

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
ASSETS				
Cash and short-term funds	31,330,999	24,380,630	28,516,613	22,890,702
Deposits and placements with banks and other financial institutions	1,916,769	4,657,417	2,073,266	3,954,803
Securities purchased under resale agreements	16,966,985	12,375,287	15,327,510	10,797,358
Securities held-for-trading	5,013,300	9,107,661	4,918,221	9,061,244
Securities available-for-sale	4,087,476	3,895,738	3,621,267	3,437,739
Securities held-to-maturity	4,107,713	3,264,818	1,932,180	997,429
Loans, advances and financing	94,492,233	82,787,652	85,495,446	75,891,397
Derivative financial assets	103,253	73,056	94,483	65,369
Other assets	1,782,310	1,256,779	1,034,346	1,101,257
Statutory deposits with Central Banks	2,230,178	2,318,708	2,151,000	2,254,000
Deferred tax assets	307,041	336,776	258,729	266,750
Investment in subsidiary companies	-	-	2,530,503	2,275,564
Investment in associated companies	48,186	45,481	28,465	28,465
Investment properties	55,638	64,175	-	-
Prepaid land lease payments	270,798	280,421	18	267
Property and equipment	851,192	853,883	540,073	549,285
Intangible assets	2,054,250	2,091,061	695,393	695,393
TOTAL ASSETS	165,618,321	147,789,543	149,217,513	134,267,022
LIABILITIES				
Deposits from customers	130,651,728	111,793,149	119,389,023	102,642,918
Deposits and placements of banks and other financial institutions	10,897,929	5,637,964	8,401,263	4,305,478
Obligations on securities sold under repurchase agreements	3,668	10,075,829	3,668	9,598,557
Bills and acceptances payable	3,279,043	2,623,644	3,279,043	2,623,644
Recourse obligations on loans sold to Cagamas	3,661,446	261,284	3,661,446	261,284
Derivative financial liabilities	139,204	181,959	132,310	171,129
Other liabilities	2,294,144	2,043,363	1,063,449	957,644
Borrowings	395,662	679,341	-	-
Subordinated notes	2,517,829	2,561,131	2,517,829	2,561,131
Hybrid capital securities	1,878,996	1,918,925	1,878,996	1,918,925
Provision for tax expense and zakat	424,941	333,584	314,801	255,985
Deferred tax liabilities	18,133	17,061	-	-
TOTAL LIABILITIES	156,162,723	138,127,234	140,641,828	125,296,695

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

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UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
EQUITY				
Share capital	3,519,125	3,462,825	3,519,125	3,462,825
Reserves	6,553,904	5,381,101	6,330,457	5,317,429
Proposed dividends	-	974,874	-	974,874
Treasury shares	(1,273,897)	(784,801)	(1,273,897)	(784,801)
Total Shareholders' Equity	8,799,132	9,033,999	8,575,685	8,970,327
Minority interests	656,466	628,310	-	-
TOTAL EQUITY	9,455,598	9,662,309	8,575,685	8,970,327
TOTAL LIABILITIES AND EQUITY	165,618,321	147,789,543	149,217,513	134,267,022
COMMITMENTS AND CONTINGENCIES	37,872,810	33,359,052	33,743,112	28,386,655
CAPITAL ADEQUACY				
Core Capital Ratio	7.9%	8.8% *	10.0%	11.0% *
Risk-Weighted Capital Ratio	12.9%	14.6% *	12.4%	14.0% *
Net assets per share attributable to ordinary equity holders of the Bank (RM)	2.63	2.71	2.57	2.69

* After deducting proposed dividend.

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UNAUDITED INCOME STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Revenue	2,414,474	2,092,549	6,984,520	5,525,385
Interest income	1,883,510	1,669,693	5,488,910	4,463,185
Interest expense	(1,057,703)	(927,325)	(3,116,714)	(2,344,441)
Net interest income	825,807	742,368	2,372,196	2,118,744
Net income from Islamic Banking business				
Net financing income	122,723	104,455	344,089	309,709
Other Islamic banking income	3,500	2,203	6,972	6,323
	952,030	849,026	2,723,257	2,434,776
Other operating income	361,143	245,296	999,762	708,633
Net income	1,313,173	1,094,322	3,723,019	3,143,409
Other operating expenses	(422,457)	(354,072)	(1,235,542)	(1,025,612)
Operating profit	890,716	740,250	2,487,477	2,117,797
Allowance for losses on loans, advances and financing	(117,334)	(135,351)	(303,425)	(354,249)
Impairment (loss) / written back	(517)	30	(5,643)	(60)
	772,865	604,929	2,178,409	1,763,488
Share of profit after tax of equity accounted associated companies	1,559	1,387	4,028	3,625
Profit before tax expense and zakat	774,424	606,316	2,182,437	1,767,113
Tax expense and zakat	(211,485)	(156,345)	(588,494)	(433,276)
Profit for the period	562,939	449,971	1,593,943	1,333,837
Attributable to :				
Equity holders of the Bank	543,627	436,315	1,543,955	1,281,625
Minority interests	19,312	13,656	49,988	52,212
Profit for the period	562,939	449,971	1,593,943	1,333,837
Earnings per RM1.00 share:				
- basic (sen)	16.2	13.2	46.0	38.7
- diluted (sen)	16.2	13.1	45.7	38.4

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	3rd Quarter Ended		Nine Months Ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
<u>Bank</u>				
Revenue	1,957,183	1,721,642	5,743,714	4,503,147
Interest income	1,603,013	1,423,645	4,726,014	3,874,003
Interest expense	(914,439)	(816,384)	(2,746,460)	(2,141,434)
Net interest income	688,574	607,261	1,979,554	1,732,569
Net income from Islamic Banking business				
Net financing income	122,723	104,455	344,089	309,709
Other Islamic banking income	3,500	2,203	6,972	6,323
	814,797	713,919	2,330,615	2,048,601
Other operating income	166,032	436,050	667,522	664,787
Net income	980,829	1,149,969	2,998,137	2,713,388
Other operating expenses	(290,898)	(272,353)	(887,334)	(791,814)
Operating profit	689,931	877,616	2,110,803	1,921,574
Allowance for losses on loans, advances and financing	(91,240)	(106,355)	(239,096)	(256,702)
Impairment (loss) / written back	(517)	30	(5,643)	(60)
Profit before tax expense and zakat	598,174	771,291	1,866,064	1,664,812
Tax expense and zakat	(172,787)	(215,603)	(506,573)	(428,849)
Net profit for the period	425,387	555,688	1,359,491	1,235,963

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007

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

<u>Group</u>	Non-distributable Reserves			Distributable Reserves		Proposed Dividends RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000						
At 1 January 2007	3,462,825	1,782,081	3,308,738	290,282	974,874	(784,801)	9,033,999	628,310	9,662,309	
Currency translation differences in respect of foreign operations	-	-	(63,816)	-	-	-	(63,816)	(18,732)	(82,548)	
Currency translation differences in respect of net investment hedge	-	-	37,301	-	-	-	37,301	-	37,301	
Unrealised net (loss) / gain on revaluation of securities available-for-sale	-	-	(10,303)	-	-	-	(10,303)	3,274	(7,029)	
Net expense recognised directly in equity	-	-	(36,818)	-	-	-	(36,818)	(15,458)	(52,276)	
Net profit for the period	-	-	-	1,543,955	-	-	1,543,955	49,988	1,593,943	
Total recognised (expense) / income for the period	-	-	(36,818)	1,543,955	-	-	1,507,137	34,530	1,541,667	
Issue of shares pursuant to exercise of share options	56,300	285,400	-	-	-	-	341,700	-	341,700	
Buy-back of shares	-	-	-	-	-	(489,096)	(489,096)	-	(489,096)	
Transfer to statutory reserves	-	-	233,526	(233,526)	-	-	-	-	-	
Transfer to proposed dividends	-	-	-	(7,263)	7,263	-	-	-	-	
Dividends paid	-	-	-	-	(1,594,608)	-	(1,594,608)	(6,374)	(1,600,982)	
Dividends proposed	-	-	-	(612,471)	612,471	-	-	-	-	
At 30 September 2007	3,519,125	2,067,481	3,505,446	980,977	-	(1,273,897)	8,799,132	656,466	9,455,598	

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007

<u>Group</u>	<----- Attributable to Equity Holders of the Bank ----->									
	Non-distributable			Distributable		Proposed Dividends	Treasury Shares	Total Shareholders' Equity	Minority Interests	Total Equity
	Share Capital	<u>Reserves</u>		<u>Reserves</u>						
RM'000	Share Premium	Other Reserves	Retained Profits	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006	3,417,373	1,574,180	2,943,825	582,644	829,884	(784,600)	8,563,306	435,741	8,999,047	
Currency translation differences in respect of foreign operations	-	-	(41,999)	-	-	-	(41,999)	(11,756)	(53,755)	
Currency translation differences in respect of net investment hedge	-	-	5,419	-	-	-	5,419	-	5,419	
Unrealised net gain on revaluation of securities available-for-sale	-	-	11,089	-	-	-	11,089	3,005	14,094	
Net expense recognised directly in equity	-	-	(25,491)	-	-	-	(25,491)	(8,751)	(34,242)	
Net profit for the period	-	-	-	1,281,625	-	-	1,281,625	52,212	1,333,837	
Total recognised (expense) / income for the period	-	-	(25,491)	1,281,625	-	-	1,256,134	43,461	1,299,595	
Issue of shares pursuant to exercise of share options	33,433	150,665	-	-	-	-	184,098	-	184,098	
Buy-back of shares	-	-	-	-	-	(201)	(201)	-	(201)	
Dilution in share of net assets of a subsidiary upon subscription of the subsidiary's share right issue	-	-	(28,356)	(136,111)	-	-	(164,467)	164,467	-	
Transfer to statutory reserves	-	-	168,564	(168,564)	-	-	-	-	-	
Transfer to proposed dividends	-	-	-	(4,022)	4,022	-	-	-	-	
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	(32,505)	(32,505)	
Disposal of shares in a subsidiary	-	-	(3,454)	-	-	-	(3,454)	60,720	57,266	
Dividends paid	-	-	-	-	(1,310,424)	-	(1,310,424)	(7,137)	(1,317,561)	
Dividends proposed	-	-	-	(476,518)	476,518	-	-	-	-	
At 30 September 2006	<u>3,450,806</u>	<u>1,724,845</u>	<u>3,055,088</u>	<u>1,079,054</u>	<u>-</u>	<u>(784,801)</u>	<u>8,524,992</u>	<u>664,747</u>	<u>9,189,739</u>	

