

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

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
ASSETS				
Cash and short-term funds	24,561,889	24,380,630	21,647,569	22,890,702
Deposits and placements with banks and other financial institutions	3,706,355	4,657,417	3,146,518	3,954,803
Securities purchased under resale agreements	15,047,431	12,375,287	13,975,450	10,797,358
Securities held-for-trading	14,038,468	9,107,661	14,023,218	9,061,244
Securities available-for-sale	3,896,737	3,895,738	3,440,172	3,437,739
Securities held-to-maturity	2,772,637	3,264,818	1,008,435	997,429
Loans, advances and financing	89,932,656	82,787,652	82,200,119	75,891,397
Derivative financial assets	95,777	73,056	83,842	65,369
Other assets	2,003,894	1,256,779	1,181,162	1,101,257
Statutory deposits with Central Banks	2,218,835	2,318,708	2,146,000	2,254,000
Deferred tax assets	327,908	336,776	274,189	266,750
Investment in subsidiary companies	-	-	2,275,564	2,275,564
Investment in associated companies	47,140	45,481	28,465	28,465
Investment properties	55,883	64,175	-	-
Prepaid land lease payments	274,323	280,421	265	267
Property and equipment	870,952	853,883	551,407	549,285
Intangible assets	2,059,901	2,091,061	695,393	695,393
TOTAL ASSETS	161,910,786	147,789,543	146,677,768	134,267,022
LIABILITIES				
Deposits from customers	123,195,717	111,793,149	112,413,374	102,642,918
Deposits and placements of banks and other financial institutions	9,838,638	5,637,964	8,422,946	4,305,478
Obligations on securities sold under repurchase agreements	4,061,806	10,075,829	4,065,678	9,598,557
Bills and acceptances payable	3,236,661	2,623,644	3,236,661	2,623,644
Recourse obligations on loans sold to Cagamas	3,598,263	261,284	3,598,263	261,284
Derivative financial liabilities	165,312	181,959	155,714	171,129
Other liabilities	2,859,426	2,043,363	1,093,633	957,644
Borrowings	397,556	679,341	-	-
Subordinated notes	2,486,375	2,561,131	2,486,375	2,561,131
Hybrid capital securities	1,878,201	1,918,925	1,878,201	1,918,925
Provision for tax expense and zakat	484,250	333,584	385,369	255,985
Deferred tax liabilities	17,449	17,061	-	-
TOTAL LIABILITIES	152,219,654	138,127,234	137,736,214	125,296,695

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

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

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
EQUITY				
Share capital	3,508,979	3,462,825	3,508,979	3,462,825
Reserves	5,985,067	5,381,101	5,872,409	5,317,429
Proposed dividends	612,471	974,874	612,471	974,874
Treasury shares	(1,052,305)	(784,801)	(1,052,305)	(784,801)
Total Shareholders' Equity	9,054,212	9,033,999	8,941,554	8,970,327
Minority interests	636,920	628,310	-	-
TOTAL EQUITY	9,691,132	9,662,309	8,941,554	8,970,327
TOTAL LIABILITIES AND EQUITY	161,910,786	147,789,543	146,677,768	134,267,022
COMMITMENTS AND CONTINGENCIES	37,799,172	33,359,052	32,471,381	28,386,655
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	9.3%	10.2%	11.5%	12.5%
Risk-Weighted Capital Ratio	14.4%	15.8%	14.1%	15.3%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	8.5%	8.8%	10.6%	11.0%
Risk-Weighted Capital Ratio	13.7%	14.6%	13.3%	14.0%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	2.70	2.71	2.66	2.69

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

	2nd Quarter Ended		Half Year Ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Group				
Revenue	2,423,826	1,770,919	4,570,046	3,432,836
Interest income	1,865,411	1,494,650	3,605,400	2,793,492
Interest expense	(1,081,625)	(779,750)	(2,059,011)	(1,417,116)
Net interest income	783,786	714,900	1,546,389	1,376,376
Net income from Islamic Banking business				
Net financing income	117,452	106,433	221,366	205,254
Other Islamic banking income	1,909	2,033	3,472	4,120
	903,147	823,366	1,771,227	1,585,750
Other operating income	349,416	258,690	638,619	463,337
Net income	1,252,563	1,082,056	2,409,846	2,049,087
Other operating expenses	(425,541)	(346,285)	(813,085)	(671,540)
Operating profit	827,022	735,771	1,596,761	1,377,547
Allowance for losses on loans, advances and financing	(94,392)	(121,844)	(186,091)	(218,898)
Impairment loss	(1,140)	(143)	(5,126)	(90)
	731,490	613,784	1,405,544	1,158,559
Share of profit after tax of equity accounted associated companies	1,255	1,244	2,469	2,238
Profit before tax expense and zakat	732,745	615,028	1,408,013	1,160,797
Tax expense and zakat	(192,783)	(138,406)	(377,009)	(276,931)
Profit for the period	539,962	476,622	1,031,004	883,866
Attributable to :				
Equity holders of the Bank	524,110	456,902	1,000,328	845,310
Minority interests	15,852	19,720	30,676	38,556
Profit for the period	539,962	476,622	1,031,004	883,866
Earnings per RM1.00 share:				
- basic (sen)	15.6	13.8	29.8	25.6
- diluted (sen)	15.6	13.8	29.7	25.5

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

	2nd Quarter Ended		Half Year Ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>Bank</u>				
Revenue	1,993,078	1,330,767	3,786,531	2,781,505
Interest income	1,621,753	1,283,501	3,123,001	2,450,358
Interest expense	(964,524)	(707,441)	(1,832,021)	(1,325,050)
Net interest income	657,229	576,060	1,290,980	1,125,308
Net income from Islamic Banking business				
Net financing income	117,452	106,433	221,366	205,254
Other Islamic banking income	1,909	2,033	3,472	4,120
	776,590	684,526	1,515,818	1,334,682
Other operating income	328,394	107,987	501,490	228,737
Net income	1,104,984	792,513	2,017,308	1,563,419
Other operating expenses	(307,152)	(258,446)	(596,436)	(519,461)
Operating profit	797,832	534,067	1,420,872	1,043,958
Allowance for losses on loans, advances and financing	(76,367)	(77,046)	(147,856)	(150,347)
Impairment loss	(1,140)	(143)	(5,126)	(90)
Profit before tax expense and zakat	720,325	456,878	1,267,890	893,521
Tax expense and zakat	(182,327)	(94,819)	(333,786)	(213,246)
Net profit for the period	537,998	362,059	934,104	680,275

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

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

<u>Group</u>	Non-distributable Reserves			Distributable Reserves		Proposed Dividends RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000						
At 1 January 2007, as previously stated	3,462,825	1,782,081	3,308,738	290,282	974,874	(784,801)	9,033,999	628,310	9,662,309	
Currency translation differences in respect of foreign operations	-	-	(50,130)	-	-	-	(50,130)	(15,618)	(65,748)	
Currency translation differences in respect of net investment hedge	-	-	23,667	-	-	-	23,667	-	23,667	
Unrealised net gain on revaluation of securities available-for-sale	-	-	15,335	-	-	-	15,335	(45)	15,290	
Net expense recognised directly in equity	-	-	(11,128)	-	-	-	(11,128)	(15,663)	(26,791)	
Net profit for the period	-	-	-	1,000,328	-	-	1,000,328	30,676	1,031,004	
Total recognised income/(expense) for the period	-	-	(11,128)	1,000,328	-	-	989,200	15,013	1,004,213	
Issue of shares pursuant to exercise of share options	46,154	232,897	-	-	-	-	279,051	-	279,051	
Buy-back of shares	-	-	-	-	-	(267,504)	(267,504)	-	(267,504)	
Transfer to statutory reserves	-	-	233,526	(233,526)	-	-	-	-	-	
Transfer to proposed dividends	-	-	-	(5,660)	5,660	-	-	-	-	
Dividends paid	-	-	-	-	(980,534)	-	(980,534)	(6,403)	(986,937)	
Dividends proposed	-	-	-	(612,471)	612,471	-	-	-	-	
At 30 June 2007	3,508,979	2,014,978	3,531,136	438,953	612,471	(1,052,305)	9,054,212	636,920	9,691,132	

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

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

<u>Group</u>	<----- Attributable to Equity Holders of the Bank ----->									
	Non-distributable			Distributable		Proposed Dividends RM'000	Treasury Shares RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Reserves	Retained Profits RM'000					
At 1 January 2006	3,417,373	1,574,180	2,943,825	582,644	829,884	(784,600)	8,563,306	435,741	8,999,047	
Currency translation differences in respect of foreign operations	-	-	(44,829)	-	-	-	(44,829)	(10,539)	(55,368)	
Currency translation differences in respect of net investment hedge	-	-	6,697	-	-	-	6,697	-	6,697	
Unrealised net gain on revaluation of securities available-for-sale	-	-	14,743	-	-	-	14,743	-	14,743	
Net expense recognised directly in equity	-	-	(23,389)	-	-	-	(23,389)	(10,539)	(33,928)	
Net profit for the period	-	-	-	845,310	-	-	845,310	38,556	883,866	
Total recognised income/(expense) for the period	-	-	(23,389)	845,310	-	-	821,921	28,017	849,938	
Issue of shares pursuant to exercise of share options	15,983	71,318	-	-	-	-	87,301	-	87,301	
Buy-back of shares	-	-	-	-	-	(134)	(134)	-	(134)	
Dilution in share of net assets of a subsidiary upon subscription of the subsidiary's share right issue	-	-	(28,356)	(136,111)	-	-	(164,467)	164,467	-	
Transfer to statutory reserves	-	-	168,564	(168,564)	-	-	-	-	-	
Transfer to proposed dividends	-	-	-	(4,022)	4,022	-	-	-	-	
Disposal of shares in a subsidiary	-	-	(3,454)	-	-	-	(3,454)	60,720	57,266	
Dividends paid	-	-	-	-	(833,906)	-	(833,906)	(7,130)	(841,036)	
Dividends proposed	-	-	-	(476,518)	476,518	-	-	-	-	
At 30 June 2006	<u>3,433,356</u>	<u>1,645,498</u>	<u>3,057,190</u>	<u>642,739</u>	<u>476,518</u>	<u>(784,734)</u>	<u>8,470,567</u>	<u>681,815</u>	<u>9,152,382</u>	

