 | 2,023,593 |
| | <u>104,746</u> | <u>434,050</u> | <u>256,267</u> | <u>2,060,683</u> |
| (d) Unrealised gain on revaluation of securities held-for-trading and derivatives | 6,345 | 1,712 | 18,744 | 10,724 |
| (e) Other income: | | | | |
| Foreign exchange profit | 21,337 | 18,490 | 82,273 | 72,472 |
| Rental income | 552 | 275 | 2,545 | 2,753 |
| (Loss)/gain on disposal of property and equipment (net) | (640) | 8 | 1,764 | (5) |
| (Loss)/gain on disposal of foreclosed properties | (896) | 64 | (807) | 99 |
| Others | 5,581 | 1,862 | 19,588 | 15,660 |
| | <u>25,934</u> | <u>20,699</u> | <u>105,363</u> | <u>90,979</u> |
| Total other operating income | <u>214,468</u> | <u>592,227</u> | <u>673,138</u> | <u>2,490,532</u> |

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A19. Other Operating Expenses

| <u>Group</u> | 4th Quarter ended | | Financial Year ended | |
|-------------------------------------|-------------------|----------------|----------------------|------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 147,705 | 135,267 | 579,924 | 552,549 |
| - Pension costs | 16,945 | 20,033 | 68,128 | 81,871 |
| - Others | 13,441 | 15,823 | 55,783 | 53,783 |
| Establishment costs | | | | |
| - Depreciation | 24,140 | 23,760 | 92,371 | 90,901 |
| - Rental | 12,793 | 12,059 | 49,888 | 49,702 |
| - Insurance | 1,731 | 3,166 | 11,985 | 14,743 |
| - Water and electricity | 5,609 | 5,484 | 21,544 | 20,832 |
| - General repairs | 4,740 | 3,761 | 18,152 | 18,282 |
| - Others | 16,936 | 12,138 | 66,978 | 57,426 |
| Marketing expenses | | | | |
| - Sales commission | 38,149 | 31,908 | 139,452 | 88,775 |
| - Advertisement and publicity | 13,859 | 12,309 | 47,836 | 41,689 |
| - Handling fees | 3,971 | 1,835 | 18,296 | 25,606 |
| - Others | 15,530 | 13,376 | 61,320 | 47,376 |
| Administration and general expenses | | | | |
| - Amortisation of intangible assets | 11,635 | 11,779 | 46,262 | 45,710 |
| - Communication expenses | 9,005 | 12,474 | 55,705 | 52,281 |
| - Others | 25,418 | 25,011 | 65,371 | 64,667 |
| | <u>361,607</u> | <u>340,183</u> | <u>1,398,995</u> | <u>1,306,193</u> |

| <u>Bank</u> | 4th Quarter ended | | Financial Year ended | |
|-------------------------------------|-------------------|----------------|----------------------|----------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 126,740 | 112,175 | 496,311 | 380,806 |
| - Pension costs | 15,262 | 18,067 | 60,837 | 60,423 |
| - Others | 12,588 | 11,514 | 52,119 | 39,616 |
| Establishment costs | | | | |
| - Depreciation | 19,632 | 17,892 | 75,534 | 65,917 |
| - Rental | 16,367 | 15,717 | 64,824 | 62,996 |
| - Insurance | 1,500 | 2,913 | 10,911 | 11,832 |
| - Water and electricity | 4,483 | 4,396 | 17,318 | 16,055 |
| - General repairs | 3,910 | 4,038 | 14,823 | 14,181 |
| - Others | 15,300 | 8,715 | 57,101 | 23,704 |
| Marketing expenses | | | | |
| - Advertisement and publicity | 6,400 | 3,010 | 22,144 | 14,803 |
| - Handling fees | 3,969 | 1,835 | 18,287 | (5,404) |
| - Others | 12,760 | 10,916 | 47,931 | 30,996 |
| Administration and general expenses | | | | |
| - Amortisation of intangible assets | 10,741 | 10,740 | 42,963 | 27,425 |
| - Communication expenses | 8,511 | 12,222 | 46,478 | 46,855 |
| - Others | 19,055 | 17,472 | 56,679 | 40,117 |
| | <u>277,218</u> | <u>251,622</u> | <u>1,084,260</u> | <u>830,322</u> |

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A20. Allowance for Losses on Loans, Advances and Financing

| | 4th Quarter ended | | Financial Year ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Group</u> | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| - general allowance (net) | 43,595 | (11,612) | 160,749 | 69,097 |
| - specific allowance | 92,002 | 85,048 | 359,490 | 354,006 |
| - specific allowance written back | (8,092) | (14,068) | (37,337) | (69,267) |
| Net (write back of allowance) / allowance in share broking activities | (119) | 2,353 | (302) | (688) |
| Bad debts and financing written off | 711 | 226 | 1,590 | 1,131 |
| Bad debts and financing recovered | (34,891) | (15,335) | (102,184) | (83,245) |
| | 93,206 | 46,612 | 382,006 | 271,034 |
| | 93,206 | 46,612 | 382,006 | 271,034 |
| | | | | |
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Bank</u> | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| - general allowance (net) | 43,433 | 8,874 | 163,539 | 375,887 |
| - specific allowance | 59,955 | 78,806 | 248,994 | 149,378 |
| - specific allowance written back | (5,244) | (3,899) | (34,315) | (24,811) |
| Bad debts and financing written off | 711 | 224 | 1,582 | 1,105 |
| Bad debts and financing recovered | (24,272) | (11,258) | (69,454) | (47,863) |
| | 74,583 | 72,747 | 310,346 | 453,696 |
| | 74,583 | 72,747 | 310,346 | 453,696 |