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007

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

	Non-distributable			Distributable		Treasury Shares RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Proposed Dividends RM'000		
Bank							
At 1 January 2007	3,462,825	1,782,081	3,183,133	352,215	974,874	(784,801)	8,970,327
Unrealised net loss on revaluation of securities available-for-sale	-	-	(12,129)	-	-	-	(12,129)
Net loss recognised directly in equity	-	-	(12,129)	-	-	-	(12,129)
Net profit for the period	-	-	-	1,359,491	-	-	1,359,491
Total recognised (expense) / income for the period	-	-	(12,129)	1,359,491	-	-	1,347,362
Issue of shares pursuant to exercise of share options	56,300	285,400	-	-	-	-	341,700
Buy-back of shares	-	-	-	-	-	(489,096)	(489,096)
Transfer to statutory reserves	-	-	233,526	(233,526)	-	-	-
Transfer to proposed dividends	-	-	-	(7,263)	7,263	-	-
Dividends paid	-	-	-	-	(1,594,608)	-	(1,594,608)
Dividends proposed	-	-	-	(612,471)	612,471	-	-
At 30 September 2007	3,519,125	2,067,481	3,404,530	858,446	-	(1,273,897)	8,575,685

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007

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

<u>Bank</u>	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		<u>Treasury Shares</u> RM'000	<u>Total</u> RM'000
	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Profits</u> RM'000	<u>Proposed Dividends</u> RM'000		
At 1 January 2006	3,417,373	1,574,180	2,715,473	468,064	829,884	(784,600)	8,220,374
Unrealised net loss on revaluation of securities available-for-sale	-	-	(9,971)	-	-	-	(9,971)
Net expense recognised directly in equity	-	-	(9,971)	-	-	-	(9,971)
Net profit for the period	-	-	-	1,235,963	-	-	1,235,963
Total recognised (expense) / income for the period	-	-	(9,971)	1,235,963	-	-	1,225,992
Issue of shares pursuant to exercise of share options	33,433	150,665	-	-	-	-	184,098
Buy-back of shares	-	-	-	-	-	(201)	(201)
Transfer to statutory reserves	-	-	168,564	(168,564)	-	-	-
Transfer to proposed dividends	-	-	-	(4,022)	4,022	-	-
Dividends paid	-	-	-	-	(1,310,424)	-	(1,310,424)
Dividends proposed	-	-	-	(476,518)	476,518	-	-
At 30 September 2006	<u>3,450,806</u>	<u>1,724,845</u>	<u>2,874,066</u>	<u>1,054,923</u>	<u>-</u>	<u>(784,801)</u>	<u>8,319,839</u>

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007

	Group		Bank	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Profit before tax expense and zakat	2,182,437	1,767,113	1,866,064	1,664,812
Adjustments for non-cash items	317,247	435,717	146,040	46,173
Operating profit before changes in working capital	2,499,684	2,202,830	2,012,104	1,710,985
Changes in working capital:				
Net changes in operating assets	(10,324,174)	(16,882,745)	(8,346,490)	(15,227,809)
Net changes in operating liabilities	18,308,098	21,013,056	15,315,239	19,076,414
Tax expense and zakat paid	(468,648)	(389,725)	(416,403)	(354,406)
Net cash generated from operating activities	10,014,960	5,943,416	8,564,450	5,205,184
Net cash used in investing activities	(987,631)	(669,056)	(1,194,705)	(450,650)
Net cash (used in) / generated from financing activities	(2,027,513)	137,172	(1,743,834)	83,453
Net change in cash and cash equivalents	6,999,816	5,411,532	5,625,911	4,837,987
Cash and cash equivalents at beginning of the period	24,380,630	18,357,737	22,890,702	17,170,338
Exchange differences on translation of opening balances	(49,447)	(11,159)	-	-
Cash and cash equivalents at end of the period	31,330,999	23,758,110	28,516,613	22,008,325

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 3rd quarter and nine months ended 30 September 2007 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

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

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

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2006 except for the adoption of revised FRS 117 Leases issued by MASB that is effective for the Group's annual reporting date, 31 December 2007. The principal effects of the change in accounting policy resulting from the adoption of the revised FRS 117 are disclosed in Note A30.

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

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

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

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

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A1. Basis of Preparation (Continued)

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

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

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

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 3rd quarter and the nine months ended 30 September 2007.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 3rd quarter and the nine months ended 30 September 2007.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 3rd quarter and nine months ended 30 September 2007.

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A6. Debt and Equity Securities

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

(a) Issuance of Shares

During the nine months ended 30 September 2007, the issued and paid-up share capital of the Bank was increased from 3,462,824,872 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,519,125,384 PBB Shares by the issuance of 56,300,512 PBB Shares pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme at the following option prices:

<u>Number of PBB Shares issued:</u>	<u>Option price per share:</u>
31,943	RM 1.64
122,357	RM 3.40
651,172	RM 3.56
1,309,706	RM 4.60
316,100	RM 4.92
16,875,526	RM 5.67
36,993,708	RM 6.37

(b) Share Buy-back

On 15 March 2007, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the nine months ended 30 September 2007, the Bank bought back from the open market, 52,062,300 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM9.37 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the nine months ended 30 September 2007, including transaction costs, was RM489,095,879 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 30 September 2007, the total shares bought back, all of which are held as treasury shares, amounted to 176,276,800 PBB Shares. None of the treasury shares held were resold or cancelled during the nine months ended 30 September 2007.

A7. Dividends Paid

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

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

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A8. Securities Held-for-trading

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
At fair value				
Malaysian Government Treasury Bills	64,744	30,649	64,744	28,979
Malaysian Government Securities	-	146,881	-	146,881
Malaysian Government Investment Certificates	-	136,707	-	136,707
Cagamas bonds	3,633,129	-	3,608,072	-
Negotiable instruments of deposit Bank Negara Malaysia Negotiable Notes	1,052,901	8,302,944	1,052,901	8,302,944
	<u>189,638</u>	343,012	<u>189,638</u>	343,012
	<u>4,940,412</u>	<u>8,960,193</u>	<u>4,915,355</u>	<u>8,958,523</u>
Quoted securities:				
Shares in Malaysia	2,866	5,082	2,866	5,082
Trust units outside Malaysia	5,222	4,626	-	-
	<u>8,088</u>	<u>9,708</u>	<u>2,866</u>	<u>5,082</u>
Unquoted securities:				
Private debt securities	64,800	137,760	-	97,639
	<u>64,800</u>	<u>137,760</u>	<u>-</u>	<u>97,639</u>
Total securities held-for-trading	<u>5,013,300</u>	<u>9,107,661</u>	<u>4,918,221</u>	<u>9,061,244</u>

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A9. Securities Available-for-sale

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
At fair value				
Quoted securities:				
Shares and convertible loan stocks in Malaysia	56,632	31,235	56,632	31,235
Shares outside Malaysia	59,875	45,510	-	-
Bonds trust units in Malaysia	1,198,117	1,179,650	1,096,352	1,080,489
	<u>1,314,624</u>	<u>1,256,395</u>	<u>1,152,984</u>	<u>1,111,724</u>
Unquoted securities:				
Shares	16,992	17,035	13,430	13,383
Private debt securities	2,755,860	2,622,308	2,454,853	2,312,632
	<u>2,772,852</u>	<u>2,639,343</u>	<u>2,468,283</u>	<u>2,326,015</u>
Total securities available-for-sale	<u>4,087,476</u>	<u>3,895,738</u>	<u>3,621,267</u>	<u>3,437,739</u>

