

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	31 March 2012	Group 31 December 2011 (Restated) RM'000	1 January 2011 (Restated) RM'000	31 March 2012 RM'000	Bank 31 December 2011 (Restated) RM'000	1 January 2011 (Restated) RM'000
ASSETS						
Cash and balances with banks	16,317,212	18,633,783	34,690,439	8,227,922	10,508,349	27,172,447
Reverse repurchase agreements	7,574,909	9,287,255	365,877	7,273,135	8,435,611	10,737
Financial assets held-for-trading	13,970,493	10,656,825	6,360,620	13,335,514	10,406,551	5,812,736
Derivative financial assets	355,591	493,852	326,622	354,523	492,536	322,596
Financial investments available-for-sale	17,944,973	16,719,433	17,852,284	15,086,106	14,287,941	14,269,479
Financial investments held-to-maturity	6,670,138	7,629,233	5,229,617	6,105,294	7,073,857	5,230,399
Loans, advances and financing	180,235,721	175,952,777	154,864,165	148,359,609	143,385,498	125,949,437
Other assets	2,208,525	2,008,254	1,995,880	1,883,649	1,913,726	1,703,642
Statutory deposits with Central Banks	5,960,209	5,597,801	1,612,575	4,814,973	4,496,365	1,106,330
Deferred tax assets	58,097	46,093	296,815	-	-	194,657
Investment in subsidiary companies	-	-	-	4,088,581	4,088,581	3,888,581
Investment in associated companies	153,063	155,997	118,624	121,325	121,325	101,325
Investment properties	64,321	70,754	65,552	-	-	-
Property and equipment	1,308,745	1,341,940	1,278,319	628,850	657,124	617,544
Intangible assets	1,927,873	1,965,476	1,930,372	695,393	695,393	695,393
TOTAL ASSETS	<u>254,749,870</u>	<u>250,559,473</u>	<u>226,987,761</u>	<u>210,974,874</u>	<u>206,562,857</u>	<u>187,075,303</u>
LIABILITIES						
Deposits from customers	207,117,343	200,370,525	176,872,119	166,014,887	159,384,439	140,789,266
Deposits from banks	12,382,243	15,806,732	21,327,476	13,805,312	16,717,349	21,069,781
Bills and acceptances payable	2,755,258	2,095,335	2,308,836	2,754,514	2,095,076	2,450,006
Recourse obligations on loans sold to Cagamas	11,285	11,789	16,319	11,285	11,789	16,319
Derivative financial liabilities	267,504	236,724	375,529	223,498	190,325	340,995
Debt securities issued and other borrowed funds	11,134,777	11,317,833	8,094,880	10,268,796	10,422,749	7,196,528
Other liabilities	3,789,649	3,467,535	2,839,874	2,455,882	2,368,327	1,675,651
Provision for tax expense and zakat	870,861	777,405	800,464	644,572	563,807	568,565
Deferred tax liabilities	58,235	55,625	8,391	45,529	51,708	-
TOTAL LIABILITIES	<u>238,387,155</u>	<u>234,139,503</u>	<u>212,643,888</u>	<u>196,224,275</u>	<u>191,805,569</u>	<u>174,107,111</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 2011.

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Group			Bank		
	31 March 2012	31 December 2011 (Restated)	1 January 2011 (Restated)	31 March 2012	31 December 2011 (Restated)	1 January 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY						
Share capital	3,531,926	3,531,926	3,531,926	3,531,926	3,531,926	3,531,926
Reserves	12,364,173	12,406,132	10,375,062	11,434,245	11,440,934	9,651,569
Treasury shares	(215,572)	(215,572)	(215,303)	(215,572)	(215,572)	(215,303)
Equity attributable to equity holders of the Bank	15,680,527	15,722,486	13,691,685	14,750,599	14,757,288	12,968,192
Non-controlling interests	682,188	697,484	652,188	-	-	-
TOTAL EQUITY	16,362,715	16,419,970	14,343,873	14,750,599	14,757,288	12,968,192
TOTAL LIABILITIES AND EQUITY	254,749,870	250,559,473	226,987,761	210,974,874	206,562,857	187,075,303
COMMITMENTS AND CONTINGENCIES	74,992,169	70,847,182	69,205,908	69,590,916	66,266,801	64,532,682
CAPITAL ADEQUACY						
Tier I Capital Ratio	10.3%	10.6% *	10.6% *	12.3%	12.8% *	13.1% *
Risk-Weighted Capital Ratio	14.4%	15.0% *	13.5% *	14.3%	14.9% *	13.1% *
Net assets per share attributable to ordinary equity holders of the Bank (RM)	4.48	4.49	3.91	4.21	4.21	3.70

* After deducting second interim dividend.

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	3,373,450	2,991,607	3,373,450	2,991,607
Interest income	2,482,883	2,210,568	2,482,883	2,210,568
Interest expense	(1,215,276)	(1,008,596)	(1,215,276)	(1,008,596)
Net interest income	1,267,607	1,201,972	1,267,607	1,201,972
Net income from Islamic banking business	211,665	199,185	211,665	199,185
	1,479,272	1,401,157	1,479,272	1,401,157
Net fee and commission income	283,950	270,293	283,950	270,293
Net gains and losses on financial instruments	33,377	30,441	33,377	30,441
Other operating income	72,050	70,822	72,050	70,822
Net income	1,868,649	1,772,713	1,868,649	1,772,713
Other operating expenses	(593,428)	(538,602)	(593,428)	(538,602)
Operating profit	1,275,221	1,234,111	1,275,221	1,234,111
Allowance for impairment on loans, advances and financing	(30,013)	(65,006)	(30,013)	(65,006)
(Impairment) / Writeback of impairment on other assets	(521)	605	(521)	605
	1,244,687	1,169,710	1,244,687	1,169,710
Share of profit after tax of equity accounted associated companies	884	3,358	884	3,358
Profit before tax expense and zakat	1,245,571	1,173,068	1,245,571	1,173,068
Tax expense and zakat	(296,857)	(278,052)	(296,857)	(278,052)
Profit for the period	948,714	895,016	948,714	895,016
Profit for the period attributable to :				
- Equity holders of the Bank	940,812	884,061	940,812	884,061
- Non-controlling interests	7,902	10,955	7,902	10,955
	948,714	895,016	948,714	895,016
Earnings per RM1.00 share:				
- basic / diluted (sen)	26.9	25.2	26.9	25.2

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>948,714</u>	<u>895,016</u>	<u>948,714</u>	<u>895,016</u>
Other comprehensive (loss) / income:				
Currency translation differences in respect of foreign operations	(127,216)	(64,860)	(127,216)	(64,860)
Currency translation differences in respect of net investment hedge	101,747	50,797	101,747	50,797
Net gain on revaluation of financial investments available-for-sale	17,887	30,111	17,887	30,111
Net change in cash flow hedges	(18,813)	(211)	(18,813)	(211)
Income tax relating to components of other comprehensive loss / (income)	<u>1,021</u>	<u>(6,714)</u>	<u>1,021</u>	<u>(6,714)</u>
Other comprehensive (loss) / income for the period, net of tax	<u>(25,374)</u>	<u>9,123</u>	<u>(25,374)</u>	<u>9,123</u>
Total comprehensive income for the period	<u><u>923,340</u></u>	<u><u>904,139</u></u>	<u><u>923,340</u></u>	<u><u>904,139</u></u>
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the Bank	938,636	904,840	938,636	904,840
- Non-controlling interests	<u>(15,296)</u>	<u>(701)</u>	<u>(15,296)</u>	<u>(701)</u>
	<u><u>923,340</u></u>	<u><u>904,139</u></u>	<u><u>923,340</u></u>	<u><u>904,139</u></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 2011.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

	1st Quarter Ended		Three Months Ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Operating revenue	2,555,815	2,216,845	2,555,815	2,216,845
Interest income	2,255,759	1,988,669	2,255,759	1,988,669
Interest expense	(1,158,670)	(955,736)	(1,158,670)	(955,736)
Net interest income	1,097,089	1,032,933	1,097,089	1,032,933
Net fee and commission income	115,642	100,012	115,642	100,012
Net gains and losses on financial instruments	36,088	34,769	36,088	34,769
Other operating income	358,404	279,497	358,404	279,497
Net income	1,607,223	1,447,211	1,607,223	1,447,211
Other operating expenses	(406,393)	(365,911)	(406,393)	(365,911)
Operating profit	1,200,830	1,081,300	1,200,830	1,081,300
Allowance for impairment on loans, advances and financing	11,574	(16,465)	11,574	(16,465)
(Impairment) / Writeback of impairment on other assets	(529)	1,522	(529)	1,522
Profit before tax expense and zakat	1,211,875	1,066,357	1,211,875	1,066,357
Tax expense and zakat	(231,697)	(211,578)	(231,697)	(211,578)
Profit for the period	980,178	854,779	980,178	854,779

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

	1st Quarter Ended		Three Months Ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>980,178</u>	<u>854,779</u>	<u>980,178</u>	<u>854,779</u>
Other comprehensive income / (loss):				
Net gain on revaluation of financial investments available-for-sale	10,451	18,036	10,451	18,036
Net change in cash flow hedges	(18,813)	(211)	(18,813)	(211)
Income tax relating to components of other comprehensive loss / (income)	<u>2,090</u>	<u>(4,456)</u>	<u>2,090</u>	<u>(4,456)</u>
Other comprehensive (loss) / income for the period, net of tax	<u>(6,272)</u>	<u>13,369</u>	<u>(6,272)</u>	<u>13,369</u>
Total comprehensive income for the period	<u><u>973,906</u></u>	<u><u>868,148</u></u>	<u><u>973,906</u></u>	<u><u>868,148</u></u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

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

<u>Group</u>	Non-distributable		Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000				
At 1 January 2012								
- as previously stated	3,531,926	1,073,310	4,056,014	6,417,544	(215,572)	14,863,222	697,484	15,560,706
- effect of change in accounting policy	-	-	-	859,264	-	859,264	-	859,264
At 1 January 2012, as restated	3,531,926	1,073,310	4,056,014	7,276,808	(215,572)	15,722,486	697,484	16,419,970
Profit for the period	-	-	-	940,812	-	940,812	7,902	948,714
Currency translation differences in respect of foreign operations	-	-	(104,018)	-	-	(104,018)	(23,198)	(127,216)
Currency translation differences in respect of net investment hedge	-	-	101,747	-	-	101,747	-	101,747
Net gain on revaluation of financial investments available-for-sale	-	-	17,887	-	-	17,887	-	17,887
Net change in cash flow hedges	-	-	(18,813)	-	-	(18,813)	-	(18,813)
Income tax relating to component of other comprehensive loss	-	-	1,021	-	-	1,021	-	1,021
Total comprehensive (loss) / income for the period	-	-	(2,176)	940,812	-	938,636	(15,296)	923,340
Transactions with owners:								
Transfer to Profit Equalisation Reserve of the Islamic banking institution	-	-	609	(609)	-	-	-	-
Transfer from regulatory reserves	-	-	(2,894)	2,894	-	-	-	-
Transfer to general reserves	-	-	204	(204)	-	-	-	-
Dividends paid	-	-	-	(980,595)	-	(980,595)	-	(980,595)
At 31 March 2012	3,531,926	1,073,310	4,051,757	7,239,106	(215,572)	15,680,527	682,188	16,362,715

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(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

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

<u>Group</u>	Non-distributable		Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000				
At 1 January 2011								
- as previously stated	3,531,926	1,073,310	3,888,562	4,754,405	(215,303)	13,032,900	652,188	13,685,088
- effect of change in accounting policy	-	-	-	658,785	-	658,785	-	658,785
At 1 January 2011, as restated	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,888,562</u>	<u>5,413,190</u>	<u>(215,303)</u>	<u>13,691,685</u>	<u>652,188</u>	<u>14,343,873</u>
Profit for the period	-	-	-	884,061	-	884,061	10,955	895,016
Currency translation differences in respect of foreign operations	-	-	(53,204)	-	-	(53,204)	(11,656)	(64,860)
Currency translation differences in respect of net investment hedge	-	-	50,797	-	-	50,797	-	50,797
Net gain on revaluation of financial investments available-for-sale	-	-	30,111	-	-	30,111	-	30,111
Net change in cash flow hedges	-	-	(211)	-	-	(211)	-	(211)
Income tax relating to component of other comprehensive income	-	-	(6,714)	-	-	(6,714)	-	(6,714)
Total comprehensive income / (loss) for the period	<u>-</u>	<u>-</u>	<u>20,779</u>	<u>884,061</u>	<u>-</u>	<u>904,840</u>	<u>(701)</u>	<u>904,139</u>
Transactions with owners:								
Buy-back of shares	-	-	-	-	(135)	(135)	-	(135)
Transfer to regulatory reserves	-	-	1,005	(1,005)	-	-	-	-
Dividends paid	-	-	-	(936,821)	-	(936,821)	-	(936,821)
At 31 March 2011	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,910,346</u>	<u>5,359,425</u>	<u>(215,438)</u>	<u>13,659,569</u>	<u>651,487</u>	<u>14,311,056</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

