

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
ASSETS				
Cash and balances with banks	25,785,514	34,690,439	17,488,269	27,172,447
Reverse repurchase agreements	8,303,644	365,877	7,801,943	10,737
Financial assets held-for-trading	8,306,425	6,360,620	8,256,494	5,812,736
Derivative financial assets	325,193	326,622	324,487	322,596
Financial investments available-for-sale	11,048,481	17,852,284	9,304,124	14,269,479
Financial investments held-to-maturity	7,256,743	5,229,617	5,853,614	5,230,399
Loans, advances and financing	164,427,127	153,982,980	135,113,673	125,062,183
Other assets	2,257,502	1,995,880	1,715,392	1,703,642
Statutory deposits with Central Banks	3,710,453	1,612,575	2,882,894	1,106,330
Deferred tax assets	546,675	519,215	451,070	416,470
Investment in subsidiary companies	-	-	3,888,581	3,888,581
Investment in associated companies	161,688	118,624	121,325	101,325
Investment properties	64,783	65,552	-	-
Property and equipment	1,251,697	1,278,319	594,397	617,544
Intangible assets	1,908,309	1,930,372	695,393	695,393
TOTAL ASSETS	235,354,234	226,328,976	194,491,656	186,409,862
LIABILITIES				
Deposits from customers	188,296,840	176,872,119	150,154,659	140,789,266
Deposits from banks	18,360,067	21,327,476	19,739,092	21,069,781
Bills and acceptances payable	1,788,798	2,308,836	1,891,130	2,450,006
Recourse obligations on loans sold to				
Cagamas	13,955	16,319	13,955	16,319
Derivative financial liabilities	271,917	375,529	233,245	340,995
Debt securities issued and other				
borrowed funds	8,032,311	8,094,880	7,182,155	7,196,528
Other liabilities	3,302,755	2,839,874	1,742,730	1,675,651
Provision for tax expense and zakat	801,610	800,464	551,283	568,565
Deferred tax liabilities	7,665	8,391	-	-
TOTAL LIABILITIES	220,875,918	212,643,888	181,508,249	174,107,111

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 2010.

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	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
EQUITY				
Share capital	3,531,926	3,531,926	3,531,926	3,531,926
Reserves	10,505,194	9,716,277	9,666,919	8,986,128
Treasury shares	(215,438)	(215,303)	(215,438)	(215,303)
Equity attributable to equity holders of the Bank	13,821,682	13,032,900	12,983,407	12,302,751
Non-controlling interests	656,634	652,188	-	-
TOTAL EQUITY	14,478,316	13,685,088	12,983,407	12,302,751
TOTAL LIABILITIES AND EQUITY	235,354,234	226,328,976	194,491,656	186,409,862
COMMITMENTS AND CONTINGENCIES	72,122,888	69,205,908	67,490,606	64,532,682
CAPITAL ADEQUACY				
<u>Before deducting interim dividends</u>				
Tier I Capital Ratio	10.2%	10.7%	12.5%	13.2%
Risk-Weighted Capital Ratio	13.7%	14.4%	13.4%	14.1%
<u>After deducting interim dividends</u>				
Tier I Capital Ratio	9.7%	10.0%	11.9%	12.4%
Risk-Weighted Capital Ratio	13.2%	13.7%	12.9%	13.3%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	3.95	3.72	3.71	3.51

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Operating revenue	3,170,654	2,679,261	6,162,261	5,187,020
Interest income	2,320,271	1,962,379	4,530,839	3,789,876
Interest expense	(1,076,406)	(822,958)	(2,085,002)	(1,570,988)
Net interest income	1,243,865	1,139,421	2,445,837	2,218,888
Net income from Islamic banking business	227,305	198,441	426,490	383,635
	1,471,170	1,337,862	2,872,327	2,602,523
Net fee and commission income	287,231	245,431	557,524	483,854
Net gains and losses on financial instruments	46,800	28,459	77,241	59,766
Other operating income	72,612	76,900	143,434	146,739
Net income	1,877,813	1,688,652	3,650,526	3,292,882
Other operating expenses	(552,856)	(533,763)	(1,091,458)	(1,076,498)
Operating profit	1,324,957	1,154,889	2,559,068	2,216,384
Allowance for impairment on loans, advances and financing	(164,287)	(174,697)	(304,475)	(314,459)
Impairment on other assets	23	(730)	628	(2,522)
	1,160,693	979,462	2,255,221	1,899,403
Share of profit after tax of equity accounted associated companies	1,855	2,519	5,213	5,153
Profit before tax expense and zakat	1,162,548	981,981	2,260,434	1,904,556
Tax expense and zakat	(271,104)	(234,962)	(530,361)	(459,883)
Profit for the period	891,444	747,019	1,730,073	1,444,673
Profit for the period attributable to :				
- Equity holders of the Bank	880,355	734,079	1,708,029	1,419,334
- Non-controlling interests	11,089	12,940	22,044	25,339
	891,444	747,019	1,730,073	1,444,673
Earnings per RM1.00 share:				
- basic / diluted (sen)	25.1	21.0	48.8	40.7

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 2010.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Profit for the period	891,444	747,019	1,730,073	1,444,673
Other comprehensive (loss) / income:				
Currency translation differences in respect of foreign operations	(2,717)	(37,747)	(67,577)	(213,630)
Currency translation differences in respect of net investment hedge	5,285	23,705	56,082	157,943
Net (loss) / gain on revaluation of financial investments available-for-sale	(7,182)	(28,347)	22,929	(14,051)
Net change in cash flow hedges	(838)	(1,558)	(1,049)	(2,988)
Income tax relating to components of other comprehensive income	2,142	6,466	(4,572)	3,546
Other comprehensive (loss) / income for the period, net of tax	(3,310)	(37,481)	5,813	(69,180)
Total comprehensive income for the period	888,134	709,538	1,735,886	1,375,493
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the Bank	877,285	704,484	1,725,738	1,391,398
- Non-controlling interests	10,849	5,054	10,148	(15,905)
	888,134	709,538	1,735,886	1,375,493

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 2010.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Operating revenue	2,348,248	1,942,834	4,565,093	3,777,221
Interest income	2,110,422	1,718,528	4,099,091	3,299,621
Interest expense	(1,034,321)	(760,335)	(1,990,057)	(1,443,526)
Net interest income	1,076,101	958,193	2,109,034	1,856,095
Net fee and commission income	113,108	98,337	213,120	175,546
Net gains and losses on financial instruments	41,283	31,787	76,052	64,778
Other operating income	252,316	214,984	531,813	493,886
Net income	1,482,808	1,303,301	2,930,019	2,590,305
Other operating expenses	(379,033)	(367,824)	(744,944)	(739,237)
Operating profit	1,103,775	935,477	2,185,075	1,851,068
Allowance for impairment on loans, advances and financing	(93,171)	(98,746)	(182,645)	(179,545)
Impairment on other assets	76	(731)	1,598	(2,449)
Profit before tax expense and zakat	1,010,680	836,000	2,004,028	1,669,074
Tax expense and zakat	(202,281)	(175,314)	(395,607)	(342,520)
Profit for the period	808,399	660,686	1,608,421	1,326,554

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 2010.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
<u>Bank</u>	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	808,399	660,686	1,608,421	1,326,554
Other comprehensive (loss) / income:				
Net (loss) / gain on revaluation of financial investments available-for-sale	(4,732)	(20,130)	13,304	(9,367)
Net change in cash flow hedges	(838)	(1,558)	(1,049)	(2,988)
Income tax relating to components of other comprehensive income	1,392	5,780	(3,064)	3,089
Other comprehensive (loss) / income for the period, net of tax	(4,178)	(15,908)	9,191	(9,266)
Total comprehensive income for the period	804,221	644,778	1,617,612	1,317,288

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 2010

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

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

<u>Group</u>	<u>Non-distributable</u>			<u>Distributable</u>		<u>Total</u> <u>Shareholders'</u> <u>Equity</u> <u>RM'000</u>	<u>Non-</u> <u>controlling</u> <u>Interests</u> <u>RM'000</u>	<u>Total</u> <u>Equity</u> <u>RM'000</u>
	<u>Share</u> <u>Capital</u> <u>RM'000</u>	<u>Share</u> <u>Premium</u> <u>RM'000</u>	<u>Other</u> <u>Reserves</u> <u>RM'000</u>	<u>Reserves</u> <u>Retained</u> <u>Profits</u> <u>RM'000</u>	<u>Treasury</u> <u>Shares</u> <u>RM'000</u>			
At 1 January 2011	3,531,926	1,073,310	3,888,562	4,754,405	(215,303)	13,032,900	652,188	13,685,088
Profit for the period	-	-	-	1,708,029	-	1,708,029	22,044	1,730,073
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	-	-	17,709	1,708,029	-	1,725,738	10,148	1,735,886
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	3,531,926	1,073,310	4,050,333	5,381,551	(215,438)	13,821,682	656,634	14,478,316