A10. Securities Held-to-maturity

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	58,032	9,902	58,032	9,902
Malaysian Government Securities	418,078	425,406	418,078	425,406
Malaysian Government Investment Certificates	173,412	60,400	173,412	60,400
Bankers' acceptances and Islamic accepted bills	769,769	-	-	-
Cagamas bonds	-	116,390	-	116,390
Cagamas Mudharabah bonds	1,382	51,736	1,382	51,736
Negotiable instruments of deposit	227,791	1,063,695	75,630	238,234
Bank Negara Malaysia Monetary Notes	1,113,219	-	1,113,219	-
Bank Negara Malaysia Bills	29,587	-	-	-
Hong Kong Government Treasury Bills	78,198	44,943	-	-
Sri Lanka Government Treasury Bills	3,873	6,872	3,873	6,872
	<u>2,873,341</u>	<u>1,779,344</u>	<u>1,843,626</u>	<u>908,940</u>
Quoted securities:				
Private debt securities	8,788	30,184	-	-
	<u>8,788</u>	<u>30,184</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Shares	87,511	87,512	87,058	87,057
Private debt securities	1,152,730	1,383,090	16,153	16,744
	<u>1,240,241</u>	<u>1,470,602</u>	<u>103,211</u>	<u>103,801</u>
Accumulated impairment losses	(14,657)	(15,312)	(14,657)	(15,312)
Total securities held-to-maturity	<u>4,107,713</u>	<u>3,264,818</u>	<u>1,932,180</u>	<u>997,429</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Overdrafts	8,316,066	7,958,576	7,617,887	7,441,141
Term loans				
- Housing loans / financing	26,593,391	24,004,682	24,896,640	22,656,307
- Syndicated term loan / financing	1,228,690	1,153,748	602,446	640,055
- Hire purchase receivables	28,866,280	26,512,369	27,574,570	25,441,418
- Other term loans / financing	29,117,460	23,690,266	24,177,982	20,139,762
Credit card receivables	895,324	760,432	888,651	754,785
Bills receivables	169,734	134,359	101,734	88,898
Trust receipts	415,853	417,562	328,591	300,552
Claims on customers under acceptance credits	2,530,406	2,072,886	2,499,445	2,050,687
Lease, factored and confirming receivables	21,185	23,926	-	-
Revolving credits	2,792,939	1,807,528	3,082,880	1,908,787
*Staff loans	655,236	653,640	610,111	621,200
	<u>101,602,564</u>	89,189,974	<u>92,380,937</u>	82,043,592
Unearned interest and income	<u>(5,216,101)</u>	(4,825,456)	<u>(5,215,309)</u>	(4,824,910)
	<u>96,386,463</u>	84,364,518	<u>87,165,628</u>	77,218,682
Islamic house financing sold to Cagamas	<u>(200,000)</u>	-	<u>(200,000)</u>	-
Gross loans, advances and financing	<u>96,186,463</u>	84,364,518	<u>86,965,628</u>	77,218,682
Allowance for bad and doubtful debts and financing:				
- general	(1,468,161)	(1,318,546)	(1,306,018)	(1,156,721)
- specific	(226,069)	(258,320)	(164,164)	(170,564)
Net loans, advances and financing	<u><u>94,492,233</u></u>	<u>82,787,652</u>	<u><u>85,495,446</u></u>	<u>75,891,397</u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM2,346,222 (2006: RM2,488,368) and RM1,446,359 (2006 - RM1,232,670) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Domestic non-bank financial institutions				
- Stock-broking companies	2,010	2,010	2,010	2,010
- Others	2,477,938	2,208,408	2,457,625	2,193,398
Domestic business enterprises				
- Small and medium enterprises	18,673,472	17,712,724	18,572,545	17,597,689
- Others	6,607,183	3,903,743	6,878,685	4,029,835
Government and statutory bodies	841	1,250	841	1,250
Individuals	57,448,966	51,952,188	57,430,435	51,921,475
Other domestic entities	74,981	66,622	57,802	66,622
Foreign entities	11,101,072	8,517,573	1,765,685	1,406,403
	<u>96,386,463</u>	<u>84,364,518</u>	<u>87,165,628</u>	<u>77,218,682</u>
Less: Islamic house financing sold to Cagamas	(200,000)	-	(200,000)	-
Gross loans, advances and financing	<u>96,186,463</u>	<u>84,364,518</u>	<u>86,965,628</u>	<u>77,218,682</u>

A11b. By interest / profit rate sensitivity

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Fixed rate				
- Housing loans / financing	4,184,515	5,718,791	4,172,433	5,699,351
- Hire purchase receivables	24,379,045	22,354,521	24,122,261	22,089,714
- Other fixed rate loans / financing	11,042,140	10,978,798	8,589,787	8,907,989
Variable rate				
- Base lending rate plus	45,833,225	37,581,971	45,813,379	37,556,120
- Cost plus	2,818,627	1,904,128	3,107,804	1,950,243
- Other variable rates	8,128,911	5,826,309	1,359,964	1,015,265
	<u>96,386,463</u>	<u>84,364,518</u>	<u>87,165,628</u>	<u>77,218,682</u>
Less: Islamic house financing sold to Cagamas	(200,000)	-	(200,000)	-
Gross loans, advances and financing	<u>96,186,463</u>	<u>84,364,518</u>	<u>86,965,628</u>	<u>77,218,682</u>

A11c. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Purchase of securities	486,352	494,181	471,146	480,276
Purchase of transport vehicles	25,489,591	23,349,045	24,205,759	22,288,045
Purchase of landed properties	43,029,384	37,265,024	40,013,739	35,181,267
(of which: - residential	25,625,083	22,968,404	23,886,674	21,591,211
- non-residential)	17,404,301	14,296,620	16,127,065	13,590,056
Purchase of fixed assets (excluding landed properties)	203,292	139,377	202,009	135,517
Personal use	6,044,813	5,433,782	4,515,523	3,979,748
Credit card	895,324	760,432	888,651	754,785
Purchase of consumer durables	30,333	22,090	30,333	22,090
Construction	663,267	477,839	160,524	95,571
Working capital	16,161,511	13,517,832	13,297,314	11,378,447
Other purpose	3,382,596	2,904,916	3,380,630	2,902,936
	<u>96,386,463</u>	<u>84,364,518</u>	<u>87,165,628</u>	<u>77,218,682</u>
Less: Islamic house financing sold to Cagamas	(200,000)	-	(200,000)	-
Gross loans, advances and financing	<u>96,186,463</u>	<u>84,364,518</u>	<u>86,965,628</u>	<u>77,218,682</u>

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A11. Loans, Advances and Financing (continued)

A11c. Gross loans, advances and financing by sectors

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Agriculture, hunting, forestry and fishing	1,048,531	853,833	1,010,463	836,237
Mining and quarrying	70,491	56,161	70,491	54,970
Manufacturing	4,935,493	4,309,424	4,812,388	4,214,002
Electricity, gas and water	59,146	69,431	35,925	36,780
Construction	4,030,236	3,309,769	3,601,154	3,040,829
Wholesale & retail trade and restaurants & hotels	8,805,887	7,686,170	8,487,421	7,466,772
Transport, storage and communication	807,756	632,033	799,142	622,204
Finance, insurance and business services	5,181,879	4,398,634	4,668,683	3,892,897
Real estate	4,392,557	2,883,867	4,512,502	2,932,951
Community, social and personal services	817,373	761,166	817,373	750,339
Households	63,801,737	57,198,598	57,937,208	52,522,975
(of which: - purchase of residential properties	25,162,430	22,551,747	23,424,021	21,174,554
- purchase of transport vehicles	21,310,935	19,669,245	20,027,282	18,610,833
- others	17,328,372	14,977,606	14,485,905	12,737,588
Others	2,435,377	2,205,432	412,878	847,726
	96,386,463	84,364,518	87,165,628	77,218,682
Less: Islamic house financing sold to Cagamas	(200,000)	-	(200,000)	-
	96,186,463	84,364,518	86,965,628	77,218,682

A11d. Non-performing loans by economic purpose

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Purchase of securities	16,612	29,138	16,612	25,784
Purchase of transport vehicles	242,580	247,552	239,349	242,943
Purchase of landed properties	789,512	822,736	783,664	814,195
(of which: - residential	668,463	706,007	665,971	697,466
- non-residential)	121,049	116,729	117,693	116,729
Purchase of fixed assets (excluding landed properties)	3,022	2,621	1,912	1,580
Personal use	158,190	154,066	88,129	82,230
Credit card	14,931	14,375	14,931	14,375
Purchase of consumer durables	869	988	869	988
Construction	-	26,928	-	-
Working capital	253,090	244,391	240,890	218,196
Other purpose	37,079	35,036	37,066	35,024
	1,515,885	1,577,831	1,423,422	1,435,315

Non-performing loans by sectors

Agriculture, hunting, forestry and fishing	3,313	3,823	3,271	3,772
Mining and quarrying	260	57	260	57
Manufacturing	113,810	96,925	113,099	96,431
Electricity, gas and water	45	58	45	51
Construction	55,068	87,448	54,957	60,382
Wholesale & retail trade and restaurants & hotels	125,475	132,254	125,410	132,121
Transport, storage and communication	8,692	8,574	8,665	5,552
Finance, insurance and business services	19,523	20,189	19,356	19,928
Real estate	27,611	18,883	27,611	18,883
Community, social and personal services	10,349	11,739	10,349	11,739
Households	1,138,455	1,169,002	1,059,315	1,083,693
(of which: - purchase of residential properties	663,969	697,122	661,477	688,581
- purchase of transport vehicles	209,707	210,495	206,476	208,917
- others	264,779	261,385	191,362	186,195
Others	13,284	28,879	1,084	2,706
	1,515,885	1,577,831	1,423,422	1,435,315

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
At 1 January	1,577,831	1,406,479	1,435,315	1,290,208
Non-performing during the period / year	1,970,992	2,539,955	1,899,369	2,425,170
Reclassified as performing	(1,645,366)	(1,944,453)	(1,645,195)	(1,943,441)
Recoveries	(76,628)	(80,622)	(68,570)	(79,634)
Amount written off	(290,117)	(361,506)	(180,600)	(233,235)
Loans converted to foreclosed properties / securities	(16,731)	(23,560)	(16,731)	(23,560)
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	51,819	-	-
Exchange differences	(4,096)	(10,281)	(166)	(193)
Closing balance	<u>1,515,885</u>	<u>1,577,831</u>	<u>1,423,422</u>	<u>1,435,315</u>
Specific allowance	<u>(226,069)</u>	<u>(258,320)</u>	<u>(164,164)</u>	<u>(170,564)</u>
Net non-performing loans, advances and financing	<u><u>1,289,816</u></u>	<u><u>1,319,511</u></u>	<u><u>1,259,258</u></u>	<u><u>1,264,751</u></u>
Net NPL as % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>1.34%</u></u>	<u><u>1.57%</u></u>	<u><u>1.45%</u></u>	<u><u>1.64%</u></u>

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

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
<u>General Allowance</u>				
At 1 January	1,318,546	1,056,199	1,156,721	984,830
Allowance made during the period / year	153,527	206,683	149,545	172,561
Amount written back	(918)	(2,000)	-	-
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	64,071	-	-
Exchange differences	(2,994)	(6,407)	(248)	(670)
Closing balance	<u>1,468,161</u>	<u>1,318,546</u>	<u>1,306,018</u>	<u>1,156,721</u>
As % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>1.53%</u></u>	<u><u>1.57%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
<u>Specific Allowance</u>				
At 1 January	258,320	233,007	170,564	151,746
Allowance made during the period / year	338,514	431,438	249,034	307,392
Amount written back in respect of recoveries	(77,228)	(54,712)	(74,656)	(54,328)
Amount written off	(290,117)	(361,506)	(180,600)	(233,235)
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	(169)	(982)	(169)	(982)
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	22,546	-	-
Exchange differences	(3,251)	(11,471)	(9)	(29)
Closing balance	<u>226,069</u>	<u>258,320</u>	<u>164,164</u>	<u>170,564</u>

