

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

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
ASSETS				
Cash and short-term funds	35,548,788	24,380,630	32,606,147	22,890,702
Deposits and placements with banks and other financial institutions	2,683,773	4,657,417	3,069,166	3,954,803
Securities purchased under resale agreements	12,723,490	12,375,287	12,006,597	10,797,358
Securities held-for-trading	8,061,927	9,107,661	8,051,599	9,061,244
Securities available-for-sale	4,081,321	3,895,738	3,648,862	3,437,739
Securities held-to-maturity	3,872,395	3,264,818	1,688,005	997,429
Loans, advances and financing	99,327,993	82,787,652	89,805,707	75,891,397
Derivative financial assets	112,249	73,056	110,900	65,369
Other assets	1,812,188	1,256,779	1,309,416	1,101,257
Statutory deposits with Central Banks	2,373,927	2,318,708	2,272,000	2,254,000
Deferred tax assets	321,762	336,776	276,975	266,750
Investment in subsidiary companies	-	-	2,353,761	2,275,564
Investment in associated companies	46,318	45,481	28,465	28,465
Investment properties	54,390	64,175	-	-
Prepaid land lease payments	259,561	280,421	17	267
Property and equipment	864,809	853,883	548,090	549,285
Intangible assets	2,010,296	2,091,061	695,393	695,393
TOTAL ASSETS	174,155,187	147,789,543	158,471,100	134,267,022
LIABILITIES				
Deposits from customers	138,764,571	111,793,149	126,424,828	102,642,918
Deposits and placements of banks and other financial institutions	10,438,118	5,637,964	9,346,834	4,305,478
Obligations on securities sold under repurchase agreements	2,279	10,075,829	2,279	9,598,557
Bills and acceptances payable	3,452,296	2,623,644	3,452,296	2,623,644
Recourse obligations on loans sold to Cagamas	3,956,404	261,284	3,956,404	261,284
Derivative financial liabilities	153,186	181,959	147,084	171,129
Other liabilities	2,347,682	2,043,363	1,199,506	957,644
Borrowings	349,730	679,341	-	-
Subordinated notes	2,468,571	2,561,131	2,468,571	2,561,131
Hybrid capital securities	1,855,854	1,918,925	1,855,854	1,918,925
Provision for tax expense and zakat	365,871	333,584	266,829	255,985
Deferred tax liabilities	22,202	17,061	-	-
TOTAL LIABILITIES	164,176,764	138,127,234	149,120,485	125,296,695

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.

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	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
EQUITY				
Share capital	3,527,891	3,462,825	3,527,891	3,462,825
Reserves	7,088,180	6,355,975	7,096,621	6,292,303
Treasury shares	(1,273,897)	(784,801)	(1,273,897)	(784,801)
Equity attributable to equity holders of the Bank	9,342,174	9,033,999	9,350,615	8,970,327
Minority interests	636,249	628,310	-	-
TOTAL EQUITY	9,978,423	9,662,309	9,350,615	8,970,327
TOTAL LIABILITIES AND EQUITY	174,155,187	147,789,543	158,471,100	134,267,022
COMMITMENTS AND CONTINGENCIES	40,807,470	33,359,052	36,690,143	28,386,655
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	9.1%	10.2%	11.1%	12.5%
Risk-Weighted Capital Ratio	13.6%	15.8%	13.3%	15.3%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	7.6%	8.8%	9.5%	11.0%
Risk-Weighted Capital Ratio	12.4%	14.6%	11.9%	14.0%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	2.79	2.71	2.79	2.69

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AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2007

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Operating revenue	2,573,079	2,184,839	9,557,599	7,710,224
Interest income	1,962,894	1,681,432	7,451,804	6,144,617
Interest expense	(1,091,493)	(930,107)	(4,208,207)	(3,274,548)
Net interest income	871,401	751,325	3,243,597	2,870,069
Net income from Islamic Banking business				
Net financing income	120,897	110,539	464,986	420,248
Other Islamic banking income	6,266	1,455	13,238	7,778
	998,564	863,319	3,721,821	3,298,095
Other operating income	389,704	264,736	1,389,466	973,369
Net income	1,388,268	1,128,055	5,111,287	4,271,464
Other operating expenses	(458,166)	(372,980)	(1,693,708)	(1,398,592)
Operating profit	930,102	755,075	3,417,579	2,872,872
Allowance for losses on loans, advances and financing	(103,737)	(111,796)	(407,162)	(466,045)
- General allowances	(57,693)	(39,530)	(210,302)	(204,683)
- Other loan loss allowances	(46,044)	(72,266)	(196,860)	(261,362)
Impairment (loss) / written back	(6,516)	4,706	(12,159)	4,646
	819,849	647,985	2,998,258	2,411,473
Share of profit after tax of equity accounted associated companies	1,352	1,263	5,380	4,888
Profit before tax expense and zakat	821,201	649,248	3,003,638	2,416,361
Tax expense and zakat	(213,358)	(187,924)	(801,852)	(621,200)
Profit for the period / year	607,843	461,324	2,201,786	1,795,161
Attributable to :				
Equity holders of the Bank	579,960	445,063	2,123,915	1,726,688
Minority interests	27,883	16,261	77,871	68,473
Profit for the period / year	607,843	461,324	2,201,786	1,795,161
Earnings per RM1.00 share:				
- basic (sen)	17.3	13.4	63.3	52.1
- diluted (sen)	17.3	13.3	62.9	51.6

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	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<u>Bank</u>				
Operating revenue	2,088,994	1,867,797	7,832,708	6,370,944
Interest income	1,683,564	1,429,578	6,409,578	5,303,581
Interest expense	(965,286)	(814,007)	(3,711,746)	(2,955,441)
Net interest income	718,278	615,571	2,697,832	2,348,140
Net income from Islamic Banking business				
Net financing income	120,897	110,539	464,986	420,248
Other Islamic banking income	6,266	1,455	13,238	7,778
	845,441	727,565	3,176,056	2,776,166
Other operating income	586,312	412,363	1,253,834	1,077,150
Net income	1,431,753	1,139,928	4,429,890	3,853,316
Other operating expenses	(329,891)	(279,279)	(1,217,225)	(1,071,093)
Operating profit	1,101,862	860,649	3,212,665	2,782,223
Allowance for losses on loans, advances and financing	(115,038)	(87,814)	(354,134)	(344,516)
- General allowances	(69,142)	(39,449)	(218,687)	(172,561)
- Other loan loss allowances	(45,896)	(48,365)	(135,447)	(171,955)
Impairment (loss) / written back	(2,105)	2,490	(7,748)	2,430
Profit before tax expense and zakat	984,719	775,325	2,850,783	2,440,137
Tax expense and zakat	(238,013)	(221,853)	(744,586)	(650,702)
Net profit for the period / year	746,706	553,472	2,106,197	1,789,435

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.

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INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2007

<u>Group</u>	----- Attributable to Equity Holders of the Bank -----								
	Non-distributable			Distributable		Treasury Shares	Total Shareholders' Equity	Minority Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Reserves	Retained Profits				
At 1 January 2007	3,462,825	1,782,081	3,308,738	1,265,156	(784,801)	9,033,999	628,310	9,662,309	
Currency translation differences in respect of foreign operations	-	-	(136,279)	-	-	(136,279)	(40,843)	(177,122)	
Currency translation differences in respect of net investment hedge	-	-	73,917	-	-	73,917	-	73,917	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(65,244)	-	-	(65,244)	(2,740)	(67,984)	
Unrealised net gain on cash flow hedge	-	-	381	-	-	381	-	381	
Acquisition of shares in a subsidiary company	-	-	-	-	-	-	10,516	10,516	
Net expense recognised directly in equity	-	-	(127,225)	-	-	(127,225)	(33,067)	(160,292)	
Net profit for the year	-	-	-	2,123,915	-	2,123,915	77,871	2,201,786	
Total recognised (expense) / income for the year	-	-	(127,225)	2,123,915	-	1,996,690	44,804	2,041,494	
Issue of shares pursuant to the exercise of share options	65,066	330,123	-	-	-	395,189	-	395,189	
Buy-back of shares	-	-	-	-	(489,096)	(489,096)	-	(489,096)	
Transfer to statutory reserves	-	-	395,953	(395,953)	-	-	-	-	
Transfer to regulatory reserves	-	-	36,258	(36,258)	-	-	-	-	
Dividends paid	-	-	-	(1,594,608)	-	(1,594,608)	(36,865)	(1,631,473)	
At 31 December 2007	3,527,891	2,112,204	3,613,724	1,362,252	(1,273,897)	9,342,174	636,249	9,978,423	

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.