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

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

<u>Group</u>	<u>Non-distributable</u>			<u>Distributable</u>		<u>Total</u> <u>Shareholders'</u> <u>Equity</u> <u>RM'000</u>	<u>Non-</u> <u>controlling</u> <u>Interests</u> <u>RM'000</u>	<u>Total</u> <u>Equity</u> <u>RM'000</u>
	<u>Share</u> <u>Capital</u> <u>RM'000</u>	<u>Share</u> <u>Premium</u> <u>RM'000</u>	<u>Other</u> <u>Reserves</u> <u>RM'000</u>	<u>Reserves</u> <u>Retained</u> <u>Profits</u> <u>RM'000</u>	<u>Treasury</u> <u>Shares</u> <u>RM'000</u>			
At 1 January 2010	3,531,926	1,439,885	3,787,271	3,094,387	(581,638)	11,271,831	699,287	11,971,118
Profit for the period	-	-	-	1,419,334	-	1,419,334	25,339	1,444,673
Currency translation differences in respect of foreign operations	-	-	(172,386)	-	-	(172,386)	(41,244)	(213,630)
Currency translation differences in respect of net investment hedge	-	-	157,943	-	-	157,943	-	157,943
Net loss on revaluation of financial investments available-for-sale	-	-	(14,051)	-	-	(14,051)	-	(14,051)
Net change in cash flow hedges	-	-	(2,988)	-	-	(2,988)	-	(2,988)
Income tax relating to component of other comprehensive income	-	-	3,546	-	-	3,546	-	3,546
Total comprehensive (loss) / income for the period	-	-	(27,936)	1,419,334	-	1,391,398	(15,905)	1,375,493
Transactions with owners:								
Buy-back of shares	-	-	-	-	(118)	(118)	-	(118)
Transfer to statutory reserves	-	-	56,242	(56,242)	-	-	-	-
Transfer to regulatory reserves	-	-	6,272	(6,272)	-	-	-	-
Dividends paid	-	-	-	(647,143)	-	(647,143)	(6,112)	(653,255)
Share dividends	-	(366,575)	-	-	366,575	-	-	-
At 30 June 2010	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,821,849</u>	<u>3,804,064</u>	<u>(215,181)</u>	<u>12,015,968</u>	<u>677,270</u>	<u>12,693,238</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

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

	<u>Non-distributable</u>			<u>Distributable</u>		<u>Total</u>
	<u>Share</u>	<u>Share</u>	<u>Other</u>	<u>Retained</u>	<u>Treasury</u>	
<u>Bank</u>	<u>Capital</u>	<u>Premium</u>	<u>Reserves</u>	<u>Profits</u>	<u>Shares</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2011	3,531,926	1,073,310	3,538,614	4,374,204	(215,303)	12,302,751
Profit for the period	-	-	-	1,608,421	-	1,608,421
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>1,608,421</u>	<u>-</u>	<u>1,617,612</u>
Transactions with owners:						
Buy-back of shares	-	-	-	-	(135)	(135)
Dividends paid	-	-	-	(936,821)	-	(936,821)
At 30 June 2011	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,547,805</u>	<u>5,045,804</u>	<u>(215,438)</u>	<u>12,983,407</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

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

Bank	Non-distributable			Distributable		Total
	Share Capital	<u>Reserves</u>		<u>Reserves</u>		
	RM'000	Share Premium	Other Reserves	Retained Profits	Treasury Shares	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	3,531,926	1,439,885	3,513,672	2,746,439	(581,638)	10,650,284
Profit for the period	-	-	-	1,326,554	-	1,326,554
Net loss on revaluation of financial investments available-for-sale	-	-	(9,367)	-	-	(9,367)
Net change in cash flow hedges	-	-	(2,988)	-	-	(2,988)
Income tax relating to component of other comprehensive income	-	-	3,089	-	-	3,089
Total comprehensive (loss) / income for the period	-	-	(9,266)	1,326,554	-	1,317,288
Transactions with owners:						
Buy-back of shares	-	-	-	-	(118)	(118)
Dividends paid	-	-	-	(647,143)	-	(647,143)
Share dividends	-	(366,575)	-	-	366,575	-
At 30 June 2010	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,504,406</u>	<u>3,425,850</u>	<u>(215,181)</u>	<u>11,320,311</u>

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PUBLIC BANK BERHAD
(6463 - H)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2011

	Group		Bank	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Profit before tax expense and zakat	2,260,434	1,904,556	2,004,028	1,669,074
Adjustments for non-cash items	365,325	400,936	(164,717)	(142,962)
Operating profit before changes in working capital	2,625,759	2,305,492	1,839,311	1,526,112
Changes in working capital:				
Net changes in operating assets	(21,664,232)	(11,184,560)	(21,207,543)	(10,325,992)
Net changes in operating liabilities	8,403,380	822,923	7,423,271	943,213
Tax expense and zakat paid	(563,355)	(228,890)	(450,512)	(168,853)
Net cash used in operating activities	(11,198,448)	(8,285,035)	(12,395,473)	(8,025,520)
Net cash generated from / (used in) investing activities	4,810,989	(3,961,724)	4,760,488	(4,829,314)
Net cash used in financing activities	(990,854)	(681,203)	(936,956)	(647,262)
Net change in cash and cash equivalents	(7,378,313)	(12,927,962)	(8,571,941)	(13,502,096)
Cash and cash equivalents at beginning of the year	32,082,569	43,480,452	24,691,629	31,868,626
Exchange differences on translation of opening balances	(83,327)	(344,660)	-	-
Cash and cash equivalents at end of the period (Note)	24,620,929	30,207,830	16,119,688	18,366,530
Note:				
Cash and balances with banks	25,785,514	31,088,701	17,488,269	19,919,084
Less: Balances with banks with maturity more than one month	(1,164,585)	(880,871)	(1,368,581)	(1,552,554)
Cash and cash equivalents at end of the period	24,620,929	30,207,830	16,119,688	18,366,530

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 2010.

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Part A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 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 2011 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 FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2010. 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 2010.

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.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSs, IC Interpretations and Technical Release ("TR"):

Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments
TR i-4	Shariah Compliant Sale Contracts
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	

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A1. Basis of Preparation (Continued)

The adoption of the revised FRS 3 and FRS 127, will potentially have a financial impact on the Group and the Bank as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements. The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is remeasured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

The revised FRS 3 introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill is measured as the difference between the aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the net identifiable assets acquired. Any negative goodwill (ie. bargain purchase) is recognised in the income statement. Any consideration transferred in a business combination is measured at fair value as at the acquisition date. There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group and the Bank.

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group and the Bank. The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and Technical Release above generally did not have any material impact on the financial results of the Group and the Bank, as they mainly deal with accounting policies affecting transactions which do not form part of the Group's and the Bank's normal business operations or transactions where the Group or the Bank only has minimal exposure.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Bank:

Effective for annual periods commencing on or after 1 July 2011:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
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Effective for annual periods commencing on or after 1 January 2012:

FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

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A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2010 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 2011.

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 2011.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 2nd quarter and financial half year ended 30 June 2011.

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 ("PBB"):

Share Buy-back

On 14 March 2011, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial half year ended 30 June 2011, the Bank bought back from the open market, 10,000 PBB Shares listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM13.40 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial half year ended 30 June 2011, including transaction costs, was RM135,000 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 30 June 2011, the total shares bought back, all of which are held as treasury shares, amounted to 29,790,704 PBB Shares. None of the treasury shares held were resold or cancelled during the financial half year ended 30 June 2011.

A7. Dividends Paid and Distributed

During the financial half year ended 30 June 2011, the second interim franked dividend of 25% less 25% tax and the single tier cash dividend of 8% in respect of the financial year ended 31 December 2010, amounting to RM936,821,025 was paid on 23 February 2011.

