

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2005

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
ASSETS				
Cash and short-term funds	20,017,313	19,670,005	18,899,817	19,893,236
Deposits and placements with banks and other financial institutions	6,640,757	1,460,309	6,440,694	1,573,127
Securities purchased under resale agreements	2,284,182	1,495,438	1,390,914	978,552
Securities held-for-trading	3,222,242	5,261,938	3,206,717	5,199,416
Securities available-for-sale	3,091,520	3,140,213	2,587,482	1,132,430
Securities held-to-maturity	1,657,845	832,676	1,254,716	610,839
Loans, advances and financing	61,029,603	55,718,729	59,086,899	53,856,112
Other assets	888,081	767,380	1,103,536	935,282
Statutory deposits with Central Banks	2,152,047	1,869,256	2,105,100	1,823,000
Deferred tax assets	297,486	280,554	239,077	220,646
Investment in subsidiary companies	-	-	1,316,156	1,376,156
Investment in associated companies	48,045	45,936	28,465	28,465
Investment properties	33,610	33,594	-	-
Property and equipment	943,604	942,192	566,316	567,101
Goodwill/Intangible asset	787,717	811,399	716,874	738,356
TOTAL ASSETS	103,094,052	92,329,619	98,942,763	88,932,718
LIABILITIES				
Deposits from customers	80,978,840	72,246,303	78,840,457	68,265,639
Deposits and placements of banks and other financial institutions	4,091,258	2,958,481	3,336,655	4,765,730
Obligations on securities sold under repurchase agreements	2,823,239	3,258,431	2,369,743	3,018,317
Bills and acceptances payable	2,059,070	1,260,992	2,057,174	1,258,917
Recourse obligations on loans sold to Cagamas	298,345	346,213	298,345	346,213
Other liabilities	1,152,894	1,644,918	1,081,349	1,333,525
Subordinated notes	2,857,926	1,375,214	2,857,926	1,375,214
Provision for tax expense and zakat	309,078	233,170	236,134	154,372
Deferred tax liabilities	3,080	3,080	-	-
TOTAL LIABILITIES	94,573,730	83,326,802	91,077,783	80,517,927

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	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
SHAREHOLDERS' EQUITY				
Share capital	3,397,542	3,355,767	3,397,542	3,355,767
Reserves	5,069,672	4,708,368	4,780,601	4,488,453
Proposed dividends	471,365	1,172,012	471,365	1,172,012
Treasury shares	(784,528)	(601,441)	(784,528)	(601,441)
	8,154,051	8,634,706	7,864,980	8,414,791
Minority interests	366,271	368,111	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	103,094,052	92,329,619	98,942,763	88,932,718
COMMITMENTS AND CONTINGENCIES	22,220,309	19,780,677	21,949,029	19,535,337
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	11.7%	13.9%	11.7%	13.8%
Risk-Weighted Capital Ratio	17.7%	17.8%	15.8%	15.3%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	10.9%	11.8%	10.9%	11.6%
Risk-Weighted Capital Ratio	17.0%	15.7%	15.0%	13.1%
NET TANGIBLE ASSETS PER SHARE (RM)	2.25	2.40	2.18	2.36

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UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2005

	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Group				
Operating revenue	1,414,728	1,199,261	2,833,301	2,359,754
Interest income	1,126,883	911,671	2,213,129	1,791,645
Interest expense	(512,813)	(339,463)	(1,001,428)	(662,658)
Net interest income	614,070	572,208	1,211,701	1,128,987
Net income from Islamic Banking business				
Net financing income	98,012	91,844	192,619	184,535
Other Islamic banking income	1,637	1,619	3,418	2,763
	713,719	665,671	1,407,738	1,316,285
Other operating income	235,719	172,699	433,959	358,746
Net income	949,438	838,370	1,841,697	1,675,031
Other operating expenses	(355,546)	(323,590)	(679,405)	(643,890)
Operating profit	593,892	514,780	1,162,292	1,031,141
Allowance for losses on loans, advances and financing	(79,945)	(65,117)	(169,743)	(153,292)
Impairment written back/(loss)	5,904	(1,293)	5,904	1,384
	519,851	448,370	998,453	879,233
Share of results in associated companies	1,482	1,023	2,478	1,775
Profit before tax expense and zakat	521,333	449,393	1,000,931	881,008
Tax expense and zakat	(134,475)	(127,806)	(250,095)	(239,855)
Profit after tax expense	386,858	321,587	750,836	641,153
Minority interests	(20,704)	(12,119)	(39,553)	(27,979)
Net profit for the period	366,154	309,468	711,283	613,174
Earnings per RM1.00 share:				
- basic (sen)	11.2	9.6	21.7	19.1
- diluted (sen)	11.2	9.5	21.7	19.0

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UNAUDITED INCOME STATEMENTS
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	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
<u>Bank</u>				
Operating revenue	1,244,530	778,176	2,414,053	1,514,449
Interest income	1,015,082	640,143	1,974,035	1,241,067
Interest expense	(514,211)	(327,742)	(982,409)	(623,655)
Net interest income	500,871	312,401	991,626	617,412
Net income from Islamic Banking business				
Net financing income	98,012	38,038	192,619	72,306
Other Islamic banking income	1,637	1,606	3,418	2,730
	600,520	352,045	1,187,663	692,448
Other operating income	236,369	534,398	333,775	636,266
Net income	836,889	886,443	1,521,438	1,328,714
Other operating expenses	(267,127)	(189,659)	(527,407)	(379,332)
Operating profit	569,762	696,784	994,031	949,382
Allowance for losses on loans, advances and financing	(61,345)	(22,443)	(139,145)	(32,092)
Impairment written back/(loss)	5,904	(1,293)	5,904	1,354
Profit before tax expense and zakat	514,321	673,048	860,790	918,644
Tax expense and zakat	(126,042)	(74,122)	(226,290)	(142,907)
Net profit for the period	388,279	598,926	634,500	775,737

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2005

<u>Group</u>	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		<u>Proposed Dividends</u>	<u>Treasury Shares</u>	<u>Total</u>
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Other Reserves</u>	<u>Retained Profits</u>	<u>RM'000</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2005								
As previously stated	3,355,767	1,347,084	2,614,989	682,324	1,172,012	(601,441)	8,570,735	
Prior year adjustments	-	-	44,531	19,440	-	-	63,971	
At 1 January 2005, as restated	3,355,767	1,347,084	2,659,520	701,764	1,172,012	(601,441)	8,634,706	
Issue of shares pursuant to:								
- exercise of share options	41,775	151,296	-	-	-	-	193,071	
Currency translation differences	-	-	859	-	-	-	859	
Net profit for the period	-	-	-	711,283	-	-	711,283	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(24,368)	-	-	-	(24,368)	
Transfer to statutory reserves	-	-	158,392	(158,392)	-	-	-	
Buy-back of shares	-	-	-	-	-	(183,087)	(183,087)	
Transfer to proposed dividends	-	-	-	(477,766)	477,766	-	-	
Dividend paid	-	-	-	-	(1,178,413)	-	(1,178,413)	
At 30 June 2005	3,397,542	1,498,380	2,794,403	776,889	471,365	(784,528)	8,154,051	
At 1 January 2004								
As previously stated	3,206,600	928,433	2,387,630	1,762,092	503,000	(169,960)	8,617,795	
Prior year adjustments	-	-	10,751	17,890	-	-	28,641	
At 1 January 2004, as restated	3,206,600	928,433	2,398,381	1,779,982	503,000	(169,960)	8,646,436	
Issue of shares pursuant to:								
- exercise of share options	86,963	228,181	-	-	-	-	315,144	
Currency translation differences	-	-	(1,789)	-	-	-	(1,789)	
Net profit for the period	-	-	-	613,174	-	-	613,174	
Unrealised net gain on revaluation of securities available-for-sale	-	-	2,591	-	-	-	2,591	
Transfer to statutory reserves	-	-	197,558	(197,558)	-	-	-	
Buy-back of shares	-	-	-	-	-	(208,386)	(208,386)	
Transfer to proposed dividend	-	-	-	(8,427)	8,427	-	-	
Dividend paid	-	-	-	-	(511,427)	-	(511,427)	
At 30 June 2004	3,293,563	1,156,614	2,596,741	2,187,171	-	(378,346)	8,855,743	

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

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2005

<u>Bank</u>	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		<u>Proposed Dividends</u> RM'000	<u>Treasury Shares</u> RM'000	<u>Total</u> RM'000
	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Profits</u> RM'000	<u>Retained Profits</u> RM'000			
At 1 January 2005								
As previously stated	3,355,767	1,347,084	2,401,569	732,497	1,172,012	(601,441)	8,407,488	
Prior year adjustments	-	-	5,331	1,972	-	-	7,303	
At 1 January 2005, as restated	3,355,767	1,347,084	2,406,900	734,469	1,172,012	(601,441)	8,414,791	
Issue of shares pursuant to:								
- exercise of share options	41,775	151,296	-	-	-	-	193,071	
Net profit for the period	-	-	-	634,500	-	-	634,500	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(15,882)	-	-	-	(15,882)	
Transfer to statutory reserves	-	-	158,625	(158,625)	-	-	-	
Buy-back of shares	-	-	-	-	-	(183,087)	(183,087)	
Transfer to proposed dividends	-	-	-	(477,766)	477,766	-	-	
Dividends payable	-	-	-	-	(1,178,413)	-	(1,178,413)	
At 30 June 2005	3,397,542	1,498,380	2,549,643	732,578	471,365	(784,528)	7,864,980	
At 1 January 2004								
As previously stated	3,206,600	928,433	1,842,160	1,172,318	503,000	(169,960)	7,482,551	
Prior year adjustments	-	-	20,452	(2,179)	-	-	18,273	
At 1 January 2004, as restated	3,206,600	928,433	1,862,612	1,170,139	503,000	(169,960)	7,500,824	
Issue of shares pursuant to:								
- exercise of share options	86,963	228,181	-	-	-	-	315,144	
Net profit for the period	-	-	-	775,737	-	-	775,737	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(415)	-	-	-	(415)	
Transfer to statutory reserves	-	-	193,895	(193,895)	-	-	-	
Buy-back of shares	-	-	-	-	-	(208,386)	(208,386)	
Transfer to proposed dividends	-	-	-	(8,427)	8,427	-	-	
Dividends payable	-	-	-	-	(511,427)	-	(511,427)	
At 30 June 2004	3,293,563	1,156,614	2,056,092	1,743,554	-	(378,346)	7,871,477	