A12. Other Assets

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Interest / Income receivable	83,635	73,695	57,862	45,195
Other debtors, deposits and prepayments	1,231,808	829,629	486,464	416,208
Foreclosed properties	109,119	110,540	109,005	110,426
Taxi licenses	13,910	10,918	-	-
Outstanding contracts on clients' accounts	343,838	231,997	-	-
Amount due from subsidiary companies	-	-	50,873	128,605
Dividend receivable from subsidiary companies	-	-	330,142	400,823
	<u>1,782,310</u>	<u>1,256,779</u>	<u>1,034,346</u>	<u>1,101,257</u>

A13. Deposits from Customers

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
<u>By type of customer</u>				
Federal and state governments	1,725,673	702,378	1,725,673	702,378
Local government and statutory authorities	1,974,339	1,094,394	1,974,339	1,094,394
Business enterprises	32,452,426	25,198,953	32,707,965	24,927,098
Individuals	57,711,514	52,214,314	57,699,768	52,209,475
Foreign customers	12,402,063	9,762,215	2,028,481	2,017,535
Others	24,385,713	22,820,895	23,252,797	21,692,038
	<u>130,651,728</u>	<u>111,793,149</u>	<u>119,389,023</u>	<u>102,642,918</u>

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A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Licensed banks	5,174,289	2,101,240	2,892,285	952,132
Licensed investment / merchant banks	694,050	174,500	546,498	54,500
Other financial institutions	5,029,590	3,362,224	4,962,480	3,298,846
	<u>10,897,929</u>	<u>5,637,964</u>	<u>8,401,263</u>	<u>4,305,478</u>

A15. Other Liabilities

	Group		Bank	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Interest / Profit payable	728,198	673,743	669,214	631,709
Other creditors and accruals	1,244,645	1,117,010	387,640	314,243
Employee benefits	(29,295)	(19,439)	(29,458)	(18,477)
Accrued restoration cost	7,665	13,072	7,665	7,665
Profit Equalisation Reserves	5,978	4,796	5,978	4,796
Outstanding contracts on clients' accounts	330,293	223,285	-	-
Dividend payable to shareholders	6,660	30,896	6,660	4,636
Amount due to subsidiary companies	-	-	15,750	13,072
	<u>2,294,144</u>	<u>2,043,363</u>	<u>1,063,449</u>	<u>957,644</u>

A16. Interest Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
	RM'000	RM'000	RM'000	RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,346,013	1,187,383	3,868,996	3,275,214
- Recoveries from NPLs	24,473	21,606	69,867	61,891
Money at call and deposit placements with financial institutions	381,196	346,554	1,134,154	876,124
Securities held-for-trading	75,868	57,234	278,458	119,249
Securities available-for-sale	40,881	42,282	117,546	116,518
Securities held-to-maturity	41,328	45,231	107,035	100,971
Others	11,343	7,686	28,570	24,505
	<u>1,921,102</u>	<u>1,707,976</u>	<u>5,604,626</u>	<u>4,574,472</u>
Amortisation of premium less accretion of discount	(4,039)	(5,884)	(12,478)	(17,685)
Net interest / income suspended	(33,553)	(32,399)	(103,238)	(93,602)
	<u>1,883,510</u>	<u>1,669,693</u>	<u>5,488,910</u>	<u>4,463,185</u>

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A16. Interest Income (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,158,259	1,007,708	3,322,715	2,825,133
- Recoveries from NPLs	24,002	21,586	69,382	61,829
Money at call and deposit placements with financial institutions	325,989	311,301	1,013,304	803,054
Securities held-for-trading	70,502	56,545	269,774	117,369
Securities available-for-sale	36,228	36,661	103,879	100,853
Securities held-to-maturity	16,163	21,898	39,497	58,259
Others	11,333	7,780	28,550	24,223
	<u>1,642,476</u>	<u>1,463,479</u>	<u>4,847,101</u>	<u>3,990,720</u>
Amortisation of premium less accretion of discount	(5,910)	(7,490)	(17,849)	(23,306)
Net interest / income suspended	(33,553)	(32,344)	(103,238)	(93,411)
	<u><u>1,603,013</u></u>	<u><u>1,423,645</u></u>	<u><u>4,726,014</u></u>	<u><u>3,874,003</u></u>

A17. Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	57,903	119,242	318,772	333,795
Deposits from customers	884,404	740,152	2,484,738	1,847,546
Loans sold to Cagamas	33,644	2,552	67,272	7,816
Subordinated notes	41,663	44,794	123,641	121,910
Borrowings	13,943	11,288	24,556	17,050
Hybrid Capital Securities	25,314	5,534	75,578	5,534
Others	832	3,763	22,157	10,790
	<u>1,057,703</u>	<u>927,325</u>	<u>3,116,714</u>	<u>2,344,441</u>

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	51,414	116,319	287,224	327,081
Deposits from customers	761,786	646,846	2,178,793	1,678,081
Loans sold to Cagamas	33,644	2,552	67,272	7,816
Subordinated notes	41,663	44,794	123,641	121,910
Hybrid Capital Securities	25,314	5,534	75,578	5,534
Others	618	339	13,952	1,012
	<u>914,439</u>	<u>816,384</u>	<u>2,746,460</u>	<u>2,141,434</u>

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A18. Other Operating Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Group				
(a) Fee income:				
Commissions	36,520	33,132	104,861	94,465
Service charges and fees	46,246	48,952	139,909	141,108
Guarantee fees	5,726	5,480	15,488	15,718
Processing fees	4,111	2,731	10,397	6,857
Commitment fees	10,128	8,720	28,924	25,669
Unit trust management fees	76,089	44,235	196,142	124,810
Fee on sale of trust units	46,402	18,991	132,597	42,193
Net brokerage and commissions from stockbroking activities	27,417	7,495	75,727	24,198
Other fee income	5,792	3,738	19,449	14,874
	<u>258,431</u>	<u>173,474</u>	<u>723,494</u>	<u>489,892</u>
(b) Net gain arising from sale of securities:				
Net gain from sale of securities				
- held-for-trading	1,191	3,463	5,791	8,861
- available-for-sale	20,507	2,767	60,653	3,361
	<u>21,698</u>	<u>6,230</u>	<u>66,444</u>	<u>12,222</u>
(c) Gross dividend income from:				
Securities held-for-trading	75	23	194	555
Securities available-for-sale	16,883	8,698	47,824	33,011
Securities held-to-maturity	3,474	706	4,645	2,208
	<u>20,432</u>	<u>9,427</u>	<u>52,663</u>	<u>35,774</u>
(d) Unrealised gain / (loss) on revaluation of securities held-for-trading and trading derivatives	14,256	(10,672)	56,570	26,391
(e) Unrealised gain on hedging derivatives	1,443	-	1,507	-
(f) Other income:				
Foreign exchange profit	37,555	59,396	80,494	99,924
Rental income	2,886	2,819	8,378	7,954
Gain on disposal of property and equipment (net)	4,129	121	4,466	134
(Loss) / gain on disposal of foreclosed properties	(602)	(46)	(1,661)	121
Gain on revaluation of investment properties	-	-	547	-
Lease income and factoring charges	315	444	1,017	1,270
Others	600	4,103	5,843	34,951
	<u>44,883</u>	<u>66,837</u>	<u>99,084</u>	<u>144,354</u>
Total other operating income	<u>361,143</u>	<u>245,296</u>	<u>999,762</u>	<u>708,633</u>

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A18. Other Operating Income (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Bank				
(a) Fee income:				
Commissions	43,331	34,235	130,982	92,425
Service charges and fees	31,577	31,915	96,484	94,224
Guarantee fees	5,301	4,774	13,916	13,512
Processing fees	781	339	1,483	931
Commitment fees	9,536	8,422	27,477	24,839
Other fee income	3,217	2,717	12,407	11,148
	<u>93,743</u>	<u>82,402</u>	<u>282,749</u>	<u>237,079</u>
(b) Net gain arising from sale of securities:				
Net gain from sale of securities				
- held-for-trading	1,181	2,898	5,539	7,559
- available-for-sale	2,958	2,767	35,192	3,361
	<u>4,139</u>	<u>5,665</u>	<u>40,731</u>	<u>10,920</u>
(c) Gross dividend income from:				
Securities held-for-trading	75	175	194	319
Securities available-for-sale	12,904	7,498	36,662	29,119
Securities held-to-maturity	3,474	682	4,503	2,124
Associated companies	-	3,125	-	3,335
Subsidiary companies	-	291,500	123,156	384,313
	<u>16,453</u>	<u>302,980</u>	<u>164,515</u>	<u>419,210</u>
(d) Unrealised (loss) / gain on revaluation of securities held-for-trading and trading derivatives	<u>(2,472)</u>	<u>(10,718)</u>	<u>48,866</u>	<u>26,353</u>
(e) Unrealised gain on hedging derivatives	<u>649</u>	<u>-</u>	<u>1,004</u>	<u>-</u>
(f) Other income:				
Foreign exchange profit / (loss)	50,081	51,314	120,121	(68,491)
Rental income	727	661	1,958	2,273
Gain on disposal of property and equipment (net)	1,112	39	1,217	52
(Loss) / gain on disposal of foreclosed properties	(602)	(46)	(1,661)	121
Others	2,202	3,753	8,022	37,270
	<u>53,520</u>	<u>55,721</u>	<u>129,657</u>	<u>(28,775)</u>
Total other operating income	<u>166,032</u>	<u>436,050</u>	<u>667,522</u>	<u>664,787</u>