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A8. Financial Assets Held-for-trading

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	9,712	-	9,712	-
Malaysian Government Securities	123,297	75,734	123,297	75,734
Malaysian Government Investment Certificates	276,040	-	184,820	-
Bank Negara Malaysia Monetary Notes	707,849	412,508	707,849	412,508
Bank Negara Malaysia Bills	93,917	99,803	-	-
	<u>1,210,815</u>	<u>588,045</u>	<u>1,025,678</u>	<u>488,242</u>
Money market instruments:				
Negotiable instruments of deposit	<u>6,778,494</u>	<u>5,622,472</u>	<u>7,229,944</u>	<u>5,323,626</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares in Malaysia	872	868	872	868
Debt securities:				
- Cagamas bonds	15,221	15,134	-	-
- Unquoted private debt securities	301,023	134,101	-	-
	<u>317,116</u>	<u>150,103</u>	<u>872</u>	<u>868</u>
Total financial assets held-for-trading	<u>8,306,425</u>	<u>6,360,620</u>	<u>8,256,494</u>	<u>5,812,736</u>

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A9. Financial Investments Available-for-sale

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Securities	500,513	2,115,849	500,513	2,105,763
Malaysian Government Investment Certificates	424,750	2,002,864	189,665	1,199,611
Bank Negara Malaysia Monetary Notes	3,207,465	5,485,605	2,703,269	4,568,078
Bank Negara Malaysia Bills	-	1,063,115	-	-
	<u>4,132,728</u>	<u>10,667,433</u>	<u>3,393,447</u>	<u>7,873,452</u>
Money market instruments:				
Negotiable instruments of deposit	-	-	-	272,599
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks in Malaysia	41,919	37,212	41,237	34,947
- Quoted shares and convertible loan stocks outside Malaysia	9,682	8,674	-	-
- Unquoted shares	107,667	108,193	104,007	104,479
Debt securities:				
- Unquoted private debt securities	2,016,600	2,358,606	1,554,258	1,833,351
Unit trust funds:				
- Public Institutional Bond Fund	1,637,052	1,609,313	1,531,084	1,505,140
- Others	3,102,833	3,062,853	2,680,091	2,645,511
	<u>6,915,753</u>	<u>7,184,851</u>	<u>5,910,677</u>	<u>6,123,428</u>
Total financial investments available-for-sale	<u>11,048,481</u>	<u>17,852,284</u>	<u>9,304,124</u>	<u>14,269,479</u>

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A10. Financial Investments Held-to-maturity

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	9,743	3,654	9,743	3,654
Malaysian Government Securities	1,765,182	1,933,735	1,633,927	1,772,055
Malaysian Government Investment Certificates	623,772	549,330	623,772	549,330
Foreign Government Treasury Bills	532,645	515,429	125,278	80,010
	<u>2,931,342</u>	<u>3,002,148</u>	<u>2,392,720</u>	<u>2,405,049</u>
Money market instruments:				
Negotiable instruments of deposit	1,172,243	1,010,727	1,718,476	2,689,862
Bankers' acceptances and Islamic accepted bills	2,276,770	492,166	1,572,688	-
	<u>3,449,013</u>	<u>1,502,893</u>	<u>3,291,164</u>	<u>2,689,862</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	5,059	5,059	5,059	5,059
- Unquoted private debt securities	872,423	729,530	165,765	140,442
	<u>877,482</u>	<u>734,589</u>	<u>170,824</u>	<u>145,501</u>
Accumulated impairment losses	(1,094)	(10,013)	(1,094)	(10,013)
Total financial investments held-to-maturity	<u>7,256,743</u>	<u>5,229,617</u>	<u>5,853,614</u>	<u>5,230,399</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	9,647,309	9,597,674	8,637,911	8,500,942
Term loans				
- Housing loans / financing	47,445,866	43,891,024	41,388,447	38,382,386
- Syndicated term loan / financing	2,419,883	2,871,817	998,316	1,635,281
- Hire purchase receivables	37,028,105	35,328,422	27,054,729	24,839,999
- Other term loans / financing	60,278,185	54,989,863	48,998,942	44,069,685
Credit card receivables	1,372,042	1,348,902	1,362,946	1,340,914
Bills receivables	101,538	108,856	75,758	95,828
Trust receipts	375,944	377,087	321,139	329,412
Claims on customers under acceptance credits	3,788,922	3,582,630	3,777,652	3,572,220
Revolving credits	3,667,015	3,486,986	3,764,572	3,473,437
Staff loans *	1,025,556	960,811	962,992	903,078
Gross loans, advances and financing	<u>167,150,365</u>	156,544,072	<u>137,343,404</u>	127,143,182
Allowance for impaired loans and financing:				
- collective assessment allowance	(2,460,682)	(2,296,158)	(2,069,396)	(1,914,653)
- individual assessment allowance	(262,556)	(264,934)	(160,335)	(166,346)
Net loans, advances and financing	<u><u>164,427,127</u></u>	<u><u>153,982,980</u></u>	<u><u>135,113,673</u></u>	<u><u>125,062,183</u></u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,496,107 (2010: RM3,505,221) and RM2,920,899 (2010 - RM2,891,154) respectively.

A11a. By class

	Group		Bank	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	RM'000	RM'000	RM'000	RM'000
Retail loans / financing				
- Housing loans / financing	47,445,866	43,891,024	41,388,447	38,382,386
- Hire purchase	37,028,105	35,328,422	27,054,729	24,839,999
- Credit cards	1,372,042	1,348,902	1,362,946	1,340,914
- Other loans / financing *	56,524,172	52,904,601	48,187,703	44,786,687
	<u>142,370,185</u>	133,472,949	<u>117,993,825</u>	109,349,986
Corporate loans / financing	24,780,180	23,071,123	19,349,579	17,793,196
	<u><u>167,150,365</u></u>	<u><u>156,544,072</u></u>	<u><u>137,343,404</u></u>	<u><u>127,143,182</u></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 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Banking institutions	550,704	92,478	393,642	-
Non-bank financial institutions				
- Stock-broking companies	2,019	2,010	2,019	2,010
- Others	6,887,971	5,751,848	6,679,347	5,530,247
Business enterprises				
- Small and medium enterprises	30,179,837	28,022,864	27,288,108	25,109,061
- Others	22,504,265	22,226,128	17,860,017	17,595,432
Government and statutory bodies	325,333	326,226	418	371
Individuals	104,859,952	98,089,469	83,415,216	77,045,005
Other entities	29,786	30,207	26,740	27,340
Foreign entities	1,810,498	2,002,842	1,677,897	1,833,716
	<u>167,150,365</u>	<u>156,544,072</u>	<u>137,343,404</u>	<u>127,143,182</u>

A11c. By interest / profit rate sensitivity

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Fixed rate				
- Housing loans / financing	1,637,975	1,928,071	783,495	1,005,466
- Hire purchase receivables	35,610,967	33,750,002	27,045,510	24,832,082
- Other fixed rate loans / financing	16,683,078	16,155,876	9,158,355	8,827,158
Variable rate				
- Base lending rate plus	89,997,952	83,051,326	86,916,510	80,438,068
- Cost plus	13,580,556	12,370,856	12,897,160	11,565,882
- Other variable rates	9,639,837	9,287,941	542,374	474,526
	<u>167,150,365</u>	<u>156,544,072</u>	<u>137,343,404</u>	<u>127,143,182</u>

A11d. By residual contractual maturity

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Maturity within one year	26,553,549	25,130,683	22,542,551	21,330,140
More than one year to three years	16,138,299	16,618,501	12,280,582	12,363,350
More than three years to five years	20,062,044	18,258,072	15,979,127	14,188,733
More than five years	104,396,473	96,536,816	86,541,144	79,260,959
	<u>167,150,365</u>	<u>156,544,072</u>	<u>137,343,404</u>	<u>127,143,182</u>

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Malaysia	154,227,413	143,821,595	137,050,800	126,889,859
Hong Kong SAR and the People's Republic of China	10,906,653	10,699,655	-	-
Cambodia	1,723,695	1,769,499	-	-
Other countries	292,604	253,323	292,604	253,323
	<u>167,150,365</u>	<u>156,544,072</u>	<u>137,343,404</u>	<u>127,143,182</u>

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Purchase of securities	1,983,923	2,445,735	1,859,411	2,302,077
Purchase of transport vehicles	37,282,811	35,560,624	27,288,843	25,044,969
Purchase of landed properties	84,556,729	77,877,177	74,591,164	68,574,344
(of which: - residential	48,158,189	44,440,429	42,135,937	38,942,235
- non-residential)	36,398,540	33,436,748	32,455,227	29,632,109
Purchase of fixed assets (excluding landed properties)	259,441	282,626	245,293	276,826
Personal use	9,336,896	9,035,621	4,064,136	4,018,917
Credit card	1,372,042	1,348,902	1,362,946	1,340,914
Purchase of consumer durables	16,131	16,351	12,590	13,110
Construction	1,570,197	1,490,749	982,914	910,135
Mergers and acquisitions	1,411,479	8,183	1,411,479	8,183
Working capital	23,322,425	22,321,467	19,755,478	18,781,703
Other purpose	6,038,291	6,156,637	5,769,150	5,872,004
	<u>167,150,365</u>	<u>156,544,072</u>	<u>137,343,404</u>	<u>127,143,182</u>

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Agriculture, hunting, forestry and fishing	2,446,938	3,119,426	2,207,582	2,890,865
Mining and quarrying	122,326	120,644	114,558	112,315
Manufacturing	7,624,612	7,100,555	6,767,537	6,457,253
Electricity, gas and water	332,238	348,775	304,621	299,389
Construction	5,775,682	6,027,594	5,011,524	5,237,417
Wholesale & retail trade and restaurants & hotels	14,982,719	14,258,932	13,849,633	13,100,713
Transport, storage and communication	1,929,271	1,952,217	1,344,212	1,366,257
Finance, insurance and business services	11,362,117	10,173,718	10,198,105	9,055,447
Real estate	13,683,806	12,664,808	10,987,984	9,745,025
Community, social and personal services	2,763,426	1,484,692	2,380,235	1,097,004
Households	105,290,838	98,534,420	83,876,046	77,486,033
Others	836,392	758,291	301,367	295,464
	<u>167,150,365</u>	<u>156,544,072</u>	<u>137,343,404</u>	<u>127,143,182</u>