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UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2005

	Group		Bank	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Profit before tax expense and zakat	1,000,931	881,008	860,790	918,644
Adjustments for non-cash items	<u>245,236</u>	<u>252,408</u>	<u>84,055</u>	<u>(356,013)</u>
Operating profit before changes in working capital	1,246,167	1,133,416	944,845	562,631
Changes in working capital				
Net changes in operating assets	(9,863,601)	(10,553,028)	(9,034,349)	(10,435,120)
Net changes in operating liabilities	8,518,003	11,571,397	7,816,012	15,448,820
Tax expense and zakat paid	<u>(182,839)</u>	<u>(131,783)</u>	<u>(146,014)</u>	<u>(93,164)</u>
Net cash (used in)/generated from operating activities	(282,270)	2,020,002	(419,506)	5,483,167
Net cash (used in)/generated from investing activities	(840,290)	355,408	(2,090,719)	476,194
Net cash generated from/(used in) financing activities	1,469,694	901,106	1,516,806	925,331
Net change in cash and cash equivalents	<u>347,134</u>	<u>3,276,516</u>	<u>(993,419)</u>	<u>6,884,692</u>
Cash and cash equivalents at beginning of the year	19,670,005	7,970,828	19,893,236	11,498,710
Exchange differences on translation of opening balance	174	-	-	-
Cash and cash equivalents at end of the period	<u><u>20,017,313</u></u>	<u><u>11,247,344</u></u>	<u><u>18,899,817</u></u>	<u><u>18,383,402</u></u>

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 2nd quarter and the financial half year ended 30 June 2005 have been prepared in accordance with FRS134 (Interim Financial Reporting) (formerly known as MASB26) issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 31 December 2004.

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

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

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 2nd quarter and the financial half year ended 30 June 2005.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 2nd quarter and the financial half year ended 30 June 2005.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 2nd quarter and the financial half year ended 30 June 2005 other than as disclosed in Note A30.

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A6. Debt and Equity Securities

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

(a) Issuance of Shares

During the financial half year ended 30 June 2005, the issued and paid-up share capital of the Bank was increased from 3,355,767,324 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,397,542,660 PBB Shares by the issuance of 41,775,336 PBB Shares pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme at the following option prices:

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

(b) Share Buy-back

On 30 March 2005, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial half year ended 30 June 2005, the Bank bought back from the open market, 23,997,100 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM7.61 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial half year ended 30 June 2005, including transaction costs, was RM183,086,627 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 30 June 2005, the total shares bought back, all of which are held as treasury shares, amounted to 124,174,500 PBB Shares. None of the treasury shares held were resold or cancelled during the financial half year ended 30 June 2005.

(c) Subordinated Notes

On 20 June 2005, the Bank issued USD400 million in aggregate principal amount of Subordinated Notes ("the Notes") due 2017 callable with step-up in 2012. The Notes bear interest at the rate of 5% per annum from (and including) 20 June 2005 to (but excluding) 20 June 2012 and, thereafter, at a rate per annum equal to the interest rate of five year US treasury notes plus 2.827%. The interest is payable semi-annually in arrear on 20 June and 20 December in each year commencing on 20 December 2005. The Notes were issued at a price of 99.383 per cent of the principal amount of the Notes. The Notes will, subject to prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or on 20 June 2012 at their principal amount plus accrued interest (if applicable). The Notes constitute unsecured liabilities of the Bank, and are subordinated in right of payment upon occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the Notes and qualify as Tier II capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

A7. Dividends Paid

During the financial half year ended 30 June 2005, the final dividend of 35%, less 28% tax and the special dividend of 15%, less 28% tax in respect of the financial year ended 31 December 2004, amounting to RM1,178,412,537.60 were paid on 12 April 2005.

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A8. Securities Held-for-trading

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
At fair value				
Malaysian Government Treasury Bills	588	-	588	-
Malaysian Government Securities	376,940	644,872	376,940	644,872
Malaysia Government Investment Certificates	35,981	55,798	35,981	55,798
Cagamas bonds	51,094	1,189,404	51,094	1,189,404
Negotiable instruments of deposit	2,448,712	2,982,523	2,448,712	2,982,523
Khazanah bonds	-	46,954	-	46,954
Bank Negara Malaysia Negotiable notes	92,707	1,335	92,707	1,335
	<u>3,006,022</u>	<u>4,920,886</u>	<u>3,006,022</u>	<u>4,920,886</u>
Quoted securities:				
Shares in Malaysia	11,769	5,112	8,713	5,112
	<u>11,769</u>	<u>5,112</u>	<u>8,713</u>	<u>5,112</u>
Unquoted securities:				
Private debt securities	204,451	335,940	191,982	273,418
	<u>204,451</u>	<u>335,940</u>	<u>191,982</u>	<u>273,418</u>
Total securities held-for-trading	<u>3,222,242</u>	<u>5,261,938</u>	<u>3,206,717</u>	<u>5,199,416</u>

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A9. Securities Available-for-sale

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
At fair value				
Quoted securities:				
Shares and convertible loan stocks				
in Malaysia	28,177	45,736	28,177	45,736
Shares outside Malaysia	18,073	17,954	-	-
Bonds trust units in Malaysia	1,126,413	1,109,779	1,031,818	1,016,581
Bonds trust units outside Malaysia	152	-	-	-
	<u>1,172,815</u>	<u>1,173,469</u>	<u>1,059,995</u>	<u>1,062,317</u>
Unquoted securities:				
Shares	62,938	63,005	62,368	62,408
Private debt securities	1,855,767	1,903,739	1,465,119	7,705
	<u>1,918,705</u>	<u>1,966,744</u>	<u>1,527,487</u>	<u>70,113</u>
Total securities available-for-sale	<u><u>3,091,520</u></u>	<u><u>3,140,213</u></u>	<u><u>2,587,482</u></u>	<u><u>1,132,430</u></u>

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A10. Securities Held-to-maturity

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
At amortised cost				
Malaysian Government Securities	302,559	-	302,559	-
Malaysian Government Investment Certificates	4,689	-	4,689	-
Cagamas bonds	253,573	-	253,573	-
Cagamas Mudharabah bonds	127,486	127,503	127,486	127,503
Negotiable instruments of deposit	679,243	503,032	276,324	281,405
Other government bonds	66	-	66	-
	<u>1,367,616</u>	<u>630,535</u>	<u>964,697</u>	<u>408,908</u>
Unquoted securities:				
Shares	37,713	37,713	37,503	37,503
Private debt securities	291,490	213,260	291,490	213,260
	<u>329,203</u>	<u>250,973</u>	<u>328,993</u>	<u>250,763</u>
Accumulated impairment losses	<u>(38,974)</u>	<u>(48,832)</u>	<u>(38,974)</u>	<u>(48,832)</u>
Total securities held-to-maturity	<u><u>1,657,845</u></u>	<u><u>832,676</u></u>	<u><u>1,254,716</u></u>	<u><u>610,839</u></u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Overdrafts	6,727,853	6,351,805	6,594,569	6,251,543
Term loans				
- Housing loans/financing	16,916,631	15,210,093	16,829,452	14,936,248
- Syndicated term loan/financing	252,777	320,270	243,579	293,149
- Hire purchase receivables	21,480,887	19,659,110	21,177,024	19,570,181
- Other term loans/financing	15,858,188	14,234,079	14,258,539	12,573,686
Credit card receivables	512,637	477,221	512,551	477,009
Bills receivables	76,209	71,695	75,001	70,570
Trust receipts	319,615	317,002	306,573	309,516
Claims on customers under acceptance credits	1,632,286	1,443,472	1,632,286	1,442,264
Lease, factored and confirming receivables	65,500	83,261	37,411	43,176
Revolving credits	1,979,180	2,130,482	2,089,918	2,338,269
*Staff loans	642,866	639,079	617,190	613,589
	<u>66,464,629</u>	<u>60,937,569</u>	<u>64,374,093</u>	<u>58,919,200</u>
Unearned interest and income	<u>(4,186,622)</u>	<u>(4,025,116)</u>	<u>(4,184,153)</u>	<u>(4,021,191)</u>
Gross loans, advances and financing	<u>62,278,007</u>	<u>56,912,453</u>	<u>60,189,940</u>	<u>54,898,009</u>
Allowance for bad and doubtful debts and financing:				
- general	(969,092)	(895,833)	(900,850)	(821,318)
- specific	(279,312)	(297,891)	(202,191)	(220,579)
Net loans, advances and financing	<u><u>61,029,603</u></u>	<u><u>55,718,729</u></u>	<u><u>59,086,899</u></u>	<u><u>53,856,112</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM2,208,000 (2004: RM1,377,000) and Nil (2004 - Nil) respectively.