Bank	<----- Attributable to Equity Holders of the Bank ----->					
	Share Capital RM'000	Share Premium RM'000	Non-distributable Reserves Other Reserves RM'000	Distributable Reserves Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 January 2012						
- as previously stated	3,531,926	1,073,310	3,515,306	6,004,958	(215,572)	13,909,928
- effect of change in accounting policy	-	-	-	847,360	-	847,360
At 1 January 2012, as restated	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,515,306</u>	<u>6,852,318</u>	<u>(215,572)</u>	<u>14,757,288</u>
Profit for the period	-	-	-	980,178	-	980,178
Net gain on revaluation of financial investments available-for-sale	-	-	10,451	-	-	10,451
Net change in cash flow hedges	-	-	(18,813)	-	-	(18,813)
Income tax relating to component of other comprehensive loss	-	-	2,090	-	-	2,090
Total comprehensive (loss) / income for the period	<u>-</u>	<u>-</u>	<u>(6,272)</u>	<u>980,178</u>	<u>-</u>	<u>973,906</u>
Transactions with owners:						
Transfer to general reserves	-	-	204	(204)	-	-
Dividends paid	-	-	-	(980,595)	-	(980,595)
At 31 March 2012	<u><u>3,531,926</u></u>	<u><u>1,073,310</u></u>	<u><u>3,509,238</u></u>	<u><u>6,851,697</u></u>	<u><u>(215,572)</u></u>	<u><u>14,750,599</u></u>

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PUBLIC BANK BERHAD
(6463 - H)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

	Group		Bank	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	1,245,571	1,173,068	1,211,875	1,066,357
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(884)	(3,358)	-	-
Allowance for impaired loans and financing	78,780	110,979	18,228	45,185
Depreciation of property and equipment	42,462	34,913	34,451	26,451
Net loss / (gain) on financial instruments	1,797	(14,066)	(1,909)	(11,671)
Dividends received	(33,561)	(23,404)	(294,381)	(217,686)
Transfer to profit equalisation reserve	537	4,736	-	-
Impairment losses / (written back)	521	(605)	529	(1,522)
Other non-cash items	393	(3,187)	462	(3,091)
Operating profit before working capital changes	<u>1,335,616</u>	<u>1,279,076</u>	<u>969,255</u>	<u>904,023</u>
Changes in working capital:				
Increase in operating assets	(6,352,758)	(12,426,060)	(5,971,884)	(12,262,517)
Increase in operating liabilities	4,465,980	3,097,139	4,473,918	3,118,090
Tax expense and zakat paid	(211,452)	(272,191)	(155,023)	(203,904)
Net cash used in operating activities	<u>(762,614)</u>	<u>(8,322,036)</u>	<u>(683,734)</u>	<u>(8,444,308)</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(11,078)	(12,086)	(7,988)	(6,475)
Proceeds from disposal of properties	7,504	7,740	7,173	7,742
Net (purchase) / sale of financial investments	(267,485)	726,922	168,836	1,066,537
Additional investment in a associated company	-	(40,000)	-	(20,000)
Dividends received	33,561	23,380	330,518	328,601
Net cash (used in) / generated from investing activities	<u>(237,498)</u>	<u>705,956</u>	<u>498,539</u>	<u>1,376,405</u>

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2012

	Group		Bank	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Financing Activities				
Dividends paid	(980,595)	(936,821)	(980,595)	(936,821)
Buy-back of shares	-	(135)	-	(135)
Repayment of borrowings	(29,103)	(42,950)	-	-
Net cash used in financing activities	<u>(1,009,698)</u>	<u>(979,906)</u>	<u>(980,595)</u>	<u>(936,956)</u>
Net change in cash and cash equivalents	(2,009,810)	(8,595,986)	(1,165,790)	(8,004,859)
Cash and cash equivalents at beginning of the period	16,570,679	32,082,569	8,111,742	24,691,629
Exchange differences on translation of opening balances	<u>(130,720)</u>	<u>(76,017)</u>	-	-
Cash and cash equivalents at end of the period (Note)	<u>14,430,149</u>	<u>23,410,566</u>	<u>6,945,952</u>	<u>16,686,770</u>
Note:				
Cash and balances with banks	16,317,212	23,903,042	8,227,922	17,584,896
Less: Balances with banks with maturity more than one month	<u>(1,887,063)</u>	<u>(492,476)</u>	<u>(1,281,970)</u>	<u>(898,126)</u>
Cash and cash equivalents at end of the period	<u>14,430,149</u>	<u>23,410,566</u>	<u>6,945,952</u>	<u>16,686,770</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 2011.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") and Revised Guidelines on Financial Reporting for Banking Institutions Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited interim financial statements for the 1st quarter ended 31 March 2012 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2011. 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 2011.

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

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note A30 Changes in Accounting Policies.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
Deferred tax: Recovery of Underlying Assets (Amendments to MFRS 112)

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group and the Bank as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A1. Basis of Preparation (Continued)

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012

Presentation of Items of Other Comprehensive income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (as amended in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)	

Effective for annual periods commencing on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

During the financial period, the Islamic banking subsidiary company of the Group adopted the Guidelines on Profit Equalisation Reserve issued by Bank Negara Malaysia, which addresses the management of displaced commercial risk by Islamic banking institutions. A discussion of the financial effects of adoption of these guidelines is provided in Note A30 Changes in Accounting Policies.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 1st quarter ended 31 March 2012.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 1st quarter ended 31 March 2012.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A5. Changes in Estimates

Other than as disclosed in Note A30 Changes in Accounting Policies, there were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st quarter ended 31 March 2012.

A6. Debt and Equity Securities

There were no issuances of shares, share buy-backs, and repayment of debt and equity securities by the Bank in the 1st quarter ended 31 March 2012.

A7. Dividends Paid and Distributed

During the financial quarter ended 31 March 2012, a second interim single tier dividend of 28% in respect of the financial year ended 31 December 2011, amounting to RM980,595,036 was paid on 27 February 2012.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A8. Financial Assets Held-for-trading

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	115,014	-	115,014	-
Malaysian Government Securities	50,065	350,463	50,065	350,463
Malaysian Government Investment Certificates	265,974	334,009	265,974	334,009
Bank Negara Malaysia Monetary Notes	1,076,118	226,552	1,076,118	226,552
Bank Negara Malaysia Bills	282,951	-	-	-
	<u>1,790,122</u>	<u>911,024</u>	<u>1,507,171</u>	<u>911,024</u>
Money market instruments:				
Negotiable instruments of deposit	<u>11,920,726</u>	<u>9,445,212</u>	<u>11,827,504</u>	<u>9,494,719</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares in Malaysia	839	808	839	808
Debt securities:				
- Unquoted private debt securities	258,806	299,781	-	-
	<u>259,645</u>	<u>300,589</u>	<u>839</u>	<u>808</u>
Total financial assets held-for-trading	<u><u>13,970,493</u></u>	<u><u>10,656,825</u></u>	<u><u>13,335,514</u></u>	<u><u>10,406,551</u></u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A9. Financial Investments Available-for-sale

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	513,655	194,678	513,655	194,678
Malaysian Government Securities	501,727	500,182	501,727	500,182
Malaysian Government Investment Certificates	1,188,312	501,137	535,439	87,828
Bank Negara Malaysia Monetary Notes	8,540,858	8,480,813	7,548,368	7,492,295
Bank Negara Malaysia Bills	197,630	-	-	-
	<u>10,942,182</u>	<u>9,676,810</u>	<u>9,099,189</u>	<u>8,274,983</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks in Malaysia	36,025	37,069	36,025	37,069
- Quoted shares and convertible loan stocks outside Malaysia	9,269	7,718	-	-
- Unquoted shares	108,452	108,836	104,682	104,972
Debt securities:				
- Unquoted private debt securities	1,997,212	2,072,214	1,535,195	1,591,926
Unit trust funds:				
- Public Institutional Bond Fund	1,681,042	1,668,672	1,572,226	1,559,770
- Others	3,170,791	3,148,114	2,738,789	2,719,221
	<u>7,002,791</u>	<u>7,042,623</u>	<u>5,986,917</u>	<u>6,012,958</u>
Total financial investments available-for-sale	<u>17,944,973</u>	<u>16,719,433</u>	<u>15,086,106</u>	<u>14,287,941</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A10. Financial Investments Held-to-maturity

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	9,972	9,896	9,972	9,896
Malaysian Government Securities	1,313,510	1,355,119	1,263,243	1,254,175
Malaysian Government Investment Certificates	1,491,389	702,108	1,491,389	702,108
Foreign Government Treasury Bills	691,488	707,336	103,162	98,562
	<u>3,506,359</u>	<u>2,774,459</u>	<u>2,867,766</u>	<u>2,064,741</u>
Money market instruments:				
Negotiable instruments of deposit	1,295,359	1,281,183	2,128,552	2,309,611
Bankers' acceptances and Islamic accepted bills	1,064,363	3,011,092	946,126	2,555,206
	<u>2,359,722</u>	<u>4,292,275</u>	<u>3,074,678</u>	<u>4,864,817</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	20,219	20,246	5,001	5,059
- Unquoted private debt securities	784,073	543,355	158,084	140,342
	<u>804,292</u>	<u>563,601</u>	<u>163,085</u>	<u>145,401</u>
Accumulated impairment losses	(235)	(1,102)	(235)	(1,102)
Total financial investments held-to-maturity	<u>6,670,138</u>	<u>7,629,233</u>	<u>6,105,294</u>	<u>7,073,857</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A11. Loans, Advances and Financing

	Group		Bank	
	31 March 2012	31 December 2011 (Restated)	31 March 2012	31 December 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	9,554,254	9,447,558	8,502,878	8,326,695
Term loans				
- Housing loans / financing	53,027,670	51,315,764	46,450,067	44,743,319
- Syndicated term loan / financing	2,055,211	2,318,612	822,997	917,264
- Hire purchase receivables	39,315,550	38,727,779	27,408,796	26,680,963
- Other term loans / financing	66,512,622	64,851,835	54,882,070	52,886,921
Credit card receivables	1,492,055	1,522,267	1,483,447	1,512,099
Bills receivables	122,137	85,401	83,135	82,204
Trust receipts	334,939	382,921	282,543	309,675
Claims on customers under acceptance credits	3,906,057	3,936,947	3,893,976	3,921,063
Revolving credits	4,479,246	4,003,269	4,627,399	4,144,668
Staff loans *	1,131,809	1,101,664	1,062,923	1,033,587
Gross loans, advances and financing	<u>181,931,550</u>	<u>177,694,017</u>	<u>149,500,231</u>	<u>144,558,458</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,472,535)	(1,496,044)	(1,014,499)	(1,038,212)
- individual assessment allowance	(223,294)	(245,196)	(126,123)	(134,748)
Net loans, advances and financing	<u>180,235,721</u>	<u>175,952,777</u>	<u>148,359,609</u>	<u>143,385,498</u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,296,485 (2011: RM3,373,647) and RM2,770,194 (2011 - RM2,823,326) respectively.

A11a. By class

	Group		Bank	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Retail loans / financing				
- Housing loans / financing	53,027,670	51,315,764	46,450,067	44,743,319
- Hire purchase	39,315,550	38,727,779	27,408,796	26,680,963
- Credit cards	1,492,055	1,522,267	1,483,447	1,512,099
- Other loans / financing *	61,411,209	59,650,401	52,465,614	50,654,228
	<u>155,246,484</u>	<u>151,216,211</u>	<u>127,807,924</u>	<u>123,590,609</u>
Corporate loans / financing	26,685,066	26,477,806	21,692,307	20,967,849
	<u>181,931,550</u>	<u>177,694,017</u>	<u>149,500,231</u>	<u>144,558,458</u>

* Included in other loans / financing are term loans, trade financing, overdrafts and revolving credits.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A11. Loans, Advances and Financing (continued)

A11b. By type of customer

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Banking institutions	466,586	577,887	399,082	412,759
Non-bank financial institutions				
- Stock-broking companies	2,010	2,010	2,010	2,010
- Others	7,966,331	7,508,401	7,757,885	7,285,444
Business enterprises				
- Small and medium enterprises	33,343,330	31,893,730	29,926,015	28,410,394
- Others	22,882,490	23,208,613	18,639,534	18,625,966
Government and statutory bodies	327,501	324,378	313	368
Individuals	115,067,442	112,227,634	91,028,179	88,005,106
Other entities	33,072	32,698	30,018	29,501
Foreign entities	1,842,788	1,918,666	1,717,195	1,786,910
	181,931,550	177,694,017	149,500,231	144,558,458

A11c. By interest / profit rate sensitivity

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Fixed rate				
- Housing loans / financing	1,445,380	1,506,165	642,519	680,468
- Hire purchase receivables	37,854,413	37,204,687	27,399,451	26,671,253
- Other fixed rate loans / financing	16,445,866	16,785,545	8,757,241	9,020,044
Variable rate				
- Base lending rate plus	100,409,318	96,548,480	96,162,940	92,614,278
- Cost plus	16,554,186	15,676,220	15,964,240	14,996,284
- Other variable rates	9,222,387	9,972,920	573,840	576,131
	181,931,550	177,694,017	149,500,231	144,558,458