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

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Bankers' acceptances rediscounted	<u>993,888</u>	<u>1,707,306</u>	<u>991,342</u>	<u>1,706,661</u>

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

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
At 1 January	1,784,277	1,892,223	1,401,321	1,375,631
Impaired during the period / year	1,299,874	3,006,563	965,579	2,352,332
Reclassified as non-impaired	(1,073,296)	(2,263,308)	(908,905)	(1,929,911)
Recoveries	(158,555)	(263,362)	(109,663)	(181,379)
Amount written off	(234,860)	(516,878)	(94,135)	(184,565)
Loans converted to foreclosed properties / investments	(7,704)	(30,435)	(6,688)	(28,670)
Exchange differences	(4,706)	(40,526)	(260)	(2,117)
Closing balance	<u>1,605,030</u>	<u>1,784,277</u>	<u>1,247,249</u>	<u>1,401,321</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.96%</u>	<u>1.14%</u>	<u>0.91%</u>	<u>1.10%</u>

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Malaysia	1,431,875	1,579,947	1,239,672	1,387,671
Hong Kong SAR and the People's Republic of China	112,486	131,135	-	-
Cambodia	53,092	59,545	-	-
Other countries	7,577	13,650	7,577	13,650
	<u>1,605,030</u>	<u>1,784,277</u>	<u>1,247,249</u>	<u>1,401,321</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Purchase of securities	6,488	7,596	6,480	7,588
Purchase of transport vehicles	298,461	278,520	225,185	205,589
Purchase of landed properties	694,274	789,082	608,512	704,487
(of which: - residential	466,658	500,289	420,648	449,634
- non-residential)	227,616	288,793	187,864	254,853
Purchase of fixed assets (excluding landed properties)	6,204	9,041	6,081	8,918
Personal use	163,367	172,963	49,355	54,842
Credit card	24,827	27,296	24,741	27,290
Purchase of consumer durables	51	104	8	104
Construction	31,281	14,677	16,206	14,677
Working capital	340,876	442,712	271,783	335,777
Other purpose	39,201	42,286	38,898	42,049
	<u>1,605,030</u>	<u>1,784,277</u>	<u>1,247,249</u>	<u>1,401,321</u>

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A11. Loans, Advances and Financing (continued)

A11i. Impaired loans, advances and financing by sectors

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Agriculture, hunting, forestry and fishing	16,199	16,545	16,117	16,407
Mining and quarrying	252	1,287	218	215
Manufacturing	167,723	198,787	136,824	160,018
Electricity, gas and water	1,444	1,579	-	-
Construction	125,860	147,581	110,072	146,236
Wholesale & retail trade and restaurants & hotels	110,224	140,202	105,970	125,235
Transport, storage and communication	152,638	151,498	140,458	145,537
Finance, insurance and business services	58,784	89,454	33,250	50,318
Real estate	74,223	105,459	42,614	76,781
Community, social and personal services	16,086	13,701	16,072	13,569
Households	873,675	901,532	643,870	665,025
Others	7,922	16,652	1,784	1,980
	<u>1,605,030</u>	<u>1,784,277</u>	<u>1,247,249</u>	<u>1,401,321</u>

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

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
<u>Collective Assessment Allowance</u>				
At 1 January	2,296,158	2,018,943	1,914,653	1,648,331
Allowance made during the period / year	289,652	519,484	248,687	447,685
Amount written off	(124,292)	(235,629)	(93,876)	(181,013)
Exchange differences	(836)	(6,640)	(68)	(350)
Closing balance	<u>2,460,682</u>	<u>2,296,158</u>	<u>2,069,396</u>	<u>1,914,653</u>

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	264,934	257,465	166,346	132,521
Allowance made during the period / year	146,164	444,730	16,953	124,104
Amount written back in respect of recoveries	(36,058)	(130,810)	(22,705)	(86,727)
Amount written off	(110,568)	(281,249)	(259)	(3,552)
Exchange differences	(1,916)	(25,202)	-	-
Closing balance	<u>262,556</u>	<u>264,934</u>	<u>160,335</u>	<u>166,346</u>

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A12. Other Assets

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Deferred handling fees	224,368	215,499	171,950	158,187
Interest / Income receivable	38,767	51,236	28,646	39,624
Other receivables, deposits and prepayments	1,142,835	1,078,469	941,116	941,235
Manager's stocks	65,557	15,717	-	-
Amount due from trust funds	142,664	147,197	-	-
Foreclosed properties	117,312	125,539	114,365	123,178
Taxi licenses	4,429	6,082	-	-
Outstanding contracts on clients' accounts	521,570	356,141	-	-
Amount due from subsidiary companies	-	-	42,419	41,882
Dividend receivable from subsidiary companies	-	-	416,896	399,536
	<u>2,257,502</u>	<u>1,995,880</u>	<u>1,715,392</u>	<u>1,703,642</u>

A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	26,677,241	25,470,214	22,977,082	22,142,587
- Savings deposits	21,318,449	20,440,705	15,033,880	14,035,444
- Fixed deposits	103,331,939	97,727,833	80,378,639	76,311,260
	<u>151,327,629</u>	<u>143,638,752</u>	<u>118,389,601</u>	<u>112,489,291</u>
Wholesale deposits:				
- Negotiable instruments of deposit	2,162,523	3,389,826	814,229	899,029
- Money market deposits	34,591,865	29,379,017	30,737,254	26,938,395
	<u>36,754,388</u>	<u>32,768,843</u>	<u>31,551,483</u>	<u>27,837,424</u>
Other deposits	214,823	464,524	213,575	462,551
	<u>188,296,840</u>	<u>176,872,119</u>	<u>150,154,659</u>	<u>140,789,266</u>

b) By type of customer

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Federal and state governments	2,463,355	1,721,576	717,581	576,428
Local government and statutory authorities	3,394,891	2,010,704	2,066,178	1,333,049
Business enterprises	55,625,218	54,490,618	42,257,367	41,172,876
Individuals	88,586,887	86,653,048	76,220,919	73,187,600
Foreign customers	5,887,258	5,206,065	4,675,536	4,738,222
Others	32,339,231	26,790,108	24,217,078	19,781,091
	<u>188,296,840</u>	<u>176,872,119</u>	<u>150,154,659</u>	<u>140,789,266</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 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Due within six months	123,164,615	116,981,551	97,045,701	91,366,911
More than six months to one year	16,760,742	13,333,704	14,769,158	12,668,349
More than one year to three years	139,575	166,430	96,590	100,669
More than three years to five years	21,395	14,991	18,673	12,755
	<u>140,086,327</u>	<u>130,496,676</u>	<u>111,930,122</u>	<u>104,148,684</u>

A14. Deposits from Banks

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
At amortised cost				
Licensed banks	4,689,582	3,956,369	3,631,883	1,982,454
Licensed Islamic banks	1,376,555	1,656,812	649,268	416,138
Licensed investment banks	5,332,494	8,334,268	5,907,896	8,310,404
Bank Negara Malaysia	2,765,019	2,820,178	2,762,448	2,817,551
Other financial institutions	4,196,417	4,559,849	6,787,597	7,543,234
	<u>18,360,067</u>	<u>21,327,476</u>	<u>19,739,092</u>	<u>21,069,781</u>

A15. Other Liabilities

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Interest / income payable	711,716	749,173	619,595	660,711
Other payables and accruals	1,867,331	1,579,007	1,182,344	1,050,122
Amount due to trust funds	246,749	89,858	-	-
Unprocessed sales and / or redemptions	30,207	83,708	-	-
Employee benefits	(82,535)	(73,076)	(79,826)	(70,569)
Profit Equalisation Reserve	13,457	33,436	-	-
Finance lease liabilities	-	14,548	-	14,548
Outstanding contracts on clients' accounts	507,403	341,637	-	-
Dividend payable to shareholders	8,427	21,583	2,725	2,964
Amount due to subsidiary companies	-	-	17,892	17,875
	<u>3,302,755</u>	<u>2,839,874</u>	<u>1,742,730</u>	<u>1,675,651</u>

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A16. Interest Income

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances	1,971,497	1,640,903	3,828,371	3,160,654
Balances with banks	170,917	153,020	338,558	279,950
Financial investments available-for-sale	38,276	38,725	100,997	76,507
Financial investments held-to-maturity	55,646	67,765	113,195	159,098
Others	22,276	18,675	41,296	37,434
	<u>2,258,612</u>	<u>1,919,088</u>	<u>4,422,417</u>	<u>3,713,643</u>
Financial assets held-for-trading	61,659	43,291	108,422	76,233
	<u>2,320,271</u>	<u>1,962,379</u>	<u>4,530,839</u>	<u>3,789,876</u>