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AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2007

<u>Group</u>	----- Attributable to Equity Holders of the Bank -----							
	Share Capital RM'000	Non-distributable Reserves		Distributable Reserves		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000
	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000					
At 1 January 2006	3,417,373	1,574,180	2,943,825	1,412,528	(784,600)	8,563,306	435,741	8,999,047
Currency translation differences in respect of foreign operations	-	-	(137,963)	-	-	(137,963)	(41,130)	(179,093)
Currency translation differences in respect of net investment hedge	-	-	56,661	-	-	56,661	-	56,661
Unrealised net gain on revaluation of securities available-for-sale	-	-	53,011	-	-	53,011	5,643	58,654
Dilution in share of net assets of a subsidiary upon subscription of the subsidiary's share right issue	-	-	(28,356)	(136,111)	-	(164,467)	164,467	-
Acquisition of shares in a subsidiary	-	-	-	-	-	-	(32,505)	(32,505)
Disposal of shares in a subsidiary	-	-	(3,454)	-	-	(3,454)	60,720	57,266
Net expense recognised directly in equity	-	-	(60,101)	(136,111)	-	(196,212)	157,195	(39,017)
Net profit for the year	-	-	-	1,726,688	-	1,726,688	68,473	1,795,161
Total recognised (expense) / income for the year	-	-	(60,101)	1,590,577	-	1,530,476	225,668	1,756,144
Issue of shares pursuant to the exercise of share options	45,452	207,901	-	-	-	253,353	-	253,353
Buy-back of shares	-	-	-	-	(201)	(201)	-	(201)
Transfer to statutory reserves	-	-	425,014	(425,014)	-	-	-	-
Dividends paid	-	-	-	(1,312,935)	-	(1,312,935)	(33,099)	(1,346,034)
At 31 December 2006	<u>3,462,825</u>	<u>1,782,081</u>	<u>3,308,738</u>	<u>1,265,156</u>	<u>(784,801)</u>	<u>9,033,999</u>	<u>628,310</u>	<u>9,662,309</u>

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AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2007

<u>Bank</u>	----- Attributable to Equity Holders of the Bank -----						
	Share Capital RM'000	Non-distributable Reserves		Distributable Reserves		Treasury Shares RM'000	Total RM'000
		Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	-		
At 1 January 2007	3,462,825	1,782,081	3,183,133	1,327,089	(784,801)	8,970,327	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(37,775)	-	-	(37,775)	
Unrealised net gain on cash flow hedge	-	-	381	-	-	381	
Net loss recognised directly in equity	-	-	(37,394)	-	-	(37,394)	
Net profit for the year	-	-	-	2,106,197	-	2,106,197	
Total recognised (expense) / income for the year	-	-	(37,394)	2,106,197	-	2,068,803	
Issue of shares pursuant to the exercise of share options	65,066	330,123	-	-	-	395,189	
Buy-back of shares	-	-	-	-	(489,096)	(489,096)	
Transfer to statutory reserves	-	-	358,740	(358,740)	-	-	
Dividends paid	-	-	-	(1,594,608)	-	(1,594,608)	
At 31 December 2007	3,527,891	2,112,204	3,504,479	1,479,938	(1,273,897)	9,350,615	

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AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2007

<u>Bank</u>	----- Attributable to Equity Holders of the Bank -----					
	Share Capital RM'000	Non-distributable Reserves Share Premium RM'000	Other Reserves RM'000	Distributable Reserves Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 January 2006	3,417,373	1,574,180	2,715,473	1,297,948	(784,600)	8,220,374
Unrealised net gain on revaluation of securities available-for-sale	-	-	20,301	-	-	20,301
Net income recognised directly in equity	-	-	20,301	-	-	20,301
Net profit for the year	-	-	-	1,789,435	-	1,789,435
Total recognised income for the year	-	-	20,301	1,789,435	-	1,809,736
Issue of shares pursuant to the exercise of share options	45,452	207,901	-	-	-	253,353
Buy-back of shares	-	-	-	-	(201)	(201)
Transfer to statutory reserves	-	-	447,359	(447,359)	-	-
Dividends paid	-	-	-	(1,312,935)	-	(1,312,935)
At 31 December 2006	<u>3,462,825</u>	<u>1,782,081</u>	<u>3,183,133</u>	<u>1,327,089</u>	<u>(784,801)</u>	<u>8,970,327</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2007

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Profit before tax expense and zakat	3,003,638	2,416,361	2,850,783	2,440,137
Adjustments for non-cash items	464,358	632,270	(82,916)	(121,873)
Operating profit before changes in working capital	3,467,996	3,048,631	2,767,867	2,318,264
Changes in working capital:				
Net changes in operating assets	(15,070,365)	(23,923,722)	(14,209,440)	(21,169,021)
Net changes in operating liabilities	26,436,821	25,974,002	23,796,916	24,055,839
Tax expense and zakat paid	(740,674)	(593,490)	(631,854)	(503,356)
Net cash generated from operating activities	14,093,778	4,505,421	11,723,489	4,701,726
Net cash (used in) / generated from investing activities	(766,005)	49,624	(319,529)	144,959
Net cash (used in) / generated from financing activities	(2,054,991)	1,495,323	(1,688,515)	873,679
Net change in cash and cash equivalents	11,272,782	6,050,368	9,715,445	5,720,364
Cash and cash equivalents at beginning of the period	24,380,630	18,357,737	22,890,702	17,170,338
Exchange differences on translation of opening balances	(104,624)	(27,475)	-	-
Cash and cash equivalents at end of the period	35,548,788	24,380,630	32,606,147	22,890,702

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.

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

A1. Basis of Preparation

The audited interim financial statements for the 4th quarter and financial year ended 31 December 2007 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

The audited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2006. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2006.

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

The significant accounting policies and methods of computation applied in the audited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2006 except for the adoption of the following:

- (i) FRS 117 Leases issued by MASB that is effective for the Group's annual reporting date, 31 December 2007. The principal effects of the change in accounting policy resulting from the adoption of the revised FRS 117 are disclosed in Note A29.
- (ii) During the financial year, the following Financial Reporting Standards ("FRS"), amendments to FRS and IC Interpretations were issued by MASB. These are effective for financial years beginning 1 July 2007, and are available for early adoption. The Group and the Bank have chosen to early adopt all these FRSs, amendments to FRS and IC Interpretations:
 - FRS 107 Cash Flow Statements
 - FRS 111 Construction Contracts
 - FRS 112 Income Taxes
 - FRS 118 Revenue
 - FRS 119 Employee Benefits
 - FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
 - FRS 126 Accounting and Reporting by Retirement Benefit Plans
 - FRS 129 Financial Reporting in Hyperinflationary Economies
 - FRS 134 Interim Financial Reporting
 - FRS 137 Provisions, Contingent Liabilities and Contingent Assets
 - Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
 - IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
 - IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments
 - IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
 - IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

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A1. Basis of Preparation (Continued)

- IC Interpretation 7 Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies
- IC Interpretation 8 Scope of FRS 2 Share-based Payments

The adoption of the above FRSS, amendments to FRS and IC interpretations does not have any significant financial impact on the Group and the Bank.

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

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

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

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

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

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

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

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and the financial year ended 31 December 2007.

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 2007.

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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 2007.

A6. Debt and Equity Securities

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

(a) Issuance of Shares

During the financial year ended 31 December 2007, the issued and paid-up share capital of the Bank was increased from 3,462,824,872 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,527,891,383 PBB Shares by the issuance of 65,066,511 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>
32,670	RM 1.64
170,957	RM 3.40
761,700	RM 3.56
1,573,575	RM 4.60
377,600	RM 4.92
18,784,570	RM 5.67
43,365,439	RM 6.37

(b) Share Buy-back

On 15 March 2007, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year ended 31 December 2007, the Bank bought back from the open market, 52,062,300 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 RM9.37 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year ended 31 December 2007, including transaction costs, was RM489,095,879 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2007, the total shares bought back, all of which are held as treasury shares, amounted to 176,276,800 PBB Shares. None of the treasury shares held were resold or cancelled during the financial year ended 31 December 2007.

A7. Dividends Paid

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

An interim dividend of 25%, less 27% tax in respect of the financial year ended 31 December 2007, amounting to RM614,074,636 was paid on 13 August 2007.

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A8. Securities Held-for-trading

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
At fair value				
Malaysian Government Treasury Bills	25,695	30,649	25,695	28,979
Malaysian Government Securities	-	146,881	-	146,881
Malaysian Government Investment Certificates	-	136,707	-	136,707
Cagamas bonds	4,188,824	-	4,188,824	-
Negotiable instruments of deposit Bank Negara Malaysia Monetary Notes	3,702,506	8,302,944	3,702,506	8,302,944
	<u>92,756</u>	<u>343,012</u>	<u>92,756</u>	<u>343,012</u>
	<u>8,009,781</u>	<u>8,960,193</u>	<u>8,009,781</u>	<u>8,958,523</u>
Quoted securities:				
Shares in Malaysia	1,793	5,082	1,793	5,082
Trust units outside Malaysia	5,198	4,626	-	-
	<u>6,991</u>	<u>9,708</u>	<u>1,793</u>	<u>5,082</u>
Unquoted securities:				
Private debt securities in Malaysia	45,155	137,760	40,025	97,639
	<u>45,155</u>	<u>137,760</u>	<u>40,025</u>	<u>97,639</u>
Total securities held-for-trading	<u>8,061,927</u>	<u>9,107,661</u>	<u>8,051,599</u>	<u>9,061,244</u>

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A9. Securities Available-for-sale

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
At fair value				
Quoted securities:				
Shares and convertible loan stocks				
in Malaysia	39,109	31,235	39,109	31,235
Shares outside Malaysia	33,653	45,510	-	-
Trust units in Malaysia				
- Public Institutional Bond Fund	1,218,730	1,179,541	1,116,383	1,080,489
- Others	100,392	109	100,303	-
	<u>1,391,884</u>	<u>1,256,395</u>	<u>1,255,795</u>	<u>1,111,724</u>
Unquoted securities:				
Shares in Malaysia	19,668	13,919	19,098	13,349
Shares outside Malaysia	3,003	3,116	119	34
Private debt securities in Malaysia	2,666,766	2,622,308	2,373,850	2,312,632
	<u>2,689,437</u>	<u>2,639,343</u>	<u>2,393,067</u>	<u>2,326,015</u>
Total securities available-for-sale	<u>4,081,321</u>	<u>3,895,738</u>	<u>3,648,862</u>	<u>3,437,739</u>