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

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

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

	Non-distributable			Distributable		Treasury Shares RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Reserves Retained Profits RM'000	Proposed Dividends RM'000		
Bank							
At 1 January 2007	3,462,825	1,782,081	3,183,133	352,215	974,874	(784,801)	8,970,327
Unrealised net gain on revaluation of securities available-for-sale	-	-	6,110	-	-	-	6,110
Net income recognised directly in equity	-	-	6,110	-	-	-	6,110
Net profit for the period	-	-	-	934,104	-	-	934,104
Total recognised income for the period	-	-	6,110	934,104	-	-	940,214
Issue of shares pursuant to exercise of share options	46,154	232,897	-	-	-	-	279,051
Buy-back of shares	-	-	-	-	-	(267,504)	(267,504)
Transfer to statutory reserves	-	-	233,526	(233,526)	-	-	-
Transfer to proposed dividends	-	-	-	(5,660)	5,660	-	-
Dividends paid	-	-	-	-	(980,534)	-	(980,534)
Dividends proposed	-	-	-	(612,471)	612,471	-	-
At 30 June 2007	3,508,979	2,014,978	3,422,769	434,662	612,471	(1,052,305)	8,941,554

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

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

Bank	Non-distributable Reserves			Distributable Reserves		Treasury Shares	Total
	Share Capital	Share Premium	Other Reserves	Retained Profits	Proposed Dividends		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006	3,417,373	1,574,180	2,715,473	468,064	829,884	(784,600)	8,220,374
Unrealised net loss on revaluation of securities available-for-sale	-	-	(6,795)	-	-	-	(6,795)
Net expense recognised directly in equity	-	-	(6,795)	-	-	-	(6,795)
Net profit for the period	-	-	-	680,275	-	-	680,275
Total recognised income/(expense) for the period	-	-	(6,795)	680,275	-	-	673,480
Issue of shares pursuant to exercise of share options	15,983	71,318	-	-	-	-	87,301
Buy-back of shares	-	-	-	-	-	(134)	(134)
Transfer to statutory reserves	-	-	168,564	(168,564)	-	-	-
Transfer to proposed dividends	-	-	-	(4,022)	4,022	-	-
Dividends paid	-	-	-	-	(833,906)	-	(833,906)
Dividends proposed	-	-	-	(476,518)	476,518	-	-
At 30 June 2006	<u>3,433,356</u>	<u>1,645,498</u>	<u>2,877,242</u>	<u>499,235</u>	<u>476,518</u>	<u>(784,734)</u>	<u>8,147,115</u>

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

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

	Group		Bank	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Profit before tax expense and zakat	1,408,013	1,160,797	1,267,890	893,521
Adjustments for non-cash items	<u>198,844</u>	<u>246,510</u>	<u>29,993</u>	<u>190,082</u>
Operating profit before changes in working capital	1,606,857	1,407,307	1,297,883	1,083,603
Changes in working capital:				
Net changes in operating assets	(9,794,366)	(1,064,474)	(8,925,124)	(361,917)
Net changes in operating liabilities	14,319,208	14,962,295	12,380,241	13,677,204
Tax expense and zakat paid	<u>(219,586)</u>	<u>(176,949)</u>	<u>(188,688)</u>	<u>(152,593)</u>
Net cash generated from operating activities	5,912,113	15,128,179	4,564,312	14,246,297
Net cash used in investing activities	(4,440,449)	(4,905,902)	(4,836,628)	(5,090,251)
Net cash (used in) / generated from financing activities	(1,252,602)	252,987	(970,817)	(746,739)
Net change in cash and cash equivalents	<u>219,062</u>	<u>10,475,264</u>	<u>(1,243,133)</u>	<u>8,409,307</u>
Cash and cash equivalents at beginning of the period	24,380,630	18,357,737	22,890,702	17,170,338
Exchange differences on translation of opening balances	(37,803)	(11,541)	-	-
Cash and cash equivalents at end of the period	<u><u>24,561,889</u></u>	<u><u>28,821,460</u></u>	<u><u>21,647,569</u></u>	<u><u>25,579,645</u></u>

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

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 2nd quarter and financial half year ended 30 June 2007 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

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

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

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

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

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

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

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

A1. Basis of Preparation (Continued)

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

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

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

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 2nd quarter and the financial half year ended 30 June 2007.

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

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 2007.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 2nd quarter and financial half year ended 30 June 2007.

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 2007, the issued and paid-up share capital of the Bank was increased from 3,462,824,872 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,508,979,267 PBB Shares by the issuance of 46,154,395 PBB Shares pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme at the following option prices:

<u>Number of PBB Shares issued:</u>	<u>Option price per share:</u>
31,564	RM 1.64
102,432	RM 3.40
518,756	RM 3.56
1,102,131	RM 4.60
274,500	RM 4.92
15,274,127	RM 5.67
28,850,885	RM 6.37

(b) Share Buy-back

On 15 March 2007, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial half year ended 30 June 2007, the Bank bought back from the open market, 28,758,900 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM9.28 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 2007, including transaction costs, was RM267,504,200 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 2007, the total shares bought back, all of which are held as treasury shares, amounted to 152,973,400 PBB Shares. None of the treasury shares held were resold or cancelled during the financial half year ended 30 June 2007.

A7. Dividends Paid

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

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

A8. Securities Held-for-trading

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
At fair value				
Malaysian Government Treasury Bills	39,654	30,649	39,654	28,979
Malaysian Government Securities	70,496	146,881	70,496	146,881
Malaysian Government Investment Certificates	-	136,707	-	136,707
Cagamas bonds	3,530,736	-	3,530,736	-
Negotiable instruments of deposit Bank Negara Malaysia Negotiable Notes	9,359,251	8,302,944	9,359,251	8,302,944
	<u>909,491</u>	<u>343,012</u>	<u>909,491</u>	<u>343,012</u>
	<u>13,909,628</u>	<u>8,960,193</u>	<u>13,909,628</u>	<u>8,958,523</u>
Quoted securities:				
Shares in Malaysia	3,211	5,082	3,211	5,082
Bonds trust units outside Malaysia	-	4,626	-	-
	<u>3,211</u>	<u>9,708</u>	<u>3,211</u>	<u>5,082</u>
Unquoted securities:				
Private debt securities	125,629	137,760	110,379	97,639
	<u>125,629</u>	<u>137,760</u>	<u>110,379</u>	<u>97,639</u>
Total securities held-for-trading	<u>14,038,468</u>	<u>9,107,661</u>	<u>14,023,218</u>	<u>9,061,244</u>

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

A9. Securities Available-for-sale

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
At fair value				
Quoted securities:				
Shares and convertible loan stocks in Malaysia	52,225	31,235	52,225	31,235
Shares outside Malaysia	47,914	45,510	-	-
Bonds trust units in Malaysia	1,203,437	1,179,650	1,102,260	1,080,489
	<u>1,303,576</u>	<u>1,256,395</u>	<u>1,154,485</u>	<u>1,111,724</u>
Unquoted securities:				
Shares	22,167	17,035	13,381	13,383
Private debt securities	2,570,994	2,622,308	2,272,306	2,312,632
	<u>2,593,161</u>	<u>2,639,343</u>	<u>2,285,687</u>	<u>2,326,015</u>
Total securities available-for-sale	<u>3,896,737</u>	<u>3,895,738</u>	<u>3,440,172</u>	<u>3,437,739</u>

A10. Securities Held-to-maturity

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Treasury Bills	-	9,902	-	9,902
Malaysian Government Securities	417,485	425,406	417,485	425,406
Malaysian Government Investment Certificates	171,795	60,400	171,795	60,400
Bankers' acceptances and Islamic accepted bills	203,150	-	-	-
Cagamas bonds	20,250	116,390	20,250	116,390
Cagamas Mudharabah bonds	1,371	51,736	1,371	51,736
Negotiable instruments of deposit	626,192	1,063,695	157,214	238,234
Bank Negara Malaysia Monetary Notes	146,286	-	146,286	-
Hong Kong Government Treasury Bills	78,295	44,943	-	-
Sri Lanka Government Treasury Bills	5,513	6,872	5,513	6,872
	<u>1,670,337</u>	<u>1,779,344</u>	<u>919,914</u>	<u>908,940</u>
Quoted securities:				
Private debt securities	8,827	30,184	-	-
	<u>8,827</u>	<u>30,184</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Shares	87,512	87,512	87,057	87,057
Private debt securities	1,020,736	1,383,090	16,239	16,744
	<u>1,108,248</u>	<u>1,470,602</u>	<u>103,296</u>	<u>103,801</u>
Accumulated impairment losses	(14,775)	(15,312)	(14,775)	(15,312)
Total securities held-to-maturity	<u>2,772,637</u>	<u>3,264,818</u>	<u>1,008,435</u>	<u>997,429</u>