Of which:

Interest income earned on impaired loans
and advances

16,327	17,257	32,832	32,783
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	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Bank				
Loans and advances	1,786,829	1,440,140	3,457,618	2,756,309
Balances with banks	165,228	115,011	325,631	235,913
Financial investments available-for-sale	35,979	35,290	94,061	68,932
Financial investments held-to-maturity	45,840	73,885	86,087	139,617
Others	22,272	18,672	41,289	37,266
	<u>2,056,148</u>	<u>1,682,998</u>	<u>4,004,686</u>	<u>3,238,037</u>
Financial assets held-for-trading	54,274	35,530	94,405	61,584
	<u>2,110,422</u>	<u>1,718,528</u>	<u>4,099,091</u>	<u>3,299,621</u>

Of which:

Interest income earned on impaired loans
and advances

15,652	15,966	31,805	29,979
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A17. Interest Expense

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks	96,267	48,059	213,062	88,309
Deposits from customers	910,498	709,869	1,734,693	1,357,301
Loans sold to Cagamas	152	215	313	436
Debt securities issued and other borrowed funds	69,223	64,026	136,281	123,418
Others	266	789	653	1,524
	<u>1,076,406</u>	<u>822,958</u>	<u>2,085,002</u>	<u>1,570,988</u>

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits from banks	89,820	36,838	197,249	61,580
Deposits from customers	876,982	662,944	1,659,847	1,264,535
Loans sold to Cagamas	152	215	313	436
Debt securities issued and other borrowed funds	67,170	59,634	132,159	115,649
Others	197	704	489	1,326
	<u>1,034,321</u>	<u>760,335</u>	<u>1,990,057</u>	<u>1,443,526</u>

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A18. Net Fee and Commission Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Group				
Fee and commission income:				
Commissions	46,730	43,700	89,224	81,378
Service charges and fees	61,765	54,535	124,624	106,790
Guarantee fees	9,336	8,191	15,209	15,645
Processing fees	4,294	2,470	8,552	4,507
Commitment fees	14,673	15,101	29,259	30,318
Unit trust management fees	139,693	116,629	271,345	231,371
Fee on sale of trust units	96,964	62,514	173,662	123,037
Net brokerage and commissions from stockbroking activities	26,894	24,167	55,872	48,204
Other fee and commission income	12,116	8,174	20,064	17,100
	<u>412,465</u>	<u>335,481</u>	<u>787,811</u>	<u>658,350</u>
Fee and commission expense:				
Loan related fee	(21,831)	(21,071)	(41,593)	(40,201)
Unit trust agency fee	(98,913)	(65,969)	(179,722)	(128,364)
Other fee and commission expense	(4,490)	(3,010)	(8,972)	(5,931)
	<u>(125,234)</u>	<u>(90,050)</u>	<u>(230,287)</u>	<u>(174,496)</u>
Net fee and commission income	<u>287,231</u>	<u>245,431</u>	<u>557,524</u>	<u>483,854</u>
	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Bank				
Fee and commission income:				
Commissions	59,039	54,667	110,082	103,495
Service charges and fees	43,686	37,904	90,131	65,622
Guarantee fees	8,360	6,554	13,262	12,305
Processing fees	641	403	1,193	682
Commitment fees	14,231	14,283	27,874	28,630
Other fee and commission income	10,031	5,725	15,801	5,394
	<u>135,988</u>	<u>119,536</u>	<u>258,343</u>	<u>216,128</u>
Fee and commission expense:				
Loan related fee	(20,065)	(18,790)	(39,827)	(35,899)
Other fee and commission expense	(2,815)	(2,409)	(5,396)	(4,683)
	<u>(22,880)</u>	<u>(21,199)</u>	<u>(45,223)</u>	<u>(40,582)</u>
Net fee and commission income	<u>113,108</u>	<u>98,337</u>	<u>213,120</u>	<u>175,546</u>

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A19. Net Gains and Losses on Financial Instruments

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Group</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	1,460	1,988	2,225	2,899
- gross dividend income	9	893	23	902
- unrealised revaluation (loss) / gain	<u>(1,322)</u>	<u>5,657</u>	<u>(4,000)</u>	<u>7,342</u>
	<u>147</u>	<u>8,538</u>	<u>(1,752)</u>	<u>11,143</u>
Net (loss) / gain arising on trading derivatives				
- net loss on disposal	(12,829)	(381)	(12,862)	(773)
- unrealised revaluation gain / (loss)	<u>10,836</u>	<u>(7,136)</u>	<u>12,520</u>	<u>(6,663)</u>
	<u>(1,993)</u>	<u>(7,517)</u>	<u>(342)</u>	<u>(7,436)</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	430	313	638	2,665
- gross dividend income	<u>47,394</u>	<u>26,108</u>	<u>70,798</u>	<u>52,834</u>
	<u>47,824</u>	<u>26,421</u>	<u>71,436</u>	<u>55,499</u>
Gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	851	1,028	7,924	515
- cash flow hedge	<u>(29)</u>	<u>(11)</u>	<u>(25)</u>	<u>45</u>
	<u>822</u>	<u>1,017</u>	<u>7,899</u>	<u>560</u>
Net gains and losses on financial instruments	<u>46,800</u>	<u>28,459</u>	<u>77,241</u>	<u>59,766</u>
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Bank</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	1,405	2,018	2,020	2,941
- gross dividend income	9	896	23	902
- unrealised revaluation (loss) / gain	<u>(1,406)</u>	<u>5,530</u>	<u>(4,016)</u>	<u>7,264</u>
	<u>8</u>	<u>8,444</u>	<u>(1,973)</u>	<u>11,107</u>
Net (loss) / gain arising on trading derivatives				
- net loss on disposal	(12,829)	(381)	(12,862)	(773)
- unrealised revaluation gain / (loss)	<u>7,610</u>	<u>(1,234)</u>	<u>15,724</u>	<u>1,317</u>
	<u>(5,219)</u>	<u>(1,615)</u>	<u>2,862</u>	<u>544</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	496	425	619	2,777
- gross dividend income	<u>46,105</u>	<u>24,317</u>	<u>68,574</u>	<u>50,059</u>
	<u>46,601</u>	<u>24,742</u>	<u>69,193</u>	<u>52,836</u>
Net (loss) / gain representing ineffective portions of hedging derivatives:				
- fair value hedge	(78)	227	5,995	246
- cash flow hedge	<u>(29)</u>	<u>(11)</u>	<u>(25)</u>	<u>45</u>
	<u>(107)</u>	<u>216</u>	<u>5,970</u>	<u>291</u>
Net gains and losses on financial instruments	<u>41,283</u>	<u>31,787</u>	<u>76,052</u>	<u>64,778</u>

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A20. Other Operating Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	56,895	65,852	115,543	126,550
Rental income from:				
- investment properties	1,171	1,342	2,341	2,749
- other properties	3,130	2,417	6,260	4,822
Net gain on disposal of property and equipment	12	721	129	736
Net loss on disposal of foreclosed properties	(611)	(461)	(1,637)	(166)
Net gain on revaluation of investment properties	734	1,390	734	1,390
Others	11,281	5,639	20,064	10,658
Total other operating income	<u>72,612</u>	<u>76,900</u>	<u>143,434</u>	<u>146,739</u>

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Bank</u>				
Gross dividend income from:				
- subsidiary companies				
- quoted outside Malaysia	15,634	16,832	15,634	16,832
- unquoted in Malaysia	167,769	119,487	362,986	269,661
	<u>183,403</u>	<u>136,319</u>	<u>378,620</u>	<u>286,493</u>
Other income:				
Foreign exchange profit	59,343	72,955	135,934	196,060
Rental income from other properties	2,579	1,449	5,131	2,877
Net gain on disposal of property and equipment	70	720	186	749
Net loss on disposal of foreclosed properties	(611)	(1,219)	(1,637)	(2,026)
Others	7,532	4,760	13,579	9,733
	<u>68,913</u>	<u>78,665</u>	<u>153,193</u>	<u>207,393</u>
Total other operating income	<u>252,316</u>	<u>214,984</u>	<u>531,813</u>	<u>493,886</u>

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A21. Other Operating Expenses