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Domestic non-bank financial institutions				
- Stock broking companies	81,815	88,564	81,815	88,564
- Others	1,624,980	1,884,453	1,604,959	2,092,241
Domestic business enterprises				
- Small and medium enterprises	14,013,365	13,058,537	13,901,538	12,975,529
- Others	4,370,426	4,153,732	4,292,410	3,780,161
Government and statutory bodies	1,791	3,705	1,791	3,705
Individuals	40,111,017	35,744,658	40,073,210	35,728,279
Other domestic entities	114,600	126,826	114,600	126,826
Foreign entities	1,960,013	1,851,978	119,617	102,704
Gross loans, advances and financing	<u>62,278,007</u>	<u>56,912,453</u>	<u>60,189,940</u>	<u>54,898,009</u>

A11b. By interest/profit rate sensitivity

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Fixed rate				
- Housing loans/financing	7,173,695	7,032,304	7,158,935	7,028,793
- Hire purchase receivables	18,228,364	16,612,976	18,164,942	16,508,488
- Other fixed rate loan/financing	11,558,834	10,027,810	10,004,395	8,586,237
Variable rate				
- Base lending rate plus	22,470,398	20,289,544	22,441,805	20,154,646
- Cost plus	2,049,715	2,328,050	2,089,852	2,331,136
- Other variable rates	797,001	621,769	330,011	288,709
Gross loans, advances and financing	<u>62,278,007</u>	<u>56,912,453</u>	<u>60,189,940</u>	<u>54,898,009</u>

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A11. Loans, Advances and Financing (continued)

A11c. By economic purposes

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Agriculture	629,051	594,712	628,478	593,749
Mining and quarrying	40,270	36,479	38,403	34,120
Manufacturing	3,128,929	2,854,301	3,069,979	2,771,624
Electricity, gas and water	38,175	34,553	31,431	27,442
Construction	2,027,547	1,963,517	1,931,012	1,867,005
Real estate	1,907,847	1,798,680	1,935,379	1,716,974
Purchase of landed properties	23,869,075	20,827,668	23,835,412	20,792,004
(of which: - residential	15,857,067	14,034,091	15,823,404	13,998,427
- non-residential)	8,012,008	6,793,577	8,012,008	6,793,577
General commerce	5,672,894	5,429,135	5,494,078	5,244,164
Transport, storage and communication	474,361	541,110	457,002	516,480
Finance, insurance and business services	2,430,252	2,756,497	2,412,808	2,876,037
Purchase of securities	510,744	537,880	507,725	534,879
Purchase of transport vehicles	15,634,468	14,184,166	15,376,989	13,957,563
Consumption credit	4,870,943	4,493,521	3,466,553	3,147,898
Others	1,043,451	860,234	1,004,691	818,070
Gross loans, advances and financing	62,278,007	56,912,453	60,189,940	54,898,009

A11d. Non-performing loans by sector

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Agriculture	4,893	6,534	4,848	6,502
Mining and quarrying	344	572	344	572
Manufacturing	95,988	95,486	91,675	94,478
Electricity, gas and water	7,217	649	7,217	649
Construction	99,820	129,583	60,996	90,226
Real estate	27,452	32,572	27,452	32,572
Purchase of landed properties	582,204	580,711	581,467	579,964
(of which: - residential	509,240	499,232	508,503	498,485
- non-residential)	72,964	81,479	72,964	81,479
General commerce	143,579	164,240	143,462	163,748
Transport, storage and communication	12,315	13,751	9,316	13,461
Finance, insurance and business services	44,316	37,872	30,202	36,667
Purchase of securities	85,118	90,054	85,118	90,054
Purchase of transport vehicles	172,768	191,242	172,752	191,229
Consumption credit	141,004	142,559	77,797	81,303
Others	20,027	24,390	20,027	24,390
	1,437,045	1,510,215	1,312,673	1,405,815

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
At 1 January	1,510,215	1,781,055	1,405,815	1,000,762
Non-performing during the period/year	1,215,275	1,767,839	1,140,511	1,529,636
Reclassified as performing	(1,079,564)	(1,485,533)	(1,078,170)	(1,423,619)
Recoveries	(48,867)	(187,134)	(47,653)	(110,256)
Amount written off	(158,806)	(361,238)	(106,576)	(155,412)
Loans converted to portfolio of securities	(1,330)	(4,574)	(1,330)	(4,574)
Amount vested over from PBFIN Berhad (formally known as Public Finance Berhad)	-	-	-	569,278
Exchange differences	122	(200)	76	-
Closing balance	<u>1,437,045</u>	1,510,215	<u>1,312,673</u>	1,405,815
Specific allowance	<u>(279,312)</u>	(297,891)	<u>(202,191)</u>	(220,579)
Net non-performing loans, advances and financing	<u><u>1,157,733</u></u>	<u><u>1,212,324</u></u>	<u><u>1,110,482</u></u>	<u><u>1,185,236</u></u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u><u>1.87%</u></u>	<u><u>2.14%</u></u>	<u><u>1.85%</u></u>	<u><u>2.17%</u></u>

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

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
<u>General Allowance</u>				
At 1 January	895,833	826,892	821,318	445,439
Allowance made during the period/year	81,865	108,878	79,536	375,887
Amount written back	(8,626)	(39,781)	-	-
Exchange differences	20	(156)	(4)	(8)
Closing balance	<u>969,092</u>	<u>895,833</u>	<u>900,850</u>	<u>821,318</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.56%</u></u>	<u><u>1.58%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
<u>Specific Allowance</u>				
At 1 January	297,891	376,989	220,579	173,728
Allowance made during the period/year	162,891	354,006	110,769	149,378
Amount written back in respect of recoveries	(21,056)	(69,267)	(20,940)	(24,811)
Amount written off	(158,779)	(363,248)	(106,549)	(157,353)
Amount transferred to accumulated impairment losses in value of securities	(1,681)	(500)	(1,681)	(500)
Amount vested over from PBFIN Berhad (formally known as Public Finance Berhad)	-	-	-	80,137
Exchange differences	46	(89)	13	-
Closing balance	<u>279,312</u>	<u>297,891</u>	<u>202,191</u>	<u>220,579</u>

A12. Other Assets

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Interest/Income receivable	59,263	45,539	52,052	37,028
Other debtors, deposits and prepayments	553,275	326,931	505,532	359,285
Foreclosed properties	104,793	98,080	104,529	97,816
Taxi licenses	44,044	14,490	-	-
Amount due from clients	11,674	12,386	-	-
Outstanding contracts on clients' accounts	56,501	206,254	-	-
Amount due from subsidiary companies	-	-	223,230	227,345
Dividend receivable from subsidiary companies	-	-	159,662	150,108
Derivatives	58,531	63,700	58,531	63,700
	<u>888,081</u>	<u>767,380</u>	<u>1,103,536</u>	<u>935,282</u>

A13. Deposits from Customers

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
<u>By type of customer</u>				
Federal and state governments	364,282	258,528	364,282	258,528
Local government and statutory authorities	781,674	554,184	781,674	554,184
Business enterprises	22,234,536	18,356,782	21,674,271	16,072,496
Individuals	43,538,894	41,668,674	43,295,808	40,903,032
Foreign customers	2,235,292	1,199,966	1,580,255	1,050,029
Others	11,824,162	10,208,169	11,144,167	9,427,370
	<u>80,978,840</u>	<u>72,246,303</u>	<u>78,840,457</u>	<u>68,265,639</u>

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A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Licensed banks	2,130,639	1,146,857	1,075,026	769,850
Licensed finance companies	-	240,000	-	240,000
Licensed merchant banks	353,900	104,000	248,900	44,878
Other financial institutions	1,606,719	1,467,624	2,012,729	3,711,002
	<u>4,091,258</u>	<u>2,958,481</u>	<u>3,336,655</u>	<u>4,765,730</u>

A15. Other Liabilities

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Interest/Profit payable	448,183	422,185	435,440	407,063
Other creditors and accruals	516,757	545,956	307,820	268,535
Employees benefits	419	5,741	444	5,741
Accrued restoration cost	7,665	8,589	7,665	7,665
Profit Equalisation Reserves	29,918	28,393	29,918	28,393
Outstanding contracts on clients' accounts	53,619	202,621	-	-
Dividend payable to shareholders	-	305,379	-	305,379
Amount due to subsidiary companies	-	-	222,543	292,988
Derivatives	96,333	126,054	77,519	17,761
	<u>1,152,894</u>	<u>1,644,918</u>	<u>1,081,349</u>	<u>1,333,525</u>

A16. Interest Income

	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPL	888,631	783,030	1,750,316	1,542,413
- Recoveries from NPLs	26,125	20,370	46,901	33,294
Money at call and deposit placements with financial institutions	188,959	86,822	367,811	150,188
Securities held-for-trading	19,395	32,014	55,381	80,532
Securities available-for-sale	17,399	9,613	32,825	20,066
Securities held-to-maturity	14,884	5,327	21,106	8,433
Others	3,589	3,168	9,732	5,975
	<u>1,158,982</u>	940,344	<u>2,284,072</u>	1,840,901
Amortisation of premium less accretion of discount	(2,338)	(842)	(8,968)	(4,983)
Interest income suspended	(29,761)	(27,831)	(61,975)	(44,273)
	<u>1,126,883</u>	911,671	<u>2,213,129</u>	1,791,645

