

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	<b>30 June 2012</b>	<b>Group 31 December 2011 (Restated) RM'000</b>	<b>1 January 2011 (Restated) RM'000</b>	<b>30 June 2012</b>	<b>Bank 31 December 2011 (Restated) RM'000</b>	<b>1 January 2011 (Restated) RM'000</b>
<b>ASSETS</b>						
Cash and balances with banks	<b>15,014,351</b>	18,633,783	34,690,439	<b>9,355,343</b>	10,508,349	27,172,447
Reverse repurchase agreements	<b>6,482,855</b>	9,287,255	365,877	<b>5,707,305</b>	8,435,611	10,737
Financial assets held-for-trading	<b>17,228,262</b>	10,656,825	6,360,620	<b>14,548,633</b>	10,406,551	5,812,736
Derivative financial assets	<b>599,002</b>	493,852	326,622	<b>605,911</b>	492,536	322,596
Financial investments available-for-sale	<b>20,722,751</b>	16,719,433	17,852,284	<b>18,076,732</b>	14,287,941	14,269,479
Financial investments held-to-maturity	<b>5,592,808</b>	7,629,233	5,229,617	<b>4,229,867</b>	7,073,857	5,230,399
Loans, advances and financing	<b>185,534,616</b>	175,952,777	154,864,165	<b>153,166,630</b>	143,385,498	125,949,437
Other assets	<b>2,246,133</b>	2,008,254	1,995,880	<b>1,954,080</b>	1,913,726	1,703,642
Statutory deposits with Central Banks	<b>6,268,576</b>	5,597,801	1,612,575	<b>5,116,972</b>	4,496,365	1,106,330
Deferred tax assets	<b>65,972</b>	46,093	296,815	-	-	194,657
Investment in subsidiary companies	-	-	-	<b>4,263,581</b>	4,088,581	3,888,581
Investment in associated companies	<b>158,930</b>	155,997	118,624	<b>121,325</b>	121,325	101,325
Investment properties	<b>74,352</b>	70,754	65,552	-	-	-
Property and equipment	<b>1,321,511</b>	1,341,940	1,278,319	<b>621,840</b>	657,124	617,544
Intangible assets	<b>1,970,333</b>	1,965,476	1,930,372	<b>695,393</b>	695,393	695,393
<b>TOTAL ASSETS</b>	<b><u>263,280,452</u></b>	<u>250,559,473</u>	<u>226,987,761</u>	<b><u>218,463,612</u></b>	<u>206,562,857</u>	<u>187,075,303</u>
<b>LIABILITIES</b>						
Deposits from customers	<b>211,660,839</b>	200,370,525	176,872,119	<b>171,203,352</b>	159,384,439	140,789,266
Deposits from banks	<b>15,192,797</b>	15,806,732	21,327,476	<b>15,528,798</b>	16,717,349	21,069,781
Bills and acceptances payable	<b>3,186,926</b>	2,095,335	2,308,836	<b>3,186,547</b>	2,095,076	2,450,006
Recourse obligations on loans and financing sold to Cagamas	<b>508,766</b>	11,789	16,319	<b>8,766</b>	11,789	16,319
Derivative financial liabilities	<b>300,870</b>	236,724	375,529	<b>253,011</b>	190,325	340,995
Debt securities issued and other borrowed funds	<b>10,122,839</b>	11,317,833	8,094,880	<b>9,222,650</b>	10,422,749	7,196,528
Other liabilities	<b>3,958,681</b>	3,467,535	2,839,874	<b>2,697,188</b>	2,368,327	1,675,651
Provision for tax expense and zakat	<b>956,618</b>	777,405	800,464	<b>726,764</b>	563,807	568,565
Deferred tax liabilities	<b>49,366</b>	55,625	8,391	<b>36,751</b>	51,708	-
<b>TOTAL LIABILITIES</b>	<b><u>245,937,702</u></b>	<u>234,139,503</u>	<u>212,643,888</u>	<b><u>202,863,827</u></b>	<u>191,805,569</u>	<u>174,107,111</u>

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	<b>30 June 2012</b>	<b>Group 31 December 2011 (Restated)</b>	<b>1 January 2011 (Restated)</b>	<b>30 June 2012</b>	<b>Bank 31 December 2011 (Restated)</b>	<b>1 January 2011 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY</b>						
Share capital	<b>3,531,926</b>	3,531,926	3,531,926	<b>3,531,926</b>	3,531,926	3,531,926
Reserves	<b>13,313,260</b>	12,406,132	10,375,062	<b>12,283,431</b>	11,440,934	9,651,569
Treasury shares	<b>(215,572)</b>	(215,572)	(215,303)	<b>(215,572)</b>	(215,572)	(215,303)
<b>Equity attributable to equity holders of the Bank</b>	<b>16,629,614</b>	15,722,486	13,691,685	<b>15,599,785</b>	14,757,288	12,968,192
Non-controlling interests	<b>713,136</b>	697,484	652,188	-	-	-
<b>TOTAL EQUITY</b>	<b>17,342,750</b>	16,419,970	14,343,873	<b>15,599,785</b>	14,757,288	12,968,192
<b>TOTAL LIABILITIES AND EQUITY</b>						
	<b>263,280,452</b>	250,559,473	226,987,761	<b>218,463,612</b>	206,562,857	187,075,303
<b>COMMITMENTS AND CONTINGENCIES</b>						
	<b>79,071,765</b>	70,847,182	69,205,908	<b>74,188,492</b>	66,266,801	64,532,682
<b>CAPITAL ADEQUACY</b>						
<b><u>Before deducting interim dividends</u></b>						
Tier I Capital Ratio	<b>11.0%</b>	11.2%	11.3%	<b>13.2%</b>	13.5%	13.9%
Risk-Weighted Capital Ratio	<b>14.3%</b>	15.6%	14.2%	<b>14.1%</b>	15.6%	13.9%
<b><u>After deducting interim dividends</u></b>						
Tier I Capital Ratio	<b>10.5%</b>	10.6%	10.6%	<b>12.7%</b>	12.8%	13.1%
Risk-Weighted Capital Ratio	<b>13.9%</b>	15.0%	13.5%	<b>13.6%</b>	14.9%	13.1%
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>						
	<b>4.75</b>	4.49	3.91	<b>4.45</b>	4.21	3.70

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Operating revenue	<b>3,465,840</b>	3,170,654	<b>6,839,290</b>	6,162,261
Interest income	<b>2,556,678</b>	2,320,271	<b>5,039,561</b>	4,530,839
Interest expense	<b>(1,256,049)</b>	(1,076,406)	<b>(2,471,325)</b>	(2,085,002)
Net interest income	<b>1,300,629</b>	1,243,865	<b>2,568,236</b>	2,445,837
Net income from Islamic banking business	<b>211,155</b>	227,305	<b>422,820</b>	426,490
	<b>1,511,784</b>	1,471,170	<b>2,991,056</b>	2,872,327
Net fee and commission income	<b>288,114</b>	287,231	<b>572,064</b>	557,524
Net gains and losses on financial instruments	<b>54,849</b>	46,800	<b>88,226</b>	77,241
Other operating income	<b>62,992</b>	72,612	<b>135,042</b>	143,434
Net income	<b>1,917,739</b>	1,877,813	<b>3,786,388</b>	3,650,526
Other operating expenses	<b>(594,377)</b>	(552,856)	<b>(1,187,805)</b>	(1,091,458)
Operating profit	<b>1,323,362</b>	1,324,957	<b>2,598,583</b>	2,559,068
Allowance for impairment on loans, advances and financing	<b>(83,576)</b>	(64,915)	<b>(113,589)</b>	(129,921)
(Impairment) / Writeback of impairment on other assets	<b>(923)</b>	23	<b>(1,444)</b>	628
	<b>1,238,863</b>	1,260,065	<b>2,483,550</b>	2,429,775
Share of profit after tax of equity accounted associated companies	<b>1,454</b>	1,855	<b>2,338</b>	5,213
Profit before tax expense and zakat	<b>1,240,317</b>	1,261,920	<b>2,485,888</b>	2,434,988
Tax expense and zakat	<b>(276,690)</b>	(295,948)	<b>(573,547)</b>	(574,000)
Profit for the period	<b>963,627</b>	965,972	<b>1,912,341</b>	1,860,988
Profit for the period attributable to :				
- Equity holders of the Bank	<b>952,698</b>	954,883	<b>1,893,510</b>	1,838,944
- Non-controlling interests	<b>10,929</b>	11,089	<b>18,831</b>	22,044
	<b>963,627</b>	965,972	<b>1,912,341</b>	1,860,988
Earnings per RM1.00 share:				
- basic / diluted (sen)	<b>27.2</b>	27.3	<b>54.1</b>	52.5

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	<b>963,627</b>	965,972	<b>1,912,341</b>	1,860,988
Other comprehensive income / (loss):				
Currency translation differences in respect of foreign operations	<b>142,939</b>	(2,717)	<b>15,723</b>	(67,577)
Currency translation differences in respect of net investment hedge	<b>(108,996)</b>	5,285	<b>(7,249)</b>	56,082
Net (loss) / gain on revaluation of financial investments available-for-sale	<b>(4,266)</b>	(7,182)	<b>13,621</b>	22,929
Net change in cash flow hedges	<b>(10,631)</b>	(838)	<b>(29,444)</b>	(1,049)
Income tax relating to components of other comprehensive loss / (income)	<b>3,392</b>	2,142	<b>4,413</b>	(4,572)
Other comprehensive income / (loss) for the period, net of tax	<b>22,438</b>	(3,310)	<b>(2,936)</b>	5,813
Total comprehensive income for the period	<b>986,065</b>	962,662	<b>1,909,405</b>	1,866,801
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	<b>949,087</b>	951,813	<b>1,887,723</b>	1,856,653
- Non-controlling interests	<b>36,978</b>	10,849	<b>21,682</b>	10,148
	<b>986,065</b>	962,662	<b>1,909,405</b>	1,866,801

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	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>
<b><u>Bank</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	<b><u>2,562,793</u></b>	<u>2,348,248</u>	<b><u>5,118,608</u></b>	<u>4,565,093</u>
Interest income	<b>2,317,433</b>	2,110,422	<b>4,573,192</b>	4,099,091
Interest expense	<b>(1,194,296)</b>	(1,034,321)	<b>(2,352,966)</b>	(1,990,057)
Net interest income	<b><u>1,123,137</u></b>	<u>1,076,101</u>	<b><u>2,220,226</u></b>	<u>2,109,034</u>
Net fee and commission income	<b>120,996</b>	113,108	<b>236,638</b>	213,120
Net gains and losses on financial instruments	<b>49,558</b>	41,283	<b>85,646</b>	76,052
Other operating income	<b><u>205,553</u></b>	<u>252,316</u>	<b><u>563,957</u></b>	<u>531,813</u>
Net income	<b><u>1,499,244</u></b>	<u>1,482,808</u>	<b><u>3,106,467</u></b>	<u>2,930,019</u>
Other operating expenses	<b>(403,158)</b>	(379,033)	<b>(809,551)</b>	(744,944)
Operating profit	<b><u>1,096,086</u></b>	<u>1,103,775</u>	<b><u>2,296,916</u></b>	<u>2,185,075</u>
Allowance for impairment on loans, advances and financing	<b>(32,429)</b>	(121)	<b>(20,855)</b>	(16,586)
(Impairment) / Writeback of impairment on other assets	<b>(892)</b>	76	<b>(1,421)</b>	1,598
Profit before tax expense and zakat	<b><u>1,062,765</u></b>	<u>1,103,730</u>	<b><u>2,274,640</u></b>	<u>2,170,087</u>
Tax expense and zakat	<b>(210,546)</b>	(225,544)	<b>(442,243)</b>	(437,122)
Profit for the period	<b><u>852,219</u></b>	<u>878,186</u>	<b><u>1,832,397</u></b>	<u>1,732,965</u>

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**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>
<b><u>Bank</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	<b><u>852,219</u></b>	<u>878,186</u>	<b><u>1,832,397</u></b>	<u>1,732,965</u>
Other comprehensive (loss) / income:				
Net (loss) / gain on revaluation of financial investments available-for-sale	<b>(5,510)</b>	(4,732)	<b>4,941</b>	13,304
Net change in cash flow hedges	<b>1,465</b>	(838)	<b>(17,348)</b>	(1,049)
Income tax relating to components of other comprehensive loss / (income)	<b><u>1,012</u></b>	<u>1,392</u>	<b><u>3,102</u></b>	<u>(3,064)</u>
Other comprehensive (loss) / income for the period, net of tax	<b><u>(3,033)</u></b>	<u>(4,178)</u>	<b><u>(9,305)</u></b>	<u>9,191</u>
Total comprehensive income for the period	<b><u><u>849,186</u></u></b>	<u><u>874,008</u></u>	<b><u><u>1,823,092</u></u></b>	<u><u>1,742,156</u></u>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

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

<u>Group</u>	Non-distributable		Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000				
<b>At 1 January 2012</b>								
- as previously stated	3,531,926	1,073,310	4,056,014	6,417,544	(215,572)	14,863,222	697,484	15,560,706
- effect of change in accounting policy	-	-	-	859,264	-	859,264	-	859,264
<b>At 1 January 2012, as restated</b>	<b>3,531,926</b>	<b>1,073,310</b>	<b>4,056,014</b>	<b>7,276,808</b>	<b>(215,572)</b>	<b>15,722,486</b>	<b>697,484</b>	<b>16,419,970</b>
Profit for the period	-	-	-	1,893,510	-	1,893,510	18,831	1,912,341
Currency translation differences in respect of foreign operations	-	-	12,872	-	-	12,872	2,851	15,723
Currency translation differences in respect of net investment hedge	-	-	(7,249)	-	-	(7,249)	-	(7,249)
Net gain on revaluation of financial investments available-for-sale	-	-	13,621	-	-	13,621	-	13,621
Net change in cash flow hedges	-	-	(29,444)	-	-	(29,444)	-	(29,444)
Income tax relating to component of other comprehensive loss	-	-	4,413	-	-	4,413	-	4,413
Total comprehensive (loss) / income for the period	-	-	(5,787)	1,893,510	-	1,887,723	21,682	1,909,405
Transactions with owners:								
Transfer to statutory reserves	-	-	4,733	(4,733)	-	-	-	-
Transfer to Profit Equalisation Reserve of the Islamic banking institution	-	-	1,008	(1,008)	-	-	-	-
Transfer from regulatory reserves	-	-	(5,542)	5,542	-	-	-	-
Transfer to general reserves	-	-	431	(431)	-	-	-	-
Dividends paid	-	-	-	(980,595)	-	(980,595)	(6,030)	(986,625)
<b>At 30 June 2012</b>	<b>3,531,926</b>	<b>1,073,310</b>	<b>4,050,857</b>	<b>8,189,093</b>	<b>(215,572)</b>	<b>16,629,614</b>	<b>713,136</b>	<b>17,342,750</b>