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A20. Allowance for Losses on Loans, Advances and Financing

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	57,887	52,563	152,609	165,153
- specific allowance	121,188	125,194	338,514	309,323
- specific allowance written back	(31,433)	(11,722)	(77,228)	(37,244)
Net allowance / (writeback of allowance) in share broking activities	15	(129)	15	(120)
Bad debts and financing written off	250	300	778	569
Bad debts and financing recovered	(30,573)	(30,855)	(111,263)	(83,432)
	117,334	135,351	303,425	354,249

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	53,212	48,637	149,545	133,112
- specific allowance	89,226	91,457	249,034	219,678
- specific allowance written back	(29,598)	(11,620)	(74,656)	(36,918)
Bad debts and financing written off	250	300	778	569
Bad debts and financing recovered	(21,850)	(22,419)	(85,605)	(59,739)
	91,240	106,355	239,096	256,702

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

By Business Segments

	3rd Quarter Ended 30 September 2007		Nine Months Ended 30 September 2007		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
<u>Group</u>					
Retail operations	1,524,270	601,206	4,366,407	1,688,500	87,514,669
Corporate lending	135,196	15,150	353,328	84,158	9,909,641
Treasury and capital market operations	652,119	104,766	1,953,948	311,619	59,335,745
Investment banking	65,224	40,528	203,111	92,943	5,593,024
Fund management	107,251	43,905	285,859	115,069	530,964
Others	1,027	6,704	3,051	11,232	187,989
	<u>2,485,087</u>	<u>812,259</u>	<u>7,165,704</u>	<u>2,303,521</u>	<u>163,072,032</u>
Inter-segment elimination	(70,613)	-	(181,184)	-	-
	<u>2,414,474</u>	<u>812,259</u>	<u>6,984,520</u>	<u>2,303,521</u>	<u>163,072,032</u>
Unallocated expenses	-	(39,394)	-	(125,112)	-
Share of profit after tax of equity accounted associated companies	-	1,559	-	4,028	-
Intangible assets	-	-	-	-	2,054,250
Unallocated assets	-	-	-	-	443,853
Investment in associated companies	-	-	-	-	48,186
	<u><u>2,414,474</u></u>	<u><u>774,424</u></u>	<u><u>6,984,520</u></u>	<u><u>2,182,437</u></u>	<u><u>165,618,321</u></u>

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

	3rd Quarter Ended 30 September 2006		Nine Months Ended 30 September 2006		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
<u>Group</u>					
Retail operations	1,584,188	506,734	4,337,772	1,327,177	79,435,842
Corporate lending	21,936	5,037	151,838	27,190	5,051,434
Treasury and capital market operations	550,050	118,357	1,303,664	383,730	49,226,145
Investment banking *	48,834	7,166	118,786	23,518	4,093,621
Fund management *	65,076	25,457	168,853	67,138	354,674
Others	1,087	1,678	3,294	6,131	203,708
	2,271,171	664,429	6,084,207	1,834,884	138,365,424
Inter-segment elimination	(178,622)	-	(558,822)	-	-
	2,092,549	664,429	5,525,385	1,834,884	138,365,424
Unallocated expenses	-	(59,500)	-	(71,396)	-
Share of profit after tax of equity accounted associated companies	-	1,387	-	3,625	-
Intangible assets	-	-	-	-	2,064,827
Unallocated assets	-	-	-	-	547,453
Investment in associated companies	-	-	-	-	46,433
	2,092,549	606,316	5,525,385	1,767,113	141,024,137

Inter-segment pricing is determined on a negotiated basis.

* The comparative figures for the Stock-broking business of the Group has been reclassified from the Sharebroking and Fund Management segment to the Investment Banking segment, upon the transformation of the stock-broking subsidiary into an investment bank on 18 December 2006.

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

By Geographical Locations

	3rd Quarter Ended		Nine Months Ended		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Assets RM'000
<u>Group</u>					
<u>30 September 2007</u>					
Malaysia	2,119,994	669,913	6,200,092	1,904,329	150,750,913
Outside Malaysia	294,480	104,511	784,428	278,108	14,867,408
	<u>2,414,474</u>	<u>774,424</u>	<u>6,984,520</u>	<u>2,182,437</u>	<u>165,618,321</u>
 <u>30 September 2006</u>					
Malaysia	1,847,863	528,741	4,942,743	1,526,452	129,159,980
Outside Malaysia	244,686	77,575	582,642	240,661	11,864,157
	<u>2,092,549</u>	<u>606,316</u>	<u>5,525,385</u>	<u>1,767,113</u>	<u>141,024,137</u>

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

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A22. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 31 December 2006.

A23. Subsequent Events

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

A24. Changes in the Composition of the Group

Establishment of 55% Held Insurance Subsidiary in Cambodia Known as CampuBank Lonpac Insurance Plc

The Group has established a 55% held subsidiary, CampuBank Lonpac Insurance Plc ("CampuBank Lonpac") in Cambodia for the purpose of carrying out general insurance business in Cambodia, pursuant to approvals received from Bank Negara Malaysia and the relevant regulatory authorities in Cambodia. The insurance subsidiary commenced operations in Phnom Penh, Cambodia on 30 August 2007 upon obtaining its insurance licence from the Ministry of Economy and Finance of Cambodia.

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

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A25. Commitments and Contingencies

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

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

<u>Group</u>	As at 30 September 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	1,324,783	1,324,783	926,977	1,285,521	1,285,521	985,048
Certain transaction-related contingent items	509,269	254,634	162,465	446,720	223,360	145,914
Short-term self-liquidating trade-related contingencies	670,373	134,074	107,746	581,445	116,289	96,993
Other assets sold with recourse and commitment with certain drawdown	565,116	565,116	28,535	10,640	10,640	2,128
Islamic financing sold to Cagamas	190,400	190,400	95,200	-	-	-
Obligations under underwriting agreements	92,419	42,500	42,500	80,000	40,000	40,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,076,161	2,038,080	1,822,984	4,365,655	2,182,828	1,988,665
- maturity not exceeding one year	14,683,688	-	-	12,621,347	-	-
Foreign exchange related contracts:						
- less than one year	8,470,046	120,672	29,076	6,594,858	106,927	38,682
- one year to less than five years	-	-	-	227,197	12,094	6,046
Interest rate related contracts:						
- less than one year	244,193	533	107	103,171	258	129
- one year to less than five years	4,020,273	98,262	19,652	2,489,554	56,800	11,361
- five years and above	3,026,089	236,850	47,370	4,552,944	326,963	65,392
	37,872,810	5,005,904	3,282,612	33,359,052	4,361,680	3,380,358

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

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A25. Commitments and Contingencies (continued)

<u>Bank</u>	As at 30 September 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	1,211,956	1,211,956	892,097	1,244,706	1,244,706	955,127
Certain transaction-related contingent items	456,944	228,472	156,735	392,580	196,290	131,815
Short-term self-liquidating trade-related contingencies	458,897	91,779	85,359	427,885	85,576	81,189
Other assets sold with recourse and commitment with certain drawdown	422,440	422,440	-	-	-	-
Islamic financing sold to Cagamas	190,400	190,400	95,200	-	-	-
Obligations under underwriting agreements	75,000	37,500	37,500	70,000	35,000	35,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	3,862,596	1,931,298	1,716,202	4,229,216	2,114,608	1,920,445
- maturity not exceeding one year	12,755,499	-	-	10,845,042	-	-
Foreign exchange related contracts:						
- less than one year	7,499,109	107,581	26,456	4,427,631	60,456	15,446
Interest rate related contracts:						
- less than one year	51,199	51	10	-	-	-
- one year to less than five years	3,767,116	94,366	18,873	2,231,871	50,237	10,047
- five years and above	2,991,956	234,461	46,892	4,517,724	324,145	64,829
	<u>33,743,112</u>	<u>4,550,304</u>	<u>3,075,324</u>	<u>28,386,655</u>	<u>4,111,018</u>	<u>3,213,898</u>

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

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A26. Off-Balance Sheet Financial Instruments

Details of financial instruments with off-balance sheet risk as at 30 September 2007:

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

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	2,256,683	1,152,493	542,858	439,050	122,282	-	-
- swaps	6,213,363	3,110,836	2,612,658	455,635	34,234	-	-
Sub total	8,470,046	4,263,329	3,155,516	894,685	156,516	-	-
Interest rate related contracts							
- forwards	17,094	-	-	-	17,094	-	-
- swaps	7,273,461	969,363	4,189,471	1,938,727	175,900	-	-
Sub total	7,290,555	969,363	4,189,471	1,938,727	192,994	-	-
Total	15,760,601	5,232,692	7,344,987	2,833,412	349,510	-	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,614,179	750,346	542,734	319,172	1,927	-	-
- swaps	5,884,930	2,911,570	2,517,725	455,635	-	-	-
Sub total	7,499,109	3,661,916	3,060,459	774,807	1,927	-	-
Interest rate related contracts							
- swaps	6,810,271	798,701	4,106,976	1,904,594	-	-	-
Sub total	6,810,271	798,701	4,106,976	1,904,594	-	-	-
Total	14,309,380	4,460,617	7,167,435	2,679,401	1,927	-	-

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

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2007, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM895,689,000 (31 December 2006 : RM824,196,000).

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A26. Off-Balance Sheet Financial Instruments (continued)

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 September 2007, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM44,029,000 (31 December 2006 : RM42,747,000) and RM40,349,000 (31 December 2006 : RM6,137,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

Financial derivatives are recognised at fair value at inception in the balance sheet, and are subsequently remeasured at fair value. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

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

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period.

Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the change in fair value of the derivative and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item measured at amortised cost is amortised to the income statement over the expected life of the hedged item. The Group has adopted fair value hedge accounting for its fixed rate subordinated notes and hybrid capital securities issued, as well as for certain fixed rate private debt securities investments.