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

A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Overdrafts	8,316,819	7,958,576	7,719,510	7,441,141
Term loans				
- Housing loans / financing	25,513,025	24,004,682	24,026,731	22,656,307
- Syndicated term loan / financing	1,095,840	1,153,748	597,637	640,055
- Hire purchase receivables	27,830,167	26,512,369	26,683,268	25,441,418
- Other term loans / financing	26,963,081	23,690,266	22,679,501	20,139,762
Credit card receivables	850,940	760,432	844,896	754,785
Bills receivables	178,936	134,359	111,126	88,898
Trust receipts	414,205	417,562	301,012	300,552
Claims on customers under acceptance credits	2,424,981	2,072,886	2,397,779	2,050,687
Lease, factored and confirming receivables	22,307	23,926	-	-
Revolving credits	2,321,882	1,807,528	2,655,534	1,908,787
*Staff loans	656,585	653,640	614,334	621,200
	<u>96,588,768</u>	<u>89,189,974</u>	<u>88,631,328</u>	<u>82,043,592</u>
Unearned interest and income	<u>(5,020,798)</u>	<u>(4,825,456)</u>	<u>(5,019,676)</u>	<u>(4,824,910)</u>
Gross loans, advances and financing	<u>91,567,970</u>	<u>84,364,518</u>	<u>83,611,652</u>	<u>77,218,682</u>
Allowance for bad and doubtful debts and financing:				
- general	(1,410,904)	(1,318,546)	(1,252,846)	(1,156,721)
- specific	(224,410)	(258,320)	(158,687)	(170,564)
Net loans, advances and financing	<u><u>89,932,656</u></u>	<u><u>82,787,652</u></u>	<u><u>82,200,119</u></u>	<u><u>75,891,397</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM2,717,833 (2006: RM2,488,368) and RM1,537,094 (2006 - RM1,232,670) respectively.

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

A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions				
- Stock-broking companies	2,010	2,010	2,010	2,010
- Others	2,792,958	2,208,408	2,777,799	2,193,398
Domestic business enterprises				
- Small and medium enterprises	18,406,322	17,712,724	18,304,313	17,597,689
- Others	5,206,528	3,903,743	5,505,850	4,029,835
Government and statutory bodies	983	1,250	983	1,250
Individuals	55,219,002	51,952,188	55,184,620	51,921,475
Other domestic entities	66,574	66,622	66,574	66,622
Foreign entities	9,873,593	8,517,573	1,769,503	1,406,403
Gross loans, advances and financing	<u>91,567,970</u>	<u>84,364,518</u>	<u>83,611,652</u>	<u>77,218,682</u>

A11b. By interest / profit rate sensitivity

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans / financing	4,581,607	5,718,791	4,557,043	5,699,351
- Hire purchase receivables	23,510,008	22,354,521	23,258,397	22,089,714
- Other fixed rate loans / financing	10,852,249	10,978,798	8,608,643	8,907,989
Variable rate				
- Base lending rate plus	43,065,250	37,581,971	43,043,303	37,556,120
- Cost plus	2,352,895	1,904,128	2,683,110	1,950,243
- Other variable rates	7,205,961	5,826,309	1,461,156	1,015,265
Gross loans, advances and financing	<u>91,567,970</u>	<u>84,364,518</u>	<u>83,611,652</u>	<u>77,218,682</u>

A11c. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	426,594	494,181	412,945	480,276
Purchase of transport vehicles	24,559,576	23,349,045	23,420,229	22,288,045
Purchase of landed properties	40,598,059	37,265,024	38,034,685	35,181,267
(of which: - residential	24,525,369	22,968,404	23,000,394	21,591,211
- non-residential)	16,072,690	14,296,620	15,034,291	13,590,056
Purchase of fixed assets (excluding landed properties)	174,228	139,377	172,134	135,517
Personal use	5,703,189	5,433,782	4,249,370	3,979,748
Credit card	850,940	760,432	844,896	754,785
Purchase of consumer durables	29,255	22,090	29,255	22,090
Construction	653,460	477,839	140,131	95,571
Working capital	14,812,414	13,517,832	12,549,753	11,378,447
Other purpose	3,760,255	2,904,916	3,758,254	2,902,936
Gross loans, advances and financing	<u>91,567,970</u>	<u>84,364,518</u>	<u>83,611,652</u>	<u>77,218,682</u>

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

A11. Loans, Advances and Financing (continued)

A11c. Gross loans, advances and financing by sectors

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Agriculture, hunting, forestry and fishing	1,013,454	853,833	976,064	836,237
Mining and quarrying	65,998	56,161	65,998	54,970
Manufacturing	4,777,301	4,309,424	4,671,279	4,214,002
Electricity, gas and water	60,774	69,431	38,295	36,780
Construction	3,918,444	3,309,769	3,480,714	3,040,829
Wholesale & retail trade and restaurants & hotels	8,267,240	7,686,170	7,976,408	7,466,772
Transport, storage and communication	739,479	632,033	723,465	622,204
Finance, insurance and business services	5,191,164	4,398,634	4,755,064	3,892,897
Real estate	3,678,413	2,883,867	3,811,161	2,932,951
Community, social and personal services	790,738	761,166	790,738	750,339
Households	60,953,964	57,198,598	55,755,588	52,522,975
(of which: - purchase of residential properties	24,056,690	22,551,747	22,531,715	21,174,554
- purchase of transport vehicles	20,587,667	19,669,245	19,448,367	18,610,833
- others	16,309,607	14,977,606	13,775,506	12,737,588
Others	2,111,001	2,205,432	566,878	847,726
	91,567,970	84,364,518	83,611,652	77,218,682

A11d. Non-performing loans by economic purpose

Purchase of securities	21,295	29,138	21,295	25,784
Purchase of transport vehicles	252,681	247,552	249,374	242,943
Purchase of landed properties	809,395	822,736	802,157	814,195
(of which: - residential	690,030	706,007	687,413	697,466
- non-residential)	119,365	116,729	114,744	116,729
Purchase of fixed assets (excluding landed properties)	2,712	2,621	1,583	1,580
Personal use	156,079	154,066	87,444	82,230
Credit card	14,367	14,375	14,367	14,375
Purchase of consumer durables	1,113	988	1,113	988
Construction	-	26,928	-	-
Working capital	266,163	244,391	248,194	218,196
Other purpose	36,612	35,036	36,599	35,024
	1,560,417	1,577,831	1,462,126	1,435,315

Non-performing loans by sectors

Agriculture, hunting, forestry and fishing	3,176	3,823	3,131	3,772
Mining and quarrying	123	57	123	57
Manufacturing	125,072	96,925	118,610	96,431
Electricity, gas and water	80	58	80	51
Construction	51,741	87,448	51,619	60,382
Wholesale & retail trade and restaurants & hotels	131,436	132,254	131,382	132,121
Transport, storage and communication	6,409	8,574	6,006	5,552
Finance, insurance and business services	21,369	20,189	21,190	19,928
Real estate	31,967	18,883	31,967	18,883
Community, social and personal services	9,200	11,739	9,200	11,739
Households	1,165,696	1,169,002	1,086,513	1,083,693
(of which: - purchase of residential properties	684,359	697,122	681,742	688,581
- purchase of transport vehicles	220,331	210,495	217,021	208,917
- others	261,006	261,385	187,750	186,195
Others	14,148	28,879	2,305	2,706
	1,560,417	1,577,831	1,462,126	1,435,315

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

A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
At 1 January	1,577,831	1,406,479	1,435,315	1,290,208
Non-performing during the period / year	1,344,543	2,539,955	1,305,551	2,425,170
Reclassified as performing	(1,097,696)	(1,944,453)	(1,097,556)	(1,943,441)
Recoveries	(46,956)	(80,622)	(43,710)	(79,634)
Amount written off	(202,848)	(361,506)	(126,345)	(233,235)
Loans converted to foreclosed properties / securities	(11,141)	(23,560)	(11,141)	(23,560)
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	51,819	-	-
Exchange differences	(3,316)	(10,281)	12	(193)
Closing balance	<u>1,560,417</u>	<u>1,577,831</u>	<u>1,462,126</u>	<u>1,435,315</u>
Specific allowance	<u>(224,410)</u>	<u>(258,320)</u>	<u>(158,687)</u>	<u>(170,564)</u>
Net non-performing loans, advances and financing	<u><u>1,336,007</u></u>	<u><u>1,319,511</u></u>	<u><u>1,303,439</u></u>	<u><u>1,264,751</u></u>
Net NPL as % of gross loans, advances and financing less specific allowance	<u><u>1.46%</u></u>	<u><u>1.57%</u></u>	<u><u>1.56%</u></u>	<u><u>1.64%</u></u>

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

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
<u>General Allowance</u>				
At 1 January	1,318,546	1,056,199	1,156,721	984,830
Allowance made during the period / year	95,917	206,683	96,333	172,561
Amount written back	(1,195)	(2,000)	-	-
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	64,071	-	-
Exchange differences	(2,364)	(6,407)	(208)	(670)
Closing balance	<u>1,410,904</u>	<u>1,318,546</u>	<u>1,252,846</u>	<u>1,156,721</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.54%</u></u>	<u><u>1.57%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

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

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 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
<u>Specific Allowance</u>				
At 1 January	258,320	233,007	170,564	151,746
Allowance made during the period / year	217,326	431,438	159,808	307,392
Amount written back in respect of recoveries	(45,795)	(54,712)	(45,058)	(54,328)
Amount written off	(202,848)	(361,506)	(126,345)	(233,235)
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	(165)	(982)	(165)	(982)
Amount arising from acquisition of Public Bank (Hong Kong) Limited	-	22,546	-	-
Exchange differences	(2,428)	(11,471)	(117)	(29)
Closing balance	<u>224,410</u>	<u>258,320</u>	<u>158,687</u>	<u>170,564</u>