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**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

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

<u>Group</u>	Non-distributable		Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000				
At 1 January 2011								
- as previously stated	3,531,926	1,073,310	3,888,562	4,754,405	(215,303)	13,032,900	652,188	13,685,088
- effect of change in accounting policy	-	-	-	658,785	-	658,785	-	658,785
At 1 January 2011, as restated	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,888,562</u>	<u>5,413,190</u>	<u>(215,303)</u>	<u>13,691,685</u>	<u>652,188</u>	<u>14,343,873</u>
Profit for the period	-	-	-	1,838,944	-	1,838,944	22,044	1,860,988
Currency translation differences in respect of foreign operations	-	-	(55,681)	-	-	(55,681)	(11,896)	(67,577)
Currency translation differences in respect of net investment hedge	-	-	56,082	-	-	56,082	-	56,082
Net gain on revaluation of financial investments available-for-sale	-	-	22,929	-	-	22,929	-	22,929
Net change in cash flow hedges	-	-	(1,049)	-	-	(1,049)	-	(1,049)
Income tax relating to component of other comprehensive income	-	-	(4,572)	-	-	(4,572)	-	(4,572)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>17,709</u>	<u>1,838,944</u>	<u>-</u>	<u>1,856,653</u>	<u>10,148</u>	<u>1,866,801</u>
Transactions with owners:								
Buy-back of shares	-	-	-	-	(135)	(135)	-	(135)
Transfer to statutory reserves	-	-	4,810	(4,810)	-	-	-	-
Transfer to regulatory reserves	-	-	18,458	(18,458)	-	-	-	-
Transfer to general reserves	-	-	120,794	(120,794)	-	-	-	-
Dividends paid	-	-	-	(936,821)	-	(936,821)	(5,702)	(942,523)
At 30 June 2011	<u>3,531,926</u>	<u>1,073,310</u>	<u>4,050,333</u>	<u>6,171,251</u>	<u>(215,438)</u>	<u>14,611,382</u>	<u>656,634</u>	<u>15,268,016</u>

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

<b>Bank</b>	<----- Attributable to Equity Holders of the Bank ----->					
	Share Capital RM'000	Share Premium RM'000	Non-distributable	Distributable	Treasury Shares RM'000	Total RM'000
			<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000		
<b>At 1 January 2012</b>						
- as previously stated	3,531,926	1,073,310	3,515,306	6,004,958	(215,572)	13,909,928
- effect of change in accounting policy	-	-	-	847,360	-	847,360
<b>At 1 January 2012, as restated</b>	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,515,306</u>	<u>6,852,318</u>	<u>(215,572)</u>	<u>14,757,288</u>
Profit for the period	-	-	-	1,832,397	-	1,832,397
Net gain on revaluation of financial investments available-for-sale	-	-	4,941	-	-	4,941
Net change in cash flow hedges	-	-	(17,348)	-	-	(17,348)
Income tax relating to component of other comprehensive loss	-	-	3,102	-	-	3,102
Total comprehensive (loss) / income for the period	<u>-</u>	<u>-</u>	<u>(9,305)</u>	<u>1,832,397</u>	<u>-</u>	<u>1,823,092</u>
Transactions with owners:						
Transfer to general reserves	-	-	431	(431)	-	-
Dividends paid	-	-	-	(980,595)	-	(980,595)
<b>At 30 June 2012</b>	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,506,432</u>	<u>7,703,689</u>	<u>(215,572)</u>	<u>15,599,785</u>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.*

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**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

<b>Bank</b>	-----> <b>Attributable to Equity Holders of the Bank</b> <-----					
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Non-distributable Reserves Other Reserves RM'000</b>	<b>Distributable Reserves Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Total RM'000</b>
At 1 January 2011						
- as previously stated	3,531,926	1,073,310	3,538,614	4,374,204	(215,303)	12,302,751
- effect of change in accounting policy	-	-	-	665,441	-	665,441
At 1 January 2011, as restated	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,538,614</u>	<u>5,039,645</u>	<u>(215,303)</u>	<u>12,968,192</u>
Profit for the period	-	-	-	1,732,965	-	1,732,965
Net gain on revaluation of financial investments available-for-sale	-	-	13,304	-	-	13,304
Net change in cash flow hedges	-	-	(1,049)	-	-	(1,049)
Income tax relating to component of other comprehensive income	-	-	(3,064)	-	-	(3,064)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>9,191</u>	<u>1,732,965</u>	<u>-</u>	<u>1,742,156</u>
Transactions with owners:						
Buy-back of shares	-	-	-	-	(135)	(135)
Dividends paid	-	-	-	(936,821)	-	(936,821)
At 30 June 2011	<u><u>3,531,926</u></u>	<u><u>1,073,310</u></u>	<u><u>3,547,805</u></u>	<u><u>5,835,789</u></u>	<u><u>(215,438)</u></u>	<u><u>13,773,392</u></u>

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

	Group		Bank	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>				
Profit before tax expense and zakat	2,485,888	2,434,988	2,274,640	2,170,087
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(2,338)	(5,213)	-	-
Allowance for impaired loans and financing	212,408	225,204	77,542	76,876
Depreciation of property and equipment	84,406	69,554	68,502	52,851
Net gain on financial instruments	(8,035)	(4,195)	(8,298)	(5,435)
Dividends received	(74,312)	(70,821)	(519,595)	(447,217)
Transfer to / (from) profit equalisation reserve	1,274	(19,979)	-	-
Impairment losses / (written back)	1,444	(628)	1,421	(1,598)
Other non-cash items	(7,254)	(3,174)	(160)	(6,276)
Operating profit before working capital changes	<u>2,693,481</u>	<u>2,625,736</u>	<u>1,894,052</u>	<u>1,839,288</u>
Changes in working capital:				
Increase in operating assets	(14,020,470)	(21,664,232)	(10,841,614)	(21,207,543)
Increase in operating liabilities	12,725,989	8,403,380	12,012,225	7,423,271
Tax expense and zakat paid	(415,486)	(563,355)	(291,144)	(450,512)
Net cash generated from / (used in) operating activities	<u>983,514</u>	<u>(11,198,471)</u>	<u>2,773,519</u>	<u>(12,395,496)</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of property and equipment	(65,657)	(43,121)	(34,898)	(29,908)
Proceeds from disposal of properties	14,947	15,542	14,407	15,614
Net (purchase) / sale of financial investments	(1,975,789)	4,807,797	(946,386)	4,364,975
Additional investment in a subsidiary company	-	-	(175,000)	-
Additional investment in an associated company	-	(40,000)	-	(20,000)
Dividends received	74,312	70,794	509,236	429,830
Net cash (used in) / generated from investing activities	<u>(1,952,187)</u>	<u>4,811,012</u>	<u>(632,641)</u>	<u>4,760,511</u>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.*

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**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012**

	Group		Bank	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Cash Flows from Financing Activities</b>				
Dividends paid	(986,625)	(942,523)	(980,595)	(936,821)
Buy-back of shares	-	(135)	-	(135)
Drawdown / (Repayment) of borrowings	5,105	(48,196)	-	-
Redemption of debt securities	(1,263,400)	-	(1,263,400)	-
Net cash used in financing activities	<u>(2,244,920)</u>	<u>(990,854)</u>	<u>(2,243,995)</u>	<u>(936,956)</u>
Net change in cash and cash equivalents	(3,213,593)	(7,378,313)	(103,117)	(8,571,941)
Cash and cash equivalents at beginning of the period	16,570,679	32,082,569	8,111,742	24,691,629
Exchange differences on translation of opening balances	12,642	(83,327)	-	-
Cash and cash equivalents at end of the period (Note)	<u>13,369,728</u>	<u>24,620,929</u>	<u>8,008,625</u>	<u>16,119,688</u>
Note:				
Cash and balances with banks	15,014,351	25,785,514	9,355,343	17,488,269
Less: Balances with banks with maturity more than one month	(1,644,623)	(1,164,585)	(1,346,718)	(1,368,581)
Cash and cash equivalents at end of the period	<u>13,369,728</u>	<u>24,620,929</u>	<u>8,008,625</u>	<u>16,119,688</u>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.*

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

**A1. Basis of Preparation**

The unaudited interim financial statements for the 2nd quarter and financial half year ended 30 June 2012 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2011.

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

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note A31 Changes in Accounting Policies.

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

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

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

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**A1. Basis of Preparation** (Continued)

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

Effective for annual periods commencing on or after 1 July 2012

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

Effective for annual periods commencing on or after 1 January 2013

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

Effective for annual periods commencing on or after 1 January 2014

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

Effective for annual periods commencing on or after 1 January 2015

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

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

During the financial period, the Islamic banking subsidiary company of the Group adopted the Guidelines on Profit Equalisation Reserve issued by Bank Negara Malaysia, which addresses the management of displaced commercial risk by Islamic banking institutions. A discussion of the financial effects of adoption of these guidelines is provided in Note A31 Changes in Accounting Policies.

**A2. Auditors' Report on Preceding Annual Financial Statements**

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

**A3. Comments about Seasonal or Cyclical Factors**

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 2nd quarter and financial half year ended 30 June 2012.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 2nd quarter and financial half year ended 30 June 2012.

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**A5. Changes in Estimates**

Other than as disclosed in Note A31 Changes in Accounting Policies, there were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 2nd quarter and financial half year ended 30 June 2012.

**A6. Debt and Equity Securities**

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

**Subordinated Notes**

On 20 June 2012, the Bank fully redeemed the USD400 million 5.00% Subordinated Notes together with accrued interest. The Subordinated Notes, which were listed on the Singapore Stock Exchange, were delisted with effect from 21 June 2012 upon full redemption by the Bank on 20 June 2012.

**A7. Dividends Paid and Distributed**

During the financial half year ended 30 June 2012, a second interim single tier dividend of 28% in respect of the financial year ended 31 December 2011, amounting to RM980,595,036 was paid on 27 February 2012.

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**A8. Financial Assets Held-for-trading**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	29,817	-	29,817	-
Malaysian Government Securities	449,713	350,463	449,713	350,463
Malaysian Government Investment Certificates	99,175	334,009	99,175	334,009
Bank Negara Malaysia Monetary Notes	824,836	226,552	431,165	226,552
Bank Negara Malaysia Bills	111,582	-	-	-
	<u>1,515,123</u>	<u>911,024</u>	<u>1,009,870</u>	<u>911,024</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit	<u>15,368,237</u>	<u>9,445,212</u>	<u>13,478,050</u>	<u>9,494,719</u>
<b>Non-money market instruments:</b>				
Equity securities:				
- Quoted shares in Malaysia	852	808	852	808
Debt securities:				
- Unquoted private debt securities	344,050	299,781	59,861	-
	<u>344,902</u>	<u>300,589</u>	<u>60,713</u>	<u>808</u>
Total financial assets held-for-trading	<u>17,228,262</u>	<u>10,656,825</u>	<u>14,548,633</u>	<u>10,406,551</u>



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**A9. Financial Investments Available-for-sale**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	604,646	194,678	604,646	194,678
Malaysian Government Securities	496,167	500,182	496,167	500,182
Malaysian Government Investment Certificates	1,288,155	501,137	631,423	87,828
Bank Negara Malaysia Monetary Notes	11,145,709	8,480,813	10,446,176	7,492,295
Bank Negara Malaysia Bills	248,939	-	-	-
	<u>13,783,616</u>	<u>9,676,810</u>	<u>12,178,412</u>	<u>8,274,983</u>
<b>Non-money market instruments:</b>				
Equity securities:				
- Quoted shares and convertible loan stocks in Malaysia	33,869	37,069	33,869	37,069
- Quoted shares and convertible loan stocks outside Malaysia	9,447	7,718	-	-
- Unquoted shares	109,421	108,836	105,544	104,972
Debt securities:				
- Unquoted private debt securities	1,899,402	2,072,214	1,416,645	1,591,926
Unit trust funds:				
- Public Institutional Bond Fund	1,692,969	1,668,672	1,583,381	1,559,770
- Others	3,194,027	3,148,114	2,758,881	2,719,221
	<u>6,939,135</u>	<u>7,042,623</u>	<u>5,898,320</u>	<u>6,012,958</u>
Total financial investments available-for-sale	<u>20,722,751</u>	<u>16,719,433</u>	<u>18,076,732</u>	<u>14,287,941</u>

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**A10. Financial Investments Held-to-maturity**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<b>At amortised cost</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	-	9,896	-	9,896
Malaysian Government Securities	<b>1,054,473</b>	1,355,119	<b>1,004,005</b>	1,254,175
Malaysian Government Investment Certificates	<b>1,413,001</b>	702,108	<b>1,413,001</b>	702,108
Foreign Government Treasury Bills	<b>790,412</b>	707,336	<b>105,818</b>	98,562
	<u><b>3,257,886</b></u>	<u>2,774,459</u>	<u><b>2,522,824</b></u>	<u>2,064,741</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit	<b>1,433,174</b>	1,281,183	<b>1,545,437</b>	2,309,611
Bankers' acceptances and Islamic accepted bills	<b>234,200</b>	3,011,092	-	2,555,206
	<u><b>1,667,374</b></u>	<u>4,292,275</u>	<u><b>1,545,437</b></u>	<u>4,864,817</u>
<b>Non-money market instruments:</b>				
Debt securities:				
- Cagamas bonds	<b>20,212</b>	20,246	<b>5,059</b>	5,059
- Unquoted private debt securities	<b>647,495</b>	543,355	<b>156,706</b>	140,342
	<u><b>667,707</b></u>	<u>563,601</u>	<u><b>161,765</b></u>	<u>145,401</u>
Accumulated impairment losses	<b>(159)</b>	(1,102)	<b>(159)</b>	(1,102)
Total financial investments held-to-maturity	<u><b>5,592,808</b></u>	<u>7,629,233</u>	<u><b>4,229,867</b></u>	<u>7,073,857</u>

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**A11. Loans, Advances and Financing**

	Group		Bank	
	30 June 2012	31 December 2011 (Restated)	30 June 2012	31 December 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>				
Overdrafts	9,487,730	9,447,558	8,400,406	8,326,695
Term loans				
- Housing loans / financing	55,356,498	51,315,764	48,461,262	44,743,319
- Syndicated term loan / financing	2,160,690	2,318,612	882,877	917,264
- Hire purchase receivables	40,317,066	38,727,779	28,603,298	26,680,963
- Other term loans / financing	67,705,253	64,851,835	55,798,385	52,886,921
Credit card receivables	1,535,594	1,522,267	1,526,241	1,512,099
Bills receivables	96,913	85,401	90,560	82,204
Trust receipts	342,780	382,921	286,585	309,675
Claims on customers under acceptance credits	4,035,268	3,936,947	4,023,125	3,921,063
Revolving credits	5,054,516	4,003,269	5,157,154	4,144,668
Staff loans *	1,164,029	1,101,664	1,093,702	1,033,587
Gross loans, advances and financing	<u>187,256,337</u>	<u>177,694,017</u>	<u>154,323,595</u>	<u>144,558,458</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,500,144)	(1,496,044)	(1,036,304)	(1,038,212)
- individual assessment allowance	(221,577)	(245,196)	(120,661)	(134,748)
Net loans, advances and financing	<u>185,534,616</u>	<u>175,952,777</u>	<u>153,166,630</u>	<u>143,385,498</u>

\* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,836,000 (2011: RM3,374,000) and RM3,321,000 (2011 - RM2,823,000) respectively.