A11d. By residual contractual maturity

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Maturity within one year	28,516,628	28,165,244	24,750,394	23,903,369
More than one year to three years	17,409,572	16,730,279	13,200,436	12,487,913
More than three years to five years	19,783,939	19,594,355	15,236,789	14,966,255
More than five years	116,221,411	113,204,139	96,312,612	93,200,921
	181,931,550	177,694,017	149,500,231	144,558,458

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Malaysia	169,108,669	164,081,299	149,185,730	144,234,053
Hong Kong SAR and the People's Republic of China	10,660,364	11,347,423	-	-
Cambodia	1,848,016	1,940,890	-	-
Other countries	314,501	324,405	314,501	324,405
	<u>181,931,550</u>	<u>177,694,017</u>	<u>149,500,231</u>	<u>144,558,458</u>

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Purchase of securities	2,011,620	1,855,949	1,886,982	1,799,724
Purchase of transport vehicles	39,527,401	38,947,135	27,609,472	26,893,997
Purchase of landed properties	95,061,585	91,177,930	84,504,149	80,554,811
(of which: - residential	53,995,683	52,207,176	47,434,842	45,660,415
- non-residential)	41,065,902	38,970,754	37,069,307	34,894,396
Purchase of fixed assets (excluding landed properties)	263,806	269,973	230,681	238,335
Personal use	9,742,317	9,721,813	4,174,249	4,117,175
Credit card	1,492,055	1,522,267	1,483,447	1,512,099
Purchase of consumer durables	16,477	16,754	13,100	13,358
Construction	2,115,628	1,899,289	1,614,610	1,254,784
Mergers and acquisitions	207,996	208,269	207,996	208,269
Working capital	27,905,647	27,685,514	24,445,285	23,837,744
Other purpose	3,587,018	4,389,124	3,330,260	4,128,162
	<u>181,931,550</u>	<u>177,694,017</u>	<u>149,500,231</u>	<u>144,558,458</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Agriculture, hunting, forestry and fishing	2,577,279	2,536,271	2,296,722	2,273,676
Mining and quarrying	138,977	136,637	120,204	117,603
Manufacturing	7,851,038	7,794,879	6,994,724	6,875,511
Electricity, gas and water	320,657	337,187	304,696	305,237
Construction	5,701,425	5,803,527	4,950,369	4,914,034
Wholesale & retail trade and restaurants & hotels	15,821,170	15,545,359	14,542,914	14,248,824
Transport, storage and communication	3,018,297	2,952,295	2,344,333	2,321,421
Finance, insurance and business services	13,279,119	13,304,589	12,254,823	11,953,772
Real estate	15,253,400	14,295,594	12,633,034	11,565,396
Community, social and personal services	1,792,761	1,755,094	1,392,076	1,358,412
Households	115,420,954	112,543,232	91,492,884	88,449,903
Others	756,473	689,353	173,452	174,669
	<u>181,931,550</u>	<u>177,694,017</u>	<u>149,500,231</u>	<u>144,558,458</u>

A11h. Loans, advances and financing pledged as collateral are as follows:

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Bankers' acceptances rediscounted	<u>1,478,891</u>	<u>1,294,373</u>	<u>1,476,142</u>	<u>1,292,261</u>

A11i. Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
At 1 January	1,529,657	1,784,277	1,150,234	1,401,321
Impaired during the period / year	643,215	2,613,345	464,845	1,913,028
Reclassified as non-impaired	(501,130)	(2,042,648)	(399,822)	(1,711,860)
Recoveries	(92,937)	(308,784)	(70,658)	(219,155)
Amount written off	(118,878)	(509,166)	(50,303)	(220,039)
Loans converted to foreclosed properties / investments	(4,630)	(14,333)	(4,628)	(13,169)
Exchange differences	(7,053)	6,966	(156)	108
Closing balance	<u>1,448,244</u>	<u>1,529,657</u>	<u>1,089,512</u>	<u>1,150,234</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.80%</u>	<u>0.86%</u>	<u>0.73%</u>	<u>0.80%</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Malaysia	1,283,140	1,348,309	1,085,825	1,146,075
Hong Kong SAR and the People's Republic of China	116,003	118,278	-	-
Cambodia	45,414	58,911	-	-
Other countries	3,687	4,159	3,687	4,159
	<u>1,448,244</u>	<u>1,529,657</u>	<u>1,089,512</u>	<u>1,150,234</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Purchase of securities	5,842	5,892	5,833	5,883
Purchase of transport vehicles	254,075	267,817	182,511	198,061
Purchase of landed properties	639,461	660,005	542,899	563,476
(of which: - residential	454,188	466,238	400,352	413,183
- non-residential)	185,273	193,767	142,547	150,293
Purchase of fixed assets (excluding landed properties)	5,924	6,187	5,863	6,126
Personal use	163,239	176,834	48,257	52,995
Credit card	22,295	22,284	22,187	22,257
Purchase of consumer durables	344	13	344	13
Construction	32,966	33,652	19,706	19,696
Working capital	299,071	329,539	237,062	254,487
Other purpose	25,027	27,434	24,850	27,240
	<u>1,448,244</u>	<u>1,529,657</u>	<u>1,089,512</u>	<u>1,150,234</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A11. Loans, Advances and Financing (continued)

A11i. Impaired loans, advances and financing by sectors

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Agriculture, hunting, forestry and fishing	4,975	6,254	4,819	5,978
Mining and quarrying	178	145	143	110
Manufacturing	142,155	152,709	110,916	121,174
Electricity, gas and water	1,208	1,251	-	-
Construction	116,348	120,275	101,572	105,144
Wholesale & retail trade and restaurants & hotels	107,580	109,014	90,649	92,027
Transport, storage and communication	76,165	103,802	69,069	95,242
Finance, insurance and business services	39,172	49,142	24,401	22,287
Real estate	66,348	71,180	35,559	39,658
Community, social and personal services	14,905	14,501	14,813	14,488
Households	877,354	899,344	636,000	652,370
Others	1,856	2,040	1,571	1,756
	<u>1,448,244</u>	<u>1,529,657</u>	<u>1,089,512</u>	<u>1,150,234</u>

A11m. Movements in the allowance for impaired loans, advances and financing are as follows:

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 (Restated) RM'000	31 March 2012 RM'000	31 December 2011 (Restated) RM'000
<u>Collective Assessment Allowance</u>				
At 1 January				
- as previously stated	2,644,535	2,296,158	2,168,025	1,914,653
- effect of change in accounting policy	(1,148,491)	(881,185)	(1,129,813)	(887,254)
At 1 January, as restated	<u>1,496,044</u>	1,414,973	<u>1,038,212</u>	1,027,399
Allowance made during the period / year	40,105	335,845	19,836	196,942
Amount written off	(62,035)	(256,031)	(43,286)	(186,226)
Exchange differences	(1,579)	1,257	(263)	97
Closing balance	<u>1,472,535</u>	<u>1,496,044</u>	<u>1,014,499</u>	<u>1,038,212</u>

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	245,196	264,934	134,748	166,346
Allowance made during the period / year	61,226	269,634	5,169	33,783
Amount written back in respect of recoveries	(22,551)	(49,124)	(6,777)	(31,568)
Amount written off	(56,843)	(253,135)	(7,017)	(33,813)
Exchange differences	(3,734)	12,887	-	-
Closing balance	<u>223,294</u>	<u>245,196</u>	<u>126,123</u>	<u>134,748</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A12. Other Assets

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Deferred handling fees	231,057	230,402	165,210	162,827
Interest / Income receivable	22,245	52,824	10,175	39,141
Other receivables, deposits and prepayments	1,330,235	1,231,339	1,199,921	1,165,635
Manager's stocks	114,796	22,696	-	-
Amount due from trust funds	144,785	99,987	-	-
Foreclosed properties	105,635	109,529	103,068	106,652
Taxi licenses	1,057	1,093	-	-
Outstanding contracts on clients' accounts	258,715	260,384	-	-
Amount due from subsidiary companies	-	-	44,175	42,234
Dividend receivable from subsidiary companies	-	-	361,100	397,237
	<u>2,208,525</u>	<u>2,008,254</u>	<u>1,883,649</u>	<u>1,913,726</u>

A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	28,757,695	28,763,993	25,338,507	24,963,764
- Savings deposits	22,571,507	21,959,727	16,008,065	15,476,427
- Fixed deposits	112,519,667	106,572,984	86,042,507	82,521,018
	<u>163,848,869</u>	<u>157,296,704</u>	<u>127,389,079</u>	<u>122,961,209</u>
Wholesale deposits:				
- Negotiable instruments of deposit	1,872,279	2,283,027	361,003	752,718
- Money market deposits	41,210,582	40,589,452	38,080,295	35,471,442
	<u>43,082,861</u>	<u>42,872,479</u>	<u>38,441,298</u>	<u>36,224,160</u>
Other deposits	185,613	201,342	184,510	199,070
	<u>207,117,343</u>	<u>200,370,525</u>	<u>166,014,887</u>	<u>159,384,439</u>

b) By type of customer

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Federal and state governments	1,259,518	1,779,056	222,177	310,388
Local government and statutory authorities	2,203,232	3,192,613	1,267,778	2,145,272
Business enterprises	62,955,700	61,617,324	48,656,867	47,063,188
Individuals	95,922,048	91,667,626	82,643,048	79,051,389
Foreign customers	4,742,758	4,810,192	4,156,512	4,172,124
Others	40,034,087	37,303,714	29,068,505	26,642,078
	<u>207,117,343</u>	<u>200,370,525</u>	<u>166,014,887</u>	<u>159,384,439</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A13. Deposits from Customers (continued)

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

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Due within six months	132,534,714	132,511,858	104,703,021	104,021,136
More than six months to one year	22,854,210	16,757,343	19,674,545	14,601,339
More than one year to three years	196,986	154,076	92,207	103,227
More than three years to five years	16,618	22,186	14,032	19,476
	<u>155,602,528</u>	<u>149,445,463</u>	<u>124,483,805</u>	<u>118,745,178</u>

A14. Deposits from Banks

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
At amortised cost				
Licensed banks	4,284,426	4,210,837	2,975,217	2,948,408
Licensed Islamic banks	1,836,228	1,265,141	1,069,292	95,243
Licensed investment banks	1,514,816	3,759,282	2,282,960	4,840,635
Bank Negara Malaysia	1,846,639	2,848,131	1,844,148	2,845,613
Other financial institutions	2,900,134	3,723,341	5,633,695	5,987,450
	<u>12,382,243</u>	<u>15,806,732</u>	<u>13,805,312</u>	<u>16,717,349</u>

A15. Other Liabilities

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Interest / Income payable	964,090	866,442	845,075	748,209
Other payables and accruals	2,193,157	2,218,605	1,592,820	1,595,561
Amount due to trust funds	273,100	65,013	-	-
Unprocessed sales and / or redemptions	115,465	50,798	-	-
Employee benefits	(94,447)	(92,709)	(91,209)	(89,528)
Profit Equalisation Reserve of the investment account holder	537	-	-	-
Finance lease liabilities	85,623	93,779	85,623	93,779
Outstanding contracts on clients' accounts	244,659	249,464	-	-
Dividend payable to shareholders	7,465	16,143	7,465	2,933
Amount due to subsidiary companies	-	-	16,108	17,373
	<u>3,789,649</u>	<u>3,467,535</u>	<u>2,455,882</u>	<u>2,368,327</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A16. Interest Income

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans and advances	2,114,172	1,856,874	2,114,172	1,856,874
Balances with banks	117,382	167,641	117,382	167,641
Financial investments available-for-sale	67,575	62,721	67,575	62,721
Financial investments held-to-maturity	79,505	57,549	79,505	57,549
Others	23,086	19,020	23,086	19,020
	<u>2,401,720</u>	2,163,805	<u>2,401,720</u>	2,163,805
Financial assets held-for-trading	81,163	46,763	81,163	46,763
	<u>2,482,883</u>	2,210,568	<u>2,482,883</u>	2,210,568

Of which:

Interest income earned on impaired loans
and advances

	<u>13,052</u>	16,505	<u>13,052</u>	16,505
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	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loans and advances	1,919,335	1,670,789	1,919,335	1,670,789
Balances with banks	113,063	160,403	113,063	160,403
Financial investments available-for-sale	64,595	58,082	64,595	58,082
Financial investments held-to-maturity	59,097	40,247	59,097	40,247
Others	23,083	19,017	23,083	19,017
	<u>2,179,173</u>	1,948,538	<u>2,179,173</u>	1,948,538
Financial assets held-for-trading	76,586	40,131	76,586	40,131
	<u>2,255,759</u>	1,988,669	<u>2,255,759</u>	1,988,669

Of which:

Interest income earned on impaired loans
and advances

	<u>12,597</u>	16,153	<u>12,597</u>	16,153
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PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A17. Interest Expense