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Personnel costs				
- Salaries, allowances and bonuses	315,838	297,263	627,324	596,350
- Pension costs	30,250	31,608	60,715	63,225
- Others	29,826	30,372	57,107	56,039
	<u>375,914</u>	<u>359,243</u>	<u>745,146</u>	<u>715,614</u>
Establishment costs				
- Depreciation	34,641	34,672	69,554	68,683
- Rental	19,579	18,225	39,033	36,282
- Insurance	5,447	4,745	11,138	10,177
- Water and electricity	9,968	10,135	18,997	19,245
- General repairs and maintenance	14,725	16,009	29,091	32,028
- Information technology expenses	6,554	6,504	13,265	13,151
- Others	8,878	7,709	16,320	15,600
	<u>99,792</u>	<u>97,999</u>	<u>197,398</u>	<u>195,166</u>
Marketing expenses				
- Advertisement and publicity	21,274	21,032	38,860	42,442
- Others	20,749	20,386	41,484	41,018
	<u>42,023</u>	<u>41,418</u>	<u>80,344</u>	<u>83,460</u>
Administration and general expenses				
- Communication expenses	10,676	8,702	18,685	17,665
- Legal and professional fees	12,027	12,818	22,691	26,249
- Others	12,424	13,583	27,194	38,344
	<u>35,127</u>	<u>35,103</u>	<u>68,570</u>	<u>82,258</u>
Total other operating expenses	<u>552,856</u>	<u>533,763</u>	<u>1,091,458</u>	<u>1,076,498</u>

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A21. Other Operating Expenses (continued)

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	245,220	229,493	487,490	457,326
- Pension costs	26,219	27,499	51,994	54,809
- Others	26,360	26,688	50,338	49,846
	<u>297,799</u>	<u>283,680</u>	<u>589,822</u>	<u>561,981</u>
Establishment costs				
- Depreciation	26,400	27,456	52,851	54,471
- Rental	19,423	18,051	38,540	35,928
- Insurance	3,916	3,668	7,805	7,597
- Water and electricity	7,316	7,555	14,153	14,342
- General repairs and maintenance	12,732	14,456	25,424	28,597
- Information technology expenses	3,721	3,825	7,457	7,736
- Others	6,645	5,428	11,773	10,949
	<u>80,153</u>	<u>80,439</u>	<u>158,003</u>	<u>159,620</u>
Marketing expenses				
- Advertisement and publicity	8,237	8,942	13,705	17,246
- Others	8,398	10,810	17,401	19,846
	<u>16,635</u>	<u>19,752</u>	<u>31,106</u>	<u>37,092</u>
Administration and general expenses				
- Communication expenses	9,215	8,010	15,266	16,201
- Legal and professional fees	9,910	10,264	18,479	20,579
- Others	6,823	7,112	14,250	25,192
	<u>25,948</u>	<u>25,386</u>	<u>47,995</u>	<u>61,972</u>
Shared service cost charged to Public Islamic Bank Berhad	(41,502)	(41,433)	(81,982)	(81,428)
Total other operating expenses	<u>379,033</u>	<u>367,824</u>	<u>744,944</u>	<u>739,237</u>

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A22. Allowance for Impairment on Loans, Advances and Financing

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	151,717	146,425	289,652	273,186
Individual assessment allowance	61,880	74,580	110,106	130,113
Bad debts recovered from				
stockbroking activities	(81)	(46)	(89)	(46)
Impaired loans and financing written off	913	177	997	295
Impaired loans and financing recovered	(50,142)	(46,439)	(96,191)	(89,089)
	<u>164,287</u>	<u>174,697</u>	<u>304,475</u>	<u>314,459</u>

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	124,165	123,343	248,687	230,300
Individual assessment allowance	576	2,591	(5,752)	2,072
Impaired loans and financing written off	857	146	904	233
Impaired loans and financing recovered	(32,427)	(27,334)	(61,194)	(53,060)
	<u>93,171</u>	<u>98,746</u>	<u>182,645</u>	<u>179,545</u>

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A23. Segment Information

2nd Quarter Ended 30 June 2011	<----- 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	535,001	1,463,461	214,363	340,297	43,334	236,818	1,114	92,380	2,926,768	243,886	-	3,170,654
Revenue from other segments	-	228,088	2,704	176,511	11,517	2,552	7,036	323,040	751,448	680	(752,128)	-
	<u>535,001</u>	<u>1,691,549</u>	<u>217,067</u>	<u>516,808</u>	<u>54,851</u>	<u>239,370</u>	<u>8,150</u>	<u>415,420</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	133,987	11,294	28,063	15,542	124,765	8,095	60,512	383,505	39,599	(16,461)	406,643
Net income	<u>218,282</u>	<u>1,066,803</u>	<u>73,157</u>	<u>50,108</u>	<u>18,398</u>	<u>127,478</u>	<u>6,310</u>	<u>139,274</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	(30,785)	(67,325)	(13,137)	-	86	-	-	-	(111,161)	(53,126)	-	(164,287)
Impairment on other assets	-	121	-	104	-	-	-	-	225	(202)	-	23
Profit by segments	<u>146,893</u>	<u>673,970</u>	<u>58,019</u>	<u>45,803</u>	<u>11,253</u>	<u>83,925</u>	<u>2,674</u>	<u>67,082</u>	<u>1,089,619</u>	<u>71,074</u>	<u>-</u>	<u>1,160,693</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									(672)	2,527		1,855
Profit before tax expense and zakat									<u>1,088,947</u>	<u>73,601</u>		<u>1,162,548</u>

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A23. Segment Information (continued)

2nd Quarter Ended 30 June 2010	<----- 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	465,704	1,168,138	164,886	306,082	48,555	138,606	1,260	129,544	2,422,775	256,486	-	2,679,261
Revenue from other segments	-	183,957	2,190	103,081	11,922	(9,388)	6,864	267,557	566,183	778	(566,961)	-
	<u>465,704</u>	<u>1,352,095</u>	<u>167,076</u>	<u>409,163</u>	<u>60,477</u>	<u>129,218</u>	<u>8,124</u>	<u>397,101</u>	<u>2,988,958</u>	<u>257,264</u>	<u>(566,961)</u>	<u>2,679,261</u>
Net interest income and												
Islamic banking income	225,428	793,017	60,462	25,012	3,025	1,398	(1,479)	57,612	1,164,475	173,387	-	1,337,862
Other income	273	127,453	9,534	31,276	16,990	103,513	8,097	38,603	335,739	36,466	(21,415)	350,790
Net income	<u>225,701</u>	<u>920,470</u>	<u>69,996</u>	<u>56,288</u>	<u>20,015</u>	<u>104,911</u>	<u>6,618</u>	<u>96,215</u>	<u>1,500,214</u>	<u>209,853</u>	<u>(21,415)</u>	<u>1,688,652</u>
Other operating expenses	(36,550)	(294,055)	(1,534)	(4,690)	(8,860)	(38,217)	(3,590)	(86,421)	(473,917)	(81,261)	21,415	(533,763)
Allowance for impairment on loans, advances and financing	(25,062)	(83,234)	(8,914)	-	(7)	-	-	-	(117,217)	(57,480)	-	(174,697)
Impairment on other assets	-	(731)	-	1	-	-	-	-	(730)	-	-	(730)
Profit by segments	<u>164,089</u>	<u>542,450</u>	<u>59,548</u>	<u>51,599</u>	<u>11,148</u>	<u>66,694</u>	<u>3,028</u>	<u>9,794</u>	<u>908,350</u>	<u>71,112</u>	<u>-</u>	<u>979,462</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									85	2,434		2,519
Profit before tax expense and zakat									<u>908,435</u>	<u>73,546</u>		<u>981,981</u>

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A23. Segment Information (continued)

Half Year Ended 30 June 2011	----- 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	1,057,033	2,847,009	401,937	675,156	96,828	445,324	2,303	148,208	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>3,285,859</u>	<u>407,136</u>	<u>1,008,952</u>	<u>116,116</u>	<u>450,070</u>	<u>16,266</u>	<u>799,513</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	264,926	18,395	58,588	34,719	240,689	16,191	95,647	731,029	79,975	(32,805)	778,199
Net income	<u>452,905</u>	<u>2,051,256</u>	<u>140,957</u>	<u>96,592</u>	<u>39,999</u>	<u>245,752</u>	<u>12,705</u>	<u>249,963</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	(64,824)	(119,662)	(23,886)	-	(220)	-	-	72	(208,520)	(95,955)	-	(304,475)
Impairment on other assets	-	1,643	-	104	-	-	-	-	1,747	(1,119)	-	628
Profit by segments	<u>308,046</u>	<u>1,292,926</u>	<u>113,079</u>	<u>87,735</u>	<u>25,120</u>	<u>161,602</u>	<u>5,550</u>	<u>117,950</u>	<u>2,112,008</u>	<u>143,213</u>	<u>-</u>	<u>2,255,221</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									(577)	5,790		5,213
Profit before tax expense and zakat									<u>2,111,431</u>	<u>149,003</u>		<u>2,260,434</u>
Cost income ratio	17.7%	31.2%	2.8%	9.3%	36.6%	34.2%	56.3%	52.8%	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>35,174,940</u>	<u>130,853,360</u>	<u>19,738,779</u>	<u>62,953,607</u>	<u>4,135,112</u>	<u>331,740</u>	<u>260,889</u>	<u>14,670,509</u>	<u>268,118,936</u>	<u>18,580,955</u>	<u>(54,546,651)</u>	<u>232,153,240</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									42,215	119,473		161,688
Unallocated assets									1,130,997	-		1,130,997
Intangible assets									769,251	1,139,058		1,908,309
Total assets									<u>270,061,399</u>	<u>19,839,486</u>		<u>235,354,234</u>