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

By Business Segments

| | 4th Quarter ended 31 December 2005 | | Financial Year ended 31 December 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 | 1,278,506 | 479,973 | 4,841,069 | 1,684,073 | 63,481,537 |
| Corporate lending | 54,001 | (6,081) | 254,789 | 75,652 | 4,751,326 |
| Treasury and capital market operations | 297,509 | 81,989 | 1,131,265 | 323,881 | 38,268,373 |
| Investment banking | 24,775 | 2,333 | 89,634 | 8,784 | 3,116,162 |
| Share broking and fund management | 77,634 | 24,529 | 288,900 | 95,159 | 459,145 |
| Others | 1,042 | 18,086 | 4,072 | 25,230 | 210,069 |
| | <u>1,733,467</u> | <u>600,829</u> | <u>6,609,729</u> | <u>2,212,779</u> | <u>110,286,612</u> |
| Inter-segment elimination | (174,104) | - | (690,018) | - | - |
| | <u>1,559,363</u> | <u>600,829</u> | <u>5,919,711</u> | <u>2,212,779</u> | <u>110,286,612</u> |
| Unallocated expenses | - | (43,267) | - | (123,498) | - |
| Amortisation of intangible assets | - | (11,635) | - | (46,262) | - |
| Share of results in associated companies | - | 1,454 | - | 5,651 | - |
| Intangible assets | - | - | - | - | 765,157 |
| Unallocated assets | - | - | - | - | 507,111 |
| Investment in associated companies | - | - | - | - | 47,378 |
| | <u>1,559,363</u> | <u>547,381</u> | <u>5,919,711</u> | <u>2,048,670</u> | <u>111,606,258</u> |

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

| | 4th Quarter ended 31 December 2004 | | Financial Year ended 31 December 2004 | | |
|--|---|---|--|---|-----------------------------------|
| | 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 | 1,099,424 | 427,160 | 4,276,314 | 1,545,816 | 53,764,379 |
| Corporate lending | 67,654 | 20,142 | 230,242 | 108,044 | 4,085,986 |
| Treasury and capital market operations | 319,023 | 97,725 | 936,344 | 249,404 | 29,295,588 |
| Investment banking | 23,095 | 4,920 | 90,046 | 16,944 | 2,852,410 |
| Share broking and fund management | 64,921 | 25,540 | 228,472 | 97,981 | 638,859 |
| Others | 1,287 | 1,824 | 3,940 | 9,320 | 219,062 |
| | <u>1,575,404</u> | <u>577,311</u> | <u>5,765,358</u> | <u>2,027,509</u> | <u>90,856,284</u> |
| Inter-segment elimination | (150,374) | - | (720,018) | - | - |
| | <u>1,425,030</u> | <u>577,311</u> | <u>5,045,340</u> | <u>2,027,509</u> | <u>90,856,284</u> |
| Unallocated expenses | - | (59,737) | - | (131,738) | - |
| Amortisation of intangible assets | - | (11,779) | - | (45,710) | - |
| Share of results in associated companies | - | 1,112 | - | 3,813 | - |
| Intangible assets | - | - | - | - | 811,399 |
| Unallocated assets | - | - | - | - | 616,000 |
| Investment in associated companies | - | - | - | - | 45,936 |
| | <u><u>1,425,030</u></u> | <u><u>506,907</u></u> | <u><u>5,045,340</u></u> | <u><u>1,853,874</u></u> | <u><u>92,329,619</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

| | 4th Quarter ended | | Financial Year 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 December 2005</u> | | | | | |
| Malaysia | 1,429,679 | 458,129 | 5,427,028 | 1,738,439 | 108,960,437 |
| Outside Malaysia | 129,684 | 89,252 | 492,683 | 310,231 | 2,645,821 |
| | <u>1,559,363</u> | <u>547,381</u> | <u>5,919,711</u> | <u>2,048,670</u> | <u>111,606,258</u> |
| <u>31 December 2004</u> | | | | | |
| Malaysia | 1,305,565 | 421,897 | 4,589,695 | 1,605,671 | 89,777,107 |
| Outside Malaysia | 119,465 | 85,010 | 455,645 | 248,203 | 2,552,512 |
| | <u>1,425,030</u> | <u>506,907</u> | <u>5,045,340</u> | <u>1,853,874</u> | <u>92,329,619</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 audited condensed financial statements.

A24. Changes in the Composition of Group

There were no significant changes in the composition of the Group for the 4th quarter and the financial year ended 31 December 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 December 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 | 1,085,495 | 1,085,495 | 858,181 | 864,582 | 864,582 | 621,841 |
| Certain transaction-related contingent items | 392,547 | 196,274 | 102,554 | 356,632 | 178,316 | 122,975 |
| Short-term self-liquidating trade-related contingencies | 541,501 | 108,300 | 102,011 | 549,886 | 109,977 | 104,049 |
| Forward assets purchased | 15,040 | 15,040 | - | - | - | - |
| Obligations under underwriting agreements | 83,750 | 41,875 | 41,875 | 45,850 | 22,925 | 22,925 |
| Irrevocable commitments to extend credit: | | | | | | |
| - maturity exceeding one year | 4,154,284 | 2,077,142 | 1,776,275 | 4,086,615 | 2,043,308 | 1,640,070 |
| - maturity not exceeding one year | 9,910,227 | - | - | 8,342,491 | - | - |
| Foreign exchange related contracts: | | | | | | |
| - less than one year | 7,223,068 | 114,044 | 26,213 | 3,445,413 | 50,731 | 14,614 |
| - one year to less than five years | - | - | - | 381,201 | 24,457 | 4,891 |
| Interest rate related contracts: | | | | | | |
| - less than one year | 113,385 | 283 | 57 | 70,798 | 177 | 35 |
| - one year to less than five years | 2,249,965 | 67,083 | 13,417 | 638,209 | 19,918 | 3,984 |
| - five years and above | 3,182,339 | 211,803 | 42,361 | 999,000 | 73,076 | 14,615 |
| | <u>28,951,601</u> | <u>3,917,339</u> | <u>2,962,944</u> | <u>19,780,677</u> | <u>3,387,467</u> | <u>2,549,999</u> |