Cash flow hedge

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

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A27. Interest / Profit Rate Risk

Group As at 30 September 2007	Non trading book									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
ASSETS													
Cash and short-term funds	30,401,486	-	-	-	-	-	-	-	-	929,513	-	31,330,999	3.72
Deposits and placements with banks and other financial institutions	6,098	915,459	995,212	-	-	-	-	-	-	-	-	1,916,769	5.61
Securities purchased under resale agreements	11,600,344	4,684,725	-	-	-	-	-	-	-	-	681,916	16,966,985	3.54
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	5,013,300	5,013,300	3.62
Securities available-for-sale	-	-	51,981	736,071	68,463	452,453	302,442	1,144,450	1,243,988	-	87,628	4,087,476	6.21
Securities held-to-maturity	550,547	1,403,742	1,792,465	254,248	8,653	9,905	-	-	-	88,153	-	4,107,713	3.74
Loans, advances and financing													
- performing	56,042,137	4,894,036	8,253,571	7,331,551	5,033,016	4,010,625	2,946,290	6,159,352	-	-	-	94,670,578	6.58
- non-performing *	-	-	-	-	-	-	-	-	-	(178,345)	-	(178,345)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	7,634,617	68,229	7,702,846	-
TOTAL ASSETS	98,600,612	11,897,962	11,093,229	8,321,870	5,110,132	4,472,983	3,248,732	7,303,802	9,717,926	5,851,073	165,618,321		

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A27. Interest / Profit Rate Risk (continued)

Group As at 30 September 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	67,405,230	27,258,574	21,790,944	254,115	25,027	136,889	171,176	23,398	13,586,375	-	130,651,728	3.25
Deposits and placements of banks and other financial institutions	9,586,496	1,134,935	41,907	-	-	-	-	-	134,591	-	10,897,929	4.23
Obligations on securities sold under repurchase agreements	3,668	-	-	-	-	-	-	-	-	-	3,668	11.79
Bills and acceptances payable	695,959	1,235,865	450,540	-	-	-	-	-	896,679	-	3,279,043	3.60
Recourse obligations on loans sold to Cagamas	9,079	17,017	3,617,037	16,379	1,934	-	-	-	-	-	3,661,446	3.72
Borrowings	395,662	-	-	-	-	-	-	-	-	-	395,662	5.99
Subordinated notes	-	-	-	1,192,468	-	-	1,325,361	-	-	-	2,517,829	6.10
Hybrid capital securities	-	-	-	-	-	-	-	1,878,996	-	-	1,878,996	5.28
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,814,883	61,539	2,876,422	-
Total Liabilities	78,096,094	29,646,391	25,900,428	1,462,962	26,961	136,889	1,496,537	1,902,394	17,432,528	61,539	156,162,723	
Shareholders' equity	-	-	-	-	-	-	-	-	8,799,132	-	8,799,132	-
Minority interests	-	-	-	-	-	-	-	-	656,466	-	656,466	-
Total Liabilities and Equity	78,096,094	29,646,391	25,900,428	1,462,962	26,961	136,889	1,496,537	1,902,394	26,888,126	61,539	165,618,321	
On-balance sheet interest sensitivity gap	20,504,518	(17,748,429)	(14,807,199)	6,858,908	5,083,171	4,336,094	1,752,195	5,401,408	(17,170,200)	5,789,534	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	969,363	(941,129)	(1,867,048)	485,217	(68,265)	(406,177)	1,088,827	739,212	-	-	-	-
Total interest sensitivity gap	21,473,881	(18,689,558)	(16,674,247)	7,344,125	5,014,906	3,929,917	2,841,022	6,140,620	(17,170,200)	5,789,534	-	-

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

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A27. Interest / Profit Rate Risk (continued)

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

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A27. Interest / Profit Rate Risk (continued)

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

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

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A27. Interest / Profit Rate Risk (continued)

Bank	Non trading book									Trading book	Total	Effective interest rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 2 years	> 2 - 3 years	> 3 - 4 years	> 4 - 5 years	over 5 years	Non- interest sensitive			
As at 30 September 2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS												
Cash and short-term funds	27,757,367	-	-	-	-	-	-	-	759,246	-	28,516,613	3.64
Deposits and placements with banks and other financial institutions	-	1,194,284	878,982	-	-	-	-	-	-	-	2,073,266	5.35
Securities purchased under resale agreements	10,642,739	4,684,771	-	-	-	-	-	-	-	-	15,327,510	3.54
Securities held-for-trading	-	-	-	-	-	-	-	-	-	4,918,221	4,918,221	3.62
Securities available-for-sale	-	-	51,981	544,288	68,463	376,389	302,442	1,111,290	1,142,222	24,192	3,621,267	5.85
Securities held-to-maturity	16,084	431,834	1,132,480	254,248	-	9,905	-	-	87,629	-	1,932,180	3.64
Loans, advances and financing												
- performing	50,187,678	3,503,413	7,404,260	6,841,531	4,730,727	3,882,347	2,897,976	6,094,274	-	-	85,542,206	6.30
- non-performing *	-	-	-	-	-	-	-	-	(46,760)	-	(46,760)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,272,141	60,869	7,333,010	-
TOTAL ASSETS	88,603,868	9,814,302	9,467,703	7,640,067	4,799,190	4,268,641	3,200,418	7,205,564	9,214,478	5,003,282	149,217,513	

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A27. Interest / Profit Rate Risk (continued)

Bank	Non trading book										Total	Effective interest rate %
	As at 30 September 2007	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 2 years	> 2 - 3 years	> 3 - 4 years	> 4 - 5 years	over 5 years	Non-interest sensitive		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND EQUITY												
Deposits from customers	59,883,443	24,515,383	20,851,632	426,059	24,848	136,889	171,176	23,398	13,356,195	-	119,389,023	3.14
Deposits and placements of banks and other financial institutions	7,109,777	1,151,037	15,341	-	-	-	-	-	125,108	-	8,401,263	4.52
Obligations on securities sold under repurchase agreements	3,668	-	-	-	-	-	-	-	-	-	3,668	11.79
Bills and acceptances payable	695,959	1,235,865	450,540	-	-	-	-	-	896,679	-	3,279,043	3.60
Recourse obligations on loans sold to Cagamas	9,079	17,017	3,617,037	16,379	1,934	-	-	-	-	-	3,661,446	3.73
Subordinated notes	-	-	-	1,192,468	-	-	1,325,361	-	-	-	2,517,829	6.10
Hybrid capital securities	-	-	-	-	-	-	-	1,878,996	-	-	1,878,996	5.28
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,451,918	58,642	1,510,560	-
Total Liabilities	67,701,926	26,919,302	24,934,550	1,634,906	26,782	136,889	1,496,537	1,902,394	15,829,900	58,642	140,641,828	
Shareholders' equity	-	-	-	-	-	-	-	-	8,575,685	-	8,575,685	-
Total Liabilities and Equity	67,701,926	26,919,302	24,934,550	1,634,906	26,782	136,889	1,496,537	1,902,394	24,405,585	58,642	149,217,513	
On-balance sheet interest sensitivity gap	20,901,942	(17,105,000)	(15,466,847)	6,005,161	4,772,408	4,131,752	1,703,881	5,303,170	(15,191,107)	4,944,640	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	798,701	(1,023,624)	(1,901,180)	670,109	(68,265)	(337,912)	1,088,827	773,344	-	-	-	-
Total interest sensitivity gap	21,700,643	(18,128,624)	(17,368,027)	6,675,270	4,704,143	3,793,840	2,792,708	6,076,514	(15,191,107)	4,944,640	-	-

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

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A27. Interest / Profit Rate Risk (continued)

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

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A27. Interest / Profit Rate Risk (continued)

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

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

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A28. Capital Adequacy

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

	Group		Bank	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
Core capital ratio	7.9%	8.8% *	10.0%	11.0% *
Risk-weighted capital ratio	<u>12.9%</u>	<u>14.6% *</u>	<u>12.4%</u>	<u>14.0% *</u>

* After deducting proposed dividend.

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,519,125	3,462,825	3,519,125	3,462,825
Share premium	2,067,481	1,782,081	2,067,481	1,782,081
Other reserves	3,462,122	3,228,596	3,422,999	3,189,473
Retained profits (after deducting proposed dividend)	371,125	290,282	436,297	355,454
Hybrid capital securities	1,124,936	1,089,920	1,270,003	1,242,291
Treasury shares	(1,273,897)	(784,801)	(1,273,897)	(784,801)
Minority interests	606,478	628,310	-	-
Less: Goodwill	(2,027,842)	(2,091,061)	(695,393)	(695,393)
Less: Deferred tax assets, net	(349,953)	(340,016)	(279,927)	(269,990)
Total Tier I capital	<u>7,499,575</u>	<u>7,266,136</u>	<u>8,466,688</u>	<u>8,281,940</u>
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	1,468,161	1,318,546	1,313,029	1,164,889
Subordinated notes	2,548,843	2,627,797	2,548,843	2,627,797
Hybrid capital securities	754,509	812,783	609,442	660,411
Total Tier II capital	<u>4,771,513</u>	<u>4,759,126</u>	<u>4,471,314</u>	<u>4,453,097</u>
Total capital	<u>12,271,088</u>	<u>12,025,262</u>	<u>12,938,002</u>	<u>12,735,037</u>
Less: Investment in subsidiary companies	-	-	(2,446,811)	(2,191,871)
Capital base	<u>12,271,088</u>	<u>12,025,262</u>	<u>10,491,191</u>	<u>10,543,166</u>

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A29. Operations of Islamic Banking