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A16. Interest Income (continued)

	2nd Quarter ended		Half Year ended	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loan, advances and financing				
- Interest income other than recoveries from NPL	788,910	442,366	1,554,872	867,103
- Recoveries from NPLs	26,087	18,939	46,749	31,863
Money at call and deposit placements with financial institutions	192,712	161,767	353,793	286,177
Securities held-for-trading	19,154	30,946	54,388	78,061
Securities available-for-sale	9,281	5,601	13,820	11,163
Securities held-to-maturity	12,232	3,163	15,985	5,555
Others	3,497	1,202	9,498	2,066
	<u>1,051,873</u>	<u>663,984</u>	<u>2,049,105</u>	<u>1,281,988</u>
Amortisation of premium less accretion of discount	(7,546)	(945)	(14,026)	(5,162)
Interest income suspended	(29,245)	(22,896)	(61,044)	(35,759)
	<u>1,015,082</u>	<u>640,143</u>	<u>1,974,035</u>	<u>1,241,067</u>

A17. Interest Expense

	2nd Quarter ended		Half Year ended	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	16,084	6,032	49,541	18,243
Deposits from customers	474,140	323,027	911,645	623,970
Loans sold to Cagamas	3,159	4,949	6,597	10,489
Subordinated notes	16,741	777	28,994	777
Others	2,689	4,678	4,651	9,179
	<u>512,813</u>	<u>339,463</u>	<u>1,001,428</u>	<u>662,658</u>

	2nd Quarter ended		Half Year ended	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	26,848	68,805	61,567	124,583
Deposits from customers	467,428	256,889	885,181	495,699
Loans sold to Cagamas	3,159	1,256	6,597	2,566
Subordinated notes	16,741	777	28,994	777
Others	35	15	70	30
	<u>514,211</u>	<u>327,742</u>	<u>982,409</u>	<u>623,655</u>

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A18. Other Operating Income

	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Group				
(a) Fee income:				
Commissions	24,788	22,241	45,656	42,321
Service charges and fees	46,411	41,418	86,947	79,308
Guarantee fees	4,726	3,574	9,896	9,329
Processing fees	6,196	5,229	11,320	10,119
Commitment fees	7,512	7,034	15,613	14,108
Unit trust management fees	32,498	28,100	63,611	57,175
Net brokerage and commissions from stock broking activities	4,656	3,240	9,856	12,526
Other fee income	7,192	7,745	11,225	12,292
	<u>133,979</u>	<u>118,581</u>	<u>254,124</u>	<u>237,178</u>
(b) Gain/loss arising from sale of securities:				
Net gain from sale of securities held-for-trading	4,208	1,991	8,284	10,527
Net gain/(loss) from sale of securities available-for-sale	811	(191)	811	1,363
	<u>5,019</u>	<u>1,800</u>	<u>9,095</u>	<u>11,890</u>
(c) Gross dividend income from:				
Securities held-for-trading	125	222	198	283
Securities available-for-sale	13,445	11,668	22,832	16,595
Securities held-to-maturity	1,086	83	1,086	561
	<u>14,656</u>	<u>11,973</u>	<u>24,116</u>	<u>17,439</u>
(d) Unrealised gain on revaluation of securities held-for-trading and derivatives	11,970	8,863	17,554	2,433
(e) Other income:				
Foreign exchange profit				
- Realised	16,100	5,369	23,339	35,429
- Unrealised	250	-	239	-
Rental income	1,783	2,076	3,622	3,840
Gain/(loss) on disposal of property and equipment (net)	105	(2)	2,150	25
Gain on disposal of foreclosed properties	86	44	142	55
Gain on sale of trust units	41,212	20,301	61,730	40,418
Lease income and factoring charges	517	541	1,049	1,060
Others	10,042	3,153	36,799	8,979
	<u>70,095</u>	<u>31,482</u>	<u>129,070</u>	<u>89,806</u>
Total other operating income	<u>235,719</u>	<u>172,699</u>	<u>433,959</u>	<u>358,746</u>

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A18. Other Operating Income (continued)

	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
<u>Bank</u>				
(a) Fee income:				
Commissions	24,512	20,812	44,914	39,464
Service charges and fees	30,464	25,073	56,943	46,282
Guarantee fees	4,023	2,634	8,418	7,496
Processing fees	192	149	339	278
Commitment fees	7,891	7,125	15,613	14,108
Other fee income	5,138	4,009	7,904	6,523
	<u>72,220</u>	<u>59,802</u>	<u>134,131</u>	<u>114,151</u>
(b) Gain arising from sale of securities:				
Net gain from sale of securities held-for-trading	5,359	1,795	7,037	10,283
	<u>5,359</u>	<u>1,795</u>	<u>7,037</u>	<u>10,283</u>
(c) Gross dividend income from:				
Securities held-for-trading	108	69	164	98
Securities available-for-sale	11,732	8,357	20,331	13,284
Securities held-to-maturity	1,026	411	1,026	411
Associated companies	231	347	231	347
Subsidiary companies	118,106	446,581	118,106	446,581
	<u>131,203</u>	<u>455,765</u>	<u>139,858</u>	<u>460,721</u>
(d) Unrealised gain on revaluation of securities held-for-trading and derivatives	10,627	8,588	16,036	2,265
(e) Other income:				
Foreign exchange profit				
- Realised	16,004	5,489	23,217	35,410
Rental income	534	808	1,117	1,730
Gain on disposal of property and equipment (net)	19	7	1,791	32
Gain on disposal of foreclosed properties	86	44	142	55
Others	317	2,100	10,446	11,619
	<u>16,960</u>	<u>8,448</u>	<u>36,713</u>	<u>48,846</u>
Total other operating income	<u>236,369</u>	<u>534,398</u>	<u>333,775</u>	<u>636,266</u>

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A19. Other Operating Expenses

Group	2nd Quarter ended		Half Year ended	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	142,672	136,504	286,696	275,461
- Pension costs	16,956	22,259	33,914	40,891
- Others	14,460	14,291	26,739	25,747
Establishment costs				
- Depreciation	22,260	22,237	44,739	44,113
- Rental	12,842	12,331	24,550	25,376
- Insurance	3,953	3,926	5,343	8,143
- Water and electricity	5,420	5,185	10,243	10,084
- General repairs	4,691	6,524	8,896	9,954
- Information technology expenses	4,278	7,330	7,646	14,605
- Others	9,030	8,768	22,236	21,822
Marketing expenses				
- Sales commission	42,667	20,488	65,820	34,842
- Advertisement and publicity	11,756	10,244	22,407	18,642
- Handling fees	4,542	5,004	9,768	17,861
- Others	15,795	8,380	29,656	19,290
Administration and general expenses				
- Amortisation of goodwill/intangible assets	11,543	11,294	23,085	22,591
- Communication expenses	19,832	12,956	34,017	25,326
- Others	12,849	15,869	23,650	29,142
	355,546	323,590	679,405	643,890

Bank	2nd Quarter ended		Half Year ended	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	121,827	84,482	244,127	170,803
- Pension costs	15,058	14,677	30,209	26,702
- Others	13,597	10,295	25,054	18,359
Establishment costs				
- Depreciation	18,342	15,778	36,525	30,956
- Rental	16,251	15,871	32,136	31,478
- Insurance	3,698	2,473	4,751	5,836
- Water and electricity	4,380	3,963	8,314	7,574
- General repairs	3,900	4,671	7,272	6,782
- Information technology expenses	3,295	3,301	5,707	7,198
- Others	6,974	2,910	18,675	10,624
Marketing expenses				
- Advertisement and publicity	6,104	4,837	10,714	7,896
- Handling fees	4,537	(6,726)	9,762	(6,273)
- Others	11,835	5,601	22,964	12,567
Administration and general expenses				
- Amortisation of goodwill/intangible assets	10,741	4,914	21,482	9,828
- Communication expenses	14,934	11,448	28,063	21,901
- Others	11,654	11,164	21,652	17,101
	267,127	189,659	527,407	379,332

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A20. Allowance for Losses on Loans, Advances and Financing

	2nd Quarter ended		Half Year ended	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	35,391	29,328	73,239	66,143
- specific allowance	75,955	78,446	162,891	183,805
- specific allowance written back	(9,358)	(14,628)	(21,056)	(44,118)
Net allowance / (write back) of allowance in share broking activities	483	(3,330)	(20)	(3,330)
Bad debts and financing written off	376	289	570	654
Bad debts and financing recovered	(22,902)	(24,988)	(45,881)	(49,862)
	<u>79,945</u>	<u>65,117</u>	<u>169,743</u>	<u>153,292</u>

	2nd Quarter ended		Half Year ended	
	30 June	30 June	30 June	30 June
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	35,684	29,149	79,536	36,034
- specific allowance	49,623	15,477	110,769	40,897
- specific allowance written back	(9,265)	(10,341)	(20,940)	(16,108)
Bad debts and financing written off	368	290	562	630
Bad debts and financing recovered	(15,065)	(12,132)	(30,782)	(29,361)
	<u>61,345</u>	<u>22,443</u>	<u>139,145</u>	<u>32,092</u>