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

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A25. Commitments and Contingencies (continued)

| <u>Bank</u> | As at 31 December 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 | 1,084,395 | 1,084,395 | 857,961 | 861,544 | 861,544 | 618,801 |
| Certain transaction-related contingent items | 381,946 | 190,975 | 127,627 | 348,568 | 174,284 | 118,981 |
| Short-term self-liquidating trade-related contingencies | 434,058 | 86,810 | 80,609 | 474,999 | 95,000 | 89,415 |
| Forward assets purchased | 15,040 | 15,040 | - | - | - | - |
| Obligations under underwriting agreements | 70,000 | 35,000 | 35,000 | 30,000 | 15,000 | 15,000 |
| Irrevocable commitments to extend credit: | | | | | | |
| - maturity exceeding one year | 4,154,028 | 2,077,014 | 1,776,211 | 4,085,883 | 2,042,942 | 1,639,866 |
| - maturity not exceeding one year | 9,740,724 | - | - | 8,218,756 | - | - |
| Forward placements | 124,723 | - | - | - | - | - |
| Foreign exchange related contracts: | | | | | | |
| - less than one year | 7,223,068 | 114,044 | 26,213 | 3,445,413 | 50,731 | 14,614 |
| - one year to less than five years | - | - | - | 381,201 | 24,457 | 4,891 |
| Interest rate related contracts: | | | | | | |
| - less than one year | 113,385 | 283 | 57 | 70,798 | 177 | 35 |
| - one year to less than five years | 2,249,965 | 67,083 | 13,417 | 638,175 | 19,915 | 3,983 |
| - five years and above | 3,163,441 | 210,858 | 42,172 | 980,000 | 71,936 | 14,387 |
| | 28,754,773 | 3,881,502 | 2,959,267 | 19,535,337 | 3,355,986 | 2,519,973 |

* 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 December 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 | 610,574 | 310,326 | 152,706 | 134,572 | 12,970 | - | - |
| - swap | 6,612,494 | 3,708,920 | 2,315,483 | 550,296 | 37,795 | - | - |
| Sub total | 7,223,068 | 4,019,246 | 2,468,189 | 684,868 | 50,765 | - | - |
| Interest rate related contracts | | | | | | | |
| - forward | - | - | - | - | - | - | - |
| - swap | 5,545,689 | 971,332 | 2,835,787 | 1,738,570 | - | - | - |
| Sub total | 5,545,689 | 971,332 | 2,835,787 | 1,738,570 | - | - | - |
| Total | 12,768,757 | 4,990,578 | 5,303,976 | 2,423,438 | 50,765 | - | - |

Bank

| Items | Principal Amount RM'000 | 1 month or less RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | >5 years RM'000 |
|---|----------------------------|---------------------------|-------------------------|-------------------------|--------------------------|-----------------------|--------------------|
| Foreign exchange related contracts | | | | | | | |
| - forward | 610,574 | 310,326 | 152,706 | 134,572 | 12,970 | - | - |
| - swap | 6,612,494 | 3,708,920 | 2,315,483 | 550,296 | 37,795 | - | - |
| Sub total | 7,223,068 | 4,019,246 | 2,468,189 | 684,868 | 50,765 | - | - |
| Interest rate related contracts | | | | | | | |
| - forward | - | - | - | - | - | - | - |
| - swap | 5,526,791 | 971,332 | 2,835,787 | 1,719,672 | - | - | - |
| Sub total | 5,526,791 | 971,332 | 2,835,787 | 1,719,672 | - | - | - |
| Total | 12,749,859 | 4,990,578 | 5,303,976 | 2,404,540 | 50,765 | - | - |

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 December 2005, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,485,257,000 (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 December 2005, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM24,737,000 (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 | | | | | | | Trading book | Total | Effective interest rate |
|---|--------------------|--------------------|--------------------|-------------------|------------------|------------------------|------------------|--------------------|-------|-------------------------|
| | Up to | > 1 - 3 | > 3 - 12 | > 1 - 5 | over 5 | Non-interest sensitive | | | | |
| | 1 month | months | months | years | years | RM'000 | | | | |
| As at 31 December 2005 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % | |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 17,638,823 | - | - | - | - | 718,914 | - | 18,357,737 | 3.09 | |
| Deposits and placements with banks and other financial institutions | - | 8,445,253 | 267,597 | - | - | - | - | 8,712,850 | 3.22 | |
| Securities purchased under resale agreements * | 115,312 | 762,701 | 108,600 | - | - | - | 3,882,775 | 4,869,388 | 3.11 | |
| Securities held-for-trading | - | - | - | - | - | - | 1,554,685 | 1,554,685 | 3.21 | |
| Securities available-for-sale | - | - | 117,000 | 1,290,472 | 1,469,783 | 1,181,480 | 13,947 | 4,072,682 | 5.02 | |
| Securities held-to-maturity | 154,937 | 248,671 | 856,239 | 887,140 | - | 88,080 | - | 2,235,067 | 3.25 | |
| Loans, advances and financing | | | | | | | | | | |
| - performing | 31,631,977 | 4,024,160 | 10,703,257 | 15,618,622 | 4,717,495 | - | - | 66,695,511 | 6.56 | |
| - non-performing ** | - | - | - | - | - | 117,273 | - | 117,273 | - | |
| Other non-interest sensitive balances | - | - | - | - | - | 4,966,328 | 24,737 | 4,991,065 | - | |
| TOTAL ASSETS | 49,541,049 | 13,480,785 | 12,052,693 | 17,796,234 | 6,187,278 | 7,072,075 | 5,476,144 | 111,606,258 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Deposits from customers | 42,603,448 | 16,793,201 | 15,318,846 | 446,734 | 6,627 | 8,960,785 | - | 84,129,641 | 2.74 | |
| Deposits and placements of banks and other financial institutions | 5,766,675 | 1,778,441 | 72,212 | - | - | 63,362 | - | 7,680,690 | 3.97 | |
| Obligations on securities sold under repurchase agreements | 4,001,628 | 30,000 | - | - | - | - | 10,321 | 4,041,949 | 2.89 | |
| Bills and acceptances payable | 567,488 | 782,241 | 142,750 | - | - | 637,236 | - | 2,129,715 | 3.04 | |
| Recourse obligations on loans sold to Cagamas | 21,190 | 40,300 | 163,785 | 59,730 | - | - | - | 285,005 | 3.77 | |
| Subordinated notes | - | - | - | 1,308,786 | 1,448,836 | - | - | 2,757,622 | 5.29 | |
| Other non-interest sensitive balances | - | - | - | - | - | 1,654,383 | 10,004 | 1,664,387 | - | |
| Total Liabilities | 52,960,429 | 19,424,183 | 15,697,593 | 1,815,250 | 1,455,463 | 11,315,766 | 20,325 | 102,689,009 | | |
| Shareholders' equity | - | - | - | - | - | 8,481,508 | - | 8,481,508 | | |
| Minority interests | - | - | - | - | - | 435,741 | - | 435,741 | | |
| Total Liabilities and Shareholders' Equity | 52,960,429 | 19,424,183 | 15,697,593 | 1,815,250 | 1,455,463 | 20,233,015 | 20,325 | 111,606,258 | | |
| On-balance sheet interest sensitivity gap | (3,419,380) | (5,943,398) | (3,644,900) | 15,980,984 | 4,731,815 | (13,160,940) | 5,455,819 | - | | |
| Off-balance sheet interest sensitivity gap (interest rate swaps) | 971,332 | 190,137 | (1,398,416) | 395,685 | (158,738) | - | - | - | | |
| Total interest sensitivity gap | (2,448,048) | (5,753,261) | (5,043,316) | 16,376,669 | 4,573,077 | (13,160,940) | 5,455,819 | - | | |