A10. Securities Held-to-maturity

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	58,554	9,902	58,554	9,902
Malaysian Government Securities	128,745	425,406	128,745	425,406
Malaysian Government Investment Certificates	231,613	60,400	231,613	60,400
Bankers' acceptances and Islamic accepted bills	500,021	-	-	-
Cagamas bonds	-	116,390	-	116,390
Cagamas Mudharabah bonds	1,371	51,736	1,371	51,736
Negotiable instruments of deposit	577,836	1,063,695	60,983	238,234
Bank Negara Malaysia Monetary Notes	1,039,568	-	1,039,568	-
Bank Negara Malaysia Bills	29,853	-	-	-
Hong Kong Government Treasury Bills	126,104	44,943	-	-
Sri Lanka Government Treasury Bills	7,993	6,872	7,993	6,872
	<u>2,701,658</u>	<u>1,779,344</u>	<u>1,528,827</u>	<u>908,940</u>
Quoted securities:				
Private debt securities outside Malaysia	8,472	30,184	-	-
	<u>8,472</u>	<u>30,184</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Shares in Malaysia	87,499	87,512	87,201	87,057
Private debt securities in Malaysia	86,325	47,120	86,315	16,744
Private debt securities outside Malaysia	1,006,933	1,335,970	-	-
	<u>1,180,757</u>	<u>1,470,602</u>	<u>173,516</u>	<u>103,801</u>
Accumulated impairment losses	(18,492)	(15,312)	(14,338)	(15,312)
Total securities held-to-maturity	<u>3,872,395</u>	<u>3,264,818</u>	<u>1,688,005</u>	<u>997,429</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Overdrafts	8,815,494	7,958,576	7,943,843	7,441,141
Term loans				
- Housing loans / financing	27,661,139	24,004,682	25,795,082	22,656,307
- Syndicated term loan / financing	1,323,723	1,153,748	585,536	640,055
- Hire purchase receivables	29,601,425	26,512,369	28,382,885	25,441,418
- Other term loans / financing	31,039,123	23,690,266	26,311,247	20,139,762
Credit card receivables	944,308	760,432	936,974	754,785
Bills receivables	171,365	134,359	100,048	88,898
Trust receipts	442,169	417,562	343,691	300,552
Claims on customers under acceptance credits	2,568,945	2,072,886	2,539,170	2,050,687
Lease, factored and confirming receivables	22,020	23,926	-	-
Revolving credits	3,537,039	1,807,528	3,542,341	1,908,787
*Staff loans	648,133	653,640	604,957	621,200
	<u>106,774,883</u>	<u>89,189,974</u>	<u>97,085,774</u>	<u>82,043,592</u>
Unearned interest and income	<u>(5,359,964)</u>	<u>(4,825,456)</u>	<u>(5,359,347)</u>	<u>(4,824,910)</u>
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	101,414,919	84,364,518	91,726,427	77,218,682
Islamic house financing sold to Cagamas	<u>(410,003)</u>	-	<u>(410,003)</u>	-
Gross loans, advances and financing (excluding Islamic house financing sold to Cagamas)	101,004,916	84,364,518	91,316,424	77,218,682
Allowance for bad and doubtful debts and financing:				
- general	(1,522,964)	(1,318,546)	(1,374,846)	(1,156,721)
- specific	(153,959)	(258,320)	(135,871)	(170,564)
Net loans, advances and financing	<u><u>99,327,993</u></u>	<u><u>82,787,652</u></u>	<u><u>89,805,707</u></u>	<u><u>75,891,397</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM2,247,572 (2006: RM2,488,368) and RM1,373,922 (2006 - RM1,232,670) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Domestic non-bank financial institutions				
- Stock-broking companies	2,010	2,010	2,010	2,010
- Others	2,196,329	2,208,408	2,181,319	2,193,398
Domestic business enterprises				
- Small and medium enterprises	19,270,067	17,712,724	19,161,679	17,597,689
- Others	9,192,084	3,903,743	9,184,871	4,029,835
Government and statutory bodies	703	1,250	703	1,250
Individuals	59,614,801	51,952,188	59,579,440	51,921,475
Other domestic entities	50,616	66,622	50,616	66,622
Foreign entities	11,088,309	8,517,573	1,565,789	1,406,403
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	101,414,919	84,364,518	91,726,427	77,218,682
Less: Islamic house financing sold to Cagamas	(410,003)	-	(410,003)	-
	101,004,916	84,364,518	91,316,424	77,218,682

A11b. By interest / profit rate sensitivity

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Fixed rate				
- Housing loans / financing	4,160,813	5,718,791	4,146,421	5,699,351
- Hire purchase receivables	25,117,733	22,354,521	24,852,968	22,089,714
- Other fixed rate loans / financing	12,598,679	10,978,798	9,865,834	8,907,989
Variable rate				
- Base lending rate plus	48,175,532	37,581,971	48,154,822	37,556,120
- Cost plus	3,551,075	1,904,128	3,565,312	1,950,243
- Other variable rates	7,811,087	5,826,309	1,141,070	1,015,265
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	101,414,919	84,364,518	91,726,427	77,218,682
Less: Islamic house financing sold to Cagamas	(410,003)	-	(410,003)	-
	101,004,916	84,364,518	91,316,424	77,218,682

A11c. Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Purchase of securities	518,412	494,181	503,696	480,276
Purchase of transport vehicles	26,128,719	23,349,045	24,916,702	22,288,045
Purchase of landed properties	45,165,708	37,265,024	41,725,519	35,181,267
(of which: - residential	26,654,819	22,968,404	24,748,931	21,591,211
- non-residential)	18,510,889	14,296,620	16,976,588	13,590,056
Purchase of fixed assets (excluding landed properties)	232,203	139,377	231,981	135,517
Personal use	6,327,245	5,433,782	4,780,760	3,979,748
Credit card	944,308	760,432	936,974	754,785
Purchase of consumer durables	30,529	22,090	30,529	22,090
Construction	720,719	477,839	195,874	95,571
Mergers & Acquisitions	10,979	-	10,979	-
Working capital	17,174,645	13,517,832	14,233,933	11,378,447
Other purpose	4,161,452	2,904,916	4,159,480	2,902,936
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	101,414,919	84,364,518	91,726,427	77,218,682
Less: Islamic house financing sold to Cagamas	(410,003)	-	(410,003)	-
	101,004,916	84,364,518	91,316,424	77,218,682

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A11. Loans, Advances and Financing (continued)

A11c. Gross loans, advances and financing by sectors

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Agriculture, hunting, forestry and fishing	1,136,294	853,833	1,081,634	836,237
Mining and quarrying	98,160	56,161	80,913	54,970
Manufacturing	5,085,443	4,309,424	4,962,254	4,214,002
Electricity, gas and water	64,883	69,431	36,008	36,780
Construction	4,441,394	3,309,769	3,984,639	3,040,829
Wholesale & retail trade and restaurants & hotels	9,659,509	7,686,170	9,245,876	7,466,772
Transport, storage and communication	1,490,088	632,033	1,473,806	622,204
Finance, insurance and business services	5,023,632	4,398,634	4,509,446	3,892,897
Real estate	5,408,706	2,883,867	5,232,575	2,932,951
Community, social and personal services	815,434	761,166	815,434	750,339
Households	66,247,380	57,198,598	60,011,333	52,522,975
(of which: - purchase of residential properties	26,195,108	22,551,747	24,289,220	21,174,554
- purchase of transport vehicles	21,770,900	19,669,245	20,558,679	18,610,833
- others)	18,281,372	14,977,606	15,163,434	12,737,588
Others	1,943,996	2,205,432	292,509	847,726
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	101,414,919	84,364,518	91,726,427	77,218,682
Less: Islamic house financing sold to Cagamas	(410,003)	-	(410,003)	-
	101,004,916	84,364,518	91,316,424	77,218,682

A11d. Non-performing loans by economic purpose

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Purchase of securities	7,265	29,138	7,265	25,784
Purchase of transport vehicles	230,398	247,552	227,287	242,943
Purchase of landed properties	771,764	822,736	761,765	814,195
(of which: - residential	647,805	706,007	645,403	697,466
- non-residential)	123,959	116,729	116,362	116,729
Purchase of fixed assets (excluding landed properties)	1,938	2,621	1,914	1,580
Personal use	116,345	154,066	86,480	82,230
Credit card	15,253	14,375	15,253	14,375
Purchase of consumer durables	888	988	888	988
Construction	-	26,928	-	-
Working capital	232,489	244,391	213,098	218,196
Other purpose	27,420	35,036	27,420	35,024
	1,403,760	1,577,831	1,341,370	1,435,315