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

By Business Segments

	2nd Quarter ended 30 June 2005		Half Year ended 30 June 2005		
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Asset RM'000
<u>Group</u>					
Retail operations	1,187,397	419,228	2,341,465	817,441	58,573,657
Corporate lending	69,767	41,618	123,139	51,551	4,397,848
Treasury and capital market operations	231,632	67,266	526,924	146,308	35,266,597
Investment banking	21,731	2,138	42,066	4,116	2,856,764
Share broking and fund management	75,504	21,549	135,714	46,247	472,912
Others	1,005	1,624	1,985	4,747	215,343
	<u>1,587,036</u>	<u>553,423</u>	<u>3,171,293</u>	<u>1,070,410</u>	<u>101,783,121</u>
Inter-segment elimination	<u>(172,308)</u>	<u>0</u>	<u>(337,992)</u>	<u>0</u>	<u>0</u>
	<u>1,414,728</u>	<u>553,423</u>	<u>2,833,301</u>	<u>1,070,410</u>	<u>101,783,121</u>
Unallocated expenses	0	(22,029)	0	(48,872)	0
Amortisation of goodwill/intangible asset	0	(11,543)	0	(23,085)	0
Share of results in associated companies	0	1,482	0	2,478	0
Goodwill/intangible asset	0	0	0	0	787,717
Unallocated assets	0	0	0	0	475,169
Investment in associated companies	0	0	0	0	48,045
	<u>1,414,728</u>	<u>521,333</u>	<u>2,833,301</u>	<u>1,000,931</u>	<u>103,094,052</u>

Some of the figures for the 1st quarter ended 31 March 2005 have been reclassified to conform with 2nd quarter's classification.

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

	2nd Quarter ended 30 June 2004		Half Year ended 30 June 2004		Total Asset 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	1,058,652	387,825	2,089,209	721,049	48,543,374
Corporate lending	53,468	35,758	103,254	70,078	4,109,236
Treasury and capital market operations	193,326	33,426	380,788	93,278	20,357,572
Investment banking	22,432	3,856	43,780	7,744	2,796,694
Share broking and fund management	61,829	22,495	119,202	54,461	396,149
Others	980	2,738	1,926	5,255	220,440
	<u>1,390,687</u>	<u>486,098</u>	<u>2,738,159</u>	<u>951,865</u>	<u>76,423,465</u>
Inter-segment elimination	(191,426)	-	(378,405)	-	-
	<u>1,199,261</u>	<u>486,098</u>	<u>2,359,754</u>	<u>951,865</u>	<u>76,423,465</u>
Unallocated expenses	-	(26,434)	-	(50,041)	-
Amortisation of goodwill/intangible assets	-	(11,294)	-	(22,591)	-
Share of results in associated companies	-	1,023	-	1,775	-
Goodwill/intangible asset	-	-	-	-	795,713
Unallocated assets	-	-	-	-	644,120
Investment in associated companies	-	-	-	-	48,691
	<u><u>1,199,261</u></u>	<u><u>449,393</u></u>	<u><u>2,359,754</u></u>	<u><u>881,008</u></u>	<u><u>77,911,989</u></u>

Inter-segment pricing is determined on a negotiated basis.

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

By Geographical Locations

	2nd Quarter ended		Half Year ended		Total Asset 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>					
<u>30 June 2005</u>					
Malaysia	1,291,416	445,818	2,595,154	856,047	100,654,540
Outside Malaysia	123,312	75,515	238,147	144,884	2,439,512
	<u>1,414,728</u>	<u>521,333</u>	<u>2,833,301</u>	<u>1,000,931</u>	<u>103,094,052</u>
 <u>30 June 2004</u>					
Malaysia	1,086,448	402,083	2,139,890	785,059	75,629,361
Outside Malaysia	112,813	47,310	219,864	95,949	2,282,628
	<u>1,199,261</u>	<u>449,393</u>	<u>2,359,754</u>	<u>881,008</u>	<u>77,911,989</u>

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

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A22. Carrying Amount of Revalued Assets

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

A23. Subsequent Events

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

A24. Changes in the Composition of Group

There were no significant changes in the composition of the Group for the 2nd quarter and the financial half year ended 30 June 2005.

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A25. Commitments and Contingencies

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

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

<u>Group</u>	As at 30 June 2005			As at 31 December 2004		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	841,768	841,768	614,235	864,582	864,582	621,841
Certain transaction-related contingent items	362,898	181,449	126,000	356,632	178,316	122,975
Short-term self-liquidating trade-related contingencies	526,981	105,397	100,691	549,886	109,977	104,049
Forward assets purchased	255,899	255,899	2,555	-	-	-
Obligations under underwriting agreements	42,268	21,134	21,134	45,850	22,925	22,925
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,273,281	2,136,640	1,744,416	4,086,615	2,043,308	1,640,070
- maturity not exceeding one year	9,235,684	-	-	8,342,491	-	-
Foreign exchange related contracts:						
- less than one year	2,488,667	60,862	16,086	3,445,413	50,731	14,614
- one year to less than five years	-	-	-	381,201	24,457	4,891
Interest rate related contracts:						
- less than one year	64,893	65	13	70,798	177	35
- one year to less than five years	2,034,170	72,615	14,523	638,209	19,918	3,984
- five years and above	2,093,800	125,355	24,738	999,000	73,076	14,615
	<u>22,220,309</u>	<u>3,801,184</u>	<u>2,664,391</u>	<u>19,780,677</u>	<u>3,387,467</u>	<u>2,549,999</u>

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

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A25. Commitments and Contingencies (continued)

<u>Bank</u>	As at 30 June 2005			As at 31 December 2004		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	834,915	834,915	608,370	861,544	861,544	618,801
Certain transaction-related contingent items	354,713	177,356	121,907	348,568	174,284	118,981
Short-term self-liquidating trade-related contingencies	458,748	91,750	87,098	474,999	95,000	89,415
Forward assets purchased	255,899	255,899	2,555	-	-	-
Obligations under underwriting agreements	30,000	15,000	15,000	30,000	15,000	15,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	4,260,333	2,130,166	1,738,052	4,085,883	2,042,942	1,639,866
- maturity not exceeding one year	9,085,051	-	-	8,218,756	-	-
Forward placements	6,840	-	-	-	-	-
Foreign exchange related contracts:						
- less than one year	2,488,667	60,862	16,086	3,445,413	50,731	14,614
- one year to less than five years	-	-	-	381,201	24,457	4,891
Interest rate related contracts:						
- less than one year	64,893	65	13	70,798	177	35
- one year to less than five years	2,034,170	72,615	14,523	638,175	19,915	3,983
- five years and above	2,074,800	123,690	24,738	980,000	71,936	14,387
	21,949,029	3,762,318	2,628,342	19,535,337	3,355,986	2,519,973

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

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A26. Off-Balance Sheet Financial Instruments

Details of financial instruments with off-balance sheet risk as at 30 June 2005:

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

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	585,141	219,368	143,285	185,623	36,865	-	-
- swap	1,903,526	354,487	797,974	369,692	381,373	-	-
Sub total	2,488,667	573,855	941,259	555,315	418,238	-	-
Interest rate related contracts							
- swap	4,192,863	482,600	2,114,263	1,596,000	-	-	-
Total	6,681,530	1,056,455	3,055,522	2,151,315	418,238	-	-

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	591,981	226,208	143,285	185,623	36,865	-	-
- swap	1,903,526	354,487	797,974	369,692	381,373	-	-
Sub total	2,495,507	580,695	941,259	555,315	418,238	-	-
Interest rate related contracts							
- swap	4,173,863	482,600	2,114,263	1,577,000	-	-	-
Total	6,669,370	1,063,295	3,055,522	2,132,315	418,238	-	-

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

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 June 2005, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,240,736,000 (31 December 2004 : RM1,377,179,000).

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A26. Off-Balance Sheet Financial Instruments (continued)

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 June 2005, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM20,971,000 (31 December 2004 : RM11,502,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

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

Fair value hedge

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

Cash flow hedge

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

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A27. Interest/Profit Rate Risk

Group	Non trading book						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	over 5 years RM'000					
As at 30 June 2005										
ASSETS										
Cash and short-term funds	19,363,731	-	-	-	-	653,582	-	20,017,313	2.82	
Deposits and placements with banks and other financial institutions	72,200	6,317,324	251,233	-	-	-	-	6,640,757	2.86	
Securities purchased under resale agreements	636,919	275,613	799,430	-	-	-	572,220	2,284,182	2.82	
Securities held-for-trading	-	-	-	-	-	-	3,222,242	3,222,242	2.85	
Securities available-for-sale	-	19,585	48,356	610,422	1,189,188	1,145,170	78,799	3,091,520	4.22	
Securities held-to-maturity	134,702	71,008	577,431	835,848	-	38,856	-	1,657,845	3.20	
Loans, advances and financing										
- performing	27,129,314	3,677,210	10,451,667	15,251,419	4,331,352	-	-	60,840,962	6.67	
- non-performing *	-	-	-	-	-	188,641	-	188,641	-	
Other non-interest sensitive balances	-	-	-	-	-	5,129,619	20,971	5,150,590	-	
TOTAL ASSETS	47,336,866	10,360,740	12,128,117	16,697,689	5,520,540	7,155,868	3,894,232	103,094,052		
LIABILITIES AND SHAREHOLDERS' EQUITY										
Deposits from customers	41,123,085	14,774,966	16,376,862	356,749	4,218	8,342,960	-	80,978,840	2.67	
Deposits and placements of banks and other financial institutions	3,454,652	550,803	5,727	-	-	80,076	-	4,091,258	2.79	
Obligations on securities sold under repurchase agreements	2,660,981	90,300	30,000	-	-	-	41,958	2,823,239	2.64	
Bills and acceptances payable	447,663	753,298	61,040	-	-	797,069	-	2,059,070	2.82	
Recourse obligations on loans sold to Cagamas	15,857	31,714	126,534	124,240	-	-	-	298,345	3.77	
Short-term borrowings	-	-	-	-	-	-	-	-	-	
Subordinated notes	-	-	-	1,349,622	1,508,304	-	-	2,857,926	4.39	
Other non-interest sensitive balances	-	-	-	-	-	1,462,382	2,670	1,465,052	-	
Total Liabilities	47,702,238	16,201,081	16,600,163	1,830,611	1,512,522	10,682,487	44,628	94,573,730		
Shareholders' equity	-	-	-	-	-	8,154,051	-	8,154,051		
Minority interests	-	-	-	-	-	366,271	-	366,271		
Total Liabilities and Shareholders' Equity	47,702,238	16,201,081	16,600,163	1,830,611	1,512,522	19,202,809	44,628	103,094,052		
On-balance sheet interest sensitivity gap	(365,372)	(5,840,341)	(4,472,046)	14,867,078	4,008,018	(12,046,941)	3,849,604	-		
Off-balance sheet interest sensitivity gap (interest rate swaps)	482,572	(564,737)	(1,489,893)	511,858	1,060,200	-	-	-		
Total interest sensitivity gap	117,200	(6,405,078)	(5,961,939)	15,378,936	5,068,218	(12,046,941)	3,849,604	-		