**A11a. By class**

	Group		Bank	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Retail loans / financing				
- Housing loans / financing	55,356,498	51,315,764	48,461,262	44,743,319
- Hire purchase	40,317,066	38,727,779	28,603,298	26,680,963
- Credit cards	1,535,594	1,522,267	1,526,241	1,512,099
- Other loans / financing *	63,336,113	59,650,401	54,247,325	50,654,228
	<u>160,545,271</u>	<u>151,216,211</u>	<u>132,838,126</u>	<u>123,590,609</u>
Corporate loans / financing	26,711,066	26,477,806	21,485,469	20,967,849
	<u>187,256,337</u>	<u>177,694,017</u>	<u>154,323,595</u>	<u>144,558,458</u>

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

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**A11. Loans, Advances and Financing** (continued)

**A11b. By type of customer**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Banking institutions	595,538	577,887	414,072	412,759
Non-bank financial institutions				
- Stock-broking companies	15,062	2,010	15,062	2,010
- Others	7,030,365	7,508,401	6,780,664	7,285,444
Business enterprises				
- Small and medium enterprises	35,675,522	31,893,730	32,074,056	28,410,394
- Others	22,559,703	23,208,613	18,304,424	18,625,966
Government and statutory bodies	323,235	324,378	294	368
Individuals	119,020,696	112,227,634	94,830,645	88,005,106
Other entities	41,220	32,698	38,192	29,501
Foreign entities	1,994,996	1,918,666	1,866,186	1,786,910
	<u>187,256,337</u>	<u>177,694,017</u>	<u>154,323,595</u>	<u>144,558,458</u>

**A11c. By interest / profit rate sensitivity**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Fixed rate				
- Housing loans / financing	1,313,574	1,506,165	536,966	680,468
- Hire purchase receivables	38,842,051	37,204,687	28,593,678	26,671,253
- Other fixed rate loans / financing	15,941,000	16,785,545	8,336,139	9,020,044
Variable rate				
- Base lending rate plus	104,938,511	96,548,480	100,250,594	92,614,278
- Cost plus	16,841,633	15,676,220	16,003,662	14,996,284
- Other variable rates	9,379,568	9,972,920	602,556	576,131
	<u>187,256,337</u>	<u>177,694,017</u>	<u>154,323,595</u>	<u>144,558,458</u>

**A11d. By residual contractual maturity**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Maturity within one year	28,094,502	28,165,244	24,170,691	23,903,369
More than one year to three years	18,410,938	16,730,279	14,232,901	12,487,913
More than three years to five years	19,407,694	19,594,355	14,909,108	14,966,255
More than five years	121,343,203	113,204,139	101,010,895	93,200,921
	<u>187,256,337</u>	<u>177,694,017</u>	<u>154,323,595</u>	<u>144,558,458</u>

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**A11. Loans, Advances and Financing** (continued)

**A11e. By geographical distribution**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
Malaysia	<b>174,160,782</b>	164,081,299	<b>153,986,343</b>	144,234,053
Hong Kong SAR and the People's Republic of China	<b>10,766,819</b>	11,347,423	-	-
Cambodia	<b>1,991,484</b>	1,940,890	-	-
Other countries	<b>337,252</b>	324,405	<b>337,252</b>	324,405
	<b><u>187,256,337</u></b>	<u>177,694,017</u>	<b><u>154,323,595</u></b>	<u>144,558,458</u>

**A11f. Gross loans, advances and financing by economic purpose**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
Purchase of securities	<b>1,952,602</b>	1,855,949	<b>1,860,491</b>	1,799,724
Purchase of transport vehicles	<b>40,541,927</b>	38,947,135	<b>28,812,533</b>	26,893,997
Purchase of landed properties	<b>100,033,159</b>	91,177,930	<b>88,973,249</b>	80,554,811
(of which: - residential	<b>56,451,900</b>	52,207,176	<b>49,577,298</b>	45,660,415
- non-residential)	<b>43,581,259</b>	38,970,754	<b>39,395,951</b>	34,894,396
Purchase of fixed assets (excluding landed properties)	<b>271,085</b>	269,973	<b>238,570</b>	238,335
Personal use	<b>9,701,847</b>	9,721,813	<b>4,200,485</b>	4,117,175
Credit card	<b>1,535,594</b>	1,522,267	<b>1,526,241</b>	1,512,099
Purchase of consumer durables	<b>16,936</b>	16,754	<b>13,283</b>	13,358
Construction	<b>2,305,287</b>	1,899,289	<b>1,765,194</b>	1,254,784
Mergers and acquisitions	<b>273,104</b>	208,269	<b>273,104</b>	208,269
Working capital	<b>26,505,168</b>	27,685,514	<b>22,807,226</b>	23,837,744
Other purpose	<b>4,119,628</b>	4,389,124	<b>3,853,219</b>	4,128,162
	<b><u>187,256,337</u></b>	<u>177,694,017</u>	<b><u>154,323,595</u></b>	<u>144,558,458</u>

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**A11. Loans, Advances and Financing** (continued)

**A11g. Gross loans, advances and financing by sectors**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Agriculture, hunting, forestry and fishing	2,637,241	2,536,271	2,346,230	2,273,676
Mining and quarrying	142,904	136,637	124,455	117,603
Manufacturing	8,005,342	7,794,879	7,146,429	6,875,511
Electricity, gas and water	326,841	337,187	302,466	305,237
Construction	5,827,224	5,803,527	5,044,015	4,914,034
Wholesale & retail trade and restaurants & hotels	16,413,615	15,545,359	15,030,869	14,248,824
Transport, storage and communication	3,140,044	2,952,295	2,411,277	2,321,421
Finance, insurance and business services	12,698,682	13,304,589	11,461,865	11,953,772
Real estate	16,263,274	14,295,594	13,487,249	11,565,396
Community, social and personal services	1,880,920	1,755,094	1,485,804	1,358,412
Households	119,291,393	112,543,232	95,315,759	88,449,903
Others	628,857	689,353	167,177	174,669
	<u>187,256,337</u>	<u>177,694,017</u>	<u>154,323,595</u>	<u>144,558,458</u>

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Bankers' acceptances rediscounted	<u>2,106,585</u>	<u>1,294,373</u>	<u>2,103,773</u>	<u>1,292,261</u>

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
At 1 January	1,529,657	1,784,277	1,150,234	1,401,321
Impaired during the period / year	1,268,647	2,613,345	928,764	1,913,028
Reclassified as non-impaired	(994,919)	(2,042,648)	(803,860)	(1,711,860)
Recoveries	(161,609)	(308,784)	(127,220)	(219,155)
Amount written off	(234,582)	(509,166)	(93,415)	(220,039)
Loans converted to foreclosed properties / investments	(7,100)	(14,333)	(6,982)	(13,169)
Exchange differences	689	6,966	(19)	108
Closing balance	<u>1,400,783</u>	<u>1,529,657</u>	<u>1,047,502</u>	<u>1,150,234</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.75%</u>	<u>0.86%</u>	<u>0.68%</u>	<u>0.80%</u>

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**A11. Loans, Advances and Financing** (continued)

**A11j. Impaired loans, advances and financing by geographical distribution**

	Group		Bank	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,235,523	1,348,309	1,043,764	1,146,075
Hong Kong SAR and the People's Republic of China	115,867	118,278	-	-
Cambodia	45,655	58,911	-	-
Other countries	3,738	4,159	3,738	4,159
	<u>1,400,783</u>	<u>1,529,657</u>	<u>1,047,502</u>	<u>1,150,234</u>

**A11k. Impaired loans, advances and financing by economic purpose**

	Group		Bank	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	5,958	5,892	5,949	5,883
Purchase of transport vehicles	254,535	267,817	185,422	198,061
Purchase of landed properties	606,544	660,005	515,968	563,476
(of which: - residential	426,974	466,238	380,790	413,183
- non-residential)	179,570	193,767	135,178	150,293
Purchase of fixed assets (excluding landed properties)	6,131	6,187	6,068	6,126
Personal use	162,925	176,834	45,984	52,995
Credit card	23,167	22,284	23,066	22,257
Purchase of consumer durables	119	13	54	13
Construction	32,603	33,652	18,844	19,696
Working capital	284,866	329,539	222,279	254,487
Other purpose	23,935	27,434	23,868	27,240
	<u>1,400,783</u>	<u>1,529,657</u>	<u>1,047,502</u>	<u>1,150,234</u>

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**A11. Loans, Advances and Financing** (continued)

**A11i. Impaired loans, advances and financing by sectors**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Agriculture, hunting, forestry and fishing	5,163	6,254	5,089	5,978
Mining and quarrying	168	145	133	110
Manufacturing	145,305	152,709	113,261	121,174
Electricity, gas and water	1,254	1,251	-	-
Construction	99,498	120,275	84,812	105,144
Wholesale & retail trade and restaurants & hotels	102,757	109,014	85,251	92,027
Transport, storage and communication	76,317	103,802	69,031	95,242
Finance, insurance and business services	35,672	49,142	21,532	22,287
Real estate	63,942	71,180	32,152	39,658
Community, social and personal services	14,227	14,501	14,023	14,488
Households	854,289	899,344	620,630	652,370
Others	2,191	2,040	1,588	1,756
	<u>1,400,783</u>	<u>1,529,657</u>	<u>1,047,502</u>	<u>1,150,234</u>

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 (Restated) RM'000	30 June 2012 RM'000	31 December 2011 (Restated) RM'000
<u>Collective Assessment Allowance</u>				
At 1 January				
- as previously stated	2,644,535	2,296,158	2,168,025	1,914,653
- effect of change in accounting policy	(1,148,491)	(881,185)	(1,129,813)	(887,254)
At 1 January, as restated	<u>1,496,044</u>	1,414,973	<u>1,038,212</u>	1,027,399
Allowance made during the period / year	125,382	335,845	80,971	196,942
Amount written off	(121,264)	(256,031)	(82,757)	(186,226)
Exchange differences	(18)	1,257	(122)	97
Closing balance	<u>1,500,144</u>	<u>1,496,044</u>	<u>1,036,304</u>	<u>1,038,212</u>

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	245,196	264,934	134,748	166,346
Allowance made during the period / year	115,904	269,634	8,502	33,783
Amount written back in respect of recoveries	(28,878)	(49,124)	(11,931)	(31,568)
Amount written off	(113,318)	(253,135)	(10,658)	(33,813)
Exchange differences	2,673	12,887	-	-
Closing balance	<u>221,577</u>	<u>245,196</u>	<u>120,661</u>	<u>134,748</u>



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**A12. Other Assets**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Deferred handling fees	233,609	230,402	170,743	162,827
Interest / Income receivable	31,740	52,824	19,285	39,141
Other receivables, deposits and prepayments	1,311,279	1,231,339	1,214,942	1,165,635
Manager's stocks	58,445	22,696	-	-
Amount due from trust funds	168,667	99,987	-	-
Foreclosed properties	99,531	109,529	97,108	106,652
Taxi licenses	1,098	1,093	-	-
Outstanding contracts on clients' accounts	341,764	260,384	-	-
Amount due from subsidiary companies	-	-	44,406	42,234
Dividend receivable from subsidiary companies	-	-	407,596	397,237
	<u>2,246,133</u>	<u>2,008,254</u>	<u>1,954,080</u>	<u>1,913,726</u>

**A13. Deposits from Customers**

a) By type of deposit

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<b>At amortised cost</b>				
Core deposits:				
- Demand deposits	30,183,972	28,763,993	26,280,065	24,963,764
- Savings deposits	23,240,608	21,959,727	16,455,445	15,476,427
- Fixed deposits	111,725,215	106,572,984	87,082,955	82,521,018
	<u>165,149,795</u>	<u>157,296,704</u>	<u>129,818,465</u>	<u>122,961,209</u>
Wholesale deposits:				
- Negotiable instruments of deposit	1,406,989	2,283,027	238,851	752,718
- Money market deposits	44,922,503	40,589,452	40,966,212	35,471,442
	<u>46,329,492</u>	<u>42,872,479</u>	<u>41,205,063</u>	<u>36,224,160</u>
Other deposits	181,552	201,342	179,824	199,070
	<u>211,660,839</u>	<u>200,370,525</u>	<u>171,203,352</u>	<u>159,384,439</u>

b) By type of customer

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Federal and state governments	1,253,202	1,779,056	429,655	310,388
Local government and statutory authorities	3,253,085	3,192,613	1,971,545	2,145,272
Business enterprises	66,677,895	61,617,324	54,847,627	47,063,188
Individuals	98,826,360	91,667,626	85,286,892	79,051,389
Foreign customers	4,258,851	4,810,192	3,576,275	4,172,124
Others	37,391,446	37,303,714	25,091,358	26,642,078
	<u>211,660,839</u>	<u>200,370,525</u>	<u>171,203,352</u>	<u>159,384,439</u>

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**A13. Deposits from Customers** (continued)

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Due within six months	136,967,246	132,511,858	109,979,662	104,021,136
More than six months to one year	20,818,383	16,757,343	18,205,042	14,601,339
More than one year to three years	256,465	154,076	92,981	103,227
More than three years to five years	12,613	22,186	10,333	19,476
	<u>158,054,707</u>	<u>149,445,463</u>	<u>128,288,018</u>	<u>118,745,178</u>