Non-performing loans by sectors

Agriculture, hunting, forestry and fishing	3,283	3,823	3,283	3,772
Mining and quarrying	127	57	127	57
Manufacturing	96,291	96,925	96,272	96,431
Electricity, gas and water	92	58	92	51
Construction	53,997	87,448	53,997	60,382
Wholesale & retail trade and restaurants & hotels	117,030	132,254	117,030	132,121
Transport, storage and communication	8,189	8,574	8,184	5,552
Finance, insurance and business services	14,234	20,189	14,234	19,928
Real estate	22,355	18,883	22,355	18,883
Community, social and personal services	7,625	11,739	7,625	11,739
Households	1,060,219	1,169,002	1,017,244	1,083,693
(of which: - purchase of residential properties	643,271	697,122	640,869	688,581
- purchase of transport vehicles	196,900	210,495	193,789	208,917
- others)	220,048	261,385	182,586	186,195
Others	20,318	28,879	927	2,706
	1,403,760	1,577,831	1,341,370	1,435,315

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
At 1 January	1,577,831	1,406,479	1,435,315	1,290,208
Non-performing during the year	2,583,593	2,539,955	2,468,728	2,425,170
Reclassified as performing	(2,176,984)	(1,944,453)	(2,176,804)	(1,943,441)
Recoveries	(91,631)	(80,622)	(83,491)	(79,634)
Amount written off	(453,719)	(361,506)	(275,697)	(233,235)
Loans converted to foreclosed properties / securities	(26,487)	(23,560)	(26,487)	(23,560)
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	51,819	-	-
Exchange differences	(8,843)	(10,281)	(194)	(193)
Closing balance	<u>1,403,760</u>	<u>1,577,831</u>	<u>1,341,370</u>	<u>1,435,315</u>
Specific allowance	<u>(153,959)</u>	<u>(258,320)</u>	<u>(135,871)</u>	<u>(170,564)</u>
Net non-performing loans, advances and financing	<u><u>1,249,801</u></u>	<u><u>1,319,511</u></u>	<u><u>1,205,499</u></u>	<u><u>1,264,751</u></u>
Net NPL as % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>1.23%</u></u>	<u><u>1.57%</u></u>	<u><u>1.32%</u></u>	<u><u>1.64%</u></u>

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

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<u>General Allowance</u>				
At 1 January	1,318,546	1,056,199	1,156,721	984,830
Allowance made during the year	210,302	204,683	218,687	172,561
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	64,071	-	-
Exchange differences	(5,884)	(6,407)	(562)	(670)
Closing balance	<u>1,522,964</u>	<u>1,318,546</u>	<u>1,374,846</u>	<u>1,156,721</u>
As % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>1.50%</u></u>	<u><u>1.57%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<u>Specific Allowance</u>				
At 1 January	258,320	233,007	170,564	151,746
Allowance made during the year	467,020	431,438	346,326	307,392
Amount written back in respect of recoveries	(107,563)	(54,712)	(104,974)	(54,328)
Amount written off	(453,719)	(361,506)	(275,697)	(233,235)
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	(237)	(982)	(237)	(982)
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	22,546	-	-
Exchange differences	(9,862)	(11,471)	(111)	(29)
Closing balance	<u>153,959</u>	<u>258,320</u>	<u>135,871</u>	<u>170,564</u>

A12. Other Assets

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Deferred handling fees	151,847	133,215	151,847	133,215
Interest / Income receivable	105,569	73,695	81,442	45,195
Other debtors, deposits and prepayments	862,764	413,097	557,435	282,993
Manager's stocks	76,255	161,958	-	-
Amount due from trust funds	208,031	121,359	-	-
Foreclosed properties	105,880	110,540	105,766	110,426
Taxi licenses	10,724	10,918	-	-
Outstanding contracts on clients' accounts	291,118	231,997	-	-
Amount due from subsidiary companies	-	-	281,330	128,605
Dividend receivable from subsidiary companies	-	-	131,596	400,823
	<u>1,812,188</u>	<u>1,256,779</u>	<u>1,309,416</u>	<u>1,101,257</u>

A13. Deposits from Customers

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<u>By type of customer</u>				
Federal and state governments	1,869,627	702,378	1,869,627	702,378
Local government and statutory authorities	1,744,602	1,094,394	1,744,602	1,094,394
Business enterprises	33,022,180	25,198,953	32,748,956	24,927,098
Individuals	59,706,057	52,214,314	59,694,196	52,209,475
Foreign customers	12,889,139	9,762,215	2,319,849	2,017,535
Others	29,532,966	22,820,895	28,047,598	21,692,038
	<u>138,764,571</u>	<u>111,793,149</u>	<u>126,424,828</u>	<u>102,642,918</u>

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A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Licensed banks / Islamic banks	4,216,021	2,101,240	3,552,180	952,132
Licensed investment / merchant banks	285,000	174,500	85,833	54,500
Bank Negara Malaysia	2,380,680	-	2,380,680	-
Other financial institutions	3,556,417	3,362,224	3,328,141	3,298,846
	<u>10,438,118</u>	<u>5,637,964</u>	<u>9,346,834</u>	<u>4,305,478</u>

A15. Other Liabilities

	Group		Bank	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Interest / income payable	794,437	673,743	739,717	631,709
Other creditors and accruals	1,130,519	872,032	462,058	321,908
Amount due to trust funds	70,616	195,497	-	-
Unprocessed sales and /or redemptions	86,023	62,553	-	-
Employee benefits	(34,956)	(19,439)	(34,274)	(18,477)
Accrued restoration cost				
Profit Equalisation Reserves	12,725	4,796	12,725	4,796
Outstanding contracts on clients' accounts	284,459	223,285	-	-
Dividend payable to shareholders	3,859	30,896	3,859	4,636
Amount due to subsidiary companies	-	-	15,421	13,072
	<u>2,347,682</u>	<u>2,043,363</u>	<u>1,199,506</u>	<u>957,644</u>

A16. Interest Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,378,769	1,219,912	5,247,765	4,495,126
- Recoveries from NPLs	26,377	18,005	96,244	79,896
Money at call and deposit placements with financial institutions	415,392	327,532	1,549,546	1,203,656
Securities held-for-trading	66,695	70,165	345,153	189,414
Securities available-for-sale	40,795	40,430	158,341	156,948
Securities held-to-maturity	58,247	35,384	165,282	136,355
Others	11,555	8,246	40,125	32,751
	<u>1,997,830</u>	<u>1,719,674</u>	<u>7,602,456</u>	<u>6,294,146</u>
Amortisation of premium less accretion of discount	(2,329)	(4,525)	(14,807)	(22,210)
Net interest / income suspended	(32,607)	(33,717)	(135,845)	(127,319)
	<u>1,962,894</u>	<u>1,681,432</u>	<u>7,451,804</u>	<u>6,144,617</u>

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A16. Interest Income (continued)

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,201,746	1,039,373	4,524,461	3,864,506
- Recoveries from NPLs	26,380	17,989	95,762	79,818
Money at call and deposit placements with financial institutions	373,711	290,974	1,387,015	1,094,028
Securities held-for-trading	52,280	69,862	322,054	187,231
Securities available-for-sale	36,274	35,557	140,153	136,410
Securities held-to-maturity	18,801	8,617	58,298	66,876
Others	11,550	8,151	40,100	32,374
	<u>1,720,742</u>	<u>1,470,523</u>	<u>6,567,843</u>	<u>5,461,243</u>
Amortisation of premium less accretion of discount	(4,576)	(7,076)	(22,425)	(30,382)
Net interest / income suspended	(32,602)	(33,869)	(135,840)	(127,280)
	<u>1,683,564</u>	<u>1,429,578</u>	<u>6,409,578</u>	<u>5,303,581</u>

A17. Interest Expense

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	67,914	109,871	386,686	443,666
Deposits from customers	924,192	744,468	3,408,930	2,592,014
Loans sold to Cagamas	35,400	2,559	102,672	10,375
Subordinated notes	39,136	44,003	162,777	165,913
Hybrid Capital Securities	24,937	13,932	100,515	19,466
Borrowings	(809)	9,308	23,747	26,358
Others	723	5,966	22,880	16,756
	<u>1,091,493</u>	<u>930,107</u>	<u>4,208,207</u>	<u>3,274,548</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	59,340	95,112	346,564	422,193
Deposits from customers	805,716	657,535	2,984,509	2,335,616
Loans sold to Cagamas	35,400	2,559	102,672	10,375
Subordinated notes	39,136	44,003	162,777	165,913
Hybrid Capital Securities	24,937	13,932	100,515	19,466
Others	757	866	14,709	1,878
	<u>965,286</u>	<u>814,007</u>	<u>3,711,746</u>	<u>2,955,441</u>