	1st Quarter Ended		Three Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<u>Group</u>				
Deposits from banks	46,070	116,795	46,070	116,795
Deposits from customers	1,066,660	824,195	1,066,660	824,195
Loans sold to Cagamas	122	161	122	161
Debt securities issued and other borrowed funds	100,285	67,058	100,285	67,058
Others	2,139	387	2,139	387
	<u>1,215,276</u>	<u>1,008,596</u>	<u>1,215,276</u>	<u>1,008,596</u>

	1st Quarter Ended		Three Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<u>Bank</u>				
Deposits from banks	41,085	107,429	41,085	107,429
Deposits from customers	1,018,484	782,865	1,018,484	782,865
Loans sold to Cagamas	122	161	122	161
Debt securities issued and other borrowed funds	96,916	64,989	96,916	64,989
Others	2,063	292	2,063	292
	<u>1,158,670</u>	<u>955,736</u>	<u>1,158,670</u>	<u>955,736</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A18. Net Fee and Commission Income

	1st Quarter Ended		Three Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<u>Group</u>				
Fee and commission income:				
Commissions	81,704	76,090	81,704	76,090
Service charges and fees	65,621	63,067	65,621	63,067
Guarantee fees	6,770	5,873	6,770	5,873
Processing fees	3,359	4,258	3,359	4,258
Commitment fees	15,015	14,586	15,015	14,586
Unit trust management fees	144,825	131,652	144,825	131,652
Fee on sale of trust units	65,404	76,698	65,404	76,698
Net brokerage and commissions from stockbroking activities	24,525	28,978	24,525	28,978
Other fee and commission income	11,148	7,948	11,148	7,948
	418,371	409,150	418,371	409,150
Fee and commission expense:				
Loan related fee	(53,018)	(53,566)	(53,018)	(53,566)
Unit trust agency fee	(75,735)	(80,809)	(75,735)	(80,809)
Other fee and commission expense	(5,668)	(4,482)	(5,668)	(4,482)
	(134,421)	(138,857)	(134,421)	(138,857)
Net fee and commission income	283,950	270,293	283,950	270,293
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<u>Bank</u>				
Fee and commission income:				
Commissions	92,894	84,639	92,894	84,639
Service charges and fees	48,408	46,653	48,408	46,653
Guarantee fees	6,005	4,902	6,005	4,902
Processing fees	647	552	647	552
Commitment fees	14,317	13,643	14,317	13,643
Other fee and commission income	8,737	5,770	8,737	5,770
	171,008	156,159	171,008	156,159
Fee and commission expense:				
Loan related fee	(52,164)	(53,566)	(52,164)	(53,566)
Other fee and commission expense	(3,202)	(2,581)	(3,202)	(2,581)
	(55,366)	(56,147)	(55,366)	(56,147)
Net fee and commission income	115,642	100,012	115,642	100,012

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A20. Other Operating Income

	1st Quarter Ended		Three Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	58,694	58,648	58,694	58,648
Rental income from:				
- investment properties	1,310	1,170	1,310	1,170
- other properties	3,336	3,130	3,336	3,130
Net (loss) / gain on disposal of property and equipment	(667)	117	(667)	117
Net loss on disposal of foreclosed properties	(610)	(1,026)	(610)	(1,026)
Others	9,987	8,783	9,987	8,783
Total other operating income	<u>72,050</u>	<u>70,822</u>	<u>72,050</u>	<u>70,822</u>
	1st Quarter Ended	31 March	Three Months Ended	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Gross dividend income from:				
- subsidiary companies				
- unquoted in Malaysia	<u>261,800</u>	195,217	<u>261,800</u>	195,217
Other income:				
Foreign exchange profit	87,999	76,591	87,999	76,591
Rental income from other properties	2,602	2,552	2,602	2,552
Net (loss) / gain on disposal of property and equipment	(679)	116	(679)	116
Net loss on disposal of foreclosed properties	(610)	(1,026)	(610)	(1,026)
Others	7,292	6,047	7,292	6,047
Total other operating income	<u>96,604</u>	<u>84,280</u>	<u>96,604</u>	<u>84,280</u>
Total other operating income	<u>358,404</u>	<u>279,497</u>	<u>358,404</u>	<u>279,497</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A21. Other Operating Expenses

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	325,092	311,486	325,092	311,486
- Pension costs	37,324	30,465	37,324	30,465
- Others	29,944	27,281	29,944	27,281
	392,360	369,232	392,360	369,232
Establishment costs				
- Depreciation	42,462	34,913	42,462	34,913
- Rental	20,100	19,454	20,100	19,454
- Insurance	7,377	5,691	7,377	5,691
- Water and electricity	10,345	9,029	10,345	9,029
- General repairs and maintenance	18,213	14,366	18,213	14,366
- Information technology expenses	6,796	6,711	6,796	6,711
- Others	9,198	7,442	9,198	7,442
	114,491	97,606	114,491	97,606
Marketing expenses				
- Advertisement and publicity	19,368	17,586	19,368	17,586
- Others	22,005	20,735	22,005	20,735
	41,373	38,321	41,373	38,321
Administration and general expenses				
- Communication expenses	9,127	8,009	9,127	8,009
- Legal and professional fees	10,467	10,664	10,467	10,664
- Others	25,610	14,770	25,610	14,770
	45,204	33,443	45,204	33,443
Total other operating expenses	593,428	538,602	593,428	538,602

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A21. Other Operating Expenses (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	264,472	242,270	264,472	242,270
- Pension costs	32,295	25,775	32,295	25,775
- Others	25,990	23,978	25,990	23,978
	<u>322,757</u>	<u>292,023</u>	<u>322,757</u>	<u>292,023</u>
Establishment costs				
- Depreciation	34,451	26,451	34,451	26,451
- Rental	19,500	19,117	19,500	19,117
- Insurance	5,484	3,889	5,484	3,889
- Water and electricity	7,622	6,837	7,622	6,837
- General repairs and maintenance	16,144	12,692	16,144	12,692
- Information technology expenses	3,760	3,736	3,760	3,736
- Others	6,761	5,128	6,761	5,128
	<u>93,722</u>	<u>77,850</u>	<u>93,722</u>	<u>77,850</u>
Marketing expenses				
- Advertisement and publicity	6,163	5,468	6,163	5,468
- Others	11,549	9,003	11,549	9,003
	<u>17,712</u>	<u>14,471</u>	<u>17,712</u>	<u>14,471</u>
Administration and general expenses				
- Communication expenses	7,797	6,051	7,797	6,051
- Legal and professional fees	8,426	8,569	8,426	8,569
- Others	8,043	7,427	8,043	7,427
	<u>24,266</u>	<u>22,047</u>	<u>24,266</u>	<u>22,047</u>
Shared service cost charged to Public Islamic Bank Berhad	(52,064)	(40,480)	(52,064)	(40,480)
Total other operating expenses	<u>406,393</u>	<u>365,911</u>	<u>406,393</u>	<u>365,911</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A22. Allowance for Impairment on Loans, Advances and Financing

	1st Quarter Ended		Three Months Ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	40,105	62,753	40,105	62,753
Individual assessment allowance	38,675	48,226	38,675	48,226
Writeback of bad debts from stockbroking activities	(44)	(8)	(44)	(8)
Impaired loans and financing written off	195	84	195	84
Impaired loans and financing recovered	(48,918)	(46,049)	(48,918)	(46,049)
	<u>30,013</u>	<u>65,006</u>	<u>30,013</u>	<u>65,006</u>
	1st Quarter Ended	31 March	Three Months Ended	31 March
	31 March 2012	2011 (Restated)	31 March 2012	2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	19,836	51,513	19,836	51,513
Individual assessment allowance	(1,608)	(6,328)	(1,608)	(6,328)
Impaired loans and financing written off	141	47	141	47
Impaired loans and financing recovered	(29,943)	(28,767)	(29,943)	(28,767)
	<u>(11,574)</u>	<u>16,465</u>	<u>(11,574)</u>	<u>16,465</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A23. Segment Information

1st Quarter Ended 31 March 2012	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	555,124	1,639,528	225,168	367,517	46,619	210,417	1,166	80,677	3,126,216	247,234	-	3,373,450
Revenue from other segments	-	237,762	3,563	167,116	12,750	3,086	7,278	422,402	853,957	838	(854,795)	-
	<u>555,124</u>	<u>1,877,290</u>	<u>228,731</u>	<u>534,633</u>	<u>59,369</u>	<u>213,503</u>	<u>8,444</u>	<u>503,079</u>	<u>3,980,173</u>	<u>248,072</u>	<u>(854,795)</u>	<u>3,373,450</u>
Net interest income and												
Islamic banking income	253,018	935,468	62,203	25,284	3,243	3,274	(1,891)	41,452	1,322,051	157,221	-	1,479,272
Other income	1,994	144,809	7,481	26,403	18,407	122,246	8,405	45,978	375,723	30,215	(16,561)	389,377
Net income	<u>255,012</u>	<u>1,080,277</u>	<u>69,684</u>	<u>51,687</u>	<u>21,650</u>	<u>125,520</u>	<u>6,514</u>	<u>87,430</u>	<u>1,697,774</u>	<u>187,436</u>	<u>(16,561)</u>	<u>1,868,649</u>
Other operating expenses	(52,395)	(338,620)	(2,266)	(4,962)	(7,515)	(37,832)	(3,517)	(74,528)	(521,635)	(88,354)	16,561	(593,428)
Allowance for impairment on loans, advances and financing	(19,906)	7,791	8,164	-	263	-	-	-	(3,688)	(26,325)	-	(30,013)
Impairment on other assets	-	(521)	-	-	-	-	-	-	(521)	-	-	(521)
Profit by segments	<u>182,711</u>	<u>748,927</u>	<u>75,582</u>	<u>46,725</u>	<u>14,398</u>	<u>87,688</u>	<u>2,997</u>	<u>12,902</u>	<u>1,171,930</u>	<u>72,757</u>	<u>-</u>	<u>1,244,687</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(1,971)	2,855		884
Profit before tax expense and zakat									<u>1,169,959</u>	<u>75,612</u>		<u>1,245,571</u>
Cost income ratio	20.5%	31.3%	3.3%	9.6%	34.7%	30.1%	54.0%	85.2%	30.7%	47.1%		31.8%
Gross loans	37,769,138	108,706,439	22,341,137	-	241,062	48,812	2,081	-	169,108,669	12,822,881		181,931,550
Loan growth	1.8%	3.6%	2.8%	-	-5.8%	1.0%	-1.6%	-	3.1%	-5.8%		2.4%
Impaired loans, advances and financing	218,124	934,240	130,777	-	-	-	-	-	1,283,141	165,103		1,448,244
Impaired loan ratio	0.6%	0.9%	0.6%	-	-	-	-	-	0.8%	1.3%		0.8%
Deposits from customers	-	141,492,112	335,516	48,956,388	2,396,981	-	-	-	193,180,997	13,936,346		207,117,343
Deposit growth	-	5.7%	6.7%	0.3%	-29.8%	-	-	-	3.6%	0.1%		3.4%
Segment assets	<u>37,617,237</u>	<u>147,326,808</u>	<u>22,235,611</u>	<u>60,587,970</u>	<u>3,116,412</u>	<u>396,367</u>	<u>279,168</u>	<u>20,532,590</u>	<u>292,092,163</u>	<u>19,169,734</u>	<u>(59,663,773)</u>	<u>251,598,124</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									38,979	114,084		153,063
Unallocated assets									1,070,810	-		1,070,810
Intangible assets									769,251	1,158,622		1,927,873
Total assets									<u>293,971,203</u>	<u>20,442,440</u>		<u>254,749,870</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A23. Segment Information (continued)