A12. Other Assets

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Interest / Income receivable	127,521	73,695	99,378	45,195
Other debtors, deposits and prepayments	1,537,835	829,629	489,977	416,208
Foreclosed properties	106,825	110,540	106,711	110,426
Taxi licenses	10,645	10,918	-	-
Outstanding contracts on clients' accounts	221,068	231,997	-	-
Amount due from subsidiary companies	-	-	133,199	128,605
Dividend receivable from subsidiary companies	-	-	351,897	400,823
	<u>2,003,894</u>	<u>1,256,779</u>	<u>1,181,162</u>	<u>1,101,257</u>

A13. Deposits from Customers

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
<u>By type of customer</u>				
Federal and state governments	1,580,862	702,378	1,580,862	702,378
Local government and statutory authorities	1,379,736	1,094,394	1,379,736	1,094,394
Business enterprises	28,895,816	25,198,953	29,056,928	24,927,098
Individuals	55,999,466	52,214,314	55,994,476	52,209,475
Foreign customers	12,105,224	9,762,215	2,759,251	2,017,535
Others	23,234,613	22,820,895	21,642,121	21,692,038
	<u>123,195,717</u>	<u>111,793,149</u>	<u>112,413,374</u>	<u>102,642,918</u>

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

A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Licensed banks	4,589,939	2,101,240	2,781,821	952,132
Licensed investment / merchant banks	397,100	174,500	23,900	54,500
Other financial institutions	4,851,599	3,362,224	5,617,225	3,298,846
	<u>9,838,638</u>	<u>5,637,964</u>	<u>8,422,946</u>	<u>4,305,478</u>

A15. Other Liabilities

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	RM'000	RM'000	RM'000	RM'000
Interest / Profit payable	707,863	673,743	654,297	631,709
Other creditors and accruals	1,951,335	1,117,010	429,331	314,243
Employee benefits	(25,460)	(19,439)	(25,774)	(18,477)
Accrued restoration cost	7,665	13,072	7,665	7,665
Profit Equalisation Reserves	7,604	4,796	7,604	4,796
Outstanding contracts on clients' accounts	206,229	223,285	-	-
Dividend payable to shareholders	4,190	30,896	4,190	4,636
Amount due to subsidiary companies	-	-	16,320	13,072
	<u>2,859,426</u>	<u>2,043,363</u>	<u>1,093,633</u>	<u>957,644</u>

A16. Interest Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	RM'000	RM'000	RM'000	RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,289,057	1,105,483	2,522,983	2,087,831
- Recoveries from NPLs	23,931	19,467	45,394	40,285
Money at call and deposit placements with financial institutions	397,142	286,779	752,958	529,570
Securities held-for-trading	113,540	41,939	202,590	62,015
Securities available-for-sale	38,546	38,614	76,665	74,236
Securities held-to-maturity	33,033	33,173	65,707	55,740
Others	10,065	6,919	17,227	16,819
	<u>1,905,314</u>	<u>1,532,374</u>	<u>3,683,524</u>	<u>2,866,496</u>
Amortisation of premium less accretion of discount	(4,316)	(6,268)	(8,439)	(11,801)
Net interest / income suspended	(35,587)	(31,456)	(69,685)	(61,203)
	<u>1,865,411</u>	<u>1,494,650</u>	<u>3,605,400</u>	<u>2,793,492</u>

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

A16. Interest Income (continued)

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,107,551	945,233	2,164,456	1,817,425
- Recoveries from NPLs	23,927	19,441	45,380	40,243
Money at call and deposit placements with financial institutions	365,205	258,946	687,315	491,753
Securities held-for-trading	110,893	41,185	199,272	60,824
Securities available-for-sale	34,041	33,277	67,651	64,192
Securities held-to-maturity	11,530	17,899	23,334	36,361
Others	10,060	6,662	17,217	16,443
	<u>1,663,207</u>	<u>1,322,643</u>	<u>3,204,625</u>	<u>2,527,241</u>
Amortisation of premium less accretion of discount	(5,867)	(7,752)	(11,939)	(15,816)
Net interest / income suspended	(35,587)	(31,390)	(69,685)	(61,067)
	<u>1,621,753</u>	<u>1,283,501</u>	<u>3,123,001</u>	<u>2,450,358</u>

A17. Interest Expense

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	138,600	124,524	260,869	214,553
Deposits from customers	826,952	603,332	1,600,334	1,107,394
Loans sold to Cagamas	29,184	2,607	33,628	5,264
Subordinated notes	40,742	39,930	81,978	77,116
Borrowings	4,539	5,762	10,613	5,762
Hybrid Capital Securities	25,013	-	50,264	-
Others	16,595	3,595	21,325	7,027
	<u>1,081,625</u>	<u>779,750</u>	<u>2,059,011</u>	<u>1,417,116</u>

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	126,441	117,783	235,810	210,762
Deposits from customers	730,269	546,540	1,417,007	1,031,235
Loans sold to Cagamas	29,184	2,607	33,628	5,264
Subordinated notes	40,742	39,930	81,978	77,116
Hybrid Capital Securities	25,013	-	50,264	-
Others	12,875	581	13,334	673
	<u>964,524</u>	<u>707,441</u>	<u>1,832,021</u>	<u>1,325,050</u>

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

A18. Other Operating Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Group				
(a) Fee income:				
Commissions	39,577	30,891	68,341	61,333
Service charges and fees	46,542	47,842	93,663	92,156
Guarantee fees	4,149	5,079	9,762	10,238
Processing fees	2,791	2,694	6,286	4,126
Commitment fees	9,372	8,525	18,796	16,949
Unit trust management fees	64,883	41,746	120,053	80,575
Net brokerage and commissions from stockbroking activities	21,961	9,919	48,310	16,703
Other fee income	8,481	7,581	13,657	11,136
	<u>197,756</u>	<u>154,277</u>	<u>378,868</u>	<u>293,216</u>
(b) Net gain arising from sale of securities:				
Net gain from sale of securities				
- held-for-trading	2,490	1,810	4,600	5,398
- available-for-sale	38,102	324	40,146	594
	<u>40,592</u>	<u>2,134</u>	<u>44,746</u>	<u>5,992</u>
(c) Gross dividend income from:				
Securities held-for-trading	75	482	119	532
Securities available-for-sale	19,034	12,855	30,941	24,313
Securities held-to-maturity	1,109	1,502	1,171	1,502
	<u>20,218</u>	<u>14,839</u>	<u>32,231</u>	<u>26,347</u>
(d) Unrealised (loss) / gain on revaluation of securities held-for-trading and trading derivatives	<u>(3,396)</u>	<u>75,351</u>	<u>42,314</u>	<u>37,063</u>
(e) Unrealised (loss) / gain on hedging derivatives	<u>(868)</u>	<u>-</u>	<u>64</u>	<u>-</u>
(f) Other income:				
Foreign exchange profit / (loss)	44,203	(30,138)	42,939	40,528
Rental income	2,626	2,881	5,492	5,135
Gain / (loss) on disposal of property and equipment (net)	291	(6)	337	13
Loss / (gain) on disposal of foreclosed properties	(504)	(10)	(1,059)	167
Gain on sale of trust units	44,734	12,376	86,195	23,202
Gain on revaluation of investment properties	547	-	547	-
Lease income and factoring charges	348	448	702	826
Others	2,869	26,538	5,243	30,848
	<u>95,114</u>	<u>12,089</u>	<u>140,396</u>	<u>100,719</u>
Total other operating income	<u>349,416</u>	<u>258,690</u>	<u>638,619</u>	<u>463,337</u>

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

A18. Other Operating Income (continued)

	2nd Quarter Ended		Half Year Ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Bank				
(a) Fee income:				
Commissions	46,576	28,594	87,651	58,190
Service charges and fees	31,968	32,322	64,907	62,309
Guarantee fees	3,694	4,330	8,615	8,738
Processing fees	375	358	702	592
Commitment fees	8,939	8,258	17,941	16,417
Other fee income	6,048	6,101	9,190	8,431
	<u>97,600</u>	<u>79,963</u>	<u>189,006</u>	<u>154,677</u>
(b) Net gain arising from sale of securities:				
Net gain from sale of securities				
- held-for-trading	2,539	1,886	4,358	4,661
- available-for-sale	30,190	324	32,234	594
	<u>32,729</u>	<u>2,210</u>	<u>36,592</u>	<u>5,255</u>
(c) Gross dividend income from:				
Securities held-for-trading	75	94	119	144
Securities available-for-sale	12,851	11,129	23,758	21,621
Securities held-to-maturity	1,026	1,442	1,029	1,442
Associated companies	-	210	-	210
Subsidiary companies	123,156	92,813	123,156	92,813
	<u>137,108</u>	<u>105,688</u>	<u>148,062</u>	<u>116,230</u>
(d) Unrealised gain on revaluation of securities held-for-trading and trading derivatives	<u>9,425</u>	<u>75,316</u>	<u>51,338</u>	<u>37,071</u>
(e) Unrealised (loss) / gain on hedging derivatives	<u>(352)</u>	<u>-</u>	<u>355</u>	<u>-</u>
(f) Other income:				
Foreign exchange profit / (loss)	49,433	(185,598)	70,040	(119,805)
Rental income	573	934	1,231	1,612
Gain / (loss) on disposal of property and equipment (net)	51	(6)	105	13
(Loss) / gain on disposal of foreclosed properties	(504)	(10)	(1,059)	167
Others	2,331	29,490	5,820	33,517
	<u>51,884</u>	<u>(155,190)</u>	<u>76,137</u>	<u>(84,496)</u>
Total other operating income	<u>328,394</u>	<u>107,987</u>	<u>501,490</u>	<u>228,737</u>