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A18. Other Operating Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Group				
(a) Fee income:				
Commissions	38,441	32,481	143,302	126,946
Service charges and fees	45,011	48,182	184,920	189,290
Guarantee fees	5,140	5,886	20,628	21,604
Processing fees	6,586	3,074	16,983	9,931
Commitment fees	10,956	9,051	39,880	34,720
Unit trust management fees	89,218	49,383	285,360	174,193
Fee on sale of trust units	67,858	20,328	200,455	62,521
Net brokerage and commissions from stockbroking activities	27,084	13,211	102,811	37,409
Other fee income	14,634	6,618	34,083	21,492
	<u>304,928</u>	<u>188,214</u>	<u>1,028,422</u>	<u>678,106</u>
(b) Net gain arising from sale of securities:				
- held-for-trading	1,448	1,561	7,239	10,422
- available-for-sale	32,652	653	93,305	4,014
	<u>34,100</u>	<u>2,214</u>	<u>100,544</u>	<u>14,436</u>
(c) Gross dividend income from:				
Securities held-for-trading	45	67	239	622
Securities available-for-sale	121	14,849	46,604	47,860
Securities held-to-maturity	2,126	1,200	8,112	3,408
	<u>2,292</u>	<u>16,116</u>	<u>54,955</u>	<u>51,890</u>
(d) Unrealised gain / (loss) on revaluation of:				
- securities held-for-trading	2,648	1,161	2,951	2,388
- trading derivatives	3,831	(86,348)	60,098	(61,184)
	<u>6,479</u>	<u>(85,187)</u>	<u>63,049</u>	<u>(58,796)</u>
(e) Unrealised (loss) / gain on hedging derivatives	<u>(1,798)</u>	2,112	<u>(291)</u>	2,112
(f) Other income:				
Foreign exchange profit	36,276	123,256	116,770	223,180
Rental income from:				
- investment properties	1,903	1,153	4,947	3,320
- other properties	1,527	1,860	6,861	7,647
Net gain on disposal of property and equipment	1,574	19	6,040	153
Net loss on disposal of foreclosed properties	(1,987)	(1,198)	(3,648)	(1,077)
Gain on revaluation of investment properties	2,928	10,846	3,475	10,846
Lease income and factoring charges	347	397	1,364	1,667
Gain on disposal of prepaid land lease payments	-	-	1,580	-
Gain on disposal of shares in a subsidiary company	-	-	-	22,082
Others	1,135	4,934	5,398	17,803
	<u>43,703</u>	<u>141,267</u>	<u>142,787</u>	<u>285,621</u>
Total other operating income	<u>389,704</u>	<u>264,736</u>	<u>1,389,466</u>	<u>973,369</u>

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A18. Other Operating Income (continued)

	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Bank				
(a) Fee income:				
Commissions	49,348	29,741	180,330	122,166
Service charges and fees	32,096	30,856	128,580	125,080
Guarantee fees	4,405	5,198	18,321	18,710
Processing fees	494	353	1,977	1,284
Commitment fees	10,233	8,683	37,710	33,522
Other fee income	12,130	4,812	24,537	15,960
	<u>108,706</u>	<u>79,643</u>	<u>391,455</u>	<u>316,722</u>
(b) Net gain arising from sale of securities:				
- held-for-trading	1,411	1,453	6,950	9,012
- available-for-sale	10,323	653	45,515	4,014
	<u>11,734</u>	<u>2,106</u>	<u>52,465</u>	<u>13,026</u>
(c) Gross dividend income from:				
Securities held-for-trading	41	67	235	386
Securities available-for-sale	174	11,866	36,836	40,985
Securities held-to-maturity	2,107	1,170	6,610	3,294
Associated companies	3,692	-	3,692	3,335
Subsidiary companies				
- quoted outside Malaysia	85,656	73,031	103,411	92,044
- unquoted in Malaysia	295,320	150,790	400,721	516,090
	<u>386,990</u>	<u>236,924</u>	<u>551,505</u>	<u>656,134</u>
(d) Unrealised (loss) / gain on revaluation of				
- securities held-for-trading	(1,385)	3,264	(1,106)	4,453
- trading derivatives	585	(89,263)	49,172	(64,099)
	<u>(800)</u>	<u>(85,999)</u>	<u>48,066</u>	<u>(59,646)</u>
(e) Unrealised (loss) / gain on hedging derivatives	(1,280)	275	(276)	275
(f) Other income:				
Foreign exchange profit	78,525	175,924	198,646	107,433
Rental income from other properties	1,260	622	3,218	2,895
Net (loss) / gain on disposal of property and equipment (net)	(62)	9	1,155	61
Net loss on disposal of foreclosed properties	(1,987)	(1,198)	(3,648)	(1,077)
Gain on disposal of shares in a subsidiary company	-	-	-	25,844
Others	3,226	4,057	11,248	15,483
	<u>80,962</u>	<u>179,414</u>	<u>210,619</u>	<u>150,639</u>
Total other operating income	<u>586,312</u>	<u>412,363</u>	<u>1,253,834</u>	<u>1,077,150</u>

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A19. Other Operating Expenses

	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Group				
Personnel costs				
- Salaries, allowances and bonuses	220,669	178,263	814,885	663,517
- Pension costs	13,465	19,438	74,423	81,523
- Others	23,982	15,686	71,281	66,504
	<u>258,116</u>	<u>213,387</u>	<u>960,589</u>	<u>811,544</u>
Establishment costs				
- Depreciation and amortisation	24,212	25,218	103,121	99,404
- Rental	14,969	13,571	56,014	52,993
- Insurance	2,761	2,837	15,528	15,640
- Water and electricity	7,102	6,529	27,095	24,320
- General repairs and maintenance	11,126	14,249	54,689	55,780
- Information technology expenses	3,869	4,155	17,711	17,505
- Others	7,761	4,186	32,228	21,424
	<u>71,800</u>	<u>70,745</u>	<u>306,386</u>	<u>287,066</u>
Marketing expenses				
- Sales commission	39,171	18,972	126,364	63,627
- Advertisement and publicity	19,928	14,243	70,855	51,562
- Others	25,275	16,545	81,576	50,725
	<u>84,374</u>	<u>49,760</u>	<u>278,795</u>	<u>165,914</u>
Administration and general expenses				
- Communication expenses	15,086	11,281	54,004	46,423
- Legal and professional fees	11,054	10,896	40,628	38,308
- Others	17,736	16,911	53,306	49,337
	<u>43,876</u>	<u>39,088</u>	<u>147,938</u>	<u>134,068</u>
	<u>458,166</u>	<u>372,980</u>	<u>1,693,708</u>	<u>1,398,592</u>
Bank				
Personnel costs				
- Salaries, allowances and bonuses	181,252	139,602	645,381	539,001
- Pension costs	16,607	16,964	65,892	72,541
- Others	16,441	13,753	64,196	61,038
	<u>214,300</u>	<u>170,319</u>	<u>775,469</u>	<u>672,580</u>
Establishment costs				
- Depreciation and amortisation	20,446	19,566	80,875	78,652
- Rental	16,981	16,410	65,637	65,545
- Insurance	2,260	2,430	13,382	14,065
- Water and electricity	5,211	5,010	20,479	18,874
- General repairs and maintenance	11,011	13,332	50,880	51,957
- Information technology expenses	1,386	2,431	9,108	10,997
- Others	4,607	2,798	19,718	13,172
	<u>61,902</u>	<u>61,977</u>	<u>260,079</u>	<u>253,262</u>
Marketing expenses				
- Advertisement and publicity	8,312	4,951	25,653	14,625
- Others	11,551	11,284	38,611	27,440
	<u>19,863</u>	<u>16,235</u>	<u>64,264</u>	<u>42,065</u>
Administration and general expenses				
- Communication expenses	11,226	8,724	42,597	37,149
- Legal and professional fees	9,067	9,924	35,041	34,925
- Others	13,533	12,100	39,775	31,112
	<u>33,826</u>	<u>30,748</u>	<u>117,413</u>	<u>103,186</u>
	<u>329,891</u>	<u>279,279</u>	<u>1,217,225</u>	<u>1,071,093</u>

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A20. Allowance for Losses on Loans, Advances and Financing

	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<u>Group</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	57,693	39,530	210,302	204,683
- specific allowance	128,506	122,115	467,020	431,438
- specific allowance written back	(30,335)	(17,468)	(107,563)	(54,712)
Bad debts recovered from stock broking activities	(26,293)	(2,288)	(26,278)	(2,408)
Bad debts and financing written off	286	365	1,064	934
Bad debts and financing recovered	(26,120)	(30,458)	(137,383)	(113,890)
	103,737	111,796	407,162	466,045

	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	69,142	39,449	218,687	172,561
- specific allowance	97,292	87,714	346,326	307,392
- specific allowance written back	(30,318)	(17,410)	(104,974)	(54,328)
Bad debts and financing written off	267	168	1,045	737
Bad debts and financing recovered	(21,345)	(22,107)	(106,950)	(81,846)
	115,038	87,814	354,134	344,516

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

By Business Segments

	4th Quarter Ended 31 December 2007		Financial Year Ended 31 December 2007		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Assets RM'000
<u>Group</u>					
Retail operations	1,625,733	619,292	5,992,140	2,307,792	91,986,688
Corporate lending	135,288	21,063	488,616	105,221	11,388,416
Treasury and capital market operations	671,404	78,589	2,625,352	390,208	62,628,896
Investment banking	78,050	73,526	281,161	166,469	5,031,507
Fund management	143,923	67,811	429,782	182,880	409,872
Others	1,456	2,369	4,507	13,601	188,547
	<u>2,655,854</u>	<u>862,650</u>	<u>9,821,558</u>	<u>3,166,171</u>	<u>171,633,926</u>
Inter-segment elimination	(82,775)	-	(263,959)	-	-
	<u>2,573,079</u>	<u>862,650</u>	<u>9,557,599</u>	<u>3,166,171</u>	<u>171,633,926</u>
Unallocated expenses	-	(42,801)	-	(167,913)	-
Share of profit after tax of equity accounted associated companies	-	1,352	-	5,380	-
Intangible assets	-	-	-	-	2,010,296
Unallocated assets	-	-	-	-	464,647
Investment in associated companies	-	-	-	-	46,318
	<u>2,573,079</u>	<u>821,201</u>	<u>9,557,599</u>	<u>3,003,638</u>	<u>174,155,187</u>