1st Quarter Ended 31 March 2011 (Restated)	-----<----- Operating Segments ----->-----							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	522,032	1,383,380	185,237	330,886	53,494	208,506	1,189	62,306	2,747,030	244,577	-	2,991,607
Revenue from other segments	-	210,762	2,495	134,417	7,771	2,194	6,927	351,133	715,699	621	(716,320)	-
	<u>522,032</u>	<u>1,594,142</u>	<u>187,732</u>	<u>465,303</u>	<u>61,265</u>	<u>210,700</u>	<u>8,116</u>	<u>413,439</u>	<u>3,462,729</u>	<u>245,198</u>	<u>(716,320)</u>	<u>2,991,607</u>
Net interest income and												
Islamic banking income	233,996	853,514	60,699	15,959	2,424	2,350	(1,701)	75,554	1,242,795	158,362	-	1,401,157
Other income	627	130,771	4,764	26,552	19,177	115,924	8,096	41,613	347,524	40,376	(16,344)	371,556
Net income	<u>234,623</u>	<u>984,285</u>	<u>65,463</u>	<u>42,511</u>	<u>21,601</u>	<u>118,274</u>	<u>6,395</u>	<u>117,167</u>	<u>1,590,319</u>	<u>198,738</u>	<u>(16,344)</u>	<u>1,772,713</u>
Other operating expenses	(39,431)	(314,682)	(1,991)	(4,552)	(7,428)	(40,597)	(3,519)	(59,893)	(472,093)	(82,853)	16,344	(538,602)
Allowance for impairment on loans, advances and financing	(19,644)	(1,431)	(1,006)	-	(96)	-	-	-	(22,177)	(42,829)	-	(65,006)
Writeback of impairment / (imPAIRment) on other assets	-	1,522	-	-	-	-	-	-	1,522	(917)	-	605
Profit by segments	<u>175,548</u>	<u>669,694</u>	<u>62,466</u>	<u>37,959</u>	<u>14,077</u>	<u>77,677</u>	<u>2,876</u>	<u>57,274</u>	<u>1,097,571</u>	<u>72,139</u>	<u>-</u>	<u>1,169,710</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									95	3,263		3,358
Profit before tax expense and zakat									<u>1,097,666</u>	<u>75,402</u>		<u>1,173,068</u>
Cost income ratio	16.8%	32.0%	3.0%	10.7%	34.4%	34.3%	55.0%	51.1%	29.7%	41.7%		30.4%
Gross loans	34,731,819	94,636,507	19,380,745	-	260,263	44,304	2,256	-	149,055,894	12,573,910		161,629,804
Loan growth	3.4%	3.6%	4.1%	-	9.2%	4.9%	2.8%	-	3.6%	-1.2%		3.2%
Impaired loans, advances and financing	181,735	1,189,537	129,016	-	-	-	-	-	1,500,288	193,671		1,693,959
Impaired loan ratio	0.5%	1.3%	0.7%	-	-	-	-	-	1.0%	1.5%		1.0%
Deposits from customers	-	121,445,268	364,092	42,465,336	2,711,275	-	-	-	166,985,971	13,419,433		180,405,404
Deposit growth	-	1.9%	65.5%	3.7%	20.5%	-	-	-	2.7%	-6.1%		2.0%
Segment assets	<u>34,603,097</u>	<u>126,924,713</u>	<u>19,269,254</u>	<u>61,357,809</u>	<u>4,380,056</u>	<u>450,238</u>	<u>259,462</u>	<u>14,631,735</u>	<u>261,876,364</u>	<u>18,023,440</u>	<u>(53,182,058)</u>	<u>226,717,746</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									42,133	117,846		159,979
Unallocated assets									1,062,938	-		1,062,938
Intangible assets									769,251	1,140,862		1,910,113
Total assets									<u>263,750,686</u>	<u>19,282,148</u>		<u>229,850,776</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A23. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

The Group's overseas operations includes its operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the Lao People's Democratic Republic.

Certain comparative figures have been reclassified to conform with current year's presentation.

A24. Subsequent Events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the audited interim financial statements.

A25. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the 1st quarter ended 31 March 2012.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A26. 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 notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Contingent liabilities				
Direct credit substitutes	1,528,689	1,482,009	1,152,617	1,120,615
Transaction-related contingent items	929,943	900,696	806,733	779,091
Short term self-liquidating trade-related contingencies	543,472	515,710	249,920	221,038
Obligations under an on-going underwriting agreement	25,000	25,000	25,000	25,000
	3,027,104	2,923,415	2,234,270	2,145,744
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	20,852,917	19,490,137	19,360,253	18,177,027
- not exceeding one year	19,594,091	19,919,554	17,955,436	18,413,664
Unutilised credit card lines	3,581,058	3,486,222	3,459,653	3,330,591
Forward asset purchases	843,942	39,362	572,148	10,175
	44,872,008	42,935,275	41,347,490	39,931,457
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	12,203,109	11,013,882	11,533,287	10,643,581
- one year to less than five years	1,073,538	6,514	1,073,538	6,514
Interest rate related contracts:				
- less than one year	2,006,020	2,058,803	2,006,020	2,058,803
- one year to less than five years	6,487,731	6,560,830	6,165,669	6,227,481
- five years and above	5,180,017	5,183,242	5,088,000	5,088,000
Commodity related contracts:				
- less than one year	3,837	16,896	3,837	16,896
Equity related contracts:				
- one year to less than five years	138,805	148,325	138,805	148,325
	27,093,057	24,988,492	26,009,156	24,189,600
	74,992,169	70,847,182	69,590,916	66,266,801

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A27. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 31 March 2012 and 31 December 2011 are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:

Group As at 31 March 2012	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,488,315	-	-	1,488,315	5,482	-	-	5,482	5,937	-	-	5,937
- Swaps	10,714,794	-	-	10,714,794	44,312	-	-	44,312	58,646	-	-	58,646
Interest rate related contracts												
- Swaps	460,000	-	-	460,000	1	-	-	1	269	-	-	269
Equity related contracts												
- Options purchased	-	138,805	-	138,805	-	14,129	-	14,129	-	-	-	-
Precious metal contracts												
- Forwards	3,837	-	-	3,837	8	-	-	8	-	-	-	-
	<u>12,666,946</u>	<u>138,805</u>	<u>-</u>	<u>12,805,751</u>	<u>49,803</u>	<u>14,129</u>	<u>-</u>	<u>63,932</u>	<u>64,852</u>	<u>-</u>	<u>-</u>	<u>64,852</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,506,020	3,534,564	7,254,184	12,294,768	12,426	19,793	250,423	282,642	2,018	123,724	43,211	168,953
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	1,073,538	1,073,538	-	-	-	-	-	-	33,628	33,628
Interest rate related contracts												
- Swaps	40,000	379,000	500,000	919,000	2	2,970	6,045	9,017	-	71	-	71
	<u>1,546,020</u>	<u>3,913,564</u>	<u>8,827,722</u>	<u>14,287,306</u>	<u>12,428</u>	<u>22,763</u>	<u>256,468</u>	<u>291,659</u>	<u>2,018</u>	<u>123,795</u>	<u>76,839</u>	<u>202,652</u>
Total	<u>14,212,966</u>	<u>4,052,369</u>	<u>8,827,722</u>	<u>27,093,057</u>	<u>62,231</u>	<u>36,892</u>	<u>256,468</u>	<u>355,591</u>	<u>66,870</u>	<u>123,795</u>	<u>76,839</u>	<u>267,504</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 March 2012 and 31 December 2011 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Group As at 31 December 2011	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,120,815	6,514	-	1,127,329	14,429	109	-	14,538	2,594	-	-	2,594
- Swaps	9,893,067	-	-	9,893,067	92,043	-	-	92,043	47,232	-	-	47,232
Interest rate related contracts												
- Swaps	460,000	-	-	460,000	16	-	-	16	370	-	-	370
Equity related contracts												
- Options purchased	-	148,325	-	148,325	-	11,244	-	11,244	-	-	-	-
Precious metal contracts												
- Forwards	16,896	-	-	16,896	77	-	-	77	2	-	-	2
	<u>11,490,778</u>	<u>154,839</u>	<u>-</u>	<u>11,645,617</u>	<u>106,565</u>	<u>11,353</u>	<u>-</u>	<u>117,918</u>	<u>50,198</u>	<u>-</u>	<u>-</u>	<u>50,198</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,558,803	3,100,814	7,764,258	12,423,875	23,587	29,500	318,809	371,896	5,378	82,943	97,287	185,608
Cash Flow Hedge												
Interest rate related contracts												
- Swaps	40,000	379,000	500,000	919,000	16	3,822	200	4,038	-	653	265	918
	<u>1,598,803</u>	<u>3,479,814</u>	<u>8,264,258</u>	<u>13,342,875</u>	<u>23,603</u>	<u>33,322</u>	<u>319,009</u>	<u>375,934</u>	<u>5,378</u>	<u>83,596</u>	<u>97,552</u>	<u>186,526</u>
Total	<u>13,089,581</u>	<u>3,634,653</u>	<u>8,264,258</u>	<u>24,988,492</u>	<u>130,168</u>	<u>44,675</u>	<u>319,009</u>	<u>493,852</u>	<u>55,576</u>	<u>83,596</u>	<u>97,552</u>	<u>236,724</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 March 2012 and 31 December 2011 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Bank As at 31 March 2012	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	986,335	-	-	986,335	4,749	-	-	4,749	5,192	-	-	5,192
- Swaps	10,546,952	-	-	10,546,952	43,977	-	-	43,977	58,133	-	-	58,133
Interest rate related contracts												
- Swaps	708,447	18,404	-	726,851	2,929	-	-	2,929	2,035	1,882	-	3,917
Equity related contracts												
- Options purchased	-	138,805	-	138,805	-	14,129	-	14,129	-	-	-	-
Precious metal contracts												
- Forwards	3,837	-	-	3,837	8	-	-	8	-	-	-	-
	<u>12,245,571</u>	<u>157,209</u>	<u>-</u>	<u>12,402,780</u>	<u>51,663</u>	<u>14,129</u>	<u>-</u>	<u>65,792</u>	<u>65,360</u>	<u>1,882</u>	<u>-</u>	<u>67,242</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,257,573	3,286,116	7,070,149	11,613,838	9,498	19,793	250,423	279,714	252	100,000	22,305	122,557
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	1,073,538	1,073,538	-	-	-	-	-	-	33,628	33,628
Interest rate related contracts												
- Swaps	40,000	379,000	500,000	919,000	2	2,970	6,045	9,017	-	71	-	71
	<u>1,297,573</u>	<u>3,665,116</u>	<u>8,643,687</u>	<u>13,606,376</u>	<u>9,500</u>	<u>22,763</u>	<u>256,468</u>	<u>288,731</u>	<u>252</u>	<u>100,071</u>	<u>55,933</u>	<u>156,256</u>
Total	<u>13,543,144</u>	<u>3,822,325</u>	<u>8,643,687</u>	<u>26,009,156</u>	<u>61,163</u>	<u>36,892</u>	<u>256,468</u>	<u>354,523</u>	<u>65,612</u>	<u>101,953</u>	<u>55,933</u>	<u>223,498</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 March 2012 and 31 December 2011 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Bank As at 31 December 2011	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,095,678	6,514	-	1,102,192	14,366	109	-	14,475	2,548	-	-	2,548
- Swaps	9,547,903	-	-	9,547,903	90,790	-	-	90,790	46,440	-	-	46,440
Interest rate related contracts												
- Swaps	717,155	19,049	-	736,204	2,814	-	-	2,814	5,076	2,035	-	7,111
Equity related contracts												
- Options purchased	-	148,325	-	148,325	-	11,244	-	11,244	-	-	-	-
Precious metal contracts												
- Forwards	16,896	-	-	16,896	77	-	-	77	2	-	-	2
	<u>11,377,632</u>	<u>173,888</u>	<u>-</u>	<u>11,551,520</u>	<u>108,047</u>	<u>11,353</u>	<u>-</u>	<u>119,400</u>	<u>54,066</u>	<u>2,035</u>	<u>-</u>	<u>56,101</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,301,648	2,970,649	7,446,783	11,719,080	20,789	29,500	318,809	369,098	672	69,682	62,952	133,306
Cash Flow Hedge												
Interest rate related contracts												
- Swaps	40,000	379,000	500,000	919,000	16	3,822	200	4,038	-	653	265	918
	<u>1,341,648</u>	<u>3,349,649</u>	<u>7,946,783</u>	<u>12,638,080</u>	<u>20,805</u>	<u>33,322</u>	<u>319,009</u>	<u>373,136</u>	<u>672</u>	<u>70,335</u>	<u>63,217</u>	<u>134,224</u>
Total	<u>12,719,280</u>	<u>3,523,537</u>	<u>7,946,783</u>	<u>24,189,600</u>	<u>128,852</u>	<u>44,675</u>	<u>319,009</u>	<u>492,536</u>	<u>54,738</u>	<u>72,370</u>	<u>63,217</u>	<u>190,325</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A27. Derivative Financial Instruments (continued)

- ii) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

Market Risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amounts at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 March 2012, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM355,591,000 (2011: RM493,852,000) and RM354,523,000 (2011: RM492,536,000) 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.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

iii) **Cash Requirements of the Derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 March 2012, there is no requirements for the Group and the Bank to post any cash collateral (2011: RM6,667,000) on their derivative contracts.

- iv) There have been no changes since the end of the previous financial year in respect of the following:
- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
 - b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
 - c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2011 and Pillar 3 Disclosures section of the 2011 Annual Report.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A28. Capital Adequacy

- a) The capital adequacy ratios of the Group and the Bank below are disclosed pursuant to the requirements of Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3):

	Group		Bank	
	31 March 2012	31 December 2011 (Restated)	31 March 2012	31 December 2011 (Restated)
Tier I capital ratio	10.3%	10.6% *	12.3%	12.8% *
Risk-weighted capital ratio	14.4%	15.0% *	14.3%	14.9% *

* After deducting second interim dividend declared subsequent to the financial year end.