A29a. Balance Sheets as at 30 September 2007

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
ASSETS		
Cash and short-term funds	2,582,671	690,139
Securities held-for-trading	147,933	-
Securities held-to-maturity	1,382	51,736
Financing, advances and other loans	10,135,024	9,023,636
Other assets	203,246	120,664
Statutory deposits with Bank Negara Malaysia	355,000	309,000
Deferred tax assets	34,808	26,459
Property and equipment	262	183
Total Assets	13,460,326	10,221,817
LIABILITIES AND ISLAMIC		
BANKING FUNDS		
Deposits from customers	9,424,770	7,737,769
Deposits and placements of banks and other financial institutions	2,160,950	818,010
Bills and acceptances payable	27,835	29,298
Other liabilities	23,283	15,268
Provision for tax expense and zakat	73,898	47,776
Total Liabilities	11,710,736	8,648,121
Islamic Banking Funds	1,749,590	1,573,696
Total Liabilities and Islamic Banking Funds	13,460,326	10,221,817
COMMITMENTS AND CONTINGENCIES	650,448	155,165

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A29b. Income Statements for the 3rd Quarter and Nine Months Ended 30 September 2007

	3rd Quarter Ended		Nine Months Ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
<u>Group and Bank</u>				
Income derived from investment of				
depositors' funds and financial institutions	163,559	122,978	467,757	339,071
Allowance for losses on financing, advances and other loans	(20,550)	(21,953)	(54,054)	(47,455)
Transfer from / (to) profit equalisation reserve	1,626	852	(1,182)	13,545
Total attributable income	144,635	101,877	412,521	305,161
Income attributable to the depositors and financial institutions	(63,091)	(40,704)	(184,377)	(104,172)
Income attributable to the reporting institutions	81,544	61,173	228,144	200,989
Income derived from investment of				
Islamic Banking Funds	24,129	23,532	68,863	67,588
Total net income	105,673	84,705	297,007	268,577
Other operating expenses	(18,105)	(14,960)	(54,212)	(44,280)
Profit before zakat and tax expense	87,568	69,745	242,795	224,297
Zakat	(42)	(119)	(125)	(157)
Tax expense	(23,963)	(19,813)	(66,776)	(63,928)
Profit after zakat and tax expense	63,563	49,813	175,894	160,212

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A29c. Financing, Advances and Other Loans

	Group and Bank	
	30 September	31 December
	2007	2006
	RM'000	RM'000
Qardhassan-i (overdraft)	61,899	40,745
Bai Bithaman Ajil-i (deferred payment sale)	3,998,379	3,718,492
Ijarah Thamma Al-Bai'-i (leasing)	8,102,052	7,367,486
Bai-Al-Einah-i	1,232,507	673,086
	<u>13,394,837</u>	<u>11,799,809</u>
Unearned income	(2,872,296)	(2,612,664)
	<u>10,522,541</u>	<u>9,187,145</u>
Less: Islamic house financing sold to Cagamas	(200,000)	-
Gross financing, advances and other loans	<u>10,322,541</u>	<u>9,187,145</u>
Allowance for bad and doubtful debts and financing:		
- general	(157,395)	(137,495)
- specific	(30,122)	(26,014)
Net financing, advances and other loans	<u>10,135,024</u>	<u>9,023,636</u>

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

	Group and Bank	
	30 September	31 December
	2007	2006
	RM'000	RM'000
At 1 January	176,357	156,196
Non-performing during the period / year	322,368	391,438
Reclassified as performing	(250,628)	(299,843)
Recoveries	(28,382)	(29,687)
Amount written off	(35,998)	(41,747)
Closing balance	<u>183,717</u>	<u>176,357</u>
Specific allowance	(30,122)	(26,014)
Net non-performing financing, advances and other loans	<u>153,595</u>	<u>150,343</u>
Net NPL as % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	<u>1.46%</u>	<u>1.64%</u>

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A29c. Financing, Advances and Other Loans (continued)

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

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
<u>General allowance</u>		
At 1 January	137,495	114,195
Allowance made during the period / year	19,900	23,300
Closing balance	157,395	137,495
As % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	1.50%	1.50%

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
<u>Specific allowance</u>		
At 1 January	26,014	19,294
Allowance made during the period / year	59,671	58,647
Amount written back	(19,563)	(10,180)
Amount written off	(35,998)	(41,747)
Amount transferred to accumulated impairment losses in value of foreclosed properties	(2)	-
Closing balance	30,122	26,014

A29d. Other Assets

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Interest receivable	2,728	875
Other receivables, deposits and prepayments	200,518	119,789
	203,246	120,664

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A29e. Deposits from Customers
i) By type of deposit

	Group and Bank	
	30 September	31 December
	2007	2006
	RM'000	RM'000
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	1,545,018	1,312,608
Wadiah savings deposits-i	2,788,944	2,435,543
Negotiable debt certificate-i	3,068,673	2,728,912
Others	2,430	-
	7,405,065	6,477,063
<u>Mudharabah Fund</u>		
Mudharabah savings deposits-i	65,344	64,542
Mudharabah general investment deposits-i	1,954,361	1,196,164
	2,019,705	1,260,706
Deposits from customers	9,424,770	7,737,769

A29f. Other liabilities

	Group and Bank	
	30 September	31 December
	2007	2006
	RM'000	RM'000
Income payable	16,137	9,617
Other liabilities	1,168	855
Profit equalisation reserves	5,978	4,796
	23,283	15,268

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A30. Change in Accounting Policies and Prior Year Adjustments

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

During the nine months ended 30 September 2007, the Group and the Bank have adopted the revised FRS 117 Leases issued by MASB that is applicable for the financial year ending 31 December 2007 for the Group and the Bank, which resulted in a change in accounting policy during the nine months.

FRS 117: Leases

Leasehold land held for own use

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

The Group and the Bank have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group and the Bank as at 31 December 2006 have been restated as set out in Note A30(d). There were no effects on the income statements of the Group and the Bank for the nine months ended 30 September 2006.

(b) Change in Accounting Policy in the 4th Quarter of the Previous Financial Year

BNM's Circular on Handling Fees

During the 4th quarter of 2006, the Group and the Bank adopted the BNM's Circular on Handling Fees dated 16 October 2006 which resulted in the Group and the Bank capitalising handling fees paid for hire purchase loans in the Balance Sheet and amortising the amount in the Income Statement over the life of the loans with retrospective effect. Previously, such handling fees were expensed off in the Income Statement when incurred. The handling fees amount which was previously reported as operating expenses in the income statement has been reclassified and deducted from the interest income upon the change of this accounting policy. Certain comparative figures of the Group and the Bank have been restated as set out in Note A30(d).

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

(c) Adjustments Due to Change in Accounting Policies

	Group RM'000	Bank RM'000
<u>For the 3rd Quarter Ended 30 September 2006</u>		
Effects on income statement:		
Profit for the quarter before changes in accounting policy	446,066	551,783
Effects of adopting BNM Circular on Handling Fees	3,905	3,905
Profit for the quarter after changes in accounting policy	449,971	555,688
<u>For the Nine Months Ended 30 September 2006</u>		
Effects on income statement:		
Profit for the nine months before changes in accounting policy	1,323,910	1,226,036
Effects of adopting BNM Circular on Handling Fees	9,927	9,927
Profit for the nine months after changes in accounting policy	1,333,837	1,235,963

(d) Comparative Figures

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

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

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

(d) Comparative Figures (Continued)

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(ii) Income statement for the 3rd quarter ended 30 September 2006				
Revenue	2,092,549	2,137,489	1,721,642	1,737,241
Interest income	1,669,693	1,681,051	1,423,645	1,435,003
Net interest income	742,368	753,726	607,261	618,619
Net financing income from				
Islamic Banking business	104,455	108,696	104,455	108,696
Other operating income	245,296	274,637	n/a	n/a
Net income	1,094,322	1,139,262	1,149,969	1,165,568
Other operating expenses	(354,072)	(404,435)	(272,353)	(293,375)
Operating profit	740,250	734,827	877,616	872,193
Share of profit after tax of equity accounted associated companies *	1,387	1,929	n/a	n/a
Profit before tax expense and zakat	606,316	601,435	771,291	765,868
Tax expense and zakat *	(156,345)	(155,369)	(215,603)	(214,085)
Profit for the period	449,971	446,066	555,688	551,783
Profit attributable to equity holders of the Bank	436,315	432,410	555,688	551,783
(iii) Income statement for the nine months ended 30 September 2006				
Revenue	5,525,385	5,655,574	4,503,147	4,548,545
Interest income	4,463,185	4,496,428	3,874,003	3,907,246
Net interest income	2,118,744	2,151,987	1,732,569	1,765,812
Net financing income from				
Islamic Banking business	309,709	321,864	309,709	321,864
Other operating income	708,633	793,424	n/a	n/a
Net income	3,143,409	3,273,598	2,713,388	2,758,786
Other operating expenses	(1,025,612)	(1,169,588)	(791,814)	(850,999)
Operating profit	2,117,797	2,104,010	1,921,574	1,907,787
Share of profit after tax of equity accounted associated companies *	3,625	5,038	n/a	n/a
Profit before tax expense and zakat	1,767,113	1,754,739	1,664,812	1,651,025
Tax expense and zakat *	(433,276)	(430,829)	(428,849)	(424,989)
Profit for the period	1,333,837	1,323,910	1,235,963	1,226,036
Profit attributable to equity holders of the Bank	1,281,625	1,271,698	1,235,963	1,226,036

* The share of taxation of associated companies were reclassified from tax expense to the share of profit after tax of equity accounted associated companies to conform with the current period's presentation.

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

B1. Performance Review

The Group's pre-tax profit for the nine months ended 30 September 2007 of RM2,182.4 million was RM415.3 million or 23.5% higher than the previous corresponding period of RM1,767.1 million. Profit attributable to equity holders of the Bank improved by 20.5% to RM1,544.0 million. The improvement in earnings was primarily due to higher net interest income, including net financing income from Islamic Banking operations, which improved by RM287.8 million or 11.9% and higher other operating income by 41.1% or RM291.1 million which was mainly due to higher fees from sale of trust units, higher management fee income from the fund management business and higher investment income. In addition, loan loss allowance decreased by 14.3% or RM50.8 million. These were partially offset by higher other operating expenses of RM209.9 million.