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

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A27. Interest/Profit Rate Risk (continued)

Group	Non trading book						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	over 5 years RM'000					
As at 31 December 2004										
ASSETS										
Cash and short-term funds	19,121,121	-	-	-	-	548,884	-	19,670,005	2.68	
Deposits and placements with banks and other financial institutions	745	1,243,558	216,006	-	-	-	-	1,460,309	2.64	
Securities purchased under resale agreements	347,700	1,147,738	-	-	-	-	-	1,495,438	2.79	
Securities held-for-trading	-	-	-	-	-	-	5,261,938	5,261,938	3.01	
Securities available-for-sale	-	-	74,513	733,106	1,123,420	1,146,169	63,005	3,140,213	4.84	
Securities held-to-maturity	4,702	112,162	174,035	516,996	1,756	23,025	-	832,676	3.12	
Loans, advances and financing										
- performing	24,434,545	2,761,239	8,974,495	15,339,420	3,892,539	-	-	55,402,238	6.96	
- non-performing *	-	-	-	-	-	316,491	-	316,491	-	
Other non-interest sensitive balances	-	-	-	-	-	4,738,810	11,501	4,750,311	-	
TOTAL ASSETS	43,908,813	5,264,697	9,439,049	16,589,522	5,017,715	6,773,379	5,336,444	92,329,619		
LIABILITIES AND SHAREHOLDERS' EQUITY										
Deposits from customers	36,612,072	12,501,026	14,714,562	336,916	5,258	8,076,469	-	72,246,303	2.63	
Deposits and placements of banks and other financial institutions	1,969,618	439,163	431,315	-	-	118,385	-	2,958,481	2.38	
Obligations on securities sold under repurchase agreements	3,253,431	5,000	-	-	-	-	-	3,258,431	2.64	
Bills and acceptances payable	431,285	74,717	-	-	-	754,990	-	1,260,992	2.85	
Recourse obligations on loans sold to Cagamas	291,747	5,674	23,781	25,011	-	-	-	346,213	4.00	
Subordinated notes	-	-	-	1,375,214	-	-	-	1,375,214	3.44	
Other non-interest sensitive balances	-	-	-	-	-	1,863,407	17,761	1,881,168	-	
Total Liabilities	42,558,153	13,025,580	15,169,658	1,737,141	5,258	10,813,251	17,761	83,326,802		
Shareholders' equity	-	-	-	-	-	8,634,706	-	8,634,706		
Minority interests	-	-	-	-	-	368,111	-	368,111		
Total Liabilities and Shareholders' Equity	42,558,153	13,025,580	15,169,658	1,737,141	5,258	19,816,068	17,761	92,329,619		
On-balance sheet interest sensitivity gap	1,350,660	(7,760,883)	(5,730,609)	14,852,381	5,012,457	(13,042,689)	5,318,683	-		
Off-balance sheet interest sensitivity gap (interest rate swaps)	577,200	(427,193)	157,202	691,791	(999,000)	-	-	-		
Total interest sensitivity gap	1,927,860	(8,188,076)	(5,573,407)	15,544,172	4,013,457	(13,042,689)	5,318,683	-		

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

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A27. Interest/Profit Rate Risk (continued)

Bank	Non trading book							Total	Effective interest rate
	Up to	> 1 - 3	> 3 - 12	> 1 - 5	over 5	Non-	Trading		
	1 month	months	months	years	years	interest sensitive	book		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	18,259,325	-	-	-	-	640,492	-	18,899,817	2.82
Deposits and placements with banks and other financial institutions	-	6,259,987	180,707	-	-	-	-	6,440,694	2.82
Securities purchased under resale agreements	636,919	45,034	599,129	-	-	-	109,832	1,390,914	2.84
Securities held-for-trading	-	-	-	-	-	-	3,206,717	3,206,717	2.85
Securities available-for-sale	-	19,585	48,356	335,070	1,062,108	1,054,295	68,068	2,587,482	3.54
Securities held-to-maturity	104,300	50,739	245,466	815,565	-	38,646	-	1,254,716	3.32
Loans, advances and financing									
- performing	26,485,879	3,507,182	9,887,314	14,713,632	4,283,260	-	-	58,877,267	6.20
- non-performing *	-	-	-	-	-	209,632	-	209,632	
Other non-interest sensitive balances	-	-	-	-	-	6,054,553	20,971	6,075,524	
TOTAL ASSETS	45,486,423	9,882,527	10,960,972	15,864,267	5,345,368	7,997,618	3,405,588	98,942,763	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	39,843,340	14,214,491	16,215,273	351,586	4,219	8,211,548	-	78,840,457	2.68
Deposits and placements of banks and other financial institutions	2,570,659	682,838	7,968	-	-	75,190	-	3,336,655	2.92
Obligations on securities sold under repurchase agreements	2,207,485	90,300	30,000	-	-	-	41,958	2,369,743	2.63
Bills and acceptances payable	447,663	753,298	61,040	-	-	795,173	-	2,057,174	2.82
Recourse obligations on loans sold to Cagamas	15,857	31,714	126,534	124,240	-	-	-	298,345	3.77
Short-term borrowings	-	-	-	-	-	-	-	-	-
Subordinated notes	-	-	-	1,349,622	1,508,304	-	-	2,857,926	4.39
Other non-interest sensitive balances	-	-	-	-	-	1,314,813	2,670	1,317,483	
Total Liabilities	45,085,004	15,772,641	16,440,815	1,825,448	1,512,523	10,396,724	44,628	91,077,783	
Shareholders' equity	-	-	-	-	-	7,864,980	-	7,864,980	
Total Liabilities and Shareholders' Equity	45,085,004	15,772,641	16,440,815	1,825,448	1,512,523	18,261,704	44,628	98,942,763	
On-balance sheet interest sensitivity gap	401,419	(5,890,114)	(5,479,843)	14,038,819	3,832,845	(10,264,086)	3,360,960	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	482,572	(564,737)	(1,508,893)	625,858	965,200	-	-	-	
Total interest sensitivity gap	883,991	(6,454,851)	(6,988,736)	14,664,677	4,798,045	(10,264,086)	3,360,960	-	

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

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

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A28. Capital Adequacy

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

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
<u>Before deducting proposed dividends:</u>				
Core capital ratio	11.7%	13.9%	11.7%	13.8%
Risk-weighted capital ratio	17.7%	17.8%	15.8%	15.3%
<u>After deducting proposed dividends:</u>				
Core capital ratio	10.9%	11.8%	10.9%	11.6%
Risk-weighted capital ratio	17.0%	15.7%	15.0%	13.1%

The capital adequacy ratios of the Bank and the Group as at 30 June 2005 have incorporated the market risk pursuant to the Bank Negara Malaysia's Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,397,542	3,355,767	3,397,542	3,355,767
Share premium	1,498,380	1,347,084	1,498,380	1,347,084
Other reserves	2,773,613	2,614,753	2,609,090	2,450,465
Retained profits, as restated	1,171,239	1,874,012	1,223,834	1,926,371
As previously stated	-	1,854,572	-	1,924,399
Prior year adjustments ^{*1}	-	19,440	-	1,972
Treasury shares	(784,528)	(601,441)	(784,528)	(601,441)
Minority interests	326,717	368,111	-	-
Less: Goodwill/intangible assets	(787,717)	(811,399)	(716,874)	(738,356)
Less: Deferred tax assets, net, as restated	(297,486)	(282,700)	(243,180)	(222,719)
As previously stated	-	(283,542)	-	(223,486)
Prior year adjustments ^{*1}	-	842	-	767
Total Tier I capital	7,297,760	7,864,187	6,984,264	7,517,171
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	980,875	930,994	917,251	862,723
Subordinated notes, at cost	2,830,626	1,323,014	2,830,626	1,323,014
Total Tier II capital	3,811,501	2,254,008	3,747,877	2,185,737
Total capital	11,109,261	10,118,195	10,732,141	9,702,908
Less: Investment in subsidiary companies	-	-	(1,305,365)	(1,365,364)
Capital base	11,109,261	10,118,195	9,426,776	8,337,544

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

The profit after tax expense for the financial half year ended 30 June 2005 of the Bank had been subjected to a limited review by our external auditors in accordance with Technical Bulletin 4 issued by the Malaysian Institute of Certified Public Accountants. The profit after tax expense of the Bank for the financial half year ended 30 June 2005 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios respectively.