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

A19. Other Operating Expenses

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Group				
Personnel costs				
- Salaries, allowances and bonuses	211,715	167,163	391,972	320,309
- Pension costs	22,212	19,684	40,856	41,927
- Others	15,660	16,237	31,112	29,432
Establishment costs				
- Depreciation and amortisation	26,474	25,064	52,123	48,895
- Rental	13,551	13,042	26,760	25,556
- Insurance	4,490	4,799	9,134	8,700
- Water and electricity	6,759	5,833	12,924	11,035
- General repairs	4,747	4,537	9,896	9,518
- Others	22,775	19,420	45,470	38,299
Marketing expenses				
- Sales commission	29,915	15,021	52,637	28,794
- Advertisement and publicity	16,851	11,013	33,891	21,873
- Others	12,641	5,671	36,200	10,794
Administration and general expenses				
- Communication expenses	12,995	9,631	25,006	23,252
- Others	24,756	29,170	45,104	53,156
	<u>425,541</u>	<u>346,285</u>	<u>813,085</u>	<u>671,540</u>

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	166,653	130,078	310,934	262,466
- Pension costs	19,661	17,407	35,784	37,824
- Others	15,173	14,874	29,342	27,173
Establishment costs				
- Depreciation and amortisation	20,323	19,634	39,967	39,512
- Rental	16,072	16,251	32,166	32,377
- Insurance	3,976	4,490	8,020	7,953
- Water and electricity	5,148	4,496	9,895	8,803
- General repairs	3,779	3,556	7,389	7,754
- Others	17,909	15,329	35,322	31,458
Marketing expenses				
- Advertisement and publicity	6,240	990	12,489	5,031
- Others	2,311	(1,091)	17,710	(2,516)
Administration and general expenses				
- Communication expenses	10,516	8,741	20,536	18,293
- Others	19,391	23,691	36,882	43,333
	<u>307,152</u>	<u>258,446</u>	<u>596,436</u>	<u>519,461</u>

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

A20. Allowance for Losses on Loans, Advances and Financing

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	38,243	68,731	94,722	112,590
- specific allowance	118,719	92,287	217,326	184,129
- specific allowance written back	(24,244)	(12,997)	(45,795)	(25,522)
Net allowance in share broking activities	-	(11)	-	9
Bad debts and financing written off	280	220	528	269
Bad debts and financing recovered	(38,606)	(26,386)	(80,690)	(52,577)
	<u>94,392</u>	<u>121,844</u>	<u>186,091</u>	<u>218,898</u>

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	46,101	41,804	96,333	84,475
- specific allowance	84,660	66,937	159,808	128,221
- specific allowance written back	(24,171)	(12,848)	(45,058)	(25,298)
Bad debts and financing written off	280	220	528	269
Bad debts and financing recovered	(30,503)	(19,067)	(63,755)	(37,320)
	<u>76,367</u>	<u>77,046</u>	<u>147,856</u>	<u>150,347</u>

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

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

By Business Segments

	2nd Quarter Ended 30 June 2007		Half Year Ended 30 June 2007		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
<u>Group</u>					
Retail operations	1,431,321	569,105	2,817,182	1,087,294	84,185,739
Corporate lending	95,306	27,617	218,132	69,008	8,812,873
Treasury and capital market operations	767,705	110,751	1,301,829	206,853	60,877,999
Investment banking	97,644	27,606	162,842	52,415	4,229,893
Fund management	81,831	38,249	178,608	71,164	1,027,548
Others	1,003	2,839	2,024	4,528	201,342
	<u>2,474,810</u>	<u>776,167</u>	<u>4,680,617</u>	<u>1,491,262</u>	<u>159,335,394</u>
Inter-segment elimination	(50,984)	-	(110,571)	-	-
	<u>2,423,826</u>	<u>776,167</u>	<u>4,570,046</u>	<u>1,491,262</u>	<u>159,335,394</u>
Unallocated expenses	-	(44,677)	-	(85,718)	-
Share of profit after tax of equity accounted associated companies	-	1,255	-	2,469	-
Intangible assets	-	-	-	-	2,059,901
Unallocated assets	-	-	-	-	468,351
Investment in associated companies	-	-	-	-	47,140
	<u>2,423,826</u>	<u>732,745</u>	<u>4,570,046</u>	<u>1,408,013</u>	<u>161,910,786</u>

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

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

	2nd Quarter Ended 30 June 2006		Half Year Ended 30 June 2006		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
<u>Group</u>					
Retail operations	1,461,368	424,567	2,753,584	820,443	76,947,984
Corporate lending	68,586	11,576	129,902	22,153	4,974,008
Treasury and capital market operations	348,304	150,827	753,614	265,373	45,343,199
Investment banking *	38,599	9,280	69,952	16,352	4,026,274
Fund management *	54,122	22,919	103,777	41,681	576,751
Others	1,085	2,115	2,207	4,453	205,842
	<u>1,972,064</u>	<u>621,284</u>	<u>3,813,036</u>	<u>1,170,455</u>	<u>132,074,058</u>
Inter-segment elimination	<u>(201,145)</u>	<u>-</u>	<u>(380,200)</u>	<u>-</u>	<u>-</u>
	<u>1,770,919</u>	<u>621,284</u>	<u>3,432,836</u>	<u>1,170,455</u>	<u>132,074,058</u>
Unallocated expenses	-	(7,500)	-	(11,896)	-
Share of profit after tax of equity accounted associated companies	-	1,244	-	2,238	-
Intangible assets	-	-	-	-	2,004,186
Unallocated assets	-	-	-	-	551,400
Investment in associated companies	-	-	-	-	47,994
	<u><u>1,770,919</u></u>	<u><u>615,028</u></u>	<u><u>3,432,836</u></u>	<u><u>1,160,797</u></u>	<u><u>134,677,638</u></u>

Inter-segment pricing is determined on a negotiated basis.

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

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

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

By Geographical Locations

	2nd Quarter Ended		Half Year Ended		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
<u>Group</u>					
<u>30 June 2007</u>					
Malaysia	2,170,556	643,744	4,080,098	1,234,416	147,659,643
Outside Malaysia	253,270	89,001	489,948	173,597	14,251,143
	<u>2,423,826</u>	<u>732,745</u>	<u>4,570,046</u>	<u>1,408,013</u>	<u>161,910,786</u>
 <u>30 June 2006</u>					
Malaysia	1,561,927	521,553	3,094,880	997,711	122,917,170
Outside Malaysia	208,992	93,475	337,956	163,086	11,760,468
	<u>1,770,919</u>	<u>615,028</u>	<u>3,432,836</u>	<u>1,160,797</u>	<u>134,677,638</u>

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

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

A22. Carrying Amount of Revalued Assets

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

A23. Subsequent Events

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

A24. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the 2nd quarter and financial half year ended 30 June 2007.

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

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:

	As at 30 June 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Group</u>						
Direct credit substitutes	1,249,983	1,249,983	970,998	1,285,521	1,285,521	985,048
Certain transaction-related contingent items	487,518	243,759	160,775	446,720	223,360	145,914
Short-term self-liquidating trade-related contingencies	657,422	131,485	101,847	581,445	116,289	96,993
Other assets sold with recourse and commitment with certain drawdown	377,604	377,604	5,581	10,640	10,640	2,128
Obligations under underwriting agreements	124,321	42,500	42,500	80,000	40,000	40,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	3,239,120	1,619,560	1,462,435	4,365,655	2,182,828	1,988,665
- maturity not exceeding one year	14,148,636	-	-	12,621,347	-	-
Foreign exchange related contracts:						
- less than one year	9,562,136	161,712	52,765	6,594,858	106,927	38,682
- one year to less than five years	34,285	1,944	972	227,197	12,094	6,046
Interest rate related contracts:						
- less than one year	985,369	1,262	252	103,171	258	129
- one year to less than five years	4,054,620	113,784	22,757	2,489,554	56,800	11,361
- five years and above	2,878,158	239,801	47,960	4,552,944	326,963	65,392
	<u>37,799,172</u>	<u>4,183,394</u>	<u>2,868,842</u>	<u>33,359,052</u>	<u>4,361,680</u>	<u>3,380,358</u>

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

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

A25. Commitments and Contingencies (continued)

<u>Bank</u>	As at 30 June 2007			As at 31 December 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	1,186,063	1,186,063	934,413	1,244,706	1,244,706	955,127
Certain transaction-related contingent items	432,902	216,451	147,030	392,580	196,290	131,815
Short-term self-liquidating trade-related contingencies	464,112	92,822	86,017	427,885	85,576	81,189
Other assets sold with recourse and commitment with certain drawdown	349,700	349,700	-	-	-	-
Obligations under underwriting agreements	75,000	37,500	37,500	70,000	35,000	35,000
Irrevocable commitments to extend credit:						
- maturity exceeding one year	3,092,159	1,546,080	1,388,954	4,229,216	2,114,608	1,920,445
- maturity not exceeding one year	12,210,534	-	-	10,845,042	-	-
Foreign exchange related contracts:						
- less than one year	7,273,874	111,637	27,727	4,427,631	60,456	15,446
Interest rate related contracts:						
- less than one year	742,395	820	164	-	-	-
- one year to less than five years	3,801,014	108,831	21,766	2,231,871	50,237	10,047
- five years and above	2,843,628	237,384	47,477	4,517,724	324,145	64,829
	32,471,381	3,887,288	2,691,048	28,386,655	4,111,018	3,213,898