* The amount under trading book has remaining maturity of less than one month.

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

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A27. Interest/Profit Rate Risk (continued)

| Group | 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 December 2004 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 | 3.38 |
| 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 sheet 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 | - | |

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

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A27. Interest/Profit Rate Risk (continued)

| Bank | Non trading book | | | | | | | 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 December 2005 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % |
| ASSETS | | | | | | | | | |
| Cash and short-term funds | 16,492,083 | - | - | - | - | 678,255 | - | 17,170,338 | 3.08 |
| Deposits and placements with banks and other financial institutions | - | 8,487,289 | 249,579 | - | - | - | - | 8,736,868 | 3.23 |
| Securities purchased under resale agreements * | 66,529 | 72,824 | - | - | - | - | 3,882,775 | 4,022,128 | 3.14 |
| Securities held-for-trading | - | - | - | - | - | - | 1,666,465 | 1,666,465 | 3.20 |
| Securities available-for-sale | - | - | 58,513 | 1,081,485 | 1,347,278 | 1,062,903 | 13,377 | 3,563,556 | 4.63 |
| Securities held-to-maturity | 52,829 | 126,216 | 740,099 | 729,934 | - | 87,635 | - | 1,736,713 | 3.31 |
| Loans, advances and financing | | | | | | | | | |
| - performing | 30,968,477 | 3,681,474 | 10,105,682 | 15,030,891 | 4,639,749 | - | - | 64,426,273 | 6.11 |
| - non-performing ** | - | - | - | - | - | 153,632 | - | 153,632 | - |
| Other non-interest sensitive balances | - | - | - | - | - | 5,864,192 | 24,737 | 5,888,929 | - |
| TOTAL ASSETS | 47,579,918 | 12,367,803 | 11,153,873 | 16,842,310 | 5,987,027 | 7,846,617 | 5,587,354 | 107,364,902 | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | |
| Deposits from customers | 41,062,453 | 16,135,909 | 15,241,801 | 856,150 | 6,627 | 8,902,242 | - | 82,205,182 | 2.73 |
| Deposits and placements of banks and other financial institutions | 4,748,825 | 1,845,878 | 128,085 | - | - | 60,812 | - | 6,783,600 | 4.18 |
| Obligations on securities sold under repurchase agreements | 3,656,663 | 30,000 | - | - | - | - | 10,321 | 3,696,984 | 2.88 |
| Bills and acceptances payable | 567,488 | 782,241 | 142,750 | - | - | 635,180 | - | 2,127,659 | 3.04 |
| Recourse obligations on loans sold to Cagamas | 21,190 | 40,300 | 163,785 | 59,730 | - | - | - | 285,005 | 3.77 |
| Subordinated notes | - | - | - | 1,308,786 | 1,448,836 | - | - | 2,757,622 | 5.29 |
| Other non-interest sensitive balances | - | - | - | - | - | 1,360,891 | 10,004 | 1,370,895 | - |
| Total Liabilities | 50,056,619 | 18,834,328 | 15,676,421 | 2,224,666 | 1,455,463 | 10,959,125 | 20,325 | 99,226,947 | |
| Shareholders' equity | - | - | - | - | - | 8,137,955 | - | 8,137,955 | |
| Total Liabilities and Shareholders' Equity | 50,056,619 | 18,834,328 | 15,676,421 | 2,224,666 | 1,455,463 | 19,097,080 | 20,325 | 107,364,902 | |
| On-balance sheet interest sensitivity gap | (2,476,701) | (6,466,525) | (4,522,548) | 14,617,644 | 4,531,564 | (11,250,463) | 5,567,029 | - | |
| Off-balance sheet interest sensitivity gap (interest rate swaps) | 971,332 | 190,137 | (1,417,313) | 395,685 | (139,841) | - | - | - | |
| Total interest sensitivity gap | (1,505,369) | (6,276,388) | (5,939,861) | 15,013,329 | 4,391,723 | (11,250,463) | 5,567,029 | - | |

* The amount under trading book has remaining maturity of less than one month.