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

	4th Quarter Ended 31 December 2006		Financial Year Ended 31 December 2006		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Assets RM'000
<u>Group</u>					
Retail operations	1,613,708	565,798	5,951,480	1,892,975	83,546,287
Corporate lending	49,613	8,577	201,451	35,767	5,710,577
Treasury and capital market operations	595,307	94,106	1,898,971	477,836	51,034,368
Investment banking	53,643	17,343	172,429	40,861	4,309,617
Fund management	69,685	30,150	238,538	97,288	391,663
Others	1,089	1,841	4,383	7,972	200,783
	<u>2,383,045</u>	<u>717,815</u>	<u>8,467,252</u>	<u>2,552,699</u>	<u>145,193,295</u>
Inter-segment elimination	(198,206)	-	(757,028)	-	-
	<u>2,184,839</u>	<u>717,815</u>	<u>7,710,224</u>	<u>2,552,699</u>	<u>145,193,295</u>
Unallocated expenses	-	(69,830)	-	(141,226)	-
Share of profit after tax of equity accounted associated companies	-	1,263	-	4,888	-
Intangible assets	-	-	-	-	2,091,061
Unallocated assets	-	-	-	-	459,706
Investment in associated companies	-	-	-	-	45,481
	<u><u>2,184,839</u></u>	<u><u>649,248</u></u>	<u><u>7,710,224</u></u>	<u><u>2,416,361</u></u>	<u><u>147,789,543</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 Assets RM'000
<u>Group</u>					
<u>31 December 2007</u>					
Malaysia	2,255,906	663,731	8,455,998	2,568,060	158,595,294
Outside Malaysia	317,173	157,470	1,101,601	435,578	15,559,893
	<u>2,573,079</u>	<u>821,201</u>	<u>9,557,599</u>	<u>3,003,638</u>	<u>174,155,187</u>
 <u>31 December 2006</u>					
Malaysia	1,936,968	557,453	6,879,711	2,085,318	136,110,279
Outside Malaysia	247,871	91,795	830,513	331,043	11,679,264
	<u>2,184,839</u>	<u>649,248</u>	<u>7,710,224</u>	<u>2,416,361</u>	<u>147,789,543</u>

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

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A22. Subsequent Events

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

A23. Changes in the Composition of the Group

Establishment of 55% held insurance subsidiary in Cambodia known as CampuBank Lonpac Insurance Plc ("CampuBank Lonpac")

The Group has established a 55% directly and indirectly held subsidiary company, CampuBank Lonpac in Cambodia to carry on general insurance business in Cambodia, pursuant to approvals received from Bank Negara Malaysia and the relevant authorities in Cambodia. CampuBank Lonpac commenced operations in Phnom Penh, Cambodia on 30 August 2007 upon obtaining its insurance licence from the Ministry of Economy and Finance of Cambodia.

The operations of CampuBank Lonpac does not have a material effect in the earnings and net assets of the Group for the financial year ended 31 December 2007.

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A24. Commitments and Contingencies

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

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

<u>Group</u>	As at 31 December 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	1,362,071	1,362,071	787,538	1,285,521	1,285,521	985,048
Certain transaction-related contingent items	520,122	260,061	165,025	446,720	223,360	145,914
Short-term self-liquidating trade-related contingencies	675,466	135,093	110,918	581,445	116,289	96,993
Other assets sold with recourse and commitments with certain drawdown	606,386	606,386	21,262	10,640	10,640	2,128
Islamic house financing sold to Cagamas	397,670	397,670	198,835	-	-	-
Obligations under underwriting agreements	201,648	159,148	159,148	80,000	40,000	40,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,873,728	2,436,864	2,166,834	4,365,655	2,182,828	1,988,665
- maturity not exceeding one year	16,463,632	-	-	12,621,347	-	-
Foreign exchange related contracts:						
- less than one year	8,614,768	128,072	28,975	6,594,858	106,927	38,682
- one year to less than five years	-	-	-	227,197	12,094	6,046
Interest rate related contracts:						
- less than one year	318,357	468	94	103,171	258	129
- one year to less than five years	3,804,644	93,826	18,765	2,489,554	56,800	11,361
- five years and above	2,968,978	220,325	44,065	4,552,944	326,963	65,392
	<u>40,807,470</u>	<u>5,799,984</u>	<u>3,701,459</u>	<u>33,359,052</u>	<u>4,361,680</u>	<u>3,380,358</u>

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

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A24. Commitments and Contingencies (continued)

<u>Bank</u>	As at 31 December 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	1,240,028	1,240,028	752,948	1,244,706	1,244,706	955,127
Certain transaction-related contingent items	467,985	233,993	159,569	392,580	196,290	131,815
Short-term self-liquidating trade-related contingencies	479,284	95,857	90,645	427,885	85,576	81,189
Other assets sold with recourse and commitments with certain drawdown	569,973	569,973	13,979	-	-	-
Islamic house financing sold to Cagamas	397,670	397,670	198,835	-	-	-
Obligations under underwriting agreements	75,000	37,500	37,500	70,000	35,000	35,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,562,584	2,281,292	2,011,262	4,229,216	2,114,608	1,920,445
- maturity not exceeding one year	14,497,392	-	-	10,845,042	-	-
Foreign exchange related contracts:						
- less than one year	7,757,992	120,020	27,307	4,427,631	60,456	15,446
Interest rate related contracts:						
- less than one year	148,793	298	60	-	-	-
- one year to less than five years	3,557,529	90,033	18,007	2,231,871	50,237	10,047
- five years and above	2,935,913	218,010	43,602	4,517,724	324,145	64,829
	<u>36,690,143</u>	<u>5,284,674</u>	<u>3,353,714</u>	<u>28,386,655</u>	<u>4,111,018</u>	<u>3,213,898</u>

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

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A25. Off-Balance Sheet Financial Instruments

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

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

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,728,070	1,156,714	230,023	172,077	169,256	-	-
- swaps	6,886,698	4,003,855	2,386,876	462,910	33,057	-	-
Sub total	8,614,768	5,160,569	2,616,899	634,987	202,313	-	-
Interest rate related contracts							
- swaps	7,091,979	849,770	4,601,252	1,640,957	-	-	-
Sub total	7,091,979	849,770	4,601,252	1,640,957	-	-	-
Total	15,706,747	6,010,339	7,218,151	2,275,944	202,313	-	-

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	1,390,315	954,746	220,102	162,428	53,039	-	-
- swaps	6,367,677	3,663,327	2,241,440	462,910	-	-	-
Sub total	7,757,992	4,618,073	2,461,542	625,338	53,039	-	-
Interest rate related contracts							
- swaps	6,642,235	750,575	4,519,462	1,372,198	-	-	-
Sub total	6,642,235	750,575	4,519,462	1,372,198	-	-	-
Total	14,400,227	5,368,648	6,981,004	1,997,536	53,039	-	-

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

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A25. Off-Balance Sheet Financial Instruments (continued)

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2007, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM907,520,000 (31 December 2006 : RM824,196,000).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2007, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM48,792,000 (31 December 2006 : RM42,747,000) and RM47,693,000 (31 December 2006 : RM6,137,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

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

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

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

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

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A25. Off-Balance Sheet Financial Instruments (continued)

Fair value hedge

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

Cash flow hedge

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

Net investment hedge

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

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A26. Interest / Profit Rate Risk

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

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A26. Interest / Profit Rate Risk (continued)

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

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

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A26. Interest / Profit Rate Risk (continued)

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

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A26. Interest / Profit Rate Risk (continued)

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

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

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A26. Interest / Profit Rate Risk (continued)

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

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A26. Interest / Profit Rate Risk (continued)

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

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

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A26. Interest / Profit Rate Risk (continued)

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

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A26. Interest / Profit Rate Risk (continued)

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

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

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A27. Capital Adequacy

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

	Group		Bank	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
<u>Before deducting proposed dividends:</u>				
Core capital ratio	9.1%	10.2%	11.1%	12.5%
Risk-weighted capital ratio	<u>13.6%</u>	<u>15.8%</u>	<u>13.3%</u>	<u>15.3%</u>
<u>After deducting proposed dividends:</u>				
Core capital ratio	7.6%	8.8%	9.5%	11.0%
Risk-weighted capital ratio	<u>12.4%</u>	<u>14.6%</u>	<u>11.9%</u>	<u>14.0%</u>

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,527,891	3,462,825	3,527,891	3,462,825
Share premium	2,112,204	1,782,081	2,112,204	1,782,081
Other reserves	3,562,188	3,228,596	3,538,858	3,189,473
Retained profits	1,362,252	1,265,156	1,491,238	1,330,328
Hybrid capital securities	1,345,882	1,261,957	1,487,546	1,414,327
Treasury shares	(1,273,897)	(784,801)	(1,273,897)	(784,801)
Minority interests	636,249	628,310	-	-
Less: Intangible assets	(1,983,956)	(2,091,061)	(695,393)	(695,393)
Less: Deferred tax assets, net	(316,265)	(340,016)	(271,478)	(269,990)
Total Tier I capital	<u>8,972,548</u>	<u>8,413,047</u>	<u>9,916,969</u>	<u>9,428,850</u>
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	1,522,964	1,318,546	1,381,714	1,164,889
Subordinated notes	2,469,830	2,627,797	2,469,830	2,627,797
Hybrid capital securities	512,348	640,745	370,684	488,375
Total Tier II capital	<u>4,505,142</u>	<u>4,587,088</u>	<u>4,222,228</u>	<u>4,281,061</u>
Total capital	<u>13,477,690</u>	<u>13,000,135</u>	<u>14,139,197</u>	<u>13,709,911</u>
Less: Investment in subsidiary companies	-	-	(2,270,069)	(2,191,871)
Capital base	<u>13,477,690</u>	<u>13,000,135</u>	<u>11,869,128</u>	<u>11,518,040</u>