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

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

A26. Off-Balance Sheet Financial Instruments

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

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

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,596,746	893,719	419,443	254,610	28,974	-	-
- swaps	7,999,675	2,268,393	3,069,787	1,514,279	1,112,931	34,285	-
Sub total	9,596,421	3,162,112	3,489,230	1,768,889	1,141,905	34,285	-
Interest rate related contracts							
- swaps	7,918,147	1,644,287	4,560,567	1,536,585	176,708	-	-
Sub total	7,918,147	1,644,287	4,560,567	1,536,585	176,708	-	-
Total	17,514,568	4,806,399	8,049,797	3,305,474	1,318,613	34,285	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,164,199	461,172	419,443	254,610	28,974	-	-
- swaps	6,109,675	2,042,291	3,002,716	1,052,672	11,996	-	-
Sub total	7,273,874	2,503,463	3,422,159	1,307,282	40,970	-	-
Interest rate related contracts							
- swaps	7,387,037	1,474,431	4,479,611	1,432,995	-	-	-
Sub total	7,387,037	1,474,431	4,479,611	1,432,995	-	-	-
Total	14,660,911	3,977,894	7,901,770	2,740,277	40,970	-	-

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 2007, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM884,440,000 (31 December 2006 : RM824,196,000).

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

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 2007, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM28,949,000 (31 December 2006 : RM42,747,000) and RM21,675,000 (31 December 2006 : RM6,137,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

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

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

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

Fair value hedge

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

Cash flow hedge

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

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

A27. Interest / Profit Rate Risk

Group As at 30 June 2007	Non trading book									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
ASSETS													
Cash and short-term funds	23,374,872	-	-	-	-	-	-	-	-	1,187,017	-	24,561,889	3.93
Deposits and placements with banks and other financial institutions	5,309	3,594,108	106,938	-	-	-	-	-	-	-	-	3,706,355	4.56
Securities purchased under resale agreements	10,316,790	4,360,221	-	-	-	-	-	-	-	-	370,420	15,047,431	3.52
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	14,038,468	14,038,468	3.57
Securities available-for-sale	-	-	53,518	620,096	105,462	515,477	298,547	977,895	1,248,439	77,303	-	3,896,737	6.14
Securities held-to-maturity	461,982	804,172	1,082,724	317,143	8,666	9,794	-	-	88,156	-	-	2,772,637	3.61
Loans, advances and financing													
- performing	53,025,977	5,024,083	7,480,437	7,629,808	4,814,189	3,706,123	2,687,469	5,639,467	-	-	-	90,007,553	6.65
- non-performing *	-	-	-	-	-	-	-	-	(74,897)	-	-	(74,897)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,898,537	56,076	-	7,954,613	-
TOTAL ASSETS	87,184,930	13,782,584	8,723,617	8,567,047	4,928,317	4,231,394	2,986,016	6,617,362	10,347,252	14,542,267	161,910,786		

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

A27. Interest / Profit Rate Risk (continued)

Group As at 30 June 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	61,928,922	25,312,560	22,618,328	339,342	23,323	97,873	159,950	22,926	12,692,493	-	123,195,717	3.22
Deposits and placements of banks and other financial institutions	8,763,564	911,081	47,232	-	-	-	-	-	116,761	-	9,838,638	4.43
Obligations on securities sold under repurchase agreements	3,853,216	206,554	2,036	-	-	-	-	-	-	-	4,061,806	3.47
Bills and acceptances payable	665,095	1,210,973	375,563	-	-	-	-	-	985,030	-	3,236,661	3.59
Recourse obligations on loans sold to Cagamas	7,844	2,513,252	1,054,172	18,911	4,084	-	-	-	-	-	3,598,263	3.73
Borrowings	397,556	-	-	-	-	-	-	-	-	-	397,556	5.01
Subordinated notes	-	-	-	-	1,186,792	-	1,299,583	-	-	-	2,486,375	6.22
Hybrid capital securities	-	-	-	-	-	-	-	1,878,201	-	-	1,878,201	5.27
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,475,186	51,251	3,526,437	-
Total Liabilities	75,616,197	30,154,420	24,097,331	358,253	1,214,199	97,873	1,459,533	1,901,127	17,269,470	51,251	152,219,654	
Shareholders' equity	-	-	-	-	-	-	-	-	9,054,212	-	9,054,212	-
Minority interests	-	-	-	-	-	-	-	-	636,920	-	636,920	-
Total Liabilities and Equity	75,616,197	30,154,420	24,097,331	358,253	1,214,199	97,873	1,459,533	1,901,127	26,960,602	51,251	161,910,786	
On-balance sheet interest sensitivity gap	11,568,733	(16,371,836)	(15,373,714)	8,208,794	3,714,118	4,133,521	1,526,483	4,716,235	(16,613,350)	14,491,016	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	196,821	(1,123,841)	(1,100,902)	(601,620)	1,104,960	(479,967)	1,101,507	903,042	-	-	-	-
Total interest sensitivity gap	11,765,554	(17,495,677)	(16,474,616)	7,607,174	4,819,078	3,653,554	2,627,990	5,619,277	(16,613,350)	14,491,016	-	-

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

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

A27. Interest / Profit Rate Risk (continued)

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

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

A27. Interest / Profit Rate Risk (continued)

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

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

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

A27. Interest / Profit Rate Risk (continued)

Bank	Non trading book										Trading book	Total	Effective interest rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 2 years	> 2 - 3 years	> 3 - 4 years	> 4 - 5 years	over 5 years	Non- interest sensitive	RM'000			
As at 30 June 2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS													
Cash and short-term funds	20,759,884	-	-	-	-	-	-	-	-	887,685	-	21,647,569	3.82
Deposits and placements with banks and other financial institutions	-	3,104,391	42,127	-	-	-	-	-	-	-	-	3,146,518	4.43
Securities purchased under resale agreements	9,810,801	4,164,649	-	-	-	-	-	-	-	-	-	13,975,450	3.52
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	14,023,218	14,023,218	3.57
Securities available-for-sale	-	-	53,518	535,183	-	440,457	298,547	944,601	1,147,262	20,604	-	3,440,172	5.76
Securities held-to-maturity	891	106,901	486,075	317,143	-	9,794	-	-	87,631	-	-	1,008,435	3.67
Loans, advances and financing													
- performing	48,288,104	3,708,827	6,628,207	7,157,684	4,541,214	3,601,165	2,641,929	5,582,396	-	-	-	82,149,526	6.34
- non-performing *	-	-	-	-	-	-	-	-	50,593	-	-	50,593	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,188,113	48,174	-	7,236,287	-
TOTAL ASSETS	78,859,680	11,084,768	7,209,927	8,010,010	4,541,214	4,051,416	2,940,476	6,526,997	9,361,284	14,091,996	146,677,768		

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

A27. Interest / Profit Rate Risk (continued)

Bank As at 30 June 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
LIABILITIES AND EQUITY												
Deposits from customers	54,824,364	22,322,691	22,032,643	325,682	207,864	97,873	159,950	22,926	12,419,381	-	112,413,374	3.12
Deposits and placements of banks and other financial institutions	7,619,771	682,713	30,379	-	-	-	-	-	90,083	-	8,422,946	4.74
Obligations on securities sold under repurchase agreements	3,857,745	205,897	2,036	-	-	-	-	-	-	-	4,065,678	3.46
Bills and acceptances payable	665,095	1,210,973	375,563	-	-	-	-	-	985,030	-	3,236,661	3.59
Recourse obligations on loans sold to Cagamas	7,844	2,513,252	1,054,172	18,911	4,084	-	-	-	-	-	3,598,263	3.73
Subordinated notes	-	-	-	-	1,186,792	-	1,299,583	-	-	-	2,486,375	6.22
Hybrid capital securities	-	-	-	-	-	-	-	1,878,201	-	-	1,878,201	5.27
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,590,680	44,036	1,634,716	-
Total Liabilities	66,974,819	26,935,526	23,494,793	344,593	1,398,740	97,873	1,459,533	1,901,127	15,085,174	44,036	137,736,214	
Shareholders' equity	-	-	-	-	-	-	-	-	8,941,554	-	8,941,554	-
Total Liabilities and Equity	66,974,819	26,935,526	23,494,793	344,593	1,398,740	97,873	1,459,533	1,901,127	24,026,728	44,036	146,677,768	
On-balance sheet interest sensitivity gap	11,884,861	(15,850,758)	(16,284,866)	7,665,417	3,142,474	3,953,543	1,480,943	4,625,870	(14,665,444)	14,047,960	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	93,231	(1,028,089)	(1,381,200)	(520,664)	1,208,550	(410,907)	1,101,507	937,572	-	-	-	-
Total interest sensitivity gap	11,978,092	(16,878,847)	(17,666,066)	7,144,753	4,351,024	3,542,636	2,582,450	5,563,442	(14,665,444)	14,047,960	-	-

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

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

A27. Interest / Profit Rate Risk (continued)

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

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

A27. Interest / Profit Rate Risk (continued)

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

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

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

A28. Capital Adequacy

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

	Group		Bank	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<u>Before deducting proposed dividends:</u>				
Core capital ratio	9.3%	10.2%	11.5%	12.5%
Risk-weighted capital ratio	<u>14.4%</u>	<u>15.8%</u>	<u>14.1%</u>	<u>15.3%</u>