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

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A27. Interest/Profit Rate Risk (continued)

| Bank | Non trading book | | | | | | | Trading book | Total RM'000 | Effective interest rate % |
|---|-------------------|--------------------|--------------------|-------------------|------------------|-----------------------|------------------|-------------------|-----------------|------------------------------------|
| | Up to | > 1 - 3 | > 3 - 12 | > 1 - 5 | over 5 | Non- | | | | |
| | 1 month | months | months | years | years | interest sensitive | | | | |
| As at 31 December 2004 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 sheet 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 | - | | |

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

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A28. Capital Adequacy

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

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Before deducting proposed dividends:</u> | | | | |
| Core capital ratio | 11.4% | 13.8% | 11.1% | 13.8% |
| Risk-weighted capital ratio | 17.1% | 17.8% | 14.9% | 15.3% |
| <u>After deducting proposed dividends:</u> | | | | |
| Core capital ratio | 10.2% | 11.8% | 9.8% | 11.6% |
| Risk-weighted capital ratio | 15.9% | 15.7% | 13.6% | 13.1% |

The capital adequacy ratios of the Bank and the Group as at 31 December 2005 have incorporated the market risk pursuant to the Bank Negara Malaysia's Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Components of Tier I and Tier II capital: | | | | |
| <u>Tier I capital</u> | | | | |
| Paid-up share capital | 3,417,373 | 3,355,767 | 3,417,373 | 3,355,767 |
| Share premium | 1,574,180 | 1,347,084 | 1,574,180 | 1,347,084 |
| Other reserves | 2,907,840 | 2,614,989 | 2,754,847 | 2,450,465 |
| Retained profits (before deducting proposed dividend), as restated | 1,330,730 | 1,856,502 | 1,289,161 | 1,926,370 |
| As previously stated | 1,330,730 | 1,854,336 | 1,289,161 | 1,924,398 |
| Prior year adjustments* | - | 2,166 | - | 1,972 |
| Treasury shares | (784,600) | (601,441) | (784,600) | (601,441) |
| Minority interests | 435,741 | 368,111 | - | - |
| Less: Goodwill/intangible assets | (765,157) | (811,399) | (695,393) | (738,356) |
| Less: Deferred tax assets, net, as restated | (345,246) | (282,700) | (286,550) | (222,719) |
| As previously stated | (345,246) | (283,542) | (286,550) | (223,486) |
| Prior year adjustments* | - | 842 | - | 767 |
| Total Tier I capital | 7,770,861 | 7,846,913 | 7,269,018 | 7,517,170 |
| <u>Tier II capital</u> | | | | |
| General allowance for bad and doubtful debts | 1,056,199 | 930,994 | 987,830 | 862,723 |
| Subordinated notes, at cost | 2,816,795 | 1,323,014 | 2,816,795 | 1,323,014 |
| Total Tier II capital | 3,872,994 | 2,254,008 | 3,804,625 | 2,185,737 |
| Total capital | 11,643,855 | 10,100,921 | 11,073,643 | 9,702,907 |
| Less: Investment in subsidiary companies | - | - | (1,305,365) | (1,365,364) |
| Capital base | 11,643,855 | 10,100,921 | 9,768,278 | 8,337,543 |

* 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. Balance Sheets as at 31 December 2005

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| ASSETS | | | | |
| Cash and short-term funds | 426,261 | 204,385 | 426,261 | 204,385 |
| Securities held-to-maturity | 127,479 | 127,503 | 127,479 | 127,503 |
| Financing, advances and other loans | 7,217,018 | 6,179,167 | 7,217,018 | 6,179,167 |
| Other assets | 1,055 | 1,597 | 1,055 | 1,626 |
| Statutory deposits with Bank Negara Malaysia | 236,000 | 78,700 | 236,000 | 78,700 |
| Deferred tax assets | 38,018 | 38,273 | 38,018 | 38,273 |
| Property and equipment | 69 | 52 | 69 | 52 |
| Total Assets | 8,045,900 | 6,629,677 | 8,045,900 | 6,629,706 |
| LIABILITIES AND ISLAMIC BANKING FUNDS | | | | |
| Deposits from customers | 6,093,087 | 3,491,355 | 6,093,087 | 3,491,355 |
| Deposits and placements of banks and other financial institutions | 1,474 | 1,930,613 | 1,474 | 1,930,613 |
| Bills and acceptances payable | 24,368 | 29,830 | 24,368 | 29,830 |
| Other liabilities | 547,912 | 116,846 | 547,912 | 116,846 |
| Provision for tax expense and zakat | 41,129 | 34,012 | 41,129 | 34,012 |
| Total Liabilities | 6,707,970 | 5,602,656 | 6,707,970 | 5,602,656 |
| Islamic Banking Funds | 1,337,930 | 1,027,021 | 1,337,930 | 1,027,050 |
| Total Liabilities and Islamic Banking Funds | 8,045,900 | 6,629,677 | 8,045,900 | 6,629,706 |
| COMMITMENTS AND CONTINGENCIES | 102,954 | 145,575 | 102,954 | 145,575 |

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A29b. Income Statements for the Financial Year Ended 31 December 2005

| | 4th Quarter ended | | Financial Year ended | |
|--|-------------------|---------------|----------------------|----------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| Income derived from investment of depositors' funds and financial institutions | 98,799 | 99,663 | 407,369 | 427,573 |
| Allowance for losses on financing, advances and other loans | (9,192) | (13,571) | (37,948) | (36,543) |
| Transfer from/(to) profit equalisation reserve | 6,811 | 2,170 | 6,870 | (1,862) |
| Total attributable income | 96,418 | 88,262 | 376,291 | 389,168 |
| Income attributable to the depositors and financial institutions | (22,161) | (25,609) | (94,391) | (128,340) |
| Income attributable to the reporting institutions | 74,257 | 62,653 | 281,900 | 260,828 |
| Income derived from investment of Islamic Banking Funds | 26,493 | 20,568 | 86,926 | 83,013 |
| Total net income | 100,750 | 83,221 | 368,826 | 343,841 |
| Other operating expenses | (20,506) | (14,325) | (75,441) | (58,783) |
| Profit before zakat and tax expense | 80,244 | 68,896 | 293,385 | 285,058 |
| Zakat | (36) | (19) | (148) | (75) |
| Tax expense | (17,282) | (12,232) | (82,357) | (79,976) |
| Net profit for the financial period/year | 62,926 | 56,645 | 210,880 | 205,007 |