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 (Restated) RM'000	31 March 2012 RM'000	31 December 2011 (Restated) RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,531,926	3,531,926	3,531,926	3,531,926
Share premium	1,073,310	1,073,310	1,073,310	1,073,310
Other reserves	3,955,307	3,955,307	3,522,609	3,522,609
Retained profits	6,296,213	7,276,808	6,103,267	7,083,862
Innovative Tier I capital securities	1,811,912	1,833,303	1,811,912	1,833,303
Non-innovative Tier I stapled securities	2,082,577	2,082,388	2,082,577	2,082,388
Treasury shares	(215,572)	(215,572)	(215,572)	(215,572)
Non-controlling interests	674,286	697,484	-	-
Less: Goodwill	(1,901,400)	(1,938,994)	(695,393)	(695,393)
Less: Deferred tax assets, net	(46,093)	(46,093)	-	-
Total Tier I capital	17,262,466	18,249,867	17,214,636	18,216,433
<u>Tier II capital</u>				
Collective assessment allowance #	1,006,337	1,073,337	667,261	721,913
Subordinated notes	6,095,873	6,138,306	6,095,873	6,138,306
Total Tier II capital	7,102,210	7,211,643	6,763,134	6,860,219
Total capital	24,364,676	25,461,510	23,977,770	25,076,652
Less: Investment in subsidiary companies and associated companies	(960)	(960)	(3,987,284)	(3,987,284)
Less: Holdings of other financial institutions' capital instruments	(45,519)	(44,468)	(45,519)	(44,468)
Capital base	24,318,197	25,416,082	19,944,967	21,044,900

Excludes collective assessment allowance on impaired loans restricted from Tier II capital of the Group and the Bank of RM466,198,000 (2011: RM422,707,000) and RM354,550,000 (2011: RM325,341,000) respectively.

The comparative capital adequacy ratios and components of capital base have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial period. Please refer to Note A30 Changes in Accounting Policies for a summary of the changes.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A28. Capital Adequacy (continued)

- a) The capital adequacy ratios of the Group and the Bank (continued):

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

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2011 - 8.0%) for the risk-weighted capital ratio.

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

	Public Islamic Bank Berhad ¹	Public Investment Bank Berhad ²	Public Bank (L) Ltd. ³	Public Bank (Hong Kong) Limited ⁴	Public Finance Limited ⁴	Cambodian Public Bank Plc ⁵
31 March 2012						
Tier I capital ratio	10.6%	18.5%	19.7%	15.9%	28.0%	N/A
Risk-weighted capital ratio	11.4%	18.6%	20.0%	15.9%	29.2%	24.5%
31 December 2011						
Tier I capital ratio	10.9% * #	16.9% * #	19.6%	16.1%	27.0% *	N/A
Risk-weighted capital ratio	11.9% * #	17.0% * #	20.0%	16.1%	28.1% *	22.8%

* After deducting interim dividends declared subsequent to the financial year end.

Restated for the effects of change in accounting policy on collective assessment allowance for loans, advances and financing.

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

² The capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Public Investment Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A28. Capital Adequacy (continued)

b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows (continued):

³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and risk-weighted capital ratio respectively.

⁴ The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking (Capital) Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

c) The breakdown of risk-weighted assets by each major risk category is as follows:

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Credit risk	153,681,474	148,664,399	127,582,837	123,065,342
Market risk	1,731,377	1,670,798	2,815,095	2,774,099
Operational risk	12,979,632	12,692,078	9,400,993	9,048,375
	168,392,483	163,027,275	139,798,925	134,887,816

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A29. Operations of Islamic Banking

A29a. Statement of Financial Position As At 31 March 2012

	31 March 2012 RM'000	Group 31 December 2011 (Restated) RM'000	1 January 2011 (Restated) RM'000
ASSETS			
Cash and balances with banks	5,464,990	6,257,092	4,571,596
Financial assets held-for-trading	1,093,362	1,249,014	298,846
Financial investments available-for-sale	2,077,365	1,830,720	2,138,048
Financial investments held-to-maturity	5,067	5,022	5,022
Financing and advances	19,446,218	19,224,468	16,340,155
Other assets	78,720	81,185	68,446
Statutory deposits with Bank Negara Malaysia	821,200	775,700	167,000
Deferred tax assets	-	-	70,362
Investment in an associated company	20,000	20,000	-
Property and equipment	1,524	1,619	1,545
Total Assets	29,008,446	29,444,820	23,661,020
LIABILITIES AND ISLAMIC			
BANKING FUNDS			
Deposits from customers	21,455,669	20,029,935	15,306,731
Deposits from banks	5,418,595	7,179,533	6,379,985
Bills and acceptances payable	744	334	4,893
Other liabilities	83,758	71,182	70,471
Provision for zakat and taxation	57,767	46,512	83,417
Deferred tax liabilities	734	398	-
Total Liabilities	27,017,267	27,327,894	21,845,497
Islamic Banking Funds	1,991,179	2,116,926	1,815,523
Total Liabilities and Islamic Banking Funds	29,008,446	29,444,820	23,661,020
COMMITMENTS AND CONTINGENCIES	2,157,192	1,910,159	1,171,568

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A29b. Income Statements for the 1st Quarter Ended 31 March 2012

	1st Quarter Ended		Three Months Ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	345,049	295,342	345,049	295,342
Income derived from investment of Islamic Banking Funds	26,143	23,455	26,143	23,455
Allowance for impairment on financing and advances	(1,992)	(7,855)	(1,992)	(7,855)
Writeback of impairment on other assets	8	-	8	-
Transfer of Profit Equalisation Reserve to investment account holder (2011: investment account holder and Islamic banking institution)	(537)	(4,736)	(537)	(4,736)
Total distributable income	368,671	306,206	368,671	306,206
Income attributable to the depositors	(158,990)	(114,876)	(158,990)	(114,876)
Total net income	209,681	191,330	209,681	191,330
Other overheads and expenditures	(58,953)	(47,263)	(58,953)	(47,263)
Profit before zakat and taxation	150,728	144,067	150,728	144,067
Zakat	(83)	(79)	(83)	(79)
Taxation	(37,553)	(35,957)	(37,553)	(35,957)
Profit for the period	113,092	108,031	113,092	108,031

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A29c. Statement of Comprehensive Income for the 1st Quarter Ended 31 March 2012

	1st Quarter Ended		Three Months Ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Profit for the period	113,092	108,031	113,092	108,031
Other comprehensive income:				
Net gain on revaluation of financial investments available-for-sale	1,282	2,233	1,282	2,233
Income tax relating to components of other comprehensive income	(321)	(558)	(321)	(558)
Other comprehensive income for the period, net of tax	961	1,675	961	1,675
Total comprehensive income for the period	114,053	109,706	114,053	109,706

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A29d. Financing and Advances

	Group	
	31 March 2012 RM'000	31 December 2011 RM'000
Bai Bithaman Ajil-i (deferred payment sale)	5,765,402	5,488,222
Ijarah Thamma Al-Bai-i (leasing)	10,261,687	10,324,273
Ijarah Muntahia Bittamlik	102,342	101,104
Bai-Al-Einah-i	3,571,981	3,579,804
Gross financing and advances	19,701,412	19,493,403
Allowance for impairment on financing and advances:		
- collective assessment allowance	(254,300)	(267,589)
- individual assessment allowance	(894)	(1,346)
Net financing and advances	19,446,218	19,224,468

Movements in impaired financing and advances are as follows:

	Group	
	31 March 2012 RM'000	31 December 2011 RM'000
At 1 January	173,277	162,629
Impaired during the period / year	112,056	432,444
Reclassified as non-impaired	(87,573)	(317,261)
Recoveries	(8,032)	(33,566)
Amount written off	(18,749)	(69,805)
Financing converted to foreclosed properties	(2)	(1,164)
Closing balance	170,977	173,277
Impaired financing and advances as a percentage of gross financing and advances	0.87%	0.89%

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A29e. Deposits from Customers

	Group	
	31 March 2012 RM'000	31 December 2011 RM'000
By type of deposit		
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	2,301,502	2,307,971
Wadiah savings deposits-i	4,381,911	4,295,000
Istismar general investment deposits-i	8,346,349	2,584,424
Istismar special investment deposits-i	1,401,972	-
Negotiable instruments of deposit-i	1,290,276	1,136,468
	17,722,010	10,323,863
<u>Mudharabah Fund</u>		
Mudharabah current deposits-i	30,025	26,779
Mudharabah savings deposits-i	67,868	72,294
Mudharabah general investment deposits-i	3,626,647	7,141,559
Mudharabah special investment deposits-i	9,119	2,465,440
	3,733,659	9,706,072
	21,455,669	20,029,935

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies

(a) Transition to the MFRS Framework

These unaudited interim financial statements are for part of the period covered by the Group's and the Bank's first annual financial statements prepared under the MFRS framework. Accordingly, the Group and the Bank have applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 January 2012. The policy elections made on transition date are listed in the audited financial statements of the Group and the Bank for the financial year ended 31 December 2011. The MFRS did not result in any financial impact to the Group and the Bank other than the financial impact arising from the change in accounting policy on collective assessment allowance, as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

The transition to the MFRS framework has resulted in the following changes:

(i) MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing ("loans")

Prior to the transition to MFRS 139, the Bank and its domestic banking subsidiary companies had maintained their collective assessment allowance at 1.5% of total outstanding loans, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the transition to MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed and the Bank and its domestic banking subsidiary companies have applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on loans which are not individually significant based on the incurred loss approach. Loans which are individually assessed and where there is no objective evidence of impairment are also included in the group of loans for collective assessment. These loans are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated on the basis of the historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statement and a writeback of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statement of financial position. A summary of the financial impact of the change in accounting policy on the financial statements of the Group and the Bank are as follows:

	Group		Bank	
	31 December 2011 RM'000	1 January 2011 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Statement of Financial Position				
<u>Loans, Advances and Financing</u>				
<u>- Collective Assessment Allowance</u>				
As previously stated	2,644,535	2,296,158	2,168,025	1,914,653
Effect of change in accounting policy	(1,148,491)	(881,185)	(1,129,813)	(887,254)
As restated	<u>1,496,044</u>	<u>1,414,973</u>	<u>1,038,212</u>	<u>1,027,399</u>
<u>Retained Profits</u>				
As previously stated	6,417,544	4,754,405	6,004,958	4,374,204
Effect of change in accounting policy	859,264	658,785	847,360	665,441
As restated	<u>7,276,808</u>	<u>5,413,190</u>	<u>6,852,318</u>	<u>5,039,645</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(a) Transition to the MFRS Framework (continued)

(i) MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing ("loans") (continued)

Income Statement	Group 1st Quarter Ended 31 March 2011 RM'000	Bank 1st Quarter Ended 31 March 2011 RM'000
<u>Allowance for Impairment on Loans, Advances and Financing</u>		
<u>- Collective Assessment Allowance</u>		
As previously stated	137,935	124,522
Effect of change in accounting policy	(75,182)	(73,009)
As restated	62,753	51,513

(b) Other Change in Accounting Policies

During the financial period, the Group and the Bank have also adopted the following change in accounting policies:

(i) Guidelines on Profit Equalisation Reserve issued by Bank Negara Malaysia

On 19 May 2011, Bank Negara Malaysia issued its revised Guidelines on Profit Equalisation Reserve ("revised PER Guidelines"), which was effective for annual periods beginning on or after 1 July 2011. The Islamic banking subsidiary company of the Group has adopted these revised PER Guidelines with effect from 1 January 2012 in its management of displaced commercial risk.

Upon the adoption of these revised PER Guidelines, the Group will continue to set aside a portion of its profits into a Profit Equalisation Reserve ("PER"). The PER of the Investment Account Holder ("IAH") continues to be classified as a liability and is recognised at cost, with subsequent apportionments being recognised in the income statement. The eventual distribution of PER as profit distributable to the IAH will be treated as an outflow of funds due to the settlement of the obligation to the IAH. The PER of the Islamic Banking Institution ("IBI") is now classified as a separate reserve in equity and subsequent apportionments to and distributions from retained profits are treated as a transfer between reserves. This change in accounting policy is accounted for prospectively, and hence had no effect on comparative figures.