**A14. Deposits from Banks**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<b>At amortised cost</b>				
Licensed banks	3,904,520	4,210,837	2,575,951	2,948,408
Licensed Islamic banks	1,934,556	1,265,141	1,336,422	95,243
Licensed investment banks	3,430,705	3,759,282	3,146,001	4,840,635
Bank Negara Malaysia	2,657,265	2,848,131	2,654,802	2,845,613
Other financial institutions	3,265,751	3,723,341	5,815,622	5,987,450
	<u>15,192,797</u>	<u>15,806,732</u>	<u>15,528,798</u>	<u>16,717,349</u>

**A15. Other Liabilities**

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Interest / Income payable	1,046,337	866,442	896,630	748,209
Other payables and accruals	2,306,082	2,218,605	1,798,247	1,595,561
Amount due to trust funds	228,816	65,013	-	-
Unprocessed sales and / or redemptions	55,050	50,798	-	-
Employee benefits	(96,182)	(92,709)	(92,886)	(89,528)
Profit Equalisation Reserve				
of the investment account holder	887	-	-	-
Finance lease liabilities	77,396	93,779	77,396	93,779
Outstanding contracts on				
clients' accounts	331,698	249,464	-	-
Dividend payable to shareholders	8,597	16,143	2,567	2,933
Amount due to subsidiary				
companies	-	-	15,234	17,373
	<u>3,958,681</u>	<u>3,467,535</u>	<u>2,697,188</u>	<u>2,368,327</u>

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**A16. Interest Income**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Loans and advances	2,176,320	1,971,497	4,290,492	3,828,371
Balances with banks	95,211	170,917	212,593	338,558
Financial investments available-for-sale	99,791	38,276	167,366	100,997
Financial investments held-to-maturity	66,148	55,646	145,653	113,195
Others	25,225	22,276	48,311	41,296
	<u>2,462,695</u>	<u>2,258,612</u>	<u>4,864,415</u>	<u>4,422,417</u>
Financial assets held-for-trading	93,983	61,659	175,146	108,422
	<u>2,556,678</u>	<u>2,320,271</u>	<u>5,039,561</u>	<u>4,530,839</u>

Of which:

Interest income earned on impaired loans  
and advances

	<u>13,151</u>	<u>16,327</u>	<u>26,203</u>	<u>32,832</u>
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	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Loans and advances	1,978,132	1,786,829	3,897,467	3,457,618
Balances with banks	85,963	165,228	199,026	325,631
Financial investments available-for-sale	95,584	35,979	160,179	94,061
Financial investments held-to-maturity	46,401	45,840	105,498	86,087
Others	25,214	22,272	48,297	41,289
	<u>2,231,294</u>	<u>2,056,148</u>	<u>4,410,467</u>	<u>4,004,686</u>
Financial assets held-for-trading	86,139	54,274	162,725	94,405
	<u>2,317,433</u>	<u>2,110,422</u>	<u>4,573,192</u>	<u>4,099,091</u>

Of which:

Interest income earned on impaired loans  
and advances

	<u>12,172</u>	<u>15,652</u>	<u>24,769</u>	<u>31,805</u>
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**A17. Interest Expense**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Deposits from banks	72,064	96,267	118,134	213,062
Deposits from customers	1,081,053	910,498	2,147,713	1,734,693
Loans sold to Cagamas	106	152	228	313
Debt securities issued and other borrowed funds	100,015	69,223	200,300	136,281
Others	2,811	266	4,950	653
	<b><u>1,256,049</u></b>	<b><u>1,076,406</u></b>	<b><u>2,471,325</u></b>	<b><u>2,085,002</u></b>

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Deposits from banks	40,309	89,820	81,394	197,249
Deposits from customers	1,054,548	876,982	2,073,032	1,659,847
Loans sold to Cagamas	106	152	228	313
Debt securities issued and other borrowed funds	96,587	67,170	193,503	132,159
Others	2,746	197	4,809	489
	<b><u>1,194,296</u></b>	<b><u>1,034,321</u></b>	<b><u>2,352,966</u></b>	<b><u>1,990,057</u></b>

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**A18. Net Fee and Commission Income**

	2nd Quarter Ended		Half Year Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<b>Group</b>				
Fee and commission income:				
Commissions	88,064	79,342	169,768	155,432
Service charges and fees	67,231	62,020	132,852	125,087
Guarantee fees	9,741	9,336	16,511	15,209
Processing fees	3,623	4,294	6,982	8,552
Commitment fees	14,982	14,673	29,997	29,259
Unit trust management fees	148,878	139,693	293,703	271,345
Fee on sale of trust units	66,631	96,964	132,035	173,662
Net brokerage and commissions from stockbroking activities	17,252	26,894	41,777	55,872
Other fee and commission income	14,581	12,116	25,729	20,064
	<u>430,983</u>	<u>445,332</u>	<u>849,354</u>	<u>854,482</u>
Fee and commission expense:				
Loan related fee	(59,370)	(54,698)	(112,388)	(108,264)
Unit trust agency fee	(78,895)	(98,913)	(154,630)	(179,722)
Other fee and commission expense	(4,604)	(4,490)	(10,272)	(8,972)
	<u>(142,869)</u>	<u>(158,101)</u>	<u>(277,290)</u>	<u>(296,958)</u>
Net fee and commission income	<u>288,114</u>	<u>287,231</u>	<u>572,064</u>	<u>557,524</u>
	2nd Quarter Ended		Half Year Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<b>Bank</b>				
Fee and commission income:				
Commissions	96,558	91,651	189,452	176,290
Service charges and fees	49,424	43,941	97,832	90,594
Guarantee fees	8,980	8,360	14,985	13,262
Processing fees	776	641	1,423	1,193
Commitment fees	14,262	14,231	28,579	27,874
Other fee and commission income	12,071	10,031	20,808	15,801
	<u>182,071</u>	<u>168,855</u>	<u>353,079</u>	<u>325,014</u>
Fee and commission expense:				
Loan related fee	(58,298)	(52,932)	(110,462)	(106,498)
Other fee and commission expense	(2,777)	(2,815)	(5,979)	(5,396)
	<u>(61,075)</u>	<u>(55,747)</u>	<u>(116,441)</u>	<u>(111,894)</u>
Net fee and commission income	<u>120,996</u>	<u>113,108</u>	<u>236,638</u>	<u>213,120</u>

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**A19. Net Gains and Losses on Financial Instruments**

	2nd Quarter Ended		Half Year Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<b><u>Group</u></b>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	4,266	1,460	5,879	2,225
- gross dividend income	9	9	17	23
- unrealised revaluation gain / (loss)	2,187	(1,322)	(2,057)	(4,000)
	<u>6,462</u>	<u>147</u>	<u>3,839</u>	<u>(1,752)</u>
Net gain / (loss) arising on trading derivatives				
- net gain / (loss) on disposal	226	(12,829)	366	(12,862)
- unrealised revaluation gain	1,068	10,836	4,307	12,520
	<u>1,294</u>	<u>(1,993)</u>	<u>4,673</u>	<u>(342)</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	6,205	430	6,311	638
- gross dividend income	40,742	47,394	74,295	70,798
	<u>46,947</u>	<u>47,824</u>	<u>80,606</u>	<u>71,436</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	167	851	(893)	7,924
- cash flow hedge	(21)	(29)	1	(25)
	<u>146</u>	<u>822</u>	<u>(892)</u>	<u>7,899</u>
Net gains and losses on financial instruments	<u>54,849</u>	<u>46,800</u>	<u>88,226</u>	<u>77,241</u>
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<b><u>Bank</u></b>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	4,020	1,405	5,618	2,020
- gross dividend income	9	9	17	23
- unrealised revaluation gain / (loss)	2,442	(1,406)	(2,066)	(4,016)
	<u>6,471</u>	<u>8</u>	<u>3,569</u>	<u>(1,973)</u>
Net gain / (loss) arising on trading derivatives				
- net gain / (loss) on disposal	226	(12,829)	366	(12,862)
- unrealised revaluation (loss) / gain	(2,826)	7,610	3,831	15,724
	<u>(2,600)</u>	<u>(5,219)</u>	<u>4,197</u>	<u>2,862</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	6,205	496	6,311	619
- gross dividend income	39,140	46,105	71,713	68,574
	<u>45,345</u>	<u>46,601</u>	<u>78,024</u>	<u>69,193</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	363	(78)	(145)	5,995
- cash flow hedge	(21)	(29)	1	(25)
	<u>342</u>	<u>(107)</u>	<u>(144)</u>	<u>5,970</u>
Net gains and losses on financial instruments	<u>49,558</u>	<u>41,283</u>	<u>85,646</u>	<u>76,052</u>

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**A20. Other Operating Income**

	2nd Quarter Ended		Half Year Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<b><u>Group</u></b>				
Other income:				
Foreign exchange profit	41,483	56,895	100,177	115,543
Rental income from:				
- investment properties	1,321	1,171	2,631	2,341
- other properties	3,650	3,130	6,986	6,260
Net gain / (loss) on disposal of property and equipment	51	12	(616)	129
Net gain / (loss) on disposal of foreclosed properties	14	(611)	(596)	(1,637)
Net gain on revaluation of investment properties	6,989	734	6,989	734
Others	9,484	11,281	19,471	20,064
Total other operating income	<u>62,992</u>	<u>72,612</u>	<u>135,042</u>	<u>143,434</u>
	2nd Quarter Ended	30 June	Half Year Ended	30 June
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b><u>Bank</u></b>				
Gross dividend income from:				
- subsidiary companies				
- quoted outside Malaysia	16,496	15,634	16,496	15,634
- unquoted in Malaysia	169,569	167,769	431,369	362,986
	<u>186,065</u>	<u>183,403</u>	<u>447,865</u>	<u>378,620</u>
Other income:				
Foreign exchange profit	9,726	59,343	97,725	135,934
Rental income from other properties	2,900	2,579	5,502	5,131
Net gain / (loss) on disposal of property and equipment	71	70	(608)	186
Net gain / (loss) on disposal of foreclosed properties	14	(611)	(596)	(1,637)
Others	6,777	7,532	14,069	13,579
	<u>19,488</u>	<u>68,913</u>	<u>116,092</u>	<u>153,193</u>
Total other operating income	<u>205,553</u>	<u>252,316</u>	<u>563,957</u>	<u>531,813</u>

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**A21. Other Operating Expenses**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012 RM'000</b>	<b>30 June 2011 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2011 RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	<b>333,413</b>	315,838	<b>658,505</b>	627,324
- Pension costs	<b>36,649</b>	30,250	<b>73,973</b>	60,715
- Others	<b>31,199</b>	29,826	<b>61,143</b>	57,107
	<b>401,261</b>	375,914	<b>793,621</b>	745,146
Establishment costs				
- Depreciation	<b>41,944</b>	34,641	<b>84,406</b>	69,554
- Rental	<b>20,884</b>	19,579	<b>40,984</b>	39,033
- Insurance	<b>4,724</b>	5,447	<b>12,101</b>	11,138
- Water and electricity	<b>10,024</b>	9,968	<b>20,369</b>	18,997
- General repairs and maintenance	<b>20,395</b>	14,725	<b>38,608</b>	29,091
- Information technology expenses	<b>7,039</b>	6,554	<b>13,835</b>	13,265
- Others	<b>8,751</b>	8,878	<b>17,949</b>	16,320
	<b>113,761</b>	99,792	<b>228,252</b>	197,398
Marketing expenses				
- Advertisement and publicity	<b>19,544</b>	21,274	<b>38,912</b>	38,860
- Others	<b>20,800</b>	20,749	<b>42,805</b>	41,484
	<b>40,344</b>	42,023	<b>81,717</b>	80,344
Administration and general expenses				
- Communication expenses	<b>10,658</b>	10,676	<b>19,785</b>	18,685
- Legal and professional fees	<b>12,237</b>	12,027	<b>22,704</b>	22,691
- Others	<b>16,116</b>	12,424	<b>41,726</b>	27,194
	<b>39,011</b>	35,127	<b>84,215</b>	68,570
Total other operating expenses	<b>594,377</b>	552,856	<b>1,187,805</b>	1,091,458



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**A21. Other Operating Expenses (continued)**

<b><u>Bank</u></b>	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012 RM'000</b>	<b>30 June 2011 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2011 RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	<b>263,199</b>	245,220	<b>527,671</b>	487,490
- Pension costs	<b>31,984</b>	26,219	<b>64,279</b>	51,994
- Others	<b>27,732</b>	26,360	<b>53,722</b>	50,338
	<b><u>322,915</u></b>	<u>297,799</u>	<b><u>645,672</u></b>	<u>589,822</u>
Establishment costs				
- Depreciation	<b>34,051</b>	26,400	<b>68,502</b>	52,851
- Rental	<b>20,063</b>	19,423	<b>39,563</b>	38,540
- Insurance	<b>3,757</b>	3,916	<b>9,241</b>	7,805
- Water and electricity	<b>7,324</b>	7,316	<b>14,946</b>	14,153
- General repairs and maintenance	<b>18,491</b>	12,732	<b>34,635</b>	25,424
- Information technology expenses	<b>3,756</b>	3,721	<b>7,516</b>	7,457
- Others	<b>6,333</b>	6,645	<b>13,094</b>	11,773
	<b><u>93,775</u></b>	<u>80,153</u>	<b><u>187,497</u></b>	<u>158,003</u>
Marketing expenses				
- Advertisement and publicity	<b>6,970</b>	8,237	<b>13,133</b>	13,705
- Others	<b>12,462</b>	8,398	<b>24,011</b>	17,401
	<b><u>19,432</u></b>	<u>16,635</u>	<b><u>37,144</u></b>	<u>31,106</u>
Administration and general expenses				
- Communication expenses	<b>6,865</b>	9,215	<b>14,662</b>	15,266
- Legal and professional fees	<b>9,898</b>	9,910	<b>18,324</b>	18,479
- Others	<b>7,921</b>	6,823	<b>15,964</b>	14,250
	<b><u>24,684</u></b>	<u>25,948</u>	<b><u>48,950</u></b>	<u>47,995</u>
Shared service cost charged to Public Islamic Bank Berhad	<b>(57,648)</b>	(41,502)	<b>(109,712)</b>	(81,982)
Total other operating expenses	<b><u>403,158</u></b>	<u>379,033</u>	<b><u>809,551</u></b>	<u>744,944</u>

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**A22. Allowance for Impairment on Loans, Advances and Financing**