| | 4th Quarter ended | | Financial Year ended | |
|--|-------------------|---------------|----------------------|----------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| Income derived from investment of depositors' funds and financial institutions | 98,799 | 99,663 | 407,369 | 226,786 |
| Allowance for losses on financing, advances and other loans | (9,192) | (13,571) | (37,948) | (94,299) |
| Transfer from/(to) profit equalisation reserve | 6,811 | 2,170 | 6,870 | (8,862) |
| Total attributable income | 96,418 | 88,262 | 376,291 | 123,625 |
| Income attributable to the depositors and financial institutions | (22,161) | (25,609) | (94,391) | (47,805) |
| Income attributable to the reporting institutions | 74,257 | 62,653 | 281,900 | 75,820 |
| Income derived from investment of Islamic Banking Funds | 26,493 | 20,568 | 86,926 | 55,513 |
| Total net income | 100,750 | 83,221 | 368,826 | 131,333 |
| Other operating expenses | (20,506) | (14,325) | (75,441) | (38,884) |
| Profit before zakat and tax expense | 80,244 | 68,896 | 293,385 | 92,449 |
| Zakat | (36) | (19) | (148) | (75) |
| Tax expense | (17,282) | (12,232) | (82,357) | (25,722) |
| Net profit for the financial period/year | 62,926 | 56,645 | 210,880 | 66,652 |

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A29c. Financing, Advances and Other Loans

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Qardhassan-i (overdraft) | 20,840 | 9,737 | 20,840 | 9,737 |
| Bai Bithaman Ajil-i (deferred payment sale) | 3,211,860 | 2,962,784 | 3,211,860 | 2,962,784 |
| Ijarah Thamma Al-Bai'-i (leasing) | 6,034,328 | 5,193,977 | 6,034,328 | 5,193,977 |
| Bai-Al-Einah-i | 307,341 | 194,494 | 307,341 | 194,494 |
| | <u>9,574,369</u> | <u>8,360,992</u> | <u>9,574,369</u> | <u>8,360,992</u> |
| Unearned income | (2,223,862) | (2,048,460) | (2,223,862) | (2,048,460) |
| Gross financing, advances and other loans | <u>7,350,507</u> | <u>6,312,532</u> | <u>7,350,507</u> | <u>6,312,532</u> |
| Allowance for bad and doubtful debts and financing: | | | | |
| - general | (114,195) | (107,295) | (114,195) | (107,295) |
| - specific | (19,294) | (26,070) | (19,294) | (26,070) |
| Net financing, advances and other loans | <u>7,217,018</u> | <u>6,179,167</u> | <u>7,217,018</u> | <u>6,179,167</u> |

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

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| At 1 January | 150,538 | 88,562 | 150,538 | 21,067 |
| Non-performing during the year | 379,672 | 260,175 | 379,672 | 224,373 |
| Amount vested over from PBFIN Berhad (formerly known as Public Finance Berhad) | - | - | - | 79,746 |
| Reclassified as performing | (296,761) | (160,355) | (296,761) | (157,713) |
| Recoveries | (34,239) | (17,194) | (34,239) | (7,762) |
| Amount written off | (43,014) | (20,650) | (43,014) | (9,173) |
| Closing balance | <u>156,196</u> | <u>150,538</u> | <u>156,196</u> | <u>150,538</u> |
| Specific allowance | (19,294) | (26,070) | (19,294) | (26,070) |
| Net non-performing financing, advances and other loans | <u>136,902</u> | <u>124,468</u> | <u>136,902</u> | <u>124,468</u> |
| Net NPL as % of gross financing, advances and other loans less specific allowance | <u>1.87%</u> | <u>1.98%</u> | <u>1.87%</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 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 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 year | 6,900 | 8,071 | 6,900 | 80,551 |
| Closing balance | <u>114,195</u> | <u>107,295</u> | <u>114,195</u> | <u>107,295</u> |
| As % of gross financing, advances and other loans less specific allowance | <u>1.56%</u> | <u>1.71%</u> | <u>1.56%</u> | <u>1.71%</u> |
| | | | | |
| | Group | | Bank | |
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 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 year | 40,345 | 33,858 | 40,345 | 15,466 |
| Amount vested over from PBFIN Berhad (formally known as Public Finance Berhad) | - | - | - | 17,006 |
| Amount written back | (4,084) | (2,467) | (4,084) | (384) |
| Amount written off | (43,014) | (20,658) | (43,014) | (9,182) |
| Amount transferred to accumulated impairment losses in value of foreclosed properties | (23) | - | (23) | - |
| Closing balance | <u>19,294</u> | <u>26,070</u> | <u>19,294</u> | <u>26,070</u> |

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A29d. Deposits from Customers

i) By type of deposit

| | Group | | Bank | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| <u>Non-Mudharabah Fund</u> | | | | |
| Wadiah current deposits-i | 1,021,990 | 946,052 | 1,021,990 | 946,052 |
| Wadiah savings deposits-i | 2,125,240 | 1,684,094 | 2,125,240 | 1,684,094 |
| Negotiable debt certificate-i | 1,752,534 | - | 1,752,534 | - |
| Others | 150 | - | 150 | - |
| | <u>4,899,914</u> | 2,630,146 | <u>4,899,914</u> | 2,630,146 |
| <u>Mudharabah Fund</u> | | | | |
| Mudharabah savings deposits-i | - | 43,407 | - | 43,407 |
| Mudharabah general investment deposits-i | 1,193,173 | 817,802 | 1,193,173 | 817,802 |
| | <u>1,193,173</u> | 861,209 | <u>1,193,173</u> | 861,209 |
| Deposits from customers | <u><u>6,093,087</u></u> | 3,491,355 | <u><u>6,093,087</u></u> | 3,491,355 |

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A30. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policies

During the financial year ended 31 December 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 the 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.

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 organizations 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 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 statement.

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 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.