(c) Financial Impact of Changes in Accounting Policies

In the preparation of the Group's and the Bank's opening MFRS statements of financial position, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summarised in the following tables:

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) Financial Impact of Changes in Accounting Policies (continued)

(i) Statement of Financial Position

Group As at 31 December 2011	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
ASSETS			
Cash and balances with banks	18,633,783		18,633,783
Reverse repurchase agreements	9,287,255		9,287,255
Financial assets held-for-trading	10,656,825		10,656,825
Derivative financial assets	493,852		493,852
Financial investments available-for-sale	16,719,433		16,719,433
Financial investments held-to-maturity	7,629,233		7,629,233
Loans, advances and financing	174,804,286	1,148,491	175,952,777
Other assets	2,008,254		2,008,254
Statutory deposits with Central Banks	5,597,801		5,597,801
Deferred tax assets	46,093		46,093
Investment in associated companies	155,997		155,997
Investment properties	70,754		70,754
Property and equipment	1,341,940		1,341,940
Intangible assets	1,965,476		1,965,476
TOTAL ASSETS	<u>249,410,982</u>		<u>250,559,473</u>
LIABILITIES			
Deposits from customers	200,370,525		200,370,525
Deposits from banks	15,806,732		15,806,732
Bills and acceptances payable	2,095,335		2,095,335
Recourse obligations on loans sold to Cagamas	11,789		11,789
Derivative financial liabilities	236,724		236,724
Debt securities issued and other borrowed funds	11,317,833		11,317,833
Other liabilities	3,467,535		3,467,535
Provision for tax expense and zakat	488,178	289,227	777,405
Deferred tax liabilities	55,625		55,625
TOTAL LIABILITIES	<u>233,850,276</u>		<u>234,139,503</u>
EQUITY			
Share capital	3,531,926		3,531,926
Share premium	1,073,310		1,073,310
Other reserves	4,056,014		4,056,014
Retained profits	6,417,544	859,264	7,276,808
Treasury shares	(215,572)		(215,572)
Equity attributable to equity holders of the Bank	<u>14,863,222</u>		<u>15,722,486</u>
Non-controlling interests	697,484		697,484
TOTAL EQUITY	<u>15,560,706</u>		<u>16,419,970</u>
TOTAL LIABILITIES AND EQUITY	<u>249,410,982</u>		<u>250,559,473</u>
Net assets per share attributable to ordinary equity holders of the Bank (RM)	<u>4.24</u>		<u>4.49</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) Financial Impact of Changes in Accounting Policies (continued)

(i) Statement of Financial Position (continued)

Group As at 1 January 2011	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
ASSETS			
Cash and balances with banks	34,690,439		34,690,439
Reverse repurchase agreements	365,877		365,877
Financial assets held-for-trading	6,360,620		6,360,620
Derivative financial assets	326,622		326,622
Financial investments available-for-sale	17,852,284		17,852,284
Financial investments held-to-maturity	5,229,617		5,229,617
Loans, advances and financing	153,982,980	881,185	154,864,165
Other assets	1,995,880		1,995,880
Statutory deposits with Central Banks	1,612,575		1,612,575
Deferred tax assets	519,215	(222,400)	296,815
Investment in associated companies	118,624		118,624
Investment properties	65,552		65,552
Property and equipment	1,278,319		1,278,319
Intangible assets	1,930,372		1,930,372
TOTAL ASSETS	226,328,976		226,987,761
LIABILITIES			
Deposits from customers	176,872,119		176,872,119
Deposits from banks	21,327,476		21,327,476
Bills and acceptances payable	2,308,836		2,308,836
Recourse obligations on loans sold to Cagamas	16,319		16,319
Derivative financial liabilities	375,529		375,529
Debt securities issued and other borrowed funds	8,094,880		8,094,880
Other liabilities	2,839,874		2,839,874
Provision for tax expense and zakat	800,464		800,464
Deferred tax liabilities	8,391		8,391
TOTAL LIABILITIES	212,643,888		212,643,888
EQUITY			
Share capital	3,531,926		3,531,926
Share premium	1,073,310		1,073,310
Other reserves	3,888,562		3,888,562
Retained profits	4,754,405	658,785	5,413,190
Treasury shares	(215,303)		(215,303)
Equity attributable to equity holders of the Bank	13,032,900		13,691,685
Non-controlling interests	652,188		652,188
TOTAL EQUITY	13,685,088		14,343,873
TOTAL LIABILITIES AND EQUITY	226,328,976		226,987,761
Net assets per share attributable to ordinary equity holders of the Bank (RM)	3.72		3.91

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) **Financial Impact of Changes in Accounting Policies** (continued)

(i) **Statement of Financial Position** (continued)

Bank As at 31 December 2011	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
ASSETS			
Cash and balances with banks	10,508,349		10,508,349
Reverse repurchase agreements	8,435,611		8,435,611
Financial assets held-for-trading	10,406,551		10,406,551
Derivative financial assets	492,536		492,536
Financial investments available-for-sale	14,287,941		14,287,941
Financial investments held-to-maturity	7,073,857		7,073,857
Loans and advances	142,255,685	1,129,813	143,385,498
Other assets	1,913,726		1,913,726
Statutory deposits with Central Banks	4,496,365		4,496,365
Investment in subsidiary companies	4,088,581		4,088,581
Investment in associated companies	121,325		121,325
Property and equipment	657,124		657,124
Intangible assets	695,393		695,393
TOTAL ASSETS	<u>205,433,044</u>		<u>206,562,857</u>
LIABILITIES			
Deposits from customers	159,384,439		159,384,439
Deposits from banks	16,717,349		16,717,349
Bills and acceptances payable	2,095,076		2,095,076
Recourse obligations on loans sold to Cagamas	11,789		11,789
Derivative financial liabilities	190,325		190,325
Debt securities issued and other borrowed funds	10,422,749		10,422,749
Other liabilities	2,368,327		2,368,327
Provision for tax expense and zakat	281,354	282,453	563,807
Deferred tax liabilities	51,708		51,708
TOTAL LIABILITIES	<u>191,523,116</u>		<u>191,805,569</u>
EQUITY			
Share capital	3,531,926		3,531,926
Share premium	1,073,310		1,073,310
Other reserves	3,515,306		3,515,306
Retained profits	6,004,958	847,360	6,852,318
Treasury shares	(215,572)		(215,572)
TOTAL EQUITY	<u>13,909,928</u>		<u>14,757,288</u>
TOTAL LIABILITIES AND EQUITY	<u>205,433,044</u>		<u>206,562,857</u>
Net assets per share attributable to ordinary equity holders of the Bank (RM)	<u>3.97</u>		<u>4.21</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) **Financial Impact of Changes in Accounting Policies** (continued)

(i) **Statement of Financial Position** (continued)

Bank	Under the	Effect of the Transition to MFRSs	Under the
As at 1 January 2011	FRS		MFRS
	Framework	MFRS 139	Framework
	RM'000	RM'000	RM'000
ASSETS			
Cash and balances with banks	27,172,447		27,172,447
Reverse repurchase agreements	10,737		10,737
Financial assets held-for-trading	5,812,736		5,812,736
Derivative financial assets	322,596		322,596
Financial investments available-for-sale	14,269,479		14,269,479
Financial investments held-to-maturity	5,230,399		5,230,399
Loans and advances	125,062,183	887,254	125,949,437
Other assets	1,703,642		1,703,642
Statutory deposits with Central Banks	1,106,330		1,106,330
Deferred tax assets	416,470	(221,813)	194,657
Investment in subsidiary companies	3,888,581		3,888,581
Investment in associated companies	101,325		101,325
Property and equipment	617,544		617,544
Intangible assets	695,393		695,393
TOTAL ASSETS	<u>186,409,862</u>		<u>187,075,303</u>
LIABILITIES			
Deposits from customers	140,789,266		140,789,266
Deposits from banks	21,069,781		21,069,781
Bills and acceptances payable	2,450,006		2,450,006
Recourse obligations on loans sold to			
Cagamas	16,319		16,319
Derivative financial liabilities	340,995		340,995
Debt securities issued and other			
borrowed funds	7,196,528		7,196,528
Other liabilities	1,675,651		1,675,651
Provision for tax expense and zakat	568,565		568,565
TOTAL LIABILITIES	<u>174,107,111</u>		<u>174,107,111</u>
EQUITY			
Share capital	3,531,926		3,531,926
Share premium	1,073,310		1,073,310
Other reserves	3,538,614		3,538,614
Retained profits	4,374,204	665,441	5,039,645
Treasury shares	(215,303)		(215,303)
TOTAL EQUITY	<u>12,302,751</u>		<u>12,968,192</u>
TOTAL LIABILITIES AND EQUITY	<u>186,409,862</u>		<u>187,075,303</u>
Net assets per share attributable to ordinary equity holders of the Bank (RM)	<u>3.51</u>		<u>3.70</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) **Financial Impact of Changes in Accounting Policies** (continued)

(ii) **Reconciliation of Income Statement and Statement of Comprehensive Income**

Income Statement	Under the	Effect of the Transition to MFRSs	Under the
Group	FRS		MFRS
1st Quarter ended 31 March 2011	Framework	MFRS 139	Framework
	RM'000	RM'000	RM'000
Operating revenue	<u>2,991,607</u>		<u>2,991,607</u>
Interest income	2,210,568		2,210,568
Interest expense	<u>(1,008,596)</u>		<u>(1,008,596)</u>
Net interest income	1,201,972		1,201,972
Net income from Islamic banking business	<u>199,185</u>		<u>199,185</u>
	1,401,157		1,401,157
Net fee and commission income	270,293		270,293
Net gains and losses on financial instruments	30,441		30,441
Other operating income	<u>70,822</u>		<u>70,822</u>
Net income	1,772,713		1,772,713
Other operating expenses	<u>(538,602)</u>		<u>(538,602)</u>
Operating profit	1,234,111		1,234,111
Allowance for impairment on loans, advances and financing	(140,188)	75,182	(65,006)
Writeback of impairment on other assets	<u>605</u>		<u>605</u>
	1,094,528		1,169,710
Share of profit after tax of equity accounted associated companies	<u>3,358</u>		<u>3,358</u>
Profit before tax expense and zakat	1,097,886		1,173,068
Tax expense and zakat	<u>(259,257)</u>	(18,795)	<u>(278,052)</u>
Profit for the period	<u>838,629</u>		<u>895,016</u>
Profit for the period attributable to:			
- Equity holders of the Bank	827,674		884,061
- Non-controlling interests	<u>10,955</u>		<u>10,955</u>
	<u>838,629</u>		<u>895,016</u>
Earnings per RM1.00 share:			
- basic /diluted (sen)	<u>23.6</u>		<u>25.2</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) **Financial Impact of Changes in Accounting Policies** (continued)

(ii) **Reconciliation of Income Statement and Statement of Comprehensive Income** (continued)

Statement of Comprehensive Income Group 1st Quarter ended 31 March 2011	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
Profit for the period	838,629	56,387	895,016
Other comprehensive (loss) / income:			
Currency translation differences in respect of foreign operations	(64,860)		(64,860)
Currency translation differences in respect of net investment hedge	50,797		50,797
Net gain on revaluation of financial investments available-for-sale	30,111		30,111
Net change in cash flow hedges	(211)		(211)
Income tax relating to components of other comprehensive income	(6,714)		(6,714)
Other comprehensive income for the period	9,123		9,123
Total comprehensive income for the period	<u>847,752</u>		<u>904,139</u>
Total comprehensive income for the period attributable to:			
- Equity holders of the Bank	848,453		904,840
- Non-controlling interests	(701)		(701)
	<u>847,752</u>		<u>904,139</u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) **Financial Impact of Changes in Accounting Policies** (continued)

(ii) **Reconciliation of Income Statement and Statement of Comprehensive Income**

Income Statement	Under the FRS Framework RM'000	Effect of the Transition to MFRSs	Under the MFRS Framework RM'000
Bank 1st Quarter ended 31 March 2011		MFRS 139 RM'000	
Operating revenue	<u>2,216,845</u>		<u>2,216,845</u>
Interest income	1,988,669		1,988,669
Interest expense	<u>(955,736)</u>		<u>(955,736)</u>
Net interest income	1,032,933		1,032,933
Net fee and commission income	100,012		100,012
Net gains and losses on financial instruments	34,769		34,769
Other operating income	<u>279,497</u>		<u>279,497</u>
Net income	1,447,211		1,447,211
Other operating expenses	<u>(365,911)</u>		<u>(365,911)</u>
Operating profit	1,081,300		1,081,300
Allowance for impairment on loans and advances	(89,474)	73,009	(16,465)
Writeback of impairment on other assets	<u>1,522</u>		<u>1,522</u>
Profit before tax expense and zakat	993,348		1,066,357
Tax expense and zakat	<u>(193,326)</u>	(18,252)	<u>(211,578)</u>
Profit for the period	<u><u>800,022</u></u>		<u><u>854,779</u></u>

PUBLIC BANK BERHAD
(6463-H)
(Incorporated in Malaysia)

A30. Changes in Accounting Policies (continued)

(c) **Financial Impact of Changes in Accounting Policies** (continued)

(ii) **Reconciliation of Income Statement and Statement of Comprehensive Income** (continued)

Statement of Comprehensive Income	Under the FRS Framework RM'000	Effect of the Transition to MFRSs MFRS 139 RM'000	Under the MFRS Framework RM'000
Bank 1st Quarter ended 31 March 2011			
Profit for the period	800,022	54,757	854,779
Other comprehensive income / (loss):			
Net gain on revaluation of financial investments available-for-sale	18,036		18,036
Net change in cash flow hedges	(211)		(211)
Income tax relating to components of other comprehensive income	(4,456)		(4,456)
Other comprehensive income for the period	13,369		13,369
Total comprehensive income for the period	813,391		868,148

(iii) There are no material differences between the statement of cash flows presented under the MFRSs and the statement of cash flows presented under FRSs.

(iv) **Capital adequacy**

The adjustments to the financial statements of the Group and the Bank as a result of the transition to the MFRS framework and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

	As at 31 December 2011		As at 1 January 2011	
	As previously stated: Under the FRS Framework	As restated: Under the MFRS Framework	As previously stated: Under the FRS Framework	As restated: Under the MFRS Framework
Group				
Tier 1 capital (RM'000)	17,390,603	18,249,867	15,055,321	15,936,506
Capital base (RM'000)	25,939,832	25,416,082	20,273,695	19,992,123
Tier 1 capital ratio (%) *	10.1	10.6	10.0	10.6
Risk-weighted capital ratio (%) *	15.3	15.0	13.7	13.5
Bank				
Tier 1 capital (RM'000)	17,369,073	18,216,433	15,322,051	16,188,592
Capital base (RM'000)	21,497,241	21,044,900	16,408,647	16,188,592
Tier 1 capital ratio (%) *	12.1	12.8	12.4	13.1
Risk-weighted capital ratio (%) *	15.2	14.9	13.3	13.1

* After deducting second interim dividend declared subsequent to the financial year end.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)

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

B1. Performance Review

Current Year-to date vs. Previous Year-to-date

With effect from 1 January 2012, the Group had converged to the MFRS accounting framework, which is equivalent to the IFRS framework issued by the IASB. A major consequence of this transition to the MFRS framework was the change in the accounting policy for collective assessment on the Group's domestic banking subsidiaries' loans, which was adopted with retrospective effect.