After deducting proposed dividends:

Core capital ratio	8.5%	8.8%	10.6%	11.0%
Risk-weighted capital ratio	<u>13.7%</u>	<u>14.6%</u>	<u>13.3%</u>	<u>14.0%</u>

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,508,979	3,462,825	3,508,979	3,462,825
Share premium	2,014,978	1,782,081	2,014,978	1,782,081
Other reserves	3,462,122	3,228,596	3,422,999	3,189,473
Retained profits (before deducting proposed dividend)	985,200	1,265,156	1,050,371	1,330,328
Hybrid capital securities	1,260,313	1,261,957	1,406,418	1,414,327
Treasury shares	(1,052,305)	(784,801)	(1,052,305)	(784,801)
Minority interests	606,244	628,310	-	-
Less: Goodwill	(2,033,493)	(2,091,061)	(695,393)	(695,393)
Less: Deferred tax assets, net	(349,953)	(340,016)	(279,927)	(269,990)
Total Tier I capital	<u>8,402,085</u>	<u>8,413,047</u>	<u>9,376,120</u>	<u>9,428,850</u>
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	1,410,904	1,318,546	1,259,887	1,164,889
Subordinated notes	2,577,771	2,627,797	2,577,771	2,627,797
Hybrid capital securities	626,974	640,745	480,869	488,375
Total Tier II capital	<u>4,615,649</u>	<u>4,587,088</u>	<u>4,318,527</u>	<u>4,281,061</u>
Total capital	<u>13,017,734</u>	<u>13,000,135</u>	<u>13,694,647</u>	<u>13,709,911</u>
Less: Investment in subsidiary companies	-	-	(2,191,871)	(2,191,871)
Capital base	<u>13,017,734</u>	<u>13,000,135</u>	<u>11,502,776</u>	<u>11,518,040</u>

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

A29. Operations of Islamic Banking

A29a. Balance Sheets as at 30 June 2007

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
ASSETS		
Cash and short-term funds	1,977,892	690,139
Deposits and placements with banks and other financial institutions	2,567	-
Securities held-for-trading	170,537	-
Securities held-to-maturity	1,371	51,736
Financing, advances and other loans	9,702,974	9,023,636
Other assets	105,780	120,664
Statutory deposits with Bank Negara Malaysia	386,000	309,000
Deferred tax assets	29,165	26,459
Property and equipment	255	183
Total Assets	12,376,541	10,221,817
LIABILITIES AND ISLAMIC		
BANKING FUNDS		
Deposits from customers	9,464,222	7,737,769
Deposits and placements of banks and other financial institutions	1,098,596	818,010
Bills and acceptances payable	87,064	29,298
Other liabilities	19,804	15,268
Provision for tax expense and zakat	44,369	47,776
Total Liabilities	10,714,055	8,648,121
Islamic Banking Funds	1,662,486	1,573,696
Total Liabilities and Islamic Banking Funds	12,376,541	10,221,817
COMMITMENTS AND CONTINGENCIES		
	326,586	155,165

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

A29b. Income Statements for the Financial Half Year Ended 30 June 2007

	2nd Quarter Ended		Half Year Ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>Group and Bank</u>				
Income derived from investment of depositors' funds and financial institutions	165,652	111,836	304,198	216,093
Allowance for losses on financing, advances and other loans	(18,431)	(16,190)	(33,504)	(25,502)
Transfer from / (to) profit equalisation reserve	4,272	7,677	(2,808)	12,693
Total attributable income	151,493	103,323	267,886	203,284
Income attributable to the depositors and financial institutions	(71,962)	(33,599)	(121,286)	(63,468)
Income attributable to the reporting institutions	79,531	69,724	146,600	139,816
Income derived from investment of Islamic Banking Funds	21,399	22,552	44,734	44,056
Total net income	100,930	92,276	191,334	183,872
Other operating expenses	(19,267)	(11,127)	(36,107)	(29,320)
Profit before zakat and tax expense	81,663	81,149	155,227	154,552
Zakat	(41)	(19)	(83)	(38)
Tax expense	(22,583)	(28,343)	(42,813)	(44,115)
Profit after zakat and tax expense	59,039	52,787	112,331	110,399

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

A29c. Financing, Advances and Other Loans

	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
Qardhassan-i (overdraft)	52,973	40,745
Bai Bithaman Ajil-i (deferred payment sale)	3,910,698	3,718,492
Ijarah Thamma Al-Bai'-i (leasing)	7,754,011	7,367,486
Bai-Al-Einah-i	894,074	673,086
	<u>12,611,756</u>	<u>11,799,809</u>
Unearned income	(2,732,225)	(2,612,664)
Gross financing, advances and other loans	9,879,531	9,187,145
Allowance for bad and doubtful debts and financing:		
- general	(147,495)	(137,495)
- specific	(29,062)	(26,014)
Net financing, advances and other loans	<u>9,702,974</u>	<u>9,023,636</u>

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

	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
At 1 January	176,357	156,196
Non-performing during the period / year	223,680	391,438
Reclassified as performing	(161,576)	(299,843)
Recoveries	(19,493)	(29,687)
Amount written off	(24,345)	(41,747)
Closing balance	<u>194,623</u>	<u>176,357</u>
Specific allowance	(29,062)	(26,014)
Net non-performing financing, advances and other loans	<u>165,561</u>	<u>150,343</u>
Net NPL as % of gross financing, advances and other loans less specific allowance	<u>1.68%</u>	<u>1.64%</u>

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

A29c. Financing, Advances and Other Loans (continued)

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

	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
<u>General allowance</u>		
At 1 January	137,495	114,195
Allowance made during the period / year	10,000	23,300
Closing balance	<u>147,495</u>	<u>137,495</u>
As % of gross financing, advances and other loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>
	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
<u>Specific allowance</u>		
At 1 January	26,014	19,294
Allowance made during the period / year	37,922	58,647
Amount written back	(10,527)	(10,180)
Amount written off	(24,345)	(41,747)
Amount transferred to accumulated impairment losses in value of foreclosed properties	(2)	-
Closing balance	<u>29,062</u>	<u>26,014</u>

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

A29d. Deposits from Customers
i) By type of deposit

	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	1,444,569	1,312,608
Wadiah savings deposits-i	2,661,914	2,435,543
Negotiable debt certificate-i	3,498,890	2,728,912
	<u>7,605,373</u>	<u>6,477,063</u>
<u>Mudharabah Fund</u>		
Mudharabah savings deposits-i	65,898	64,542
Mudharabah general investment deposits-i	1,792,951	1,196,164
	<u>1,858,849</u>	<u>1,260,706</u>
Deposits from customers	<u>9,464,222</u>	<u>7,737,769</u>

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

A30. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policy in Current Financial Period

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

FRS 117: Leases

Leasehold land held for own use

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

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

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

BNM's Circular on Handling Fees

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

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

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

(c) Adjustments Due to Change in Accounting Policies

	Group RM'000	Bank RM'000
<u>For the 2nd Quarter Ended 30 June 2006</u>		
Effects on income statement:		
Profit for the quarter before changes in accounting policy	472,450	357,887
Effects of adopting BNM Circular on Handling Fees	4,172	4,172
Profit for the quarter after changes in accounting policy	476,622	362,059
<u>For the Financial Half Year Ended 30 June 2006</u>		
Effects on income statement:		
Profit for the financial half year before changes in accounting policy	877,844	674,253
Effects of adopting BNM Circular on Handling Fees	6,022	6,022
Profit for the financial half year after changes in accounting policy	883,866	680,275

(d) Comparative Figures

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

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

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

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

(d) **Comparative Figures (Continued)**

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(ii) Income statement for the 2nd quarter ended 30 June 2006				
Revenue	1,770,919	1,816,056	1,330,767	1,345,822
Interest income	1,494,650	1,505,701	1,283,501	1,294,552
Net interest income	714,900	725,951	576,060	587,111
Net financing income from				
Islamic Banking business	106,433	110,437	106,433	110,437
Other operating income	258,690	288,772	n/a	n/a
Net income	1,082,056	1,127,193	792,513	807,568
Other operating expenses	(346,285)	(397,217)	(258,446)	(279,296)
Operating profit	735,771	729,976	534,067	528,272
Share of profit after tax of equity accounted associated companies *	1,244	1,714	n/a	n/a
Profit before tax expense and zakat	615,028	609,703	456,878	451,083
Tax expense and zakat *	(138,406)	(137,253)	(94,819)	(93,196)
Profit for the period	476,622	472,450	362,059	357,887
Profit attributable to equity holders of the Bank	456,902	452,730	362,059	357,887
(iii) Income statement for the financial half year ended 30 June 2006				
Revenue	3,432,836	3,518,085	2,781,505	2,811,304
Interest income	2,793,492	2,815,377	2,450,358	2,472,243
Net interest income	1,376,376	1,398,261	1,125,308	1,147,193
Net financing income from				
Islamic Banking business	205,254	213,168	205,254	213,168
Other operating income	463,337	518,787	n/a	n/a
Net income	2,049,087	2,134,336	1,563,419	1,593,218
Other operating expenses	(671,540)	(765,153)	(519,461)	(557,624)
Operating profit	1,377,547	1,369,183	1,043,958	1,035,594
Share of profit after tax of equity accounted associated companies *	2,238	3,109	n/a	n/a
Profit before tax expense and zakat	1,160,797	1,153,304	893,521	885,157
Tax expense and zakat *	(276,931)	(275,460)	(213,246)	(210,904)
Profit for the period	883,866	877,844	680,275	674,253
Profit attributable to equity holders of the Bank	845,310	839,288	680,275	674,253

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

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

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

B1. Performance Review

The Group's pre-tax profit for the financial half year ended 30 June 2007 of RM1,408.0 million was RM247.2 million or 21.3% higher than the previous corresponding period of RM1,160.8 million. Profit attributable to equity holders of the Bank improved by 18.3% to RM1,000.3 million. The improvement in earnings was primarily due to higher net interest income, including net financing income from Islamic Banking operations, which improved by RM186.1 million or 11.8% and higher other operating income by 37.8% or RM175.3 million which was mainly due to higher gain on sales of trust units and higher management fee income from the fund management business. In addition, loan loss allowance decreased by 15.0% or RM32.8 million. These were partially offset by higher other operating expenses of RM141.5 million.