The growth in the Group's net interest income was driven by strong loans and deposits growth coupled with further improvement in asset quality. Gross loan balance has grown by 17.9% to RM96.2 billion as at 30 September 2007 as compared to RM81.6 billion as at 30 September 2006 mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total deposits from customers had also grown by 21.5% or RM23.2 billion as compared to 30 September 2006 which partly contributed to the higher net interest income for the current financial period. The Group's net non-performing loans ratio ("NPL") further improved to below 1.4% as at 30 September 2007 as compared to 1.5% as at 30 September 2006.

The Group's commercial bank, Public Bank, recorded a pre-tax profit of RM1,866.1 million for the nine months ended 30 September 2007 and was 12.1% higher than the pre-tax profit of RM1,664.8 million achieved in the previous corresponding period. This was mainly due to higher net interest income including income from Islamic Banking operations and lower loan loss allowances, partially offset by higher other operating expenses.

The overseas operations of the Group recorded a 15.6% improvement in pre-tax profit to RM278.1 million from the previous corresponding period, due to loan growth achieved during the period.

For the 3rd quarter ended 30 September 2007, the Group registered a pre-tax profit of RM774.4 million, an improvement of RM168.1 million or 27.7% as compared to the previous corresponding quarter. This was achieved on the back of strong loans and deposits growth, improved asset quality, coupled with strong growth in its fund management business. Earnings attributable to equity holders of the Bank grew by 24.6% or RM107.3 million for the same period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM774.4 million for the 3rd quarter ended 30 September 2007 shows a growth of 5.7% as compared to the pre-tax profit of RM732.7 million for the preceding quarter ended 30 June 2007. Net profit attributable to equity holders of the Bank increased by RM19.5 million or 3.7% over the same period. The increase was mainly due to increase in net interest income and Islamic banking income by RM48.9 million and growth in its other operating income by 3.4% or RM11.7 million. This is partially offset by higher general allowance of RM19.6 million made during the current quarter due to higher loan growth achieved.

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B3. Prospects for 2007

The banking industry is expected to continue to remain sound in 2007 as the Malaysian economy is projected to remain firm. Given its strong fundamentals, the Malaysian economy is expected to be able to weather the issues arising from the fallout from the US subprime housing market. Competition in the banking industry, however, is expected to remain keen due to the deregulated operating environment for the incumbent foreign-controlled domestic banks, high liquidity in the banking system and the entry of new Islamic banking players. Public Bank will continue to focus and increase its market share in consumer financing and retail commercial lending to mid-market SMEs as well as deposit taking by leveraging on its wide branch network, efficient multiple delivery channels, strong PB brand and superior service standards. Public Bank will also continue to intensify its efforts to grow its overseas business, particularly in Hong Kong, China and Indochina. In pursuit of its growth strategy to enhance stakeholder value, Public Bank will continue to be innovative, alert and vigilant; remain prudent, maintain strong corporate governance and implement sound risk management policies. Barring any unforeseen circumstances, the Group and the Bank are expected to continue to record satisfactory performance in 2007.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 3rd quarter and nine months ended 30 September 2007 are as follows:

	3rd Quarter Ended		Nine Months Ended	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	179,829	149,758	523,331	420,220
Overseas income tax	15,820	15,451	45,948	41,741
	195,649	165,209	569,279	461,961
(Over) / Under provision in prior period				
- Malaysian income tax	(538)	894	(481)	894
- Overseas income tax	-	-	-	(37)
	195,111	166,103	568,798	462,818
Deferred tax expense				
- Relating to origination and reversal of temporary differences	5,164	(9,877)	8,403	(29,699)
- Relating to changes in tax rate	11,168	-	11,168	-
Tax expense	211,443	156,226	588,369	433,119
Zakat	42	119	125	157
	211,485	156,345	588,494	433,276

Included in the tax expense of the Group for the 3rd quarter and nine months ended 30 September 2007 is deferred tax expense of RM11,168,000 relating to the changes in the Malaysian corporate tax rate for the year of assessment 2009 from 26% to 25%.

Excluding the effect of the additional deferred tax expense resulting from the change in Malaysian corporate tax rate, the Group's effective tax rates for the 3rd quarter and nine months ended 30 September 2007 are lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions.

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B5. Tax Expense and Zakat (Contd.)

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	162,109	226,200	507,894	459,998
Overseas income tax	298	836	872	1,394
	<u>162,407</u>	<u>227,036</u>	<u>508,766</u>	<u>461,392</u>
Deferred tax expense				
- Relating to origination and reversal of temporary differences	77	(11,552)	(12,579)	(32,700)
- Relating to changes in tax rate	10,261	-	10,261	-
Tax expense	<u>172,745</u>	<u>215,484</u>	<u>506,448</u>	<u>428,692</u>
Zakat	42	119	125	157
	<u><u>172,787</u></u>	<u><u>215,603</u></u>	<u><u>506,573</u></u>	<u><u>428,849</u></u>

Included in the tax expense of the Bank for the 3rd quarter and nine months ended 30 September 2007 is deferred tax expense of RM10,261,000 relating to the changes in the Malaysian corporate tax rate for the year of assessment 2009 from 26% to 25%.

Excluding the effect of the additional deferred tax expense resulting from the change in Malaysian corporate tax rate, the Bank's effective tax rate for the nine months ended 30 September 2007 is lower than the statutory tax rate due to certain income not subject to tax.

The Bank's effective tax rates for the 3rd quarter ended 30 September 2007 is higher than the statutory tax rate due to disallowances of certain expenses.

B6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the 3rd quarter and nine months ended 30 September 2007 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 30 September 2007.

B9. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

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

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	62,844,442	53,235,085	53,027,360	46,304,196
More than one year	171,190	155,574	157,955	136,565
- Negotiable instruments of deposits				
One year or less	17,082,682	31,615,469	16,637,909	30,985,521
More than one year	629,617	318,635	278,082	273,366
- Money market deposits				
One year or less	20,284,332	-	20,976,107	-
- Savings deposits	16,022,759	14,809,282	14,957,711	13,682,121
- Demand deposits	13,151,781	11,288,760	12,889,578	10,894,214
- Others	464,925	370,344	464,321	366,935
	<u>130,651,728</u>	<u>111,793,149</u>	<u>119,389,023</u>	<u>102,642,918</u>
Deposits and placements of banks and other financial institutions				
- One year or less	<u>10,897,929</u>	<u>5,637,964</u>	<u>8,401,263</u>	<u>4,305,478</u>
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	<u>395,662</u>	<u>679,341</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	<u>2,517,829</u>	<u>2,561,131</u>	<u>2,517,829</u>	<u>2,561,131</u>
Hybrid capital securities denominated in USD (unsecured)				
- More than one year	700,104	718,925	700,104	718,925
Hybrid capital securities denominated in RM (unsecured)				
- More than one year	<u>1,178,892</u>	<u>1,200,000</u>	<u>1,178,892</u>	<u>1,200,000</u>
	<u>1,878,996</u>	<u>1,918,925</u>	<u>1,878,996</u>	<u>1,918,925</u>

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B11. Off-Balance Sheet Financial Instruments

The value of off-balance sheet financial instruments classified by remaining period to maturity / next repricing date (whichever is earlier) as at the latest practicable date, 11 October 2007, is as follows :

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	2,198,345	1,220,804	467,260	388,471	121,810	-	-
- swaps	5,431,210	1,543,976	3,369,295	484,103	33,836	-	-
Sub total	7,629,555	2,764,780	3,836,555	872,574	155,646	-	-
Interest rate related contracts							
- forwards	67,496	-	-	-	-	67,496	-
- swaps	7,212,991	486,648	4,565,113	1,987,146	174,084	-	-
Sub total	7,280,487	486,648	4,565,113	1,987,146	174,084	67,496	-
Total	14,910,042	3,251,428	8,401,668	2,859,720	329,730	67,496	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,660,473	920,500	467,137	269,984	2,852	-	-
- swaps	5,256,465	1,505,473	3,266,889	484,103	-	-	-
Sub total	6,916,938	2,425,973	3,734,026	754,087	2,852	-	-
Interest rate related contracts							
- swaps	6,754,427	486,648	4,382,018	1,885,761	-	-	-
Sub total	6,754,427	486,648	4,382,018	1,885,761	-	-	-
Total	13,671,365	2,912,621	8,116,044	2,639,848	2,852	-	-

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

B12. Changes in Material Litigation

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

B13. Proposed Dividends

No dividend has been proposed or declared for the 3rd quarter ended 30 September 2007.

PUBLIC BANK BERHAD
(6463 - H)
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B14. Earnings Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the net profit attributable to the equity holders of the Bank for the 3rd quarter and nine months ended 30 September 2007 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 3rd quarter and nine months ended 30 September 2007 excluding the weighted average treasury shares held by the Bank.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
Net profit attributable to equity holders of the Bank (RM'000)	<u>543,627</u>	436,315	<u>1,543,955</u>	<u>1,281,625</u>
Weighted average number of PBB Shares ('000)	<u>3,353,022</u>	3,316,486	<u>3,354,770</u>	<u>3,308,603</u>
Basic earnings per share (sen)	<u>16.2</u>	13.2	<u>46.0</u>	<u>38.7</u>

Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to the equity holders of the Bank for the 3rd quarter and nine months ended 30 September 2007 divided by the adjusted weighted average number of PBB Shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
Weighted average number of PBB Shares ('000)	<u>3,353,022</u>	3,316,486	<u>3,354,770</u>	3,308,603
Effects of share options ('000)	<u>6,643</u>	18,727	<u>23,603</u>	25,258
Adjusted weighted average number of PBB shares in issue or issuable ('000)	<u>3,359,665</u>	3,335,213	<u>3,378,373</u>	<u>3,333,861</u>
Diluted earnings per share (sen)	<u>16.2</u>	13.1	<u>45.7</u>	<u>38.4</u>