	2nd Quarter Ended		Half Year Ended	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Allowance for impaired loans and financing:				
Collective assessment allowance	85,277	52,345	125,382	115,098
Individual assessment allowance	48,351	61,880	87,026	110,106
Writeback of bad debts from				
stockbroking activities	-	(81)	(44)	(89)
Impaired loans and financing written off	240	913	435	997
Impaired loans and financing recovered	(50,292)	(50,142)	(99,210)	(96,191)
	<u>83,576</u>	<u>64,915</u>	<u>113,589</u>	<u>129,921</u>
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Allowance for impaired loans and financing:				
Collective assessment allowance	61,135	31,115	80,971	82,628
Individual assessment allowance	(1,821)	576	(3,429)	(5,752)
Impaired loans and financing written off	201	857	342	904
Impaired loans and financing recovered	(27,086)	(32,427)	(57,029)	(61,194)
	<u>32,429</u>	<u>121</u>	<u>20,855</u>	<u>16,586</u>

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**A23. Segment Information**

2nd Quarter Ended 30 June 2012	----- Operating Segments -----							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	560,593	1,688,540	240,887	375,617	49,394	215,692	1,186	78,228	3,210,137	255,703	-	3,465,840
Revenue from other segments	-	260,128	3,045	166,921	5,994	2,934	7,314	226,785	673,121	768	(673,889)	-
	<u>560,593</u>	<u>1,948,668</u>	<u>243,932</u>	<u>542,538</u>	<u>55,388</u>	<u>218,626</u>	<u>8,500</u>	<u>305,013</u>	<u>3,883,258</u>	<u>256,471</u>	<u>(673,889)</u>	<u>3,465,840</u>
Net interest income and												
Islamic banking income	246,562	960,599	66,015	27,557	3,488	3,117	(1,952)	42,226	1,347,612	164,172	-	1,511,784
Other income	1,133	145,580	19,149	28,139	14,677	125,511	8,437	38,039	380,665	41,797	(16,507)	405,955
Net income	<u>247,695</u>	<u>1,106,179</u>	<u>85,164</u>	<u>55,696</u>	<u>18,165</u>	<u>128,628</u>	<u>6,485</u>	<u>80,265</u>	<u>1,728,277</u>	<u>205,969</u>	<u>(16,507)</u>	<u>1,917,739</u>
Other operating expenses	(53,607)	(340,178)	(2,429)	(4,535)	(7,192)	(36,407)	(3,520)	(75,871)	(523,739)	(87,145)	16,507	(594,377)
Allowance for impairment on loans, advances and financing	(30,026)	(20,664)	(1,362)	-	(240)	-	-	-	(52,292)	(31,284)	-	(83,576)
Impairment on other assets	-	(923)	-	-	-	-	-	-	(923)	-	-	(923)
Profit by segments	<u>164,062</u>	<u>744,414</u>	<u>81,373</u>	<u>51,161</u>	<u>10,733</u>	<u>92,221</u>	<u>2,965</u>	<u>4,394</u>	<u>1,151,323</u>	<u>87,540</u>	<u>-</u>	<u>1,238,863</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(324)	1,778		1,454
Profit before tax expense and zakat									<u>1,150,999</u>	<u>89,318</u>		<u>1,240,317</u>

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**A23. Segment Information (continued)**

<b>2nd Quarter Ended 30 June 2011 (Restated)</b>	<----- Operating Segments ----->											<b>Group Total RM'000</b>
	<b>Hire Purchase RM'000</b>	<b>Retail Operations RM'000</b>	<b>Corporate Lending RM'000</b>	<b>Treasury and Capital Market Operations RM'000</b>	<b>Investment Banking RM'000</b>	<b>Fund Management RM'000</b>	<b>Others RM'000</b>	<b>Head Office RM'000</b>	<b>Total Domestic Operations RM'000</b>	<b>Total Overseas Operations RM'000</b>	<b>Inter- segment Elimination RM'000</b>	
External revenue	535,001	1,463,441	213,909	314,309	43,334	236,818	1,114	118,842	2,926,768	243,886	-	3,170,654
Revenue from other segments	-	228,088	2,704	199,379	11,517	2,552	7,036	300,172	751,448	680	(752,128)	-
	<u>535,001</u>	<u>1,691,529</u>	<u>216,613</u>	<u>513,688</u>	<u>54,851</u>	<u>239,370</u>	<u>8,150</u>	<u>419,014</u>	<u>3,678,216</u>	<u>244,566</u>	<u>(752,128)</u>	<u>3,170,654</u>
Net interest income and												
Islamic banking income	217,035	932,816	61,863	22,045	2,856	2,713	(1,785)	78,762	1,316,305	154,865	-	1,471,170
Other income	1,247	133,967	10,841	27,270	15,542	124,765	8,095	61,778	383,505	39,599	(16,461)	406,643
Net income	<u>218,282</u>	<u>1,066,783</u>	<u>72,704</u>	<u>49,315</u>	<u>18,398</u>	<u>127,478</u>	<u>6,310</u>	<u>140,540</u>	<u>1,699,810</u>	<u>194,464</u>	<u>(16,461)</u>	<u>1,877,813</u>
Other operating expenses	(40,604)	(325,629)	(2,001)	(4,409)	(7,231)	(43,553)	(3,636)	(72,192)	(499,255)	(70,062)	16,461	(552,856)
Allowance for impairment on loans, advances and financing	(25,924)	16,987	(3,013)	-	161	-	-	-	(11,789)	(53,126)	-	(64,915)
Writeback of impairment / (Impairment) on other assets	-	121	-	104	-	-	-	-	225	(202)	-	23
Profit by segments	<u>151,754</u>	<u>758,262</u>	<u>67,690</u>	<u>45,010</u>	<u>11,328</u>	<u>83,925</u>	<u>2,674</u>	<u>68,348</u>	<u>1,188,991</u>	<u>71,074</u>	<u>-</u>	<u>1,260,065</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(672)	2,527		1,855
Profit before tax expense and zakat									<u>1,188,319</u>	<u>73,601</u>		<u>1,261,920</u>

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**A23. Segment Information (continued)**

Half Year Ended 30 June 2012	----- Operating Segments ----->											Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	
External revenue	1,115,717	3,328,068	466,055	743,134	96,013	426,109	2,352	158,905	6,336,353	502,937	-	6,839,290
Revenue from other segments	-	497,890	6,608	334,037	18,744	6,020	14,592	649,187	1,527,078	1,606	(1,528,684)	-
	<u>1,115,717</u>	<u>3,825,958</u>	<u>472,663</u>	<u>1,077,171</u>	<u>114,757</u>	<u>432,129</u>	<u>16,944</u>	<u>808,092</u>	<u>7,863,431</u>	<u>504,543</u>	<u>(1,528,684)</u>	<u>6,839,290</u>
Net interest income and												
Islamic banking income	499,580	1,896,067	128,218	52,841	6,731	6,391	(3,843)	83,678	2,669,663	321,393	-	2,991,056
Other income	3,127	290,389	26,630	54,542	33,084	247,757	16,842	84,017	756,388	72,012	(33,068)	795,332
Net income	<u>502,707</u>	<u>2,186,456</u>	<u>154,848</u>	<u>107,383</u>	<u>39,815</u>	<u>254,148</u>	<u>12,999</u>	<u>167,695</u>	<u>3,426,051</u>	<u>393,405</u>	<u>(33,068)</u>	<u>3,786,388</u>
Other operating expenses	(106,002)	(678,798)	(4,695)	(9,497)	(14,707)	(74,239)	(7,037)	(150,399)	(1,045,374)	(175,499)	33,068	(1,187,805)
Allowance for impairment on loans, advances and financing	(49,932)	(12,873)	6,802	-	23	-	-	-	(55,980)	(57,609)	-	(113,589)
Impairment on other assets	-	(1,444)	-	-	-	-	-	-	(1,444)	-	-	(1,444)
Profit by segments	<u>346,773</u>	<u>1,493,341</u>	<u>156,955</u>	<u>97,886</u>	<u>25,131</u>	<u>179,909</u>	<u>5,962</u>	<u>17,296</u>	<u>2,323,253</u>	<u>160,297</u>	<u>-</u>	<u>2,483,550</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(2,295)	4,633		2,338
Profit before tax expense and zakat									<u>2,320,958</u>	<u>164,930</u>		<u>2,485,888</u>
Cost income ratio	21.1%	31.0%	3.0%	8.8%	36.9%	29.2%	54.1%	89.7%	30.5%	44.6%		31.4%
Gross loans	38,763,893	112,771,460	22,293,143	-	281,352	48,825	2,109	-	174,160,782	13,095,555		187,256,337
Loan growth	4.5%	7.5%	2.6%	-	10.0%	1.0%	-0.3%	-	6.1%	-3.8%		5.4%
Impaired loans, advances and financing	218,591	887,291	129,641	-	-	-	-	-	1,235,523	165,260		1,400,783
Impaired loan ratio	0.6%	0.8%	0.6%	-	-	-	-	-	0.7%	1.3%		0.8%
Deposits from customers	-	145,220,284	223,404	49,928,876	2,272,577	-	-	-	197,645,141	14,015,698		211,660,839
Deposit growth	-	8.5%	-29.0%	2.3%	-33.5%	-	-	-	6.0%	0.6%		5.6%
Segment assets	<u>38,609,290</u>	<u>152,332,790</u>	<u>22,182,027</u>	<u>64,619,818</u>	<u>3,817,306</u>	<u>369,827</u>	<u>287,326</u>	<u>20,000,340</u>	<u>302,218,724</u>	<u>18,851,779</u>	<u>(61,198,486)</u>	<u>259,872,017</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									38,747	120,183		158,930
Unallocated assets									1,279,172	-		1,279,172
Intangible assets									769,251	1,201,082		1,970,333
Total assets									<u>304,305,894</u>	<u>20,173,044</u>		<u>263,280,452</u>

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**A23. Segment Information (continued)**

Half Year Ended 30 June 2011 (Restated)	<----- Operating Segments ----->											Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	
External revenue	1,057,033	2,846,821	399,146	645,195	96,828	445,324	2,303	181,148	5,673,798	488,463	-	6,162,261
Revenue from other segments	-	438,850	5,199	333,796	19,288	4,746	13,963	651,305	1,467,147	1,301	(1,468,448)	-
	<u>1,057,033</u>	<u>3,285,671</u>	<u>404,345</u>	<u>978,991</u>	<u>116,116</u>	<u>450,070</u>	<u>16,266</u>	<u>832,453</u>	<u>7,140,945</u>	<u>489,764</u>	<u>(1,468,448)</u>	<u>6,162,261</u>
Net interest income and												
Islamic banking income	451,031	1,786,330	122,562	38,004	5,280	5,063	(3,486)	154,316	2,559,100	313,227	-	2,872,327
Other income	1,874	264,738	15,605	53,822	34,719	240,689	16,191	103,391	731,029	79,975	(32,805)	778,199
Net income	<u>452,905</u>	<u>2,051,068</u>	<u>138,167</u>	<u>91,826</u>	<u>39,999</u>	<u>245,752</u>	<u>12,705</u>	<u>257,707</u>	<u>3,290,129</u>	<u>393,202</u>	<u>(32,805)</u>	<u>3,650,526</u>
Other operating expenses	(80,035)	(640,311)	(3,992)	(8,961)	(14,659)	(84,150)	(7,155)	(132,085)	(971,348)	(152,915)	32,805	(1,091,458)
Allowance for impairment on loans, advances and financing	(45,568)	15,556	(4,019)	-	65	-	-	-	(33,966)	(95,955)	-	(129,921)
Writeback of impairment / (impairment) on other assets	-	1,643	-	104	-	-	-	-	1,747	(1,119)	-	628
Profit by segments	<u>327,302</u>	<u>1,427,956</u>	<u>130,156</u>	<u>82,969</u>	<u>25,405</u>	<u>161,602</u>	<u>5,550</u>	<u>125,622</u>	<u>2,286,562</u>	<u>143,213</u>	<u>-</u>	<u>2,429,775</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(577)	5,790		5,213
Profit before tax expense and zakat									<u>2,285,985</u>	<u>149,003</u>		<u>2,434,988</u>
Cost income ratio	17.7%	31.2%	2.9%	9.8%	36.6%	34.2%	56.3%	51.3%	29.5%	38.9%		29.9%
Gross loans	35,473,337	98,350,590	20,111,348	-	243,972	46,029	2,136	-	154,227,412	12,922,953		167,150,365
Loan growth	5.6%	7.7%	8.0%	-	2.4%	9.0%	-2.6%	-	7.2%	1.6%		6.8%
Impaired loans, advances and financing	192,616	1,108,802	130,457	-	-	-	-	-	1,431,875	173,155		1,605,030
Impaired loan ratio	0.5%	1.1%	0.6%	-	-	-	-	-	0.9%	1.3%		1.0%
Deposits from customers	-	125,826,512	230,066	46,092,829	2,482,675	-	-	-	174,632,082	13,664,758		188,296,840
Deposit growth	-	5.6%	4.6%	12.5%	10.3%	-	-	-	7.4%	-4.4%		6.5%
Segment assets	<u>35,338,538</u>	<u>131,485,474</u>	<u>19,996,352</u>	<u>62,953,607</u>	<u>4,136,953</u>	<u>331,740</u>	<u>260,889</u>	<u>14,405,083</u>	<u>268,908,636</u>	<u>18,580,955</u>	<u>(54,546,651)</u>	<u>232,942,940</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									41,460	120,228		161,688
Unallocated assets									1,130,997	-		1,130,997
Intangible assets									769,251	1,139,058		1,908,309
Total assets									<u>270,850,344</u>	<u>19,840,241</u>		<u>236,143,934</u>

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

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

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

**A24. Subsequent Events**

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

**A25. Changes in the Composition of the Group**

There were no material changes in the composition of the Group during the 2nd quarter and financial half year ended 30 June 2012.