2) Derivative 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) When a loan 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 accrued on the non-performing loan shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as practised 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 | 653 | 1,085 | 653 | 653 |
| At 1 January, as restated | 684,490 | 1,760,173 | 734,469 | 1,170,139 |

| | 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 | 61,805 | 30,560 | 5,331 | 20,452 |
| At 1 January, as restated | 2,676,794 | 2,418,190 | 2,406,900 | 1,862,612 |

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

| <u>Group</u> | 4th Quarter ended | | Financial Year ended | |
|--|--------------------------|--------------------|-----------------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Effects on net profit for the period/year | | | | |
| Net profit before changes in accounting policies | 391,205 | 338,939 | 1,450,430 | 1,266,988 |
| Effects of adopting the fair value accounting for securities held-for-trading | (71) | (2,636) | (149) | 4,515 |
| Effects of recognising previously recognised gain on securities available-for-sale to equity | - | 2,621 | - | (430) |
| | (71) | (15) | (149) | 4,085 |
| Net profit for the period/year | 391,134 | 338,924 | 1,450,281 | 1,271,073 |

| <u>Bank</u> | 4th Quarter ended | | Financial Year ended | |
|---|--------------------------|--------------------|-----------------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2005 | 2004 | 2005 | 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Effects on net profit for the period/year | | | | |
| Net profit before changes in accounting policies | 379,878 | 653,964 | 1,282,511 | 2,237,637 |
| Effects of adopting the fair value accounting for securities held-for-trading | (110) | (2,901) | (1,619) | 4,151 |
| | (110) | (2,901) | (1,619) | 4,151 |
| Net profit for the period/year | 379,768 | 651,063 | 1,280,892 | 2,241,788 |

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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 | - |
| Other assets | 767,380 | 678,555 | 935,282 | 865,322 |
| Deferred tax assets | 280,554 | 283,542 | 220,646 | 223,486 |
| 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 4th quarter ended 31 December 2004 | | | | |
| Other operating income | 207,319 | 196,079 | 592,227 | 595,509 |
| Net income | 908,474 | 897,234 | 1,185,009 | 1,188,291 |
| Other operating expenses | (340,183) | (343,774) | (251,622) | (251,622) |
| Operating profit | 568,291 | 553,460 | 933,387 | 936,669 |
| Impairment loss | (15,884) | - | (746) | - |
| Profit before tax expense and zakat | 506,907 | 507,960 | 859,894 | 863,922 |
| Tax expense and zakat | (142,735) | (143,773) | (208,831) | (209,958) |
| Profit after tax expense and zakat | 364,172 | 364,187 | 651,063 | 653,964 |
| Net profit for the period | 338,924 | 338,939 | 651,063 | 653,964 |
| (ii) Income statement for the financial year ended 31 December 2004 | | | | |
| Other operating income | 742,295 | 723,494 | 2,490,532 | 2,483,155 |
| Net income | 3,444,007 | 3,425,206 | 4,206,532 | 4,199,155 |
| Other operating expenses | (1,306,193) | (1,309,784) | (830,322) | (830,322) |
| Operating profit | 2,137,814 | 2,115,422 | 3,376,210 | 3,368,833 |
| Impairment loss | (16,719) | - | (1,611) | - |
| Profit before tax expense and zakat | 1,853,874 | 1,848,201 | 2,920,903 | 2,915,137 |
| Tax expense and zakat | (510,199) | (508,611) | (679,115) | (677,500) |
| Profit after tax expense and zakat | 1,343,675 | 1,339,590 | 2,241,788 | 2,237,637 |
| Net profit for the period | 1,271,073 | 1,266,988 | 2,241,788 | 2,237,637 |
| (iii) Risk-weighted assets | | | | |
| - notional | 95,547,952 | 95,305,027 | 91,160,176 | 91,080,011 |
| - risk-weighted | 56,795,331 | 56,554,073 | 54,608,010 | 54,529,512 |

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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 financial year ended 31 December 2005 of RM2,048.7 million was RM194.8 million or 10.5% higher than that of the previous year of RM1,853.9 million. Profit attributable to shareholders improved by 14.1% to RM1,450.3 million. The improvement in earnings was primarily due to higher net interest income, including net income from Islamic Banking operations, which improved by RM188.9 million or 7.0% and higher other operating income by 23.7% or RM175.6 million. The increases were partially offset by higher other operating expenses of RM92.8 million and higher allowance for losses on loans, advances and financing of RM111.0 million.

The growth in the Group's net interest income was driven by strong loans growth of RM11.2 billion or 19.7% to RM68.1 billion and lower non-performing loans at the end of December 2005 as compared to December 2004. The growth in loans arose mainly from financing of small and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. The Group's net non-performing loans ratio ("NPL") improved to 1.7% as at 31 December 2005 from 2.1% as at 31 December 2004.

The Group's commercial bank, Public Bank, recorded a pre-tax profit of RM1,733.2 million for the financial year ended 31 December 2005 and was 40.7% lower than the pre-tax profit of RM2,920.9 million achieved in the previous year. This was mainly due to lower dividend income from subsidiary companies.

The overseas operations of the Group recorded a 25.0% improvement in pre-tax profit to RM310.2 million from the previous year. This was mainly due to loans growth and lower specific allowance charges net of recoveries due to the declining number of delinquent accounts.

For the 4th quarter ended 31 December 2005, the Group registered a pre-tax profit of RM547.4 million, an improvement of RM40.5 million or 8.0% compared to the previous corresponding quarter. This was achieved on the back of strong loans growth in financing SMEs, vehicle hire purchase financing and residential mortgages. Net profit attributable to shareholders grew by 15.4% or RM52.2 million for the same period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM547.4 million for the 4th quarter ended 31 December 2005 was RM47.0 million or 9.4% higher compared to the 3rd quarter ended 30 September 2005. Net profit attributable to shareholders is higher by RM43.3 million or 12.4% over the previous quarter ended 30 September 2005. The improvement in earnings is mainly resulting from lower allowance for losses on loans, advances and financing.

B3. Prospects for 2006

The banking business is expected to further expand in 2006 as the Malaysian economy and employment conditions are projected to remain healthy. Public Bank Group will continue to increase its market share in consumer financing and retail commercial lending to SMEs by providing comprehensive packages of financial solution at competitive interest rates and terms to its customers. The Group will also further leverage on its strategic domestic network of 251 branches, its online channels and strong *PB* brand to continue building 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 in 2006.