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A29. Operations of Islamic Banking

A29a. Unaudited Balance Sheets as at 30 June 2005

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
ASSETS				
Cash and short-term funds	59,778	204,385	59,778	204,385
Deposits and placements with banks and other financial institutions	24,652	-	24,652	-
Securities held-to-maturity	127,486	127,503	127,486	127,503
Financing, advances and other loans	6,690,097	6,179,167	6,690,097	6,179,167
Other assets	1,098	1,580,488	1,098	1,580,517
Statutory deposits with Bank Negara Malaysia	81,000	78,700	81,000	78,700
Deferred tax assets	40,044	38,273	40,044	38,273
Property and equipment	64	52	64	52
Total Assets	7,024,219	8,208,568	7,024,219	8,208,597
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits from customers	3,716,348	3,491,355	3,716,348	3,491,355
Deposits and placements of banks and other financial institutions	1,712,281	3,585,613	1,712,281	3,585,613
Bills and acceptances payable	52,659	29,830	52,659	29,830
Other liabilities	274,613	40,737	274,613	40,737
Provision for tax expense and zakat	41,140	34,012	41,140	34,012
Total Liabilities	5,797,041	7,181,547	5,797,041	7,181,547
Islamic Banking Funds	1,227,178	1,027,021	1,227,178	1,027,050
Total Liabilities and Islamic Banking Funds	7,024,219	8,208,568	7,024,219	8,208,597
COMMITMENTS AND CONTINGENCIES	129,507	145,575	129,507	145,575

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A29b. Unaudited Income Statements for the Financial Half Year Ended 30 June 2005

	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Group				
Income derived from investment of depositors' funds and financial institutions	101,640	116,938	205,066	208,686
Allowance for losses on financing, advances and other loans	(8,073)	(5,227)	(20,050)	(19,193)
Transfer to profit equalisation reserve	(280)	(2,769)	(1,525)	(3,863)
Other expenses directly attributable to depositors and Islamic Banking Funds	-	2,447	-	-
Total attributable income	93,287	111,389	183,491	185,630
Income attributable to the depositors and financial institutions	(22,661)	(47,666)	(47,722)	(59,530)
Income attributable to the reporting institutions	70,626	63,723	135,769	126,100
Income derived from investment of Islamic Banking Funds	20,950	26,960	40,218	42,005
Total net income	91,576	90,683	175,987	168,105
Other operating expenses	(18,553)	(17,498)	(36,524)	(30,054)
Profit before zakat and tax expense	73,023	73,185	139,463	138,051
Zakat	(36)	(19)	(76)	(38)
Tax expense	(17,650)	(20,492)	(39,258)	(38,656)
Net profit for the financial period	55,337	52,674	100,129	99,357

	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Bank				
Income derived from investment of depositors' funds and financial institutions	101,640	36,793	205,066	71,035
Allowance for losses on financing, advances and other loans	(8,073)	(4,430)	(20,050)	(7,560)
Transfer to profit equalisation reserve	(280)	(769)	(1,525)	(1,863)
Total attributable income	93,287	31,594	183,491	61,612
Income attributable to the depositors and financial institutions	(22,661)	(7,092)	(47,722)	(14,841)
Income attributable to the reporting institutions	70,626	24,502	135,769	46,771
Income derived from investment of Islamic Banking Funds	20,950	10,712	40,218	20,705
Total net income	91,576	35,214	175,987	67,476
Other operating expenses	(18,553)	(7,483)	(36,524)	(14,404)
Profit before zakat and tax expense	73,023	27,731	139,463	53,072
Zakat	(36)	(19)	(76)	(38)
Tax expense	(17,650)	(7,765)	(39,258)	(14,860)
Net profit for the financial period	55,337	19,947	100,129	38,174

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A29c. Financing, Advances and Other Loans

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Al-Qardhassan (overdraft)	16,370	9,737	16,370	9,737
Al-Bai Bithaman Ajil (deferred payment sale)	3,167,439	2,965,698	3,167,439	2,962,784
Al-Ijarah Thamma Al-Bai' (leasing)	5,566,897	5,191,063	5,566,897	5,193,977
Bai-Al-Einah	217,065	194,494	217,065	194,494
	<u>8,967,771</u>	<u>8,360,992</u>	<u>8,967,771</u>	<u>8,360,992</u>
Unearned income	(2,143,609)	(2,048,460)	(2,143,609)	(2,048,460)
Gross financing, advances and other loans	<u>6,824,162</u>	<u>6,312,532</u>	<u>6,824,162</u>	<u>6,312,532</u>
Allowance for bad and doubtful debts and financing:				
- general	(112,095)	(107,295)	(112,095)	(107,295)
- specific	(21,970)	(26,070)	(21,970)	(26,070)
Net financing, advances and other loans	<u>6,690,097</u>	<u>6,179,167</u>	<u>6,690,097</u>	<u>6,179,167</u>

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

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
At 1 January	150,538	88,562	150,538	21,067
Non-performing during the period/year	190,958	260,175	190,958	224,373
Amount vested over from PBFIN Berhad (formally known as Public Finance Berhad)	-	-	-	79,746
Reclassified as performing	(156,536)	(160,355)	(156,536)	(157,713)
Recoveries	(17,901)	(17,194)	(17,901)	(7,762)
Amount written off	(21,282)	(20,650)	(21,282)	(9,173)
Closing balance	<u>145,777</u>	<u>150,538</u>	<u>145,777</u>	<u>150,538</u>
Specific allowance	(21,970)	(26,070)	(21,970)	(26,070)
Net non-performing financing, advances and other loans	<u>123,807</u>	<u>124,468</u>	<u>123,807</u>	<u>124,468</u>
Net NPL as % of gross financing, advances and other loans less specific allowance	<u>1.82%</u>	<u>1.98%</u>	<u>1.82%</u>	<u>1.98%</u>

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A29c. Financing, Advances and Other Loans (continued)

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

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
<u>General allowance</u>				
At 1 January	107,295	99,224	107,295	26,744
Allowance made during the period/year	4,800	8,071	4,800	80,551
Closing balance	<u>112,095</u>	<u>107,295</u>	<u>112,095</u>	<u>107,295</u>
As % gross loans, financing and other loans less specific allowance	<u>1.65%</u>	<u>1.71%</u>	<u>1.65%</u>	<u>1.71%</u>
	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
<u>Specific allowance</u>				
At 1 January	26,070	15,337	26,070	3,164
Allowance made during the period/year	20,560	33,858	20,560	15,466
Amount vested over from PBFIN Berhad (formally known as Public Finance Berhad)	-	-	-	17,006
Amount written back	(3,374)	(2,467)	(3,374)	(384)
Amount written off	(21,286)	(20,658)	(21,286)	(9,182)
Closing balance	<u>21,970</u>	<u>26,070</u>	<u>21,970</u>	<u>26,070</u>

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A29d. Deposits from Customers
i) By type of deposit

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
<u>Non-Mudharabah Fund</u>				
Demand deposits	1,033,169	946,052	1,033,169	946,052
Savings deposits	1,894,655	1,684,094	1,894,655	1,684,094
	<u>2,927,824</u>	<u>2,630,146</u>	<u>2,927,824</u>	<u>2,630,146</u>
<u>Mudharabah Fund</u>				
Savings deposits	53,823	43,407	53,823	43,407
General investment deposit	734,701	817,802	734,701	817,802
	<u>788,524</u>	<u>861,209</u>	<u>788,524</u>	<u>861,209</u>
Deposits from customers	<u><u>3,716,348</u></u>	<u><u>3,491,355</u></u>	<u><u>3,716,348</u></u>	<u><u>3,491,355</u></u>

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A30. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policies

During the financial half year ended 30 June 2005, the Group and the Bank have adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

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

- i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statements.

- ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group and Bank have the positive intent and ability to hold to maturity. The securities held-to-maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of securities held-to-maturity are recognised in the income statements.

- iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statements.