As a result of the above change in accounting policy, the comparative results for the 1st quarter of 2011 have been restated as follows:

- i) Pre-tax profit : from RM1,097.9 million (previously reported) to RM1,173.1 million (restated).
- ii) Net profit attributable to equity holders: from RM827.7 million (previously reported) to RM884.1 million (restated).

The following variance analyses are based on the restated comparative results:

The Group's pre-tax profit for the 1st quarter ended 31 March 2012 of RM1,245.6 million was RM72.5 million or 6.2% higher than the previous corresponding quarter of RM1,173.1 million. Net profit attributable to equity holders improved by RM56.8 million or 6.4% to RM940.8 million. The improved earnings was mainly due to higher net interest and finance income by RM77.2 million (5.5%) and higher net fee and commission income by RM13.7 million (5.1%). In addition to the growth of income from various sources, impairment allowance on loans had shown a drop of RM35.0 million (53.8%) mainly due to lower collective and individual impairment allowance resulting from improved asset quality. These were partially offset by higher other operating expenses of RM54.8 million (10.2%) which was mainly due to the increase in personnel and establishment costs resulting from higher business volume.

The growth in the Group's net interest income and finance income was driven by continued strong loans and customer deposits growth coupled with sustained strong asset quality. Gross loans had grown by 12.6% to RM181.9 billion as at 31 March 2012 as compared to RM161.6 billion as at 31 March 2011 mainly arising from property financing, financing of passenger vehicles and lending to small- and medium-sized enterprises ("SMEs"). Total deposits from customers had also grown by 14.8% or RM26.7 billion as compared to 31 March 2011 which partly contributed to the higher net interest income for the current period. The Group's impaired loan ratio had further improved to 0.8% from 0.9% as at the end of 2011.

The performance of the respective operating business segments for the 1st quarter ended 31 March 2012 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail Operations – The increase in pre-tax profit by RM79.2 million (11.8%) to RM748.9 million was mainly due to higher average loan and deposit balances, higher fee income and net writeback of loan impairment allowance. This was partially offset by higher other operating expenses to support business growth.
- 2) Hire purchase – Pre-tax profit increased by RM7.2 million (4.1%) to RM182.7 million, mainly due to higher net interest income on higher average loan balances partially offset by higher other operating expenses.
- 3) Corporate lending – Pre-tax profit increased by RM13.1 million (21.0%) to RM75.6 million was mainly due to higher net writeback of loan impairment allowance and higher fee income in the current period.
- 4) Treasury and capital market operations – The increase in pre-tax profit by RM8.8 million (23.1%) to RM46.7 million was mainly due to higher net interest income achieved on treasury gapping, funding and liquidity management activities.
- 5) Investment banking – Pre-tax profit increased marginally by RM0.3 million (2.3%) to RM14.4 million.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)

B1. Performance Review (continued)

Current Year-to date vs. Previous Year-to-date (continued)

- 6) Fund management – Pre-tax profit increased by RM10.0 million (12.9%) to RM87.7 million mainly due to higher management fee earned on higher average net asset value of funds under management.
- 7) Overseas operations – Pre-tax profit increased marginally by RM0.2 million (0.3%) was mainly due to lower loan impairment allowance partially offset by lower other operating income and higher other operating expenses.

B2. Variation of Results Against Preceding Quarter

Similarly, as a result of the change in accounting policy, the comparative results for the 4th quarter of 2011 have also been restated as follows:

- i) Pre-tax profit : from RM1,163.3 million (previously reported) to RM1,211.8 million (restated).
- ii) Net profit attributable to equity holders: from RM877.0 million (previously reported) to RM913.4 million (restated).

The following variance analyses are based on the restated comparative results:

For the 1st quarter ended 31 March 2012, the Group registered a pre-tax profit of RM1,245.6 million, an increase of RM33.8 million or 2.8% as compared to the pre-tax profit of RM1,211.8 million for the preceding quarter ended 31 December 2011. Earnings attributable to equity holders grew by 3.0% or RM27.4 million over the same period. The improved performance was mainly due to lower loan impairment allowance partially offset by higher other operating expenses.

B3. Prospects for 2012

The global economic growth is expected to moderate in 2012, amidst increased downside risks due to the ongoing sovereign debt and structural issues in the advanced economies. In view of the weaker external environment, growth momentum in Asia is also expected to moderate in 2012, with domestic demand continuing to support growth across the region. Amid the increasingly challenging external environment, Malaysia's economy is expected to grow at a steady pace of 4% - 5% in 2012, with domestic demand remaining as the key engine for growth amid strong expansion in private sector activities.

Based on the stable economic outlook for Malaysia in 2012, the banking industry is expected to remain healthy with strong capitalisation, strong profitability and stable asset quality, and hence facilitating growth in the Malaysian economy and contributing towards the attainment of a high-income economy. The new Financial Sector Blueprint 2011-2020, which advocates further liberalisation, will further enhance the capacity and capability of the Malaysian banking sector.

The Public Bank Group is expected to sustain its strong market position in the domestic retail operations segment, driven by continued growth in retail lending and customer deposits. The Group continues to see growth opportunities for residential and commercial properties, underpinned by steady economic growth, stable inflation, low unemployment and accommodative interest rates. While more moderate household loan growth is expected due to various prudential measures introduced since late 2010, this will be balanced by sustained demand for business loans amid growing investment by businesses and ongoing efforts by the Government to further promote the growth of the small- and medium enterprises.

The automotive industry is expected to record a modest growth in vehicle sales in 2012. The Public Bank Group is expected to continue to grow its vehicle hire purchase financing business and maintain its leading position in the industry by leveraging on its competitive edge in this segment which includes attractive hire purchase financing product packages, fast turnaround time for approval and disbursement of passenger vehicle hire purchase loans, efficient customer service and strong business network.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)

B3. Prospects for 2012 (continued)

The Public Bank Group will continue to expand its corporate lending activities by focusing on corporate clients with good track record which are involved in resilient business sectors. Businesses and investments by business corporations are expected to expand amid sustainable economic activity in Malaysia, growing intra-regional trades, implementation of projects under the Economic Transformation Programme and 10th Malaysia Plan.

Whilst the global financial markets are likely to face more challenges and extreme volatility in the future, these will have limited impact on the treasury operations of the Public Bank Group. The Group will continue to focus its treasury resources in areas where it can leverage on its extensive branch network and brand identity to generate fee-based income and to maintain healthy level of liquidity to ensure that the Group is able to meet its funding commitments.

The Group's fund management business is expected to grow steadily in 2012 and continue to sustain its leading market share position in the private unit trust business. The positive prospect is underpinned by the on-going demand by the large retail customer base for investment products to invest their excess funds for better returns, the Group's diverse range of fund products that meet various investment objectives and risk appetites, strong network of unit trust sales and marketing force as well as its proven track record on fund performance.

The overseas operating segment will continue to expand in 2012 with the prevailing economic outlook and operating environment in the countries in which Public Bank Group is operating. Although the operating landscape in these countries are experiencing greater competition, the Group will continue to leverage on the strong customer relationship built over the years, the efficient customer service, the attractive and competitive product packages to expand the business in these overseas countries. The Group has hedged its foreign currency exposure in respect of its investments in the overseas operations and therefore is not expected to be susceptible to foreign exchange fluctuations.

B4. Profit Forecast or Profit Guarantee

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

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)

B5. Tax Expense and Zakat

The analysis of the tax expense for the 1st quarter ended 31 March 2012 are as follows:

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Malaysian income tax	290,176	272,587	290,176	272,587
Overseas income tax	14,403	12,819	14,403	12,819
	<u>304,579</u>	<u>285,406</u>	<u>304,579</u>	<u>285,406</u>
Under / (Over) provision in prior years				
- Malaysian income tax	446	1	446	1
- Overseas income tax	(200)	(202)	(200)	(202)
	<u>304,825</u>	<u>285,205</u>	<u>304,825</u>	<u>285,205</u>
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(8,051)	(7,232)	(8,051)	(7,232)
Tax expense	<u>296,774</u>	<u>277,973</u>	<u>296,774</u>	<u>277,973</u>
Zakat	83	79	83	79
	<u><u>296,857</u></u>	<u><u>278,052</u></u>	<u><u>296,857</u></u>	<u><u>278,052</u></u>

The Group's effective tax rates for the 1st quarter ended 31 March 2012 and 31 March 2011 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

<u>Bank</u>	1st Quarter Ended		Three Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Malaysian income tax	235,433	219,187	235,433	219,187
Overseas income tax	555	606	555	606
	<u>235,988</u>	<u>219,793</u>	<u>235,988</u>	<u>219,793</u>
Over provision in prior years				
- Overseas income tax	(200)	(202)	(200)	(202)
	<u>235,788</u>	<u>219,591</u>	<u>235,788</u>	<u>219,591</u>
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(4,091)	(8,013)	(4,091)	(8,013)
	<u><u>231,697</u></u>	<u><u>211,578</u></u>	<u><u>231,697</u></u>	<u><u>211,578</u></u>

The Bank's effective tax rate for the 1st quarter ended 31 March 2012 and 31 March 2011 were lower than the statutory tax rate due to certain income not subject to tax.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)

B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 31 March 2012.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuances of subordinated notes, Innovative Tier I capital securities and Non-innovative Tier I stapled securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Bank as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	Group	
	31 March 2012 RM'000	31 December 2011 RM'000
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	8,312,135	8,231,095
- Unrealised	46,839	37,650
	8,358,974	8,268,745
Total share of retained profits from associated companies:		
- Realised	7,317	6,433
- Unrealised	-	-
	8,366,291	8,275,178
Less: Consolidation adjustments	(1,127,185)	(998,370)
Total Group retained profits as per consolidated accounts	7,239,106	7,276,808
	Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Total retained profits of Public Bank Berhad:		
- Realised	6,888,918	6,899,270
- Unrealised	(37,221)	(46,952)
Total Bank retained profits as per accounts	6,851,697	6,852,318

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group and the Bank as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group and the Bank, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)

B9. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	112,324,666	106,415,441	85,954,871	82,417,034
More than one year	195,001	157,543	87,636	103,984
- Negotiable instruments of deposits				
One year or less	1,853,676	2,264,308	342,400	733,999
More than one year	18,603	18,719	18,603	18,719
- Money market deposits				
One year or less	41,210,582	40,589,452	38,080,295	35,471,442
- Savings deposits	22,571,507	21,959,727	16,008,065	15,476,427
- Demand deposits	28,757,695	28,763,993	25,338,507	24,963,764
- Others	185,613	201,342	184,510	199,070
	<u>207,117,343</u>	<u>200,370,525</u>	<u>166,014,887</u>	<u>159,384,439</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>12,382,243</u>	<u>15,806,732</u>	<u>13,805,312</u>	<u>16,717,349</u>
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	<u>865,981</u>	<u>895,084</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	1,235,827	1,289,818	1,235,827	1,289,818
Subordinated notes denominated in RM (unsecured)				
- More than one year	<u>4,913,578</u>	<u>4,966,920</u>	<u>4,913,578</u>	<u>4,966,920</u>
	<u>6,149,405</u>	<u>6,256,738</u>	<u>6,149,405</u>	<u>6,256,738</u>
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	729,948	723,422	729,948	723,422
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	<u>1,227,588</u>	<u>1,245,374</u>	<u>1,227,588</u>	<u>1,245,374</u>
	<u>1,957,536</u>	<u>1,968,796</u>	<u>1,957,536</u>	<u>1,968,796</u>
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	<u>2,161,855</u>	<u>2,197,215</u>	<u>2,161,855</u>	<u>2,197,215</u>
	<u>11,134,777</u>	<u>11,317,833</u>	<u>10,268,796</u>	<u>10,422,749</u>

PUBLIC BANK BERHAD

(6463 - H)

(Incorporated in Malaysia)

B10. 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.

B11. Dividends

No dividend has been proposed for the 1st quarter ended 31 March 2012.

B12. Earnings Per Share (EPS)

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
		(Restated)		(Restated)
Net profit attributable to equity holders (RM'000)	940,812	884,061	940,812	884,061
Weighted average number of PBB Shares ('000)	3,502,125	3,502,139	3,502,125	3,502,139
Basic earnings per share (sen)	26.9	25.2	26.9	25.2

Diluted

The Group has no dilution in its earnings per ordinary share in the current period and the preceding year corresponding period as there are no dilutive potential ordinary shares.