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A28. Operations of Islamic Banking

A28a. Balance Sheets as at 31 December 2007

	Group and Bank	
	31 December 2007 RM'000	31 December 2006 RM'000
ASSETS		
Cash and short-term funds	2,007,898	690,139
Securities held-for-trading	391,299	-
Securities held-to-maturity	1,371	51,736
Financing, advances and other loans	10,401,229	9,023,636
Other assets	521,709	120,664
Statutory deposits with Bank Negara Malaysia	387,000	309,000
Deferred tax assets	32,798	26,459
Property and equipment	256	183
Total Assets	13,743,560	10,221,817
LIABILITIES AND ISLAMIC		
BANKING FUNDS		
Deposits from customers	10,149,037	7,737,769
Deposits and placements of banks and other financial institutions	1,599,539	818,010
Bills and acceptances payable	46,942	29,298
Other liabilities	34,026	15,268
Provision for tax expense and zakat	101,160	47,776
Total Liabilities	11,930,704	8,648,121
Islamic Banking Funds	1,812,856	1,573,696
Total Liabilities and Islamic Banking Funds	13,743,560	10,221,817
COMMITMENTS AND CONTINGENCIES	1,273,244	155,165

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A28b. Income Statements for the Financial Year Ended 31 December 2007

	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<u>Group and Bank</u>				
Income derived from investment of depositors' funds and financial institutions	173,503	141,046	641,260	480,117
Allowance for losses on financing, advances and other loans	(21,095)	(18,598)	(75,149)	(66,053)
- General allowances	(7,700)	(7,300)	(27,600)	(23,300)
- Other loan loss allowances	(13,395)	(11,298)	(47,549)	(42,753)
Transfer (to) / from profit equalisation reserve	(6,747)	3,182	(7,929)	16,727
Total attributable income	145,661	125,630	558,182	430,791
Income attributable to the depositors and financial institutions	(66,559)	(54,579)	(250,936)	(158,751)
Income attributable to the reporting institutions	79,102	71,051	307,246	272,040
Income derived from investment of Islamic Banking Funds	26,966	22,345	95,829	89,933
Total net income	106,068	93,396	403,075	361,973
Other operating expenses	(18,879)	(17,357)	(73,091)	(61,637)
Profit before zakat and tax expense	87,189	76,039	329,984	300,336
Zakat	(41)	(54)	(166)	(211)
Tax expense	(23,882)	(23,970)	(90,658)	(87,898)
Profit after zakat and tax expense	63,266	52,015	239,160	212,227

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A28c. Financing, Advances and Other Loans

	Group and Bank	
	31 December 2007 RM'000	31 December 2006 RM'000
Qardhassan-i (overdraft)	82,882	40,745
Bai Bithaman Ajil-i (deferred payment sale)	4,081,464	3,718,492
Ijarah Thamma Al-Bai'-i (leasing)	8,326,371	7,367,486
Bai-Al-Einah-i	1,470,499	673,086
	<u>13,961,216</u>	<u>11,799,809</u>
Unearned income	(2,957,006)	(2,612,664)
Gross financing, advances and other loans (including Islamic house financing sold to Cagamas)	11,004,210	9,187,145
Less: Islamic house financing sold to Cagamas	(410,003)	-
Gross financing, advances and other loans (excluding Islamic house financing sold to Cagamas)	10,594,207	9,187,145
Allowance for bad and doubtful debts and financing:		
- general	(165,095)	(137,495)
- specific	(27,883)	(26,014)
Net financing, advances and other loans	<u>10,401,229</u>	<u>9,023,636</u>

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

	Group and Bank	
	31 December 2007 RM'000	31 December 2006 RM'000
At 1 January	176,357	156,196
Non-performing during the year	412,190	391,438
Reclassified as performing	(330,764)	(299,843)
Recoveries	(34,791)	(29,687)
Amount written off	(53,502)	(41,747)
Closing balance	169,490	176,357
Specific allowance	(27,883)	(26,014)
Net non-performing financing, advances and other loans	<u>141,607</u>	<u>150,343</u>
Net NPL as % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	<u>1.29%</u>	<u>1.64%</u>

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A28c. Financing, Advances and Other Loans (continued)

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

	Group and Bank	
	31 December 2007 RM'000	31 December 2006 RM'000
<u>General allowance</u>		
At 1 January	137,495	114,195
Allowance made during the year	27,600	23,300
Closing balance	165,095	137,495
As % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	1.50%	1.50%

	Group and Bank	
	31 December 2007 RM'000	31 December 2006 RM'000
<u>Specific allowance</u>		
At 1 January	26,014	19,294
Allowance made during the year	83,246	58,647
Amount written back	(27,872)	(10,180)
Amount written off	(53,502)	(41,747)
Amount transferred to accumulated impairment losses in value of foreclosed properties	(3)	-
Closing balance	27,883	26,014

A28d. Other Assets

	Group and Bank	
	31 December 2007 RM'000	31 December 2006 RM'000
Deferred handling fees	46,622	40,528
Income receivable	2,509	875
Other receivables, deposits and prepayments	472,578	79,261
	521,709	120,664

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A28e. Deposits from Customers
i) By type of deposit

	Group and Bank	
	31 December	31 December
	2007	2006
	RM'000	RM'000
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	1,769,188	1,312,608
Wadiah savings deposits-i	2,922,341	2,435,543
Negotiable debt certificate-i	3,351,212	2,728,912
Others	2,410	-
	8,045,151	6,477,063
<u>Mudharabah Fund</u>		
Mudharabah savings deposits-i	66,894	64,542
Mudharabah general investment deposits-i	2,036,992	1,196,164
	2,103,886	1,260,706
Deposits from customers	10,149,037	7,737,769

A28f. Other liabilities

	Group and Bank	
	31 December	31 December
	2007	2006
	RM'000	RM'000
Income payable	20,222	9,617
Other liabilities	1,079	855
Profit equalisation reserves	12,725	4,796
	34,026	15,268

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A29. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policy in the Current Financial Year

During the financial year ended 31 December 2007, the Group and the Bank have adopted the revised FRS 117 Leases issued by MASB that is applicable for the financial year ended 31 December 2007 for the Group and the Bank, which resulted in a change in accounting policy during the financial year.

FRS 117: Leases

Leasehold land held for own use

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

The Group and the Bank have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group and the Bank as at 31 December 2006 have been restated as set out in Note A29(b). There were no effects on the income statements of the Group and the Bank for the financial year ended 31 December 2006.

(b) Comparative Figures

The following comparative figures have been restated for the effects of adopting the above changes in accounting policies and reclassification of certain expenses to conform with the current year's presentation:

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(i) Balance Sheet as at 31 December 2006				
Prepaid land lease payments	280,421	-	267	-
Property and equipment	853,883	1,134,304	549,285	549,552

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A29. Change in Accounting Policies and Prior Year Adjustments (Continued)

(b) Comparative Figures (Continued)

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(ii) Income statement for the 4th quarter ended 31 December 2006				
Operating revenue	2,184,839	2,233,346	-	-
Other operating income	264,736	313,243	-	-
Net income	1,128,055	1,176,562	-	-
Other operating expenses	(372,980)	(421,487)	-	-
(iii) Income statement for the financial year ended 31 December 2006				
Operating revenue	7,710,224	7,843,522	-	-
Other operating income	973,369	1,106,667	-	-
Net income	4,271,464	4,404,762	-	-
Other operating expenses	(1,398,592)	(1,531,890)	-	-

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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 2007 of RM3,003.6 million was RM587.2 million or 24.3% higher than the previous year of RM2,416.4 million. Profit attributable to equity holders of the Bank improved by 23.0% to RM2,123.9 million. The improvement in earnings was primarily due to higher net interest income, including net financing income from Islamic Banking operations, which improved by RM418.3 million or 12.7% and higher other operating income by 42.7% or RM416.1 million which was mainly due to higher fees from sale of trust units, higher management fee income from the fund management business and higher investment income. In addition, loan loss allowance decreased by 12.6% or RM58.9 million. These were partially offset by higher other operating expenses of RM295.1 million.

The growth in the Group's net interest income was driven by strong loans and deposits growth coupled with further improvement in asset quality. Gross loan balance before deducting Islamic house financing sold to Cagamas has grown by 20.2% to RM101.4 billion as at 31 December 2007 as compared to RM84.4 billion as at 31 December 2006 mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total deposits from customers had also grown by 24.1% or RM27.0 billion as compared to 31 December 2006 which partly contributed to the higher net interest income for the current financial year. The Group's net non-performing loans ratio ("NPL") further improved to 1.2% as at 31 December 2007 as compared to 1.6% as at 31 December 2006.

The Group's commercial bank, Public Bank, recorded a pre-tax profit of RM2,850.8 million for the financial year ended 31 December 2007 and was 16.8% higher than the pre-tax profit of RM2,440.1 million achieved in the previous year. This was mainly due to higher net interest income including income from Islamic Banking operations, higher other operating income as well as stronger loan recoveries, partially offset by higher general allowance and higher other operating expenses.