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

Fair value hedge

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

Cash flow hedge

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

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

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

(b) Prior Year Adjustments

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

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

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

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

<u>Group</u>	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Effects on net profit for the period				
Net profit before changes in accounting policies	364,459	317,914	711,821	620,802
Effects of adopting the fair value accounting for securities held-for-trading	1,695	(2,841)	(538)	2,850
Effects of recognising previously recognised gain on securities available-for-sale to equity	-	(1,598)	-	(2,919)
* Effect of change in method of assigning of collateral values to certain non-performing loans	-	(4,007)	-	(7,559)
	1,695	(8,446)	(538)	(7,628)
Net profit for the period	366,154	309,468	711,283	613,174

<u>Bank</u>	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Effects on net profit for the period				
Net profit before changes in accounting policies	387,551	601,067	636,131	775,580
Effects of adopting the fair value accounting for securities held-for-trading	728	(2,820)	(1,631)	2,778
* Effect of change in method of assigning of collateral values to certain non-performing loans	-	679	-	(2,621)
	728	(2,141)	(1,631)	157
Net profit for the period	388,279	598,926	634,500	775,737

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

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

(c) Comparative Figures

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

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(i) Balance Sheet as at 31 December 2004				
Dealing securities	-	6,645,591	-	5,192,470
Investment securities	-	2,432,848	-	1,740,071
Securities held-for-trading	5,261,938	-	5,199,416	-
Securities available-for-sale	3,140,213	-	1,132,430	-
Securities held-to-maturity	832,676	-	610,839	-
Deferred tax assets	280,554	283,542	220,646	223,486
Other assets	767,380	678,555	935,282	865,322
Other liabilities	1,644,918	1,518,864	1,333,525	1,315,764
Subordinated notes	1,375,214	1,323,014	1,375,214	1,323,014
Reserves	4,708,368	4,644,397	4,488,453	4,481,150
(ii) Income statement for the 2nd quarter ended 30 June 2004				
Other operating income	172,699	176,951	534,398	537,022
Net income	838,370	842,622	886,443	889,067
Operating profit	514,780	519,032	696,784	699,407
Allowance for losses on loans, advances and financing	(65,117)	(59,553)	(22,443)	(23,385)
Profit before tax expense and zakat	449,393	460,502	673,048	676,022
Tax expense and zakat	(127,806)	(130,469)	(74,122)	(74,955)
Profit after tax expense	321,587	330,033	598,926	601,067
Net profit for the period	309,468	317,914	598,926	601,067
(ii) Income statement for the half year ended 30 June 2004				
Other operating income	358,746	359,157	636,266	633,761
Net income	1,675,031	1,675,442	1,328,714	1,326,209
Operating profit	1,031,141	1,031,552	949,382	946,877
Allowance for losses on loans, advances and financing	(153,292)	(142,794)	(32,092)	(28,451)
Profit before tax expense and zakat	881,008	890,533	918,644	918,426
Tax expense and zakat	(239,855)	(241,752)	(142,907)	(142,846)
Profit after tax expense	641,153	648,781	775,737	775,580
Net profit for the period	613,174	620,802	775,737	775,580

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

B1. Performance Review

The Group's pre-tax profit for the financial half year ended 30 June 2005 of RM1,000.9 million was RM119.9 million or 13.6% higher than that of the previous corresponding period of RM881.0 million. Profit attributable to shareholders improved by 16.0% to RM711.3 million. The improvement in earnings was primarily due to higher net interest income, including net income from Islamic Banking operations, which improved by RM91.5 million or 6.9% and higher other operating income of RM75.2 million. The increases were partially offset by higher other operating expenses of RM35.5 million and higher allowance for losses on loans, advances and financing of RM16.5 million.

The growth in the Group's net interest income was driven by strong loans growth of RM5.4 billion or 9.4% to RM62.3 billion and lower non-performing loans at the end of June 2005 as compared to the corresponding period in 2004. The growth in loans came mainly from financing of small-and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. As at 30 June 2005, the Group's net non-performing loans ratio ("NPL") stood at 1.9%.

The Group's commercial bank, Public Bank, recorded a pre-tax profit of RM860.8 million for the financial half year ended 30 June 2005 and was 6.3% lower than the pre-tax profit of RM918.6 million achieved in the previous corresponding period. This was mainly due to lower dividend income from subsidiary companies.

JCG Holdings Group achieved a pre-tax profit of RM128.2 million for the financial half year ended 30 June 2005, an increase of RM41.7 million over the previous corresponding period. This was mainly due to lower specific allowance charges net of recoveries due to the declining number of delinquent accounts.

The overseas operations of the Group recorded a 51.0% improvement in pre-tax profit to RM144.9 million from the previous corresponding period. This was mainly due to lower specific allowance charges net of recoveries due to the declining number of delinquent accounts.

For the 2nd quarter ended 30 June 2005, the Group registered a pre-tax profit of RM521.3 million, an improvement of RM71.9 or 16.0% compared to the previous corresponding quarter. This was achieved on the back of strong loans growth in financing SMEs, vehicle hire purchase financing and residential mortgages. Earnings attributable to shareholders grew by 18.3% or RM56.7 million for the same period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM521.3 million for the 2nd quarter ended 30 June 2005 was RM41.7 million or 8.7% higher compared to the 1st quarter ended 31 March 2005. Net profit attributable to shareholders is higher by RM21.0 million or 6.1% over the previous quarter ended 31 March 2005.

B3. Prospects for 2005

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

B4. Profit Forecast or Profit Guarantee

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

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B5. Tax Expense and Zakat

The analysis of the tax expense for the 2nd quarter and financial half year ended 30 June 2005 are as follows:

Group	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Malaysian income tax	130,495	123,129	234,671	234,017
Overseas income tax	13,234	16,655	25,763	25,856
	143,729	139,784	260,434	259,873
(Over)/Under provision in prior period/years				
- Malaysian income tax	(647)	1	(1,294)	950
- Overseas income tax	-	-	4	(19)
	143,082	139,785	259,144	260,804
Share of tax expense in associated companies	725	19	750	46
	143,807	139,804	259,894	260,850
Deferred tax expense				
- Origination and reversal of temporary differences, as restated	(9,368)	(12,017)	(9,875)	(21,033)
As previously stated	-	(9,354)	-	(19,136)
Prior year adjustments*	-	(2,663)	-	(1,897)
	134,439	127,787	250,019	239,817
Tax expense				
Zakat	36	19	76	38
	134,475	127,806	250,095	239,855

The Group's effective tax rates for the 2nd quarter and the financial half year are lower than the statutory tax rate due to the effects of lower tax rates in other jurisdictions.

Bank	2nd Quarter ended		Half Year ended	
	30 June 2005 RM'000	30 June 2004 RM'000	30 June 2005 RM'000	30 June 2004 RM'000
Malaysian income tax	137,828	82,645	237,952	149,980
Overseas income tax	110	100	194	195
	137,938	82,745	238,146	150,175
Deferred tax expense				
- Origination and reversal of temporary differences, as restated	(11,932)	(8,642)	(11,932)	(7,306)
As previously stated	-	(7,809)	-	(7,367)
Prior year adjustments*	-	(833)	-	61
	126,006	74,103	226,214	142,869
Tax expense				
Zakat	36	19	76	38
	126,042	74,122	226,290	142,907

The Bank's effective tax rates for the 2nd quarter and the financial half year are lower than the statutory tax rate due to dividend received from its Hong Kong subsidiary which is not subject to tax.

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

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B6. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the 2nd quarter and the financial half year ended 30 June 2005 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposal announced but not completed as at 30 June 2005.

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

	Group		Bank	
	30 June 2005 RM'000	31 December 2004 RM'000	30 June 2005 RM'000	31 December 2004 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	40,924,450	39,162,055	39,367,642	35,734,517
More than one year	166,884	153,392	161,721	146,438
- Negotiable instruments of deposits				
One year or less	18,508,413	12,481,507	18,234,477	12,218,267
More than one year	-	-	-	-
- Savings deposits	12,026,158	11,498,368	11,840,178	11,328,835
- Demand deposits	9,065,687	8,682,720	8,950,886	8,570,697
- Others	287,248	268,261	285,553	266,885
	<u>80,978,840</u>	<u>72,246,303</u>	<u>78,840,457</u>	<u>68,265,639</u>
Deposits and placements of banks and other financial institutions				
One year or less	4,091,258	2,958,481	3,336,655	4,765,730
More than one year	-	-	-	-
	<u>4,091,258</u>	<u>2,958,481</u>	<u>3,336,655</u>	<u>4,765,730</u>
Subordinated notes denominated in United States Dollar (unsecured)				
- more than one year	<u>2,857,926</u>	<u>1,375,214</u>	<u>2,857,926</u>	<u>1,375,214</u>

B10. Off-Balance Sheet Financial Instruments

Please refer to note A26.

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B11. Changes in Material Litigation

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

B12. Proposed Dividends

- (i) An interim dividend of 20% less 28% tax has been declared by the directors;.
- (ii) Amount per share : 20 sen less 28% tax;
- (iii) Previous corresponding period : nil;
- (iv) Payment date : 18 August 2005; and
- (v) In respect of deposited securities, entitlement to the interim dividend will be determined on the basis of the Record of Depositors as at the close of business on 10 August 2005.

B13. Earning Per Share (EPS)

Basic

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

	2nd Quarter ended		Half Year ended	
	30 June 2005	30 June 2004	30 June 2005	30 June 2004
Net profit for the period (RM'000)	<u>366,154</u>	309,468	<u>711,283</u>	613,174
Weighted average number of PBB Shares ('000)	<u>3,273,368</u>	3,227,870	<u>3,272,073</u>	3,201,994
Basic earnings per share (sen)	<u>11.2</u>	9.6	<u>21.7</u>	19.1

Diluted

The calculation of the diluted earnings per share is based on the net profit for the 2nd quarter divided by the adjusted weighted average number of PBB Shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme.

	2nd Quarter ended		Half Year ended	
	30 June 2005	30 June 2004	30 June 2005	30 June 2004
<i>Weighted average number of PBB Shares ('000)</i>				
Weighted average number of PBB Shares	<u>3,273,368</u>	3,227,870	<u>3,272,073</u>	3,201,994
Effects of share options	<u>7,519</u>	26,226	<u>9,142</u>	22,520
Adjusted weighted average number of ordinary shares in issue or issuable	<u>3,280,887</u>	3,254,096	<u>3,281,215</u>	3,224,514
Diluted earnings per share (sen)	<u>11.2</u>	9.5	<u>21.7</u>	19.0