B4. Profit Forecast or Profit Guarantee

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

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B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2005 are as follows:

| Group | 4th Quarter ended | | Financial Year ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 165,236 | 149,520 | 530,005 | 502,696 |
| Overseas income tax | 10,078 | 5,372 | 48,495 | 39,835 |
| | 175,314 | 154,892 | 578,500 | 542,531 |
| (Over)/Under provision in prior period/years | | | | |
| - Malaysian income tax | (4,023) | (5,084) | (5,317) | (4,145) |
| - Overseas income tax | - | 855 | 4 | 836 |
| | 171,291 | 150,663 | 573,187 | 539,222 |
| Share of tax expense in associated companies | 278 | 936 | 1,537 | 1,024 |
| | 171,569 | 151,599 | 574,724 | 540,246 |
| Deferred tax expense | | | | |
| - Origination and reversal of temporary differences, as restated | (42,171) | (8,883) | (62,634) | (30,122) |
| As previously stated | - | (7,845) | - | (31,710) |
| Prior year adjustments* | - | (1,038) | - | 1,588 |
| Tax expense | 129,398 | 142,716 | 512,090 | 510,124 |
| Zakat | 36 | 19 | 148 | 75 |
| | 129,434 | 142,735 | 512,238 | 510,199 |

The Group's effective tax rates for the 4th quarter and the financial year ended 31 December 2005 are lower than the statutory tax rate due to the effects of lower tax rates in other jurisdictions.

| Bank | 4th Quarter ended | | Financial Year ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 153,678 | 214,210 | 514,169 | 785,191 |
| Overseas income tax | 1,316 | 581 | 1,801 | 881 |
| | 154,994 | 214,791 | 515,970 | 786,072 |
| Deferred tax expense | | | | |
| - Origination and reversal of temporary differences, as restated | (41,200) | (5,979) | (63,831) | (107,032) |
| As previously stated | - | (4,852) | - | (108,647) |
| Prior year adjustments* | - | (1,127) | - | 1,615 |
| Tax expense | 113,794 | 208,812 | 452,139 | 679,040 |
| Zakat | 36 | 19 | 148 | 75 |
| | 113,830 | 208,831 | 452,287 | 679,115 |

The Bank's effective tax rate for the 4th quarter and the financial year ended 31 December 2005 are lower than the statutory tax rate due to dividend received from its Hong Kong subsidiary which is not subject to tax.

* 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 4th quarter and the financial year ended 31 December 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 December 2005.

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

| | Group | | Bank | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2005 RM'000 | 31 December 2004 RM'000 | 31 December 2005 RM'000 | 31 December 2004 RM'000 |
| Deposits from customers | | | | |
| - Fixed deposits | | | | |
| One year or less | 43,090,941 | 39,162,055 | 41,629,656 | 35,734,517 |
| More than one year | 118,499 | 153,392 | 117,881 | 146,438 |
| - Negotiable instruments of deposits | | | | |
| One year or less | 18,000,115 | 12,481,507 | 17,774,210 | 12,218,267 |
| More than one year | 492,061 | - | 492,061 | - |
| - Savings deposits | 12,566,703 | 11,498,368 | 12,367,962 | 11,328,835 |
| - Demand deposits | 9,566,341 | 8,682,720 | 9,531,145 | 8,570,697 |
| - Others | 294,981 | 268,261 | 292,267 | 266,885 |
| | <u>84,129,641</u> | <u>72,246,303</u> | <u>82,205,182</u> | <u>68,265,639</u> |
| Deposits and placements of banks and other financial institutions | | | | |
| One year or less | <u>7,680,690</u> | 2,958,481 | <u>6,783,600</u> | 4,765,730 |
| Subordinated notes denominated in United States Dollar (unsecured) | | | | |
| - more than one year | <u>2,757,622</u> | 1,375,214 | <u>2,757,622</u> | 1,375,214 |

B10. Off-Balance Sheet Financial Instruments

Please refer to note A26.

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B11. Changes in Material Litigation

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

B12. Proposed Dividends

- (a) (i) A proposed final dividend of 20% and a special dividend of 15% less 28% tax for the year ended 31 December 2005 has been recommended by the directors;
(ii) Amount per share: 35 sen less 28% tax;
(iii) Previous corresponding period: 90 sen less 28% tax.;
(iv) Payment date: to be announced at a later date; and
(v) The date of entitlement to dividend: to be announced at a later date.
- (b) The total dividend for the current financial year: 55 sen less 28% tax.

B13. Earning Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the net profit for the 4th quarter and the financial year ended 31 December 2005 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the financial quarter and the financial year ended 31 December 2005 excluding the weighted average treasury shares held by the Bank. The weighted average number of ordinary shares used in the previous corresponding quarter and the financial year ended 31 December 2004 have been adjusted for the effects of the share consolidation which was completed on 2 June 2004 for comparability purposes.

| | 4th Quarter ended | | Financial Year ended | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| Net profit for the period (RM'000) | 391,134 | 338,924 | 1,450,281 | 1,271,073 |
| Weighted average number of PBB Shares ('000) | 3,290,235 | 3,238,375 | 3,279,117 | 3,217,554 |
| Basic earnings per share (sen) | 11.9 | 10.5 | 44.2 | 39.5 |

Diluted

The calculation of the diluted earnings per share is based on the net profit for the 4th quarter and the financial year ended 31 December 2005 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.

| | 4th Quarter ended | | Financial Year ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| Weighted average number of PBB Shares ('000) | 3,290,235 | 3,238,375 | 3,279,117 | 3,217,554 |
| Effects of share options ('000) | 13,859 | 40,246 | 31,466 | 56,735 |
| Adjusted weighted average number of PBB shares in issue or issuable ('000) | 3,304,094 | 3,278,621 | 3,310,583 | 3,274,289 |
| Diluted earnings per share (sen) | 11.8 | 10.3 | 43.8 | 38.8 |