Pre-tax profit contribution from the Group's overseas operations increased by 31.6% from the previous year to RM435.6 million despite the foreign exchange loss effect. These profit improvement was mainly due to loan growth achieved during the year as well as higher investment income. The profit contribution from the Group's operations in Hong Kong via Public Financial Holdings Group increased by RM70.0 million or 25.2%.

For the 4th quarter ended 31 December 2007, the Group registered a pre-tax profit of RM821.2 million, an improvement of RM172.0 million or 26.5% as compared to the previous corresponding quarter. This was achieved on the back of strong loans and deposits growth, improved asset quality, coupled with strong growth in its fund management business. Earnings attributable to equity holders of the Bank grew by 30.3% or RM134.9 million for the same period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM821.2 million for the 4th quarter ended 31 December 2007 shows a growth of 6.0% as compared to the pre-tax profit of RM774.4 million for the preceding quarter ended 30 September 2007. Net profit attributable to equity holders of the Bank increased by RM36.3 million or 6.7% over the same period. The increase was mainly due to increase in net interest income and Islamic banking income by 4.9% or RM46.5 million, higher loan recovery by 33.5% or RM20.8 million and growth in its other operating income by 7.9% or RM28.6 million. This is partially offset by higher other operating expenses by RM35.7 million.

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B3. Prospects for 2008

The banking industry will continue to be supported by the positive outlook for the Malaysian economy in 2008. Lending by the banking industry will continue to be driven by consumer financing and SME lending, strong growth in retail and wholesale deposits and rising demand for sophisticated wealth management and structured deposit products from affluent customers. The Islamic banking business should see further expansion, with the transformation of the Islamic banking windows of most domestic banks into full-fledged Islamic bank subsidiary companies. The competitive landscape in the banking industry will continue to exert pressure on net interest margins. To mitigate this, industry players will promote non-interest income activities such as sales of unit trusts and insurance products.

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

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2007 are as follows:

	4th Quarter Ended		Financial Year Ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	180,630	167,833	703,961	588,053
Overseas income tax	18,306	16,707	64,254	58,448
	<u>198,936</u>	<u>184,540</u>	<u>768,215</u>	<u>646,501</u>
Under / (Over) provision in prior years				
- Malaysian income tax	805	1,418	324	2,312
- Overseas income tax	3,141	(869)	3,141	(906)
	<u>202,882</u>	<u>185,089</u>	<u>771,680</u>	<u>647,907</u>
Deferred tax expense				
- Relating to origination and reversal of temporary differences	9,016	(22,878)	17,419	(52,577)
- Relating to changes in tax rate	1,419	25,659	12,587	25,659
Tax expense	<u>213,317</u>	<u>187,870</u>	<u>801,686</u>	<u>620,989</u>
Zakat	41	54	166	211
	<u><u>213,358</u></u>	<u><u>187,924</u></u>	<u><u>801,852</u></u>	<u><u>621,200</u></u>

Included in the tax expense of the Group for the 4th quarter and financial year ended 31 December 2007 are deferred tax expense of RM1,419,000 and RM12,587,000 respectively relating to the changes in the Malaysian corporate tax rate for the year of assessment 2009 from 26% to 25%.

Excluding the effect of the additional deferred tax expense resulting from the change in Malaysian corporate tax rate, the Group's effective tax rates for the 4th quarter and financial year ended 31 December 2007 are lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions.

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B5. Tax Expense and Zakat (Contd.)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Malaysian income tax	236,930	203,602	744,824	663,600
Overseas income tax	213	1,053	1,085	2,447
	237,143	204,655	745,909	666,047
Over provision in prior period/years				
- Overseas income tax	-	(66)	-	(66)
	237,143	204,589	745,909	665,981
Deferred tax expense				
- Relating to origination and reversal of temporary differences	230	(3,352)	(12,349)	(36,052)
- Relating to changes in tax rate	599	20,562	10,860	20,562
Tax expense	237,972	221,799	744,420	650,491
Zakat	41	54	166	211
	238,013	221,853	744,586	650,702

Included in the tax expense of the Bank for the 4th quarter and financial year ended 31 December 2007 is deferred tax expense of RM599,000 and RM10,860,000 respectively relating to the changes in the Malaysian corporate tax rate for the year of assessment 2009 from 26% to 25%

Excluding the effect of the additional deferred tax expense resulting from the change in Malaysian corporate tax rate, the Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2007 are lower than the statutory tax rate due to certain income not subject to tax.

B6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the 4th quarter and financial year ended 31 December 2007 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

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

B9. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

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

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	64,366,971	53,235,085	54,196,872	46,304,196
More than one year	140,930	155,574	127,768	136,565
- Negotiable instruments of deposits				
One year or less	17,484,002	31,615,469	17,511,526	30,985,521
More than one year	606,497	318,635	267,577	273,366
- Money market deposits				
One year or less	24,454,491	-	24,524,797	-
- Savings deposits	16,937,439	14,809,282	15,602,146	13,682,121
- Demand deposits	14,021,578	11,288,760	13,442,332	10,894,214
- Others	752,663	370,344	751,810	366,935
	<u>138,764,571</u>	<u>111,793,149</u>	<u>126,424,828</u>	<u>102,642,918</u>
Deposits and placements of banks and other financial institutions				
- One year or less	<u>10,438,118</u>	<u>5,637,964</u>	<u>9,346,834</u>	<u>4,305,478</u>
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	<u>349,730</u>	<u>679,341</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	<u>2,468,571</u>	<u>2,561,131</u>	<u>2,468,571</u>	<u>2,561,131</u>
Hybrid capital securities denominated in USD (unsecured)				
- More than one year	695,624	718,925	695,624	718,925
Hybrid capital securities denominated in RM (unsecured)				
- More than one year	<u>1,160,230</u>	<u>1,200,000</u>	<u>1,160,230</u>	<u>1,200,000</u>
	<u>1,855,854</u>	<u>1,918,925</u>	<u>1,855,854</u>	<u>1,918,925</u>

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B11. Off-Balance Sheet Financial Instruments

The value of off-balance sheet financial instruments classified by remaining period to maturity / next repricing date (whichever is earlier) as at the latest practicable date, 15 January 2008, is as follows :

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,787,808	1,232,752	184,619	221,223	149,214	-	-
- swaps	6,908,968	2,975,646	3,420,583	350,436	162,303	-	-
Sub total	8,696,776	4,208,398	3,605,202	571,659	311,517	-	-
Interest rate related contracts							
- swaps	7,087,145	413,639	5,122,545	1,550,961	-	-	-
Sub total	7,087,145	413,639	5,122,545	1,550,961	-	-	-
Total	15,783,921	4,622,037	8,727,747	2,122,620	311,517	-	-

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	1,299,080	867,801	184,619	211,697	34,963	-	-
- swaps	6,395,438	2,883,759	3,193,745	317,934	-	-	-
Sub total	7,694,518	3,751,560	3,378,364	529,631	34,963	-	-
Interest rate related contracts							
- swaps	6,643,984	413,639	4,878,690	1,351,655	-	-	-
Sub total	6,643,984	413,639	4,878,690	1,351,655	-	-	-
Total	14,338,502	4,165,199	8,257,054	1,881,286	34,963	-	-

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

B12. Changes in Material Litigation

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

B13. Proposed Dividends

- (a) (i) A proposed final dividend of 40% and special dividend of 10%, less 26% tax, for the financial year ended 31 December 2007, amounting to RM1,240,097,396, has been recommended by the directors;
- (ii) Amount per share : 50 sen less 26% tax;
- (iii) Payment date : 10 March 2008;
- (iv) In respect of deposited securities, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on 29 February 2008.
- (b) Total dividend for the current financial year 2007:
- Interim dividend of 25 sen less 27% tax, paid on 13 August 2007
 - Proposed final dividend of 40 sen less 26% tax
 - Proposed special dividend of 10 sen less 26% tax
- (c) Total dividend for the previous financial year 2006:
- Interim dividend of 20 sen less 28% tax
 - Final dividend of 30 sen less 27% tax
 - Special dividend of 10 sen less 27% tax

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B14. Earnings Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the net profit attributable to the equity holders of the Bank for the 4th quarter and financial year ended 31 December 2007 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 4th quarter and financial year ended 31 December 2007 excluding the weighted average treasury shares held by the Bank.

	4th Quarter Ended		Financial Year Ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Net profit attributable to equity holders of the Bank (RM'000)	<u>579,960</u>	445,063	<u>2,123,915</u>	<u>1,726,688</u>
Weighted average number of PBB Shares ('000)	<u>3,347,268</u>	3,330,278	<u>3,352,879</u>	<u>3,314,066</u>
Basic earnings per share (sen)	<u>17.3</u>	13.4	<u>63.3</u>	<u>52.1</u>

Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to the equity holders of the Bank for the 4th quarter and financial year ended 31 December 2007 divided by the adjusted weighted average number of PBB Shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme.

	4th Quarter Ended		Financial Year Ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Weighted average number of PBB Shares ('000)	<u>3,347,268</u>	3,330,278	<u>3,352,879</u>	3,314,066
Effects of share options ('000)	<u>6,251</u>	20,707	<u>23,360</u>	32,059
Adjusted weighted average number of PBB shares in issue or issuable ('000)	<u>3,353,519</u>	3,350,985	<u>3,376,239</u>	<u>3,346,125</u>
Diluted earnings per share (sen)	<u>17.3</u>	13.3	<u>62.9</u>	<u>51.6</u>