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**A26. Commitments and Contingencies**

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
<b>Contingent liabilities</b>				
Direct credit substitutes	<b>1,536,895</b>	1,482,009	<b>1,169,775</b>	1,120,615
Transaction-related contingent items	<b>971,362</b>	900,696	<b>842,007</b>	779,091
Short term self-liquidating trade-related contingencies	<b>480,036</b>	515,710	<b>229,524</b>	221,038
Obligations under an on-going underwriting agreement	-	25,000	-	25,000
	<b>2,988,293</b>	2,923,415	<b>2,241,306</b>	2,145,744
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	<b>24,131,375</b>	19,490,137	<b>22,491,294</b>	18,177,027
- not exceeding one year	<b>20,618,264</b>	19,919,554	<b>18,966,584</b>	18,413,664
Unutilised credit card lines	<b>3,601,994</b>	3,486,222	<b>3,477,540</b>	3,330,591
Forward asset purchases	<b>541,845</b>	39,362	<b>474,390</b>	10,175
	<b>48,893,478</b>	42,935,275	<b>45,409,808</b>	39,931,457
<b>Derivative financial instruments</b>				
Foreign exchange related contracts:				
- less than one year	<b>12,273,657</b>	11,013,882	<b>11,750,611</b>	10,643,581
- one year to less than five years	<b>1,126,110</b>	6,514	<b>1,126,110</b>	6,514
Interest rate related contracts:				
- less than one year	<b>1,800,000</b>	2,058,803	<b>1,800,000</b>	2,058,803
- one year to less than five years	<b>6,545,760</b>	6,560,830	<b>6,011,650</b>	6,227,481
- five years and above	<b>5,303,460</b>	5,183,242	<b>5,708,000</b>	5,088,000
Commodity related contracts:				
- less than one year	<b>1,298</b>	16,896	<b>1,298</b>	16,896
Equity related contracts:				
- one year to less than five years	<b>139,709</b>	148,325	<b>139,709</b>	148,325
	<b>27,189,994</b>	24,988,492	<b>26,537,378</b>	24,189,600
	<b>79,071,765</b>	70,847,182	<b>74,188,492</b>	66,266,801



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**A27. Derivative Financial Instruments**

Details of derivative financial instruments outstanding as at 30 June 2012 and 31 December 2011 are as follows:

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

Group As at 30 June 2012	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,362,801	12,410	-	1,375,211	16,142	146	-	16,288	3,444	-	-	3,444
- Swaps	10,910,856	-	-	10,910,856	133,037	-	-	133,037	51,590	-	-	51,590
Interest rate related contracts												
- Swaps	380,000	-	-	380,000	-	-	-	-	42	-	-	42
Equity related contracts												
- Options purchased	-	139,709	-	139,709	-	11,670	-	11,670	-	-	-	-
Precious metal contracts												
- Forwards	1,298	-	-	1,298	2	-	-	2	1	-	-	1
	<u>12,654,955</u>	<u>152,119</u>	<u>-</u>	<u>12,807,074</u>	<u>149,181</u>	<u>11,816</u>	<u>-</u>	<u>160,997</u>	<u>55,077</u>	<u>-</u>	<u>-</u>	<u>55,077</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	1,400,000	2,402,630	7,187,590	10,990,220	11,692	7,569	416,124	435,385	-	144,729	22,943	167,672
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	1,113,700	1,113,700	-	-	-	-	-	-	69,986	69,986
Interest rate related contracts												
- Swaps	20,000	359,000	1,900,000	2,279,000	481	2,139	-	2,620	-	558	7,577	8,135
	<u>1,420,000</u>	<u>2,761,630</u>	<u>10,201,290</u>	<u>14,382,920</u>	<u>12,173</u>	<u>9,708</u>	<u>416,124</u>	<u>438,005</u>	<u>-</u>	<u>145,287</u>	<u>100,506</u>	<u>245,793</u>
<b>Total</b>	<u>14,074,955</u>	<u>2,913,749</u>	<u>10,201,290</u>	<u>27,189,994</u>	<u>161,354</u>	<u>21,524</u>	<u>416,124</u>	<u>599,002</u>	<u>55,077</u>	<u>145,287</u>	<u>100,506</u>	<u>300,870</u>

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**A27. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding as at 30 June 2012 and 31 December 2011 are as follows (continued):

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

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

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**A27. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding as at 30 June 2012 and 31 December 2011 are as follows (continued):

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

Bank As at 30 June 2012	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,041,512	12,410	-	1,053,922	14,770	146	-	14,916	2,040	-	-	2,040
- Swaps	10,709,099	-	-	10,709,099	129,742	-	-	129,742	51,030	-	-	51,030
Interest rate related contracts												
- Swaps	380,000	19,092	-	399,092	-	-	-	-	42	1,798	-	1,840
Equity related contracts												
- Options purchased	-	139,709	-	139,709	-	11,670	-	11,670	-	-	-	-
Precious metal contracts												
- Forwards	1,298	-	-	1,298	2	-	-	2	1	-	-	1
	<u>12,131,909</u>	<u>171,211</u>	<u>-</u>	<u>12,303,120</u>	<u>144,514</u>	<u>11,816</u>	<u>-</u>	<u>156,330</u>	<u>53,113</u>	<u>1,798</u>	<u>-</u>	<u>54,911</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	1,400,000	2,049,428	7,092,130	10,541,558	11,692	7,569	416,124	435,385	-	112,632	7,870	120,502
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	1,113,700	1,113,700	-	-	-	-	-	-	69,986	69,986
Interest rate related contracts												
- Swaps	20,000	359,000	2,200,000	2,579,000	481	2,139	11,576	14,196	-	558	7,054	7,612
	<u>1,420,000</u>	<u>2,408,428</u>	<u>10,405,830</u>	<u>14,234,258</u>	<u>12,173</u>	<u>9,708</u>	<u>427,700</u>	<u>449,581</u>	<u>-</u>	<u>113,190</u>	<u>84,910</u>	<u>198,100</u>
<b>Total</b>	<u>13,551,909</u>	<u>2,579,639</u>	<u>10,405,830</u>	<u>26,537,378</u>	<u>156,687</u>	<u>21,524</u>	<u>427,700</u>	<u>605,911</u>	<u>53,113</u>	<u>114,988</u>	<u>84,910</u>	<u>253,011</u>

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**A27. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding as at 30 June 2012 and 31 December 2011 are as follows (continued):

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

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

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**A27. Derivative Financial Instruments** (continued)

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

**Market Risk**

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

**Credit Risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 June 2012, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM599,002,000 (2011: RM493,852,000) and RM605,911,000 (2011: RM492,536,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Liquidity Risk**

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

iii) **Cash Requirements of the Derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2012, the Group and the Bank had posted cash collateral of RM9,123,000 (2011: RM6,667,000) on their derivative contracts.

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

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

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**A28. Capital Adequacy**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2012</b>	<b>31 December 2011 (Restated)</b>	<b>30 June 2012</b>	<b>31 December 2011 (Restated)</b>
<u>Before deducting interim dividends *</u>				
Tier I capital ratio	<b>11.0%</b>	11.2%	<b>13.2%</b>	13.5%
Risk-weighted capital ratio	<b>14.3%</b>	15.6%	<b>14.1%</b>	15.6%
<u>After deducting interim dividends *</u>				
Tier I capital ratio	<b>10.5%</b>	10.6%	<b>12.7%</b>	12.8%
Risk-weighted capital ratio	<b>13.9%</b>	15.0%	<b>13.6%</b>	14.9%

\* Refer to dividends which have been declared subsequent to the financial period / year end.

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2012</b>	<b>31 December 2011 (Restated)</b>	<b>30 June 2012</b>	<b>31 December 2011 (Restated)</b>
Components of Tier I and Tier II capital:	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Tier I capital</u>				
Paid-up share capital	<b>3,531,926</b>	3,531,926	<b>3,531,926</b>	3,531,926
Share premium	<b>1,073,310</b>	1,073,310	<b>1,073,310</b>	1,073,310
Other reserves	<b>3,955,738</b>	3,955,307	<b>3,523,040</b>	3,522,609
Retained profits	<b>8,088,845</b>	7,276,808	<b>7,935,233</b>	7,083,862
Innovative Tier I capital securities	<b>1,834,922</b>	1,833,303	<b>1,834,922</b>	1,833,303
Non-innovative Tier I stapled securities	<b>2,082,765</b>	2,082,388	<b>2,082,765</b>	2,082,388
Treasury shares	<b>(215,572)</b>	(215,572)	<b>(215,572)</b>	(215,572)
Non-controlling interests	<b>694,305</b>	697,484	-	-
Less: Goodwill	<b>(1,943,849)</b>	(1,938,994)	<b>(695,393)</b>	(695,393)
Less: Deferred tax assets, net	<b>(46,237)</b>	(46,093)	-	-
Total Tier I capital	<b>19,056,153</b>	18,249,867	<b>19,070,231</b>	18,216,433
<u>Tier II capital</u>				
Collective assessment allowance #	<b>999,124</b>	1,073,337	<b>671,401</b>	721,913
Subordinated notes	<b>4,869,811</b>	6,138,306	<b>4,869,811</b>	6,138,306
Total Tier II capital	<b>5,868,935</b>	7,211,643	<b>5,541,212</b>	6,860,219
Total capital	<b>24,925,088</b>	25,461,510	<b>24,611,443</b>	25,076,652
Less: Investment in subsidiary companies and associated companies	<b>(960)</b>	(960)	<b>(4,162,284)</b>	(3,987,284)
Less: Holdings of other financial institutions' capital instruments	<b>(46,988)</b>	(44,468)	<b>(46,988)</b>	(44,468)
Capital base	<b>24,877,140</b>	25,416,082	<b>20,402,171</b>	21,044,900

# Excludes collective assessment allowance on impaired loans restricted from Tier II capital of the Group and the Bank of RM501,020,000 (2011: RM422,707,000) and RM374,309,000 (2011: RM325,341,000) respectively.

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**A28. Capital Adequacy** (continued)

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

The comparative capital adequacy ratios and components of capital base have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial period. Please refer to Note A31 Changes in Accounting Policies for a summary of the changes.

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

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

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**A28. Capital Adequacy** (continued)

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

	<b>Public Islamic Bank Berhad<sup>1</sup></b>	<b>Public Investment Bank Berhad<sup>2</sup></b>	<b>Public Bank (L) Ltd.<sup>3</sup></b>	<b>Public Bank (Hong Kong) Limited<sup>4</sup></b>	<b>Public Finance Limited<sup>4</sup></b>	<b>Cambodian Public Bank Plc<sup>5</sup></b>
<b>30 June 2012</b>						
<u>Before deducting interim dividends: *</u>						
Tier I capital ratio	<b>12.5%</b>	<b>19.8%</b>	<b>22.5%</b>	<b>17.0%</b>	<b>27.0%</b>	N/A
Risk-weighted capital ratio	<b>13.3%</b>	<b>19.9%</b>	<b>23.0%</b>	<b>17.0%</b>	<b>28.1%</b>	<b>23.5%</b>
<u>After deducting interim dividends: *</u>						
Tier I capital ratio	<b>11.5%</b>	<b>19.8%</b>	<b>22.5%</b>	<b>17.0%</b>	<b>27.0%</b>	N/A
Risk-weighted capital ratio	<b>12.2%</b>	<b>19.9%</b>	<b>23.0%</b>	<b>17.0%</b>	<b>28.1%</b>	<b>23.5%</b>
<b>31 December 2011</b>						
<u>Before deducting interim dividends: *</u>						
Tier I capital ratio	12.3% #	18.2% #	19.6%	16.1%	29.6%	N/A
Risk-weighted capital ratio	13.3% #	18.3% #	20.0%	16.1%	30.8%	22.8%
<u>After deducting interim dividends: *</u>						
Tier I capital ratio	10.9% #	16.9% #	19.6%	16.1%	27.0%	N/A
Risk-weighted capital ratio	11.9% #	17.0% #	20.0%	16.1%	28.1%	22.8%

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

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



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**A28. Capital Adequacy** (continued)

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

- <sup>1</sup> The capital adequacy ratios of Public Islamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Public Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
- <sup>2</sup> The capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Public Investment Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
- <sup>3</sup> The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and risk-weighted capital ratio respectively.
- <sup>4</sup> The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking (Capital) Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
- <sup>5</sup> The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

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**A28. Capital Adequacy** (continued)

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
Credit risk	<b>158,676,736</b>	148,664,399	<b>132,280,550</b>	123,065,342
Market risk	<b>2,116,869</b>	1,670,798	<b>3,157,990</b>	2,774,099
Operational risk	<b>13,234,036</b>	12,692,078	<b>9,488,225</b>	9,048,375
	<b>174,027,641</b>	163,027,275	<b>144,926,765</b>	134,887,816

**A29. Credit Exposures Arising From Credit Transactions With Connected Parties**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2012</b>	<b>31 December 2011</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
Outstanding credit exposures with connected parties (RM'000)	<b>2,402,010</b>	2,411,076	<b>3,094,692</b>	3,070,236
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>1.24%</b>	1.34%	<b>1.78%</b>	1.92%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>0.01%</b>	0.01%	<b>0.01%</b>	0.00%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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**A30. Operations of Islamic Banking**

**A30a. Statement of Financial Position As At 30 June 2012**

	<b>30 June 2012</b>	<b>Group 31 December 2011 (Restated)</b>	<b>1 January 2011 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and balances with banks	5,320,416	6,257,092	4,571,596
Financial assets held-for-trading	2,283,858	1,249,014	298,846
Financial investments available-for-sale	1,791,411	1,830,720	2,138,048
Financial investments held-to-maturity	5,022	5,022	5,022
Financing and advances	19,537,071	19,224,468	16,340,155
Other assets	79,632	81,185	68,446
Statutory deposits with Bank Negara Malaysia	812,000	775,700	167,000
Deferred tax assets	1,817	-	70,362
Investment in an associated company	20,000	20,000	-
Property and equipment	1,430	1,619	1,545
<b>Total Assets</b>	<b>29,852,657</b>	<b>29,444,820</b>	<b>23,661,020</b>
<b>LIABILITIES AND ISLAMIC</b>			
<b>BANKING FUNDS</b>			
Deposits from customers	23,101,466	20,029,935	15,306,731
Deposits from banks	3,827,650	7,179,533	6,379,985
Bills and acceptances payable	379	334	4,893
Recourse obligations on financing sold to Cagamas	500,000	-	-
Derivative financial liabilities	12,099	-	-
Other liabilities	98,950	71,182	70,471
Provision for zakat and taxation	64,567	46,512	83,417
Deferred tax liabilities	-	398	-
<b>Total Liabilities</b>	<b>27,605,111</b>	<b>27,327,894</b>	<b>21,845,497</b>
Islamic Banking Funds	2,247,546	2,116,926	1,815,523
<b>Total Liabilities and Islamic Banking Funds</b>	<b>29,852,657</b>	<b>29,444,820</b>	<b>23,661,020</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>3,024,321</b>	<b>1,910,159</b>	<b>1,171,568</b>

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**A30b. Income Statements for the 2nd Quarter and Financial Half Year Ended 30 June 2012**