The growth in the Group's net interest income was driven by strong loans and deposits growth coupled with improved asset quality. Gross loan balance has grown by 17.0% to RM91.6 billion as at 30 June 2007 as compared to RM78.2 billion as at 30 June 2006 mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total deposits from customers had also grown by 22.5% or RM22.6 billion as compared to 30 June 2006 which partly contributed to the higher net interest income for the current financial period. The Group's net non-performing loans ratio ("NPL") further improved to 1.5% as at 30 June 2007 as compared to 1.6% as at 30 June 2006.

The Group's commercial bank, Public Bank, recorded a pre-tax profit of RM1,267.9 million for the financial half year ended 30 June 2007 and was 41.9% higher than the pre-tax profit of RM893.5 million achieved in the previous corresponding period. This was mainly due to higher net interest income including income from Islamic Banking operations and higher other operating income, partially offset by higher other operating expenses.

The overseas operations of the Group recorded a 6.4% improvement in pre-tax profit to RM173.6 million from the previous corresponding period, due to loan growth achieved during the period.

For the 2nd quarter ended 30 June 2007, the Group registered a pre-tax profit of RM732.7 million, an improvement of RM117.7 million or 19.1% as compared to the previous corresponding quarter. This was achieved on the back of strong loans growth and improved asset quality, coupled with a strong growth in its fund management business. Earnings attributable to equity holders of the Bank grew by 14.7% or RM67.2 million for the same period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM732.7 million for the 2nd quarter ended 30 June 2007 shows a growth of 8.5% as compared to the pre-tax profit of RM675.3 million for the preceding quarter ended 31 March 2007. Net profit attributable to equity holders of the Bank increased by RM47.9 million or 10.1% over the same period. The increase was mainly due to increase in net interest income and Islamic banking income by RM35.1 million and a strong growth in its other operating income by 20.8% or RM60.2 million. This is partially offset by higher other operating expenses by RM38.0 million.

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

B3. Prospects for 2007

The banking industry is expected to continue to remain sound but more challenging in 2007 as the Malaysian economy is projected to remain firm. However, competition in the banking industry is expected to further intensify due to the deregulated operating environment for the incumbent foreign-controlled domestic banks and high liquidity in the banking system. Public Bank will continue to focus and increase its market share in consumer financing and retail commercial lending to the mid-market SMEs as well as deposit taking by leveraging on its wide branch network, efficient multiple delivery channels, strong PB brand and superior service standards. Public Bank will also continue to intensify its efforts to grow its overseas business. In pursuit of its growth strategy and to enhance stakeholder value, Public Bank will continue to be innovative, alert and vigilant; and will remain prudent, maintain strong corporate governance and implement sound risk management policies. Barring any unforeseen circumstances, the Group and the Bank are expected to continue to record satisfactory performance in 2007.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 2nd quarter and financial half year ended 30 June 2007 are as follows:

	2nd Quarter Ended		Half Year Ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	167,425	135,559	343,502	270,462
Overseas income tax	14,394	14,588	30,128	26,290
	181,819	150,147	373,630	296,752
Under / (over) provision in prior period				
- Malaysian income tax	175	-	57	-
- Overseas income tax	-	(37)	-	(37)
	181,994	150,110	373,687	296,715
Deferred tax expense				
- Relating to origination and reversal of temporary differences	10,748	(11,723)	3,239	(19,822)
Tax expense	192,742	138,387	376,926	276,893
Zakat	41	19	83	38
	192,783	138,406	377,009	276,931

The Group's effective tax rates for the 2nd quarter and financial half year ended 30 June 2007 are lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions.

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

B5. Tax Expense and Zakat (Contd.)

	2nd Quarter Ended		Half Year Ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	180,231	106,392	345,785	233,798
Overseas income tax	281	316	574	558
	180,512	106,708	346,359	234,356
Deferred tax expense				
- Relating to origination and reversal of temporary differences	1,774	(11,908)	(12,656)	(21,148)
Tax expense	182,286	94,800	333,703	213,208
Zakat	41	19	83	38
	182,327	94,819	333,786	213,246

The Bank's effective tax rates for the 2nd quarter and financial half year ended 30 June 2007 are lower than the statutory tax rate due to certain income not subject to tax.

B6. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the 2nd quarter and financial half year ended 30 June 2007 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

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

B9. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

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

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

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	59,440,758	53,235,085	50,528,758	46,304,196
More than one year	211,989	155,574	197,870	136,565
- Negotiable instruments of deposits				
One year or less	26,441,620	31,615,469	25,824,440	30,985,521
More than one year	629,605	318,635	276,492	273,366
- Money market deposits				
One year or less	7,995,283	-	8,533,929	-
- Savings deposits	15,815,709	14,809,282	14,671,345	13,682,121
- Demand deposits	12,236,777	11,288,760	11,960,912	10,894,214
- Others	423,976	370,344	419,628	366,935
	<u>123,195,717</u>	<u>111,793,149</u>	<u>112,413,374</u>	<u>102,642,918</u>
Deposits and placements of banks and other financial institutions				
- One year or less	<u>9,838,638</u>	<u>5,637,964</u>	<u>8,422,946</u>	<u>4,305,478</u>
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	<u>397,556</u>	<u>679,341</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	<u>2,486,375</u>	<u>2,561,131</u>	<u>2,486,375</u>	<u>2,561,131</u>
Hybrid capital securities denominated in USD (unsecured)				
- More than one year	682,718	718,925	682,718	718,925
Hybrid capital securities denominated in RM (unsecured)				
- More than one year	1,195,483	1,200,000	1,195,483	1,200,000
	<u>1,878,201</u>	<u>1,918,925</u>	<u>1,878,201</u>	<u>1,918,925</u>

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

B11. Off-Balance Sheet Financial Instruments

The value of off-balance sheet financial instruments classified by remaining period to maturity / next repricing date (whichever is earlier) as at the latest practicable date, 12 July 2007, is as follows :

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	2,333,751	1,179,650	356,370	527,721	270,010	-	-
- swaps	7,941,091	3,513,906	3,042,121	653,666	714,432	16,966	-
Sub total	10,274,842	4,693,556	3,398,491	1,181,387	984,442	16,966	-
Interest rate related contracts							
- swaps	7,845,377	1,161,639	5,042,571	1,464,975	176,192	-	-
Sub total	7,845,377	1,161,639	5,042,571	1,464,975	176,192	-	-
Total	18,120,219	5,855,195	8,441,062	2,646,362	1,160,634	16,966	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	1,532,070	619,230	356,370	407,330	149,140	-	-
- swaps	6,766,244	3,436,767	2,919,198	399,497	10,782	-	-
Sub total	8,298,314	4,055,997	3,275,568	806,827	159,922	-	-
Interest rate related contracts							
- swaps	7,380,426	1,161,639	4,788,282	1,430,505	-	-	-
Sub total	7,380,426	1,161,639	4,788,282	1,430,505	-	-	-
Total	15,678,740	5,217,636	8,063,850	2,237,332	159,922	-	-

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.

B12. Changes in Material Litigation

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

B13. Proposed Dividends

- (i) An interim dividend of 25% less 27% tax has been declared by the directors;
- (ii) Amount per share : 25 sen less 27% tax;
- (iii) Previous corresponding period : 20 sen less 28% tax;
- (iv) Payment date : 13 August 2007;
- (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 3 August 2007.

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

B14. Earnings Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the net profit attributable to the equity holders of the Bank for the 2nd quarter and financial half year ended 30 June 2007 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 2nd quarter and financial half year ended 30 June 2007 excluding the weighted average treasury shares held by the Bank.

	2nd Quarter Ended		Half Year Ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
Net profit attributable to equity holders of the Bank (RM'000)	<u>524,110</u>	456,902	<u>1,000,328</u>	<u>845,310</u>
Weighted average number of PBB Shares ('000)	<u>3,355,782</u>	3,309,151	<u>3,355,658</u>	<u>3,304,597</u>
Basic earnings per share (sen)	<u>15.6</u>	13.8	<u>29.8</u>	<u>25.6</u>

Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to the equity holders of the Bank for the 2nd quarter and financial half year ended 30 June 2007 divided by the adjusted weighted average number of PBB Shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme.

	2nd Quarter Ended		Half Year Ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
Weighted average number of PBB Shares ('000)	<u>3,355,782</u>	3,309,151	<u>3,355,658</u>	3,304,597
Effects of share options ('000)	<u>8,852</u>	7,913	<u>8,270</u>	13,879
Adjusted weighted average number of PBB shares in issue or issuable ('000)	<u>3,364,634</u>	3,317,064	<u>3,363,928</u>	<u>3,318,476</u>
Diluted earnings per share (sen)	<u>15.6</u>	13.8	<u>29.7</u>	<u>25.5</u>