	2nd Quarter Ended		Half Year Ended	
	30 June 2012	30 June 2011 (Restated)	30 June 2012	30 June 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	<b>346,074</b>	304,043	<b>691,123</b>	599,385
Income derived from investment of Islamic Banking Funds	<b>27,749</b>	24,611	<b>53,892</b>	48,066
Allowance for impairment on financing and advances	<b>(27,328)</b>	(13,430)	<b>(29,320)</b>	(21,285)
Impairment on other assets	<b>(31)</b>	-	<b>(23)</b>	-
Transfer of Profit Equalisation Reserve to investment account holder (2011: investment account holder and Islamic banking institution)	<b>(737)</b>	24,715	<b>(1,274)</b>	19,979
<b>Total distributable income</b>	<b>345,727</b>	339,939	<b>714,398</b>	646,145
Income attributable to the depositors	<b>(161,931)</b>	(126,064)	<b>(320,921)</b>	(240,940)
<b>Total net income</b>	<b>183,796</b>	213,875	<b>393,477</b>	405,205
Other overheads and expenditures	<b>(66,406)</b>	(48,128)	<b>(125,359)</b>	(95,391)
<b>Profit before zakat and taxation</b>	<b>117,390</b>	165,747	<b>268,118</b>	309,814
Zakat	<b>(82)</b>	(80)	<b>(165)</b>	(159)
Taxation	<b>(28,926)</b>	(40,846)	<b>(66,479)</b>	(76,803)
<b>Profit for the period</b>	<b>88,382</b>	124,821	<b>201,474</b>	232,852

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**A30c. Statement of Comprehensive Income for the 2nd Quarter and Financial Half Year Ended 30 June 2012**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>	<b>30 June 2012</b>	<b>30 June 2011 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Profit for the period	<b>88,382</b>	124,821	<b>201,474</b>	232,852
Other comprehensive (loss) / income:				
Net gain on revaluation of financial investments available-for-sale	<b>2,742</b>	1,019	<b>4,024</b>	3,252
Net change in cash flow hedges	<b>(12,096)</b>	-	<b>(12,096)</b>	-
Income tax relating to components of other comprehensive loss / (income)	<b>2,339</b>	(255)	<b>2,018</b>	(813)
Other comprehensive (loss) / income for the period, net of tax	<b>(7,015)</b>	764	<b>(6,054)</b>	2,439
Total comprehensive income for the period	<b>81,367</b>	125,585	<b>195,420</b>	235,291

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**A30d. Financing and Advances**

	<b>Group</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
Bai Bithaman Ajil-i (deferred payment sale)	<b>6,184,975</b>	5,488,222
Ijarah Thamma Al-Bai'-i (leasing)	<b>10,056,903</b>	10,324,273
Ijarah Muntahia Bittamlik	<b>113,512</b>	101,104
Bai-Al-Einah-i	<b>3,447,214</b>	3,579,804
Musharakah Mutanaqisah	<b>1,258</b>	-
Gross financing and advances	<b>19,803,862</b>	19,493,403
Allowance for impairment on financing and advances:		
- collective assessment allowance	<b>(265,897)</b>	(267,589)
- individual assessment allowance	<b>(894)</b>	(1,346)
Net financing and advances	<b>19,537,071</b>	19,224,468

Movements in impaired financing and advances are as follows:

	<b>Group</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>173,277</b>	162,629
Impaired during the period / year	<b>218,183</b>	432,444
Reclassified as non-impaired	<b>(173,022)</b>	(317,261)
Recoveries	<b>(16,208)</b>	(33,566)
Amount written off	<b>(38,507)</b>	(69,805)
Financing converted to foreclosed properties	<b>(118)</b>	(1,164)
Closing balance	<b>163,605</b>	173,277
Impaired financing and advances as a percentage of gross financing and advances	<b>0.83%</b>	0.89%

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**A30e. Deposits from Customers**

	<b>Group</b>	
	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
<b>By type of deposit</b>		
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	2,429,706	2,307,971
Wadiah savings deposits-i	4,482,779	4,295,000
Istismar general investment deposits-i	10,050,919	2,584,424
Istismar special investment deposits-i	2,271,123	-
Negotiable instruments of deposit-i	1,053,188	1,136,468
	<u>20,287,715</u>	<u>10,323,863</u>
<u>Mudharabah Fund</u>		
Mudharabah current deposits-i	38,132	26,779
Mudharabah savings deposits-i	66,748	72,294
Mudharabah general investment deposits-i	2,708,871	7,141,559
Mudharabah special investment deposits-i	-	2,465,440
	<u>2,813,751</u>	<u>9,706,072</u>
	<u><u>23,101,466</u></u>	<u><u>20,029,935</u></u>

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**A31. Changes in Accounting Policies**

**(a) Transition to the MFRS Framework**

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

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

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

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

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

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

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



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**A31. Changes in Accounting Policies** (continued)

**(a) Transition to the MFRS Framework** (continued)

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

<b>Income Statement</b>	<b>Group</b>		<b>Bank</b>	
	<b>2nd Quarter</b>	<b>Half Year</b>	<b>2nd Quarter</b>	<b>Half Year</b>
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>30 June 2011</b>		<b>30 June 2011</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Allowance for Impairment on Loans,</u>				
<u>Advances and Financing</u>				
<u>- Collective Assessment Allowance</u>				
As previously stated	151,717	289,652	124,165	248,687
Effect of change in accounting policy	(99,372)	(174,554)	(93,050)	(166,059)
As restated	52,345	115,098	31,115	82,628

**(b) Other Change in Accounting Policies**

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

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

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

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

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

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

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**A31. Changes in Accounting Policies** (continued)

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

**(i) Statement of Financial Position**

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

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**A31. Changes in Accounting Policies** (continued)

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

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

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

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**A31. Changes in Accounting Policies** (continued)

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

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

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

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**A31. Changes in Accounting Policies** (continued)

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

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

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

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**A31. Changes in Accounting Policies** (continued)

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

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

<b>Income Statement</b>	<b>Under the</b>	<b>Effect of the Transition to MFRSs</b>	<b>Under the</b>
<b>Group</b>	<b>FRS</b>		<b>MFRS</b>
<b>2nd Quarter Ended 30 June 2011</b>	<b>Framework</b>	<b>MFRS 139</b>	<b>Framework</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	3,170,654		3,170,654
Interest income	2,320,271		2,320,271
Interest expense	(1,076,406)		(1,076,406)
Net interest income	1,243,865		1,243,865
Net income from Islamic banking business	227,305		227,305
	1,471,170		1,471,170
Net fee and commission income	287,231		287,231
Net gains and losses on financial instruments	46,800		46,800
Other operating income	72,612		72,612
Net income	1,877,813		1,877,813
Other operating expenses	(552,856)		(552,856)
Operating profit	1,324,957		1,324,957
Allowance for impairment on loans, advances and financing	(164,287)	99,372	(64,915)
Writeback of impairment on other assets	23		23
	1,160,693		1,260,065
Share of profit after tax of equity accounted associated companies	1,855		1,855
Profit before tax expense and zakat	1,162,548		1,261,920
Tax expense and zakat	(271,104)	(24,844)	(295,948)
Profit for the period	891,444		965,972
Profit for the period attributable to:			
- Equity holders of the Bank	880,355		954,883
- Non-controlling interests	11,089		11,089
	891,444		965,972
Earnings per RM1.00 share:			
- basic /diluted (sen)	25.1		27.3

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**A31. Changes in Accounting Policies** (continued)

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

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

Statement of Comprehensive Income	Under the FRS Framework RM'000	Effect of the Transition to MFRSs  MFRS 139 RM'000	Under the MFRS Framework RM'000
Group 2nd Quarter Ended 30 June 2011			
Profit for the period	891,444	74,528	965,972
Other comprehensive (loss) / income:			
Currency translation differences in respect of foreign operations	(2,717)		(2,717)
Currency translation differences in respect of net investment hedge	5,285		5,285
Net loss on revaluation of financial investments available-for-sale	(7,182)		(7,182)
Net change in cash flow hedges	(838)		(838)
Income tax relating to components of other comprehensive loss	2,142		2,142
Other comprehensive income for the period	(3,310)		(3,310)
Total comprehensive income for the period	<u>888,134</u>		<u>962,662</u>
Total comprehensive income for the period attributable to:			
- Equity holders of the Bank	877,285		951,813
- Non-controlling interests	10,849		10,849
	<u>888,134</u>		<u>962,662</u>

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**A31. Changes in Accounting Policies** (continued)

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

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

<b>Income Statement</b>	<b>Under the</b>	<b>Effect of the Transition to MFRSs</b>	<b>Under the</b>
<b>Group</b>	<b>FRS</b>		<b>MFRS</b>
<b>Half Year Ended 30 June 2011</b>	<b>Framework</b>	<b>MFRS 139</b>	<b>Framework</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	<u>6,162,261</u>		<u>6,162,261</u>
Interest income	4,530,839		4,530,839
Interest expense	<u>(2,085,002)</u>		<u>(2,085,002)</u>
Net interest income	2,445,837		2,445,837
Net income from Islamic banking business	<u>426,490</u>		<u>426,490</u>
	2,872,327		2,872,327
Net fee and commission income	557,524		557,524
Net gains and losses on financial instruments	77,241		77,241
Other operating income	<u>143,434</u>		<u>143,434</u>
Net income	3,650,526		3,650,526
Other operating expenses	<u>(1,091,458)</u>		<u>(1,091,458)</u>
Operating profit	2,559,068		2,559,068
Allowance for impairment on loans, advances and financing	(304,475)	174,554	(129,921)
Writeback of impairment on other assets	<u>628</u>		<u>628</u>
	2,255,221		2,429,775
Share of profit after tax of equity accounted associated companies	<u>5,213</u>		<u>5,213</u>
Profit before tax expense and zakat	2,260,434		2,434,988
Tax expense and zakat	<u>(530,361)</u>	(43,639)	<u>(574,000)</u>
Profit for the period	<u>1,730,073</u>		<u>1,860,988</u>
Profit for the period attributable to:			
- Equity holders of the Bank	1,708,029		1,838,944
- Non-controlling interests	<u>22,044</u>		<u>22,044</u>
	<u>1,730,073</u>		<u>1,860,988</u>
Earnings per RM1.00 share:			
- basic /diluted (sen)	<u>48.8</u>		<u>52.5</u>



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**A31. Changes in Accounting Policies** (continued)

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

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

<b>Statement of Comprehensive Income</b>	<b>Under the FRS Framework RM'000</b>	<b>Effect of the Transition to MFRSs  MFRS 139 RM'000</b>	<b>Under the MFRS Framework RM'000</b>
<b>Group Half Year Ended 30 June 2011</b>			
Profit for the period	<u>1,730,073</u>	130,915	<u>1,860,988</u>
Other comprehensive (loss) / income:			
Currency translation differences in respect of foreign operations	(67,577)		(67,577)
Currency translation differences in respect of net investment hedge	56,082		56,082
Net gain on revaluation of financial investments available-for-sale	22,929		22,929
Net change in cash flow hedges	(1,049)		(1,049)
Income tax relating to components of other comprehensive income	<u>(4,572)</u>		<u>(4,572)</u>
Other comprehensive income for the period	<u>5,813</u>		<u>5,813</u>
Total comprehensive income for the period	<u><u>1,735,886</u></u>		<u><u>1,866,801</u></u>
Total comprehensive income for the period attributable to:			
- Equity holders of the Bank	1,725,738		1,856,653
- Non-controlling interests	<u>10,148</u>		<u>10,148</u>
	<u><u>1,735,886</u></u>		<u><u>1,866,801</u></u>

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**A31. Changes in Accounting Policies** (continued)

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

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

<b>Income Statement</b>	<b>Under the FRS Framework RM'000</b>	<b>Effect of the Transition to MFRSs</b>	<b>Under the MFRS Framework RM'000</b>
<b>Bank 2nd Quarter Ended 30 June 2011</b>		<b>MFRS 139 RM'000</b>	
Operating revenue	<u>2,348,248</u>		<u>2,348,248</u>
Interest income	2,110,422		2,110,422
Interest expense	<u>(1,034,321)</u>		<u>(1,034,321)</u>
Net interest income	1,076,101		1,076,101
Net fee and commission income	113,108		113,108
Net gains and losses on financial instruments	41,283		41,283
Other operating income	<u>252,316</u>		<u>252,316</u>
Net income	1,482,808		1,482,808
Other operating expenses	<u>(379,033)</u>		<u>(379,033)</u>
Operating profit	1,103,775		1,103,775
Allowance for impairment on loans and advances	(93,171)	93,050	(121)
Writeback of impairment on other assets	<u>76</u>		<u>76</u>
Profit before tax expense and zakat	1,010,680		1,103,730
Tax expense and zakat	<u>(202,281)</u>	(23,263)	<u>(225,544)</u>
Profit for the period	<u><u>808,399</u></u>		<u><u>878,186</u></u>
<b>Statement of Comprehensive Income</b>	<b>Under the FRS Framework RM'000</b>	<b>Effect of the Transition to MFRSs</b>	<b>Under the MFRS Framework RM'000</b>
<b>Bank 2nd Quarter Ended 30 June 2011</b>		<b>MFRS 139 RM'000</b>	
Profit for the period	<u>808,399</u>	69,787	<u>878,186</u>
Other comprehensive (loss) / income:			
Net loss on revaluation of financial investments available-for-sale	(4,732)		(4,732)
Net change in cash flow hedges	(838)		(838)
Income tax relating to components of other comprehensive loss	<u>1,392</u>		<u>1,392</u>
Other comprehensive loss for the period	<u>(4,178)</u>		<u>(4,178)</u>
Total comprehensive income for the period	<u><u>804,221</u></u>		<u><u>874,008</u></u>

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**A31. Changes in Accounting Policies** (continued)

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

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

<b>Income Statement</b>	<b>Under the FRS Framework RM'000</b>	<b>Effect of the Transition to MFRSs</b>	<b>Under the MFRS Framework RM'000</b>
<b>Bank Half Year Ended 30 June 2011</b>		<b>MFRS 139 RM'000</b>	
Operating revenue	4,565,093		4,565,093
Interest income	4,099,091		4,099,091
Interest expense	(1,990,057)		(1,990,057)
Net interest income	2,109,034		2,109,034
Net fee and commission income	213,120		213,120
Net gains and losses on financial instruments	76,052		76,052
Other operating income	531,813		531,813
Net income	2,930,019		2,930,019
Other operating expenses	(744,944)		(744,944)
Operating profit	2,185,075		2,185,075
Allowance for impairment on loans and advances	(182,645)	166,059	(16,586)
Writeback of impairment on other assets	1,598		1,598
Profit before tax expense and zakat	2,004,028		2,170,087
Tax expense and zakat	(395,607)	(41,515)	(437,122)
Profit for the period	1,608,421		1,732,965
<b>Statement of Comprehensive Income</b>	<b>Under the FRS Framework RM'000</b>	<b>Effect of the Transition to MFRSs</b>	<b>Under the MFRS Framework RM'000</b>
<b>Bank Half Year Ended 30 June 2011</b>		<b>MFRS 139 RM'000</b>	
Profit for the period	1,608,421	124,544	1,732,965
Other comprehensive income / (loss):			
Net gain on revaluation of financial investments available-for-sale	13,304		13,304
Net change in cash flow hedges	(1,049)		(1,049)
Income tax relating to components of other comprehensive income	(3,064)		(3,064)
Other comprehensive income for the period	9,191		9,191
Total comprehensive income for the period	1,617,612		1,742,156

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**A31. Changes in Accounting Policies** (continued)

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

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

**(iv) Capital adequacy**

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

	<b>As at 31 December 2011</b>		<b>As at 1 January 2011</b>	
	<b>As previously stated: Under the FRS Framework</b>	<b>As restated: Under the MFRS Framework</b>	<b>As previously stated: Under the FRS Framework</b>	<b>As restated: Under the MFRS Framework</b>
<b>Group</b>				
Tier 1 capital (RM'000)	17,390,603	18,249,867	15,055,321	15,936,506
Capital base (RM'000)	25,939,832	25,416,082	20,273,695	19,992,123
<u>Before deducting proposed dividend</u>				
Tier 1 capital ratio (%)	10.7	11.2	10.7	11.3
Risk-weighted capital ratio (%)	15.9	15.6	14.4	14.2
<u>After deducting proposed dividend *</u>				
Tier 1 capital ratio (%)	10.1	10.6	10.0	10.6
Risk-weighted capital ratio (%)	15.3	15.0	13.7	13.5
<b>Bank</b>				
Tier 1 capital (RM'000)	17,369,073	18,216,433	15,322,051	16,188,592
Capital base (RM'000)	21,497,241	21,044,900	16,408,647	16,188,592
<u>Before deducting proposed dividend</u>				
Tier 1 capital ratio (%)	12.9	13.5	13.2	13.9
Risk-weighted capital ratio (%)	15.9	15.6	14.1	13.9
<u>After deducting proposed dividend *</u>				
Tier 1 capital ratio (%)	12.1	12.8	12.4	13.1
Risk-weighted capital ratio (%)	15.2	14.9	13.3	13.1

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

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

**B1. Performance Review**

**a) Current Year-to date vs. Previous Year-to-date**

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

As a result of the above change in accounting policy, the comparative results for the financial half year of 2011 have been restated as follows:

- i) Pre-tax profit: from RM2,260.4 million (previously reported) to RM2,435.0 million (restated).
- ii) Net profit attributable to equity holders: from RM1,708.0 million (previously reported) to RM1,838.9 million (restated).

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

The Group's pre-tax profit for the financial half year ended 30 June 2012 of RM2,485.9 million was RM50.9 million or 2.1% higher than the previous corresponding half year of RM2,435.0 million. Net profit attributable to equity holders improved by RM54.6 million or 3.0% to RM1,893.5 million. The improved earnings was mainly due to higher net interest and finance income by RM117.8 million (4.1%) and higher net fee and commission income by RM14.5 million (2.6%). In addition to the growth of income from various sources, impairment allowance on loans had shown a drop of RM16.3 million (12.6%) despite the higher loan base. These were partially offset by higher other operating expenses of RM96.3 million (8.8%) which was mainly due to the increase in personnel and establishment costs to support higher business volume.

The growth in the Group's net interest income and finance income was driven by continued healthy loans and customer deposits growth coupled with sustained strong asset quality. Gross loans had grown by 12.0% to RM187.3 billion as at 30 June 2012 as compared to RM167.2 billion as at 30 June 2011 mainly arising from property financing, financing of passenger vehicles and lending to small- and medium-sized enterprises ("SMEs"). Total deposits from customers had also grown by 12.4% or RM23.4 billion as compared to 30 June 2011 which partly contributed to the higher net interest income for the current period. The Group's impaired loan ratio had further improved to 0.75% from 0.86% as at the end of 2011.

The performance of the respective operating business segments for the half year ended 30 June 2012 as compared to the previous corresponding half year is analysed as follows:-

- 1) Retail Operations – The increase in pre-tax profit by RM65.4 million (4.6%) to RM1,493.3 million was mainly due to higher net interest income on higher average loan and deposit balances and higher fee income. This was partially offset by higher other operating expenses to support business growth and higher loan impairment allowance on larger loan base.
- 2) Hire purchase – Pre-tax profit increased by RM19.5 million (5.9%) to RM346.8 million, mainly due to higher net interest income on higher average loan balances partially offset by higher other operating expenses.
- 3) Corporate lending – Pre-tax profit increased by RM26.8 million (20.6%) to RM157.0 million was mainly due to higher net interest income, higher fee income and writeback of loan impairment allowance in the current period.
- 4) Treasury and capital market operations – The increase in pre-tax profit by RM14.9 million (18.0%) to RM97.9 million was mainly due to higher net interest income achieved on treasury gapping, funding and liquidity management activities.

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**B1. Performance Review (continued)**

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

- 5) Investment banking – Pre-tax profit decreased marginally by RM0.3 million (-1.1%) to RM25.1 million.
- 6) Fund management – Pre-tax profit increased by RM18.3 million (11.3%) to RM179.9 million mainly due to higher management fee earned on higher average net asset value of funds under management.
- 7) Overseas operations – Pre-tax profit increased by RM15.9 million (10.7%) to RM164.9 million mainly due to lower loan impairment allowance and higher net interest income, partially offset by lower other operating income and higher other operating expenses.

**b) Current Quarter vs. Previous Year Corresponding Quarter**

As a result of the change in accounting policy stated above, the comparative results for the 2nd quarter ended 30 June 2011 have been restated as follows:

- i) Pre-tax profit: from RM1,162.5 million (previously reported) to RM1,261.9 million (restated).
- ii) Net profit attributable to equity holders: from RM880.4 million (previously reported) to RM954.9 million (restated).

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

For the 2nd quarter ended 30 June 2012, the Group registered a pre-tax profit of RM1,240.3 million, a marginal drop of RM21.6 million or 1.7% as compared to the previous corresponding quarter. Net profit attributable to equity holders had decreased marginally by 0.2% or RM2.2 million over the same period. The marginal decrease in net profit was mainly due to the effect of narrowing interest margin resulting from market competition.

Performance of the respective operating business segments for the 2nd quarter ended 30 June 2012 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – Pre-tax profit decreased marginally by RM13.8 million (-1.8%) to RM744.4 million, mainly due to higher loan impairment allowance and higher other operating expenses. These were partially offset by higher net interest income and higher other operating income.
- 2) Hire purchase – Pre-tax profit increased by RM12.3 million (8.1%) to RM164.1 million, mainly due to higher net interest income partially offset by higher other operating expenses.
- 3) Corporate lending – Pre-tax profit increased by RM13.7 million (20.2%) to RM81.4 million, mainly due to higher fee income received.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM6.2 million (13.7%) to RM51.2 million, mainly due to higher interest margin earned on treasury gapping activities.
- 5) Investment banking – Pre-tax profit decreased by RM0.6 million (-5.3%) to RM10.7 million due to lower volume of stockbroking activities.
- 6) Fund management business – Pre-tax profit increased by RM8.3 million (9.9%) to RM92.2 million, due to higher management fee earned on higher average net asset value of funds under management.
- 7) Overseas Operations – The increase in pre-tax profit by RM15.7 million (21.4%) was mainly due to lower loan impairment allowance and higher net interest income in the current quarter. This was partially offset by higher other operating expenses.

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**B2. Variation of Results Against Preceding Quarter**

For the 2nd quarter ended 30 June 2012, the Group registered a pre-tax profit of RM1,240.3 million, a marginal drop of RM5.3 million or 0.4% as compared to the pre-tax profit of RM1,245.6 million for the preceding quarter ended 31 March 2012. This was mainly due to higher loan impairment allowance partially offset by higher revenue. Net profit attributable to equity holders had however grew by 1.3% or RM11.9 million over the same period.

**B3. Prospects for 2012**

Prospects for the global economy have slowly improved in the first half of 2012, but the downside risks remain due to the ongoing sovereign debt crisis in Europe and structural issues in the advanced economies. Also, a more rapid than expected slowdown in China poses an external risk for the region. Amid the increasingly challenging external environment, the Malaysian economy is expected to grow at a steady pace of 4 - 5% in 2012, supported by firm domestic demand.

The banking sector in Malaysia is expected to remain resilient with strong capitalisation and strong profitability and stable asset quality. The banking sector will continue to provide steady access to credit for households and businesses to further facilitate growth in the Malaysian economy. The capacity and capability of the sector will be enhanced further with the implementation of the new Financial Sector Blueprint 2011-2020.

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

Although growth of the automotive industry is expected to be moderate in 2012, the Public Bank Group will continue to grow its vehicle hire purchase financing business and is expected to maintain its leading position in the industry, by leveraging on its competitive edge in this segment.

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

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

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

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

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**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 2012 are as follows:

<b><u>Group</u></b>	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>269,360</b>	262,967	<b>559,536</b>	535,554
Overseas income tax	<b>19,347</b>	17,527	<b>33,750</b>	30,346
	<b>288,707</b>	280,494	<b>593,286</b>	565,900
Under / (Over) provision in prior years				
- Malaysian income tax	<b>279</b>	(149)	<b>725</b>	(148)
- Overseas income tax	<b>723</b>	(1,167)	<b>523</b>	(1,369)
	<b>289,709</b>	279,178	<b>594,534</b>	564,383
Deferred tax expense				
- Relating to origination and reversal of temporary differences	<b>(13,101)</b>	16,690	<b>(21,152)</b>	9,458
Tax expense	<b>276,608</b>	295,868	<b>573,382</b>	573,841
Zakat	<b>82</b>	80	<b>165</b>	159
	<b>276,690</b>	295,948	<b>573,547</b>	574,000

The Group's effective tax rates for the 2nd quarter and financial half year ended 30 June 2012 and 30 June 2011 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

<b><u>Bank</u></b>	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>217,186</b>	213,190	<b>452,619</b>	432,377
Overseas income tax	<b>580</b>	490	<b>1,135</b>	1,096
	<b>217,766</b>	213,680	<b>453,754</b>	433,473
Under / (over) provision in prior years				
- Overseas income tax	<b>547</b>	-	<b>347</b>	(202)
	<b>218,313</b>	213,680	<b>454,101</b>	433,271
Deferred tax expense				
- Relating to origination and reversal of temporary differences	<b>(7,767)</b>	11,864	<b>(11,858)</b>	3,851
	<b>210,546</b>	225,544	<b>442,243</b>	437,122

The Bank's effective tax rate for the 2nd quarter and financial half year ended 30 June 2012 and 30 June 2011 were lower than the statutory tax rate due to certain income not subject to tax.



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**B6. Status of Corporate Proposals Announced but Not Completed**

There were no corporate proposals announced but not completed as at 30 June 2012.

**B7. Status of Utilisation of Proceeds Raised from Corporate Proposals**

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

**B8. Realised and Unrealised Profits**

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

	<b>Group</b>	
	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	<b>9,130,224</b>	8,231,095
- Unrealised	<b>65,097</b>	37,650
	<b>9,195,321</b>	8,268,745
Total share of retained profits from associated companies:		
- Realised	<b>8,771</b>	6,433
- Unrealised	<b>-</b>	-
	<b>9,204,092</b>	8,275,178
Less: Consolidation adjustments	<b>(1,014,999)</b>	(998,370)
Total Group retained profits as per consolidated accounts	<b>8,189,093</b>	7,276,808
	<b>Bank</b>	
	<b>30 June 2012 RM'000</b>	<b>31 December 2011 RM'000</b>
Total retained profits of Public Bank Berhad:		
- Realised	<b>7,736,120</b>	6,899,270
- Unrealised	<b>(32,431)</b>	(46,952)
Total Bank retained profits as per accounts	<b>7,703,689</b>	6,852,318

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

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

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

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	111,474,388	106,415,441	86,997,892	82,417,034
More than one year	250,827	157,543	85,063	103,984
- Negotiable instruments of deposits				
One year or less	1,388,738	2,264,308	220,600	733,999
More than one year	18,251	18,719	18,251	18,719
- Money market deposits				
One year or less	44,922,503	40,589,452	40,966,212	35,471,442
- Savings deposits	23,240,608	21,959,727	16,455,445	15,476,427
- Demand deposits	30,183,972	28,763,993	26,280,065	24,963,764
- Others	181,552	201,342	179,824	199,070
	<u>211,660,839</u>	<u>200,370,525</u>	<u>171,203,352</u>	<u>159,384,439</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>15,192,797</u>	<u>15,806,732</u>	<u>15,528,798</u>	<u>16,717,349</u>
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	<u>900,189</u>	<u>895,084</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	-	1,289,818	-	1,289,818
Subordinated notes denominated in RM (unsecured)				
- More than one year	<u>4,982,848</u>	<u>4,966,920</u>	<u>4,982,848</u>	<u>4,966,920</u>
	<u>4,982,848</u>	<u>6,256,738</u>	<u>4,982,848</u>	<u>6,256,738</u>
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	758,520	723,422	758,520	723,422
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	<u>1,249,502</u>	<u>1,245,374</u>	<u>1,249,502</u>	<u>1,245,374</u>
	<u>2,008,022</u>	<u>1,968,796</u>	<u>2,008,022</u>	<u>1,968,796</u>
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	<u>2,231,780</u>	<u>2,197,215</u>	<u>2,231,780</u>	<u>2,197,215</u>
	<u>10,122,839</u>	<u>11,317,833</u>	<u>9,222,650</u>	<u>10,422,749</u>

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**B10. Changes in Material Litigation**

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

**B11. Dividends**

(a) (i) A first interim single tier dividend of 20% for the financial year ending 31 December 2012, amounting to RM700,425,026 computed based on the outstanding issued and paid-up share capital excluding treasury shares as at 30 June 2012, has been declared by the directors;

(ii) Amount per share : Single tier dividend of 20.0 sen;

(iii) Entitlement date: 7 August 2012;

(iv) Payment date: 15 August 2012.

(b) Total dividend paid for the previous financial half year ended 30 June 2011:  
- First interim single tier dividend of 20.0 sen.

**B12. Earnings Per Share**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>(Restated)</b>		<b>(Restated)</b>
Net profit attributable to equity holders (RM'000)	<u><b>952,698</b></u>	<u>954,883</u>	<u><b>1,893,510</b></u>	<u>1,838,944</u>
Weighted average number of PBB Shares ('000)	<u><b>3,502,125</b></u>	<u>3,502,135</u>	<u><b>3,502,125</b></u>	<u>3,502,137</u>
Basic earnings per share (sen)	<u><b>27.2</b></u>	<u>27.3</u>	<u><b>54.1</b></u>	<u>52.5</u>

**Diluted**

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