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A23. Segment Information (continued)

Half Year Ended 30 June 2010	----- 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	913,527	2,273,556	318,193	588,057	100,340	276,912	2,521	204,188	4,677,294	509,726	-	5,187,020
Revenue from other segments	-	333,370	4,134	228,950	20,798	(20,235)	13,713	571,922	1,152,652	2,082	(1,154,734)	-
	<u>913,527</u>	<u>2,606,926</u>	<u>322,327</u>	<u>817,007</u>	<u>121,138</u>	<u>256,677</u>	<u>16,234</u>	<u>776,110</u>	<u>5,829,946</u>	<u>511,808</u>	<u>(1,154,734)</u>	<u>5,187,020</u>
Net interest income and												
Islamic banking income	458,151	1,501,892	120,106	51,943	6,244	2,677	(2,725)	115,686	2,253,974	348,549	-	2,602,523
Other income	(1,296)	252,377	23,741	64,323	35,824	205,134	16,181	71,121	667,405	66,456	(43,502)	690,359
Net income	<u>456,855</u>	<u>1,754,269</u>	<u>143,847</u>	<u>116,266</u>	<u>42,068</u>	<u>207,811</u>	<u>13,456</u>	<u>186,807</u>	<u>2,921,379</u>	<u>415,005</u>	<u>(43,502)</u>	<u>3,292,882</u>
Other operating expenses	(72,743)	(612,163)	(3,851)	(9,065)	(18,319)	(77,919)	(7,109)	(151,348)	(952,517)	(167,483)	43,502	(1,076,498)
Allowance for impairment on loans, advances and financing	(53,141)	(144,590)	(18,937)	-	(156)	-	-	5	(216,819)	(97,640)	-	(314,459)
Impairment on other assets	-	(2,449)	-	(73)	-	-	-	-	(2,522)	-	-	(2,522)
Profit by segments	<u>330,971</u>	<u>995,067</u>	<u>121,059</u>	<u>107,128</u>	<u>23,593</u>	<u>129,892</u>	<u>6,347</u>	<u>35,464</u>	<u>1,749,521</u>	<u>149,882</u>	<u>-</u>	<u>1,899,403</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									163	4,990		5,153
Profit before tax expense and zakat									<u>1,749,684</u>	<u>154,872</u>		<u>1,904,556</u>
Cost income ratio	15.9%	34.9%	2.7%	7.8%	43.5%	37.5%	52.8%	81.0%	32.6%	40.4%		32.7%
Gross loans	31,840,317	85,232,387	17,493,669	-	215,868	38,246	2,200	-	134,822,687	12,817,994		147,640,681
Loan growth	6.4%	9.0%	9.4%	-	-8.3%	11.3%	9.0%	-	8.4%	-3.2%		7.3%
Impaired loans, advances and financing	149,237	1,328,479	129,023	-	-	-	-	-	1,606,739	317,251		1,923,990
Impaired loan ratio	0.5%	1.6%	0.7%	-	-	-	-	-	1.2%	2.5%		1.3%
Deposits from customers	-	108,896,411	247,409	47,318,998	3,982,322	-	-	-	160,445,140	14,124,159		174,569,299
Deposit growth	-	3.6%	-18.6%	2.5%	-5.2%	-	-	-	3.0%	-6.3%		2.2%
Segment assets	<u>31,586,090</u>	<u>111,872,637</u>	<u>17,172,136</u>	<u>64,259,028</u>	<u>6,087,625</u>	<u>499,052</u>	<u>260,159</u>	<u>13,671,914</u>	<u>245,408,641</u>	<u>18,750,293</u>	<u>(48,457,289)</u>	<u>215,701,645</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									1,875	124,353		126,228
Unallocated assets									1,190,457	-		1,190,457
Intangible assets									769,251	1,216,623		1,985,874
Total assets									<u>247,370,224</u>	<u>20,091,269</u>		<u>219,004,204</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

Incorporation of an Associated Company, ING PUBLIC Takaful Ehsan Berhad ("ING PUBLIC Takaful Ehsan")

On 11 March 2011, ING PUBLIC Takaful Ehsan was incorporated to carry out the family takaful business following the approval granted by Bank Negara Malaysia in September 2010 on the application for a family takaful licence. ING PUBLIC Takaful Ehsan is a joint venture company between ING Management Holdings (Malaysia) Sdn Bhd, Public Bank Berhad ("PBB") and Public Islamic Bank Berhad ("PIBB") (a wholly-owned subsidiary of PBB), with equity participation of 60%, 20% and 20% respectively.

PBB and PIBB had then contributed RM20 million each to the issued and paid-up share capital of ING Public Takaful Ehsan. With that, the Group holds an effective equity interest of 40% in the joint venture company.

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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:

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Contingent liabilities				
Direct credit substitutes	1,558,441	1,580,171	1,209,879	1,476,910
Transaction-related contingent items	822,443	772,945	722,391	676,528
Short term self-liquidating trade-related contingencies	505,649	483,803	231,106	231,016
Obligations under an on-going underwriting agreement	25,000	75,000	25,000	75,000
	2,911,533	2,911,919	2,188,376	2,459,454
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	16,243,027	15,412,139	15,129,585	14,338,422
- not exceeding one year	20,933,970	22,717,264	19,172,872	20,522,993
Unutilised credit card lines	3,168,846	3,038,271	3,010,789	2,875,523
Forward asset purchases	965,694	7,305	816,080	3,600
	41,311,537	41,174,979	38,129,326	37,740,538
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	17,577,891	14,180,707	17,258,657	13,951,365
- one year to less than five years	5,018	6,271	5,018	6,271
Interest rate related contracts:				
- less than one year	1,637,746	710,853	1,637,746	570,013
- one year to less than five years	4,531,528	5,815,108	4,214,444	5,491,445
- five years and above	3,982,566	3,996,975	3,891,970	3,904,500
Commodity related contracts:				
- less than one year	4,612	929	4,612	929
Equity related contracts:				
- less than one year	-	227,140	-	227,140
- one year to less than five years	160,457	181,027	160,457	181,027
	27,899,818	25,119,010	27,172,904	24,332,690
	72,122,888	69,205,908	67,490,606	64,532,682

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A27. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 30 June 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 2011			As at 31 December 2010		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards	1,860,929	8,826	7,659	1,168,602	6,144	18,402
- Currency swaps	15,721,980	64,395	80,773	13,018,376	80,072	175,499
Interest rate related contracts						
- Interest rate swaps	460,000	109	113	159,190	65	76
Equity related contracts						
- Options purchased	160,457	18,035	-	408,167	21,048	-
Precious metal contracts						
- Forwards	4,612	1	2	929	-	-
	18,207,978	91,366	88,547	14,755,264	107,329	193,977
Hedging derivatives:						
Fair value hedge						
Interest rate related contracts						
- Interest rate swaps	9,237,840	227,931	182,969	9,879,746	212,544	181,371
Cash flow hedge						
Interest rate related contracts						
- Interest rate swaps	454,000	5,896	401	484,000	6,749	181
	9,691,840	233,827	183,370	10,363,746	219,293	181,552
Total	27,899,818	325,193	271,917	25,119,010	326,622	375,529

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A27. Derivative Financial Instruments (continued)

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

Bank	As at 30 June 2011			As at 31 December 2010		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards	1,647,919	8,252	7,068	1,140,748	6,106	18,371
- Currency swaps	15,615,756	64,263	80,449	12,816,888	76,093	173,378
Interest rate related contracts						
- Interest rate swaps	722,727	2,305	12,442	471,478	6,518	19,649
Equity related contracts						
- Options purchased	160,457	18,035	-	408,167	21,048	-
Precious metal contracts						
- Forwards	4,612	1	2	929	-	-
	18,151,471	92,856	99,961	14,838,210	109,765	211,398
Hedging derivatives:						
Fair value hedge						
Interest rate related contracts						
- Interest rate swaps	8,567,433	225,735	132,883	9,010,480	206,082	129,416
Cash flow hedge						
Interest rate related contracts						
- Interest rate swaps	454,000	5,896	401	484,000	6,749	181
	9,021,433	231,631	133,284	9,494,480	212,831	129,597
Total	27,172,904	324,487	233,245	24,332,690	322,596	340,995

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A27. Derivative Financial Instruments (continued)

ii) Derivative financial instruments classified by remaining period to maturity:

Group

Items	Contract / Notional Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,860,929	1,282,028	231,219	180,825	161,839	5,018	-
- currency swaps	15,721,980	6,521,060	6,058,584	2,613,862	528,474	-	-
	17,582,909	7,803,088	6,289,803	2,794,687	690,313	5,018	-
Interest rate related contracts							
- interest rate swaps	10,151,840	20,000	15,000	-	1,602,746	2,559,000	5,955,094
Equity related contracts							
- options purchased	160,457	-	-	-	-	129,761	30,696
Precious metal contracts							
- forwards	4,612	4,612	-	-	-	-	-
Total	27,899,818	7,827,700	6,304,803	2,794,687	2,293,059	2,693,779	5,985,790

Bank

Items	Contract / Notional Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,647,919	1,088,546	211,691	180,825	161,839	5,018	-
- currency swaps	15,615,756	6,414,836	6,058,584	2,613,862	528,474	-	-
	17,263,675	7,503,382	6,270,275	2,794,687	690,313	5,018	-
Interest rate related contracts							
- interest rate swaps	9,744,160	20,000	15,000	-	1,602,746	2,559,000	5,547,414
Equity related contracts							
- options purchased	160,457	-	-	-	-	129,761	30,696
Precious metal contracts							
- forwards	4,612	4,612	-	-	-	-	-
Total	27,172,904	7,527,994	6,285,275	2,794,687	2,293,059	2,693,779	5,578,110

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A27. Derivative Financial Instruments (continued)

iii) 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 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM325,193,000 (31 December 2010 : RM326,622,000) and RM324,487,000 (31 December 2010 : RM322,596,000) 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.

iv) **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 2011, the Group and the Bank have posted cash collateral of RM6,704,000 on their derivative contracts.

v) 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 2010 and Pillar 3 Disclosures section of the 2010 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):

	Group		Bank	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<u>Before deducting interim dividends *</u>				
Tier I capital ratio	10.2%	10.7%	12.5%	13.2%
Risk-weighted capital ratio	<u>13.7%</u>	<u>14.4%</u>	<u>13.4%</u>	<u>14.1%</u>
<u>After deducting interim dividends *</u>				
Tier I capital ratio	9.7%	10.0%	11.9%	12.4%
Risk-weighted capital ratio	<u>13.2%</u>	<u>13.7%</u>	<u>12.9%</u>	<u>13.3%</u>

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

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,531,926	3,531,926	3,531,926	3,531,926
Share premium	1,073,310	1,073,310	1,073,310	1,073,310
Other reserves	3,787,881	3,787,881	3,508,238	3,508,238
Retained profits	5,474,483	4,754,405	5,313,401	4,641,801
Innovative Tier I capital securities	1,802,191	1,814,538	1,802,191	1,814,538
Non-innovative Tier I stapled securities	2,082,008	2,081,633	2,082,008	2,081,633
Treasury shares	(215,438)	(215,303)	(215,438)	(215,303)
Non-controlling interests	634,590	652,188	-	-
Less: Goodwill	(1,881,841)	(1,903,898)	(695,393)	(695,393)
Less: Deferred tax assets, net	(554,994)	(521,359)	(456,363)	(418,699)
Total Tier I capital	<u>15,734,116</u>	<u>15,055,321</u>	<u>15,943,880</u>	<u>15,322,051</u>
<u>Tier II capital</u>				
Collective assessment allowance #	2,321,357	2,164,761	1,969,507	1,819,307
Subordinated notes	3,078,091	3,102,012	3,078,091	3,102,012
Total Tier II capital	<u>5,399,448</u>	<u>5,266,773</u>	<u>5,047,598</u>	<u>4,921,319</u>
Total capital	21,133,564	20,322,094	20,991,478	20,243,370
Less: Investment in subsidiary companies and associated companies	(960)	(960)	(3,787,284)	(3,787,284)
Less: Holdings of other financial institutions' capital instruments	(47,150)	(47,439)	(47,150)	(47,439)
Capital base	<u>21,085,454</u>	<u>20,273,695</u>	<u>17,157,044</u>	<u>16,408,647</u>

Excludes collective assessment allowance on impaired loans restricted from Tier II capital of the Group and the Bank of RM139,325,000 (2010: RM131,397,000) and RM108,930,000 (2010: RM104,039,000) respectively.

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A28. Capital Adequacy (continued)

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

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

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2010 - 8.0%) for the risk-weighted capital ratio.

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

	Public Islamic Bank Berhad ¹	Public Investment Bank Berhad ²	Public Bank (L) Ltd. ³	Public Bank (Hong Kong) Limited ⁴	Public Finance Limited ⁴	Cambodian Public Bank Plc ⁵
30 June 2011						
<u>Before deducting interim</u>						
<u>dividends: *</u>						
Tier I capital ratio	12.1%	16.1%	19.6%	14.9%	31.1%	N/A
Risk-weighted capital ratio	13.6%	16.3%	20.0%	14.9%	32.2%	21.1%
<u>After deducting interim</u>						
<u>dividends: *</u>						
Tier I capital ratio	10.9%	16.1%	19.6%	14.9%	28.1%	N/A
Risk-weighted capital ratio	12.4%	16.3%	20.0%	14.9%	29.2%	21.1%
31 December 2010						
<u>Before deducting interim</u>						
<u>dividends: *</u>						
Tier I capital ratio	12.6%	19.4%	11.8%	15.2%	31.5%	N/A
Risk-weighted capital ratio	14.2%	19.6%	12.1%	15.2%	32.6%	24.4%
<u>After deducting interim</u>						
<u>dividends: *</u>						
Tier I capital ratio	11.3%	18.2%	11.8%	15.2%	28.2%	N/A
Risk-weighted capital ratio	12.9%	18.4%	12.1%	15.2%	29.3%	24.4%

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

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

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

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A28. Capital Adequacy (continued)

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

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
Credit risk	140,553,884	128,486,892	116,567,592	106,083,803
Market risk	1,608,598	1,063,445	2,583,069	1,788,639
Operational risk	12,104,715	11,546,113	8,781,941	8,446,853
	154,267,197	141,096,450	127,932,602	116,319,295

- d) Detailed information on capital adequacy and risk exposures above, as prescribed under BNM's Risk-weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) is presented in the Pillar 3 disclosures document in the website www.publicbank.com.my.

A29. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Outstanding credit exposures with connected parties (RM'000)	633,080	591,821	933,448	802,278
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.37%	0.38%	0.61%	0.58%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.12%	0.11%	0.07%	0.08%

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 2011

	Group	
	30 June 2011 RM'000	31 December 2010 RM'000
ASSETS		
Cash and balances with banks	6,407,657	4,571,596
Financial assets held-for-trading	440,136	298,846
Financial investments available-for-sale	1,162,023	2,138,048
Financial investments held-to-maturity	5,022	5,022
Financing and advances	16,566,888	16,339,975
Other assets	64,320	68,446
Statutory deposits with Bank Negara Malaysia	499,500	167,000
Deferred tax assets	65,565	70,407
Investment in associated company	20,000	-
Property and equipment	1,817	1,545
Total Assets	25,232,928	23,660,885
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	18,148,842	15,306,731
Deposits from banks	5,022,172	6,379,985
Bills and acceptances payable	550	4,893
Other liabilities	114,760	70,471
Provision for zakat and taxation	80,299	83,417
Total Liabilities	23,366,623	21,845,497
Islamic Banking Funds	1,866,305	1,815,388
Total Liabilities and Islamic Banking Funds	25,232,928	23,660,885
COMMITMENTS AND CONTINGENCIES	1,736,778	1,171,568

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A30b. Income Statements for the 2nd Quarter and Financial Half Year Ended 30 June 2011

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	304,043	290,361	599,385	558,101
Income derived from investment of Islamic Banking Funds	24,611	19,744	48,066	39,291
Allowance for impairment on financing and advances	(19,677)	(18,741)	(29,495)	(38,728)
Profit equalisation reserve	24,715	(1,925)	19,979	(12,209)
Total distributable income	333,692	289,439	637,935	546,455
Income attributable to the depositors	(126,064)	(109,739)	(240,940)	(201,548)
Total net income	207,628	179,700	396,995	344,907
Other overheads and expenditures	(48,128)	(47,732)	(95,391)	(94,577)
Profit before zakat and taxation	159,500	131,968	301,604	250,330
Zakat	(80)	(64)	(159)	(128)
Taxation	(39,284)	(30,558)	(74,750)	(59,558)
Profit for the period	120,136	101,346	226,695	190,644

A30c. Statement of Comprehensive Income for the 2nd Quarter and Financial Half Year Ended 30 June 2011

	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<u>Group</u>				
Profit for the period	120,136	101,346	226,695	190,644
Other comprehensive income / (loss):				
Net gain / (loss) on revaluation of financial investments available-for-sale	1,019	(22)	3,252	(1,206)
Income tax relating to components of other comprehensive income / (loss)	(255)	5	(813)	301
Other comprehensive income / (loss) for the period, net of tax	764	(17)	2,439	(905)
Total comprehensive income for the period	120,900	101,329	229,134	189,739

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A30d. Financing and Advances

	Group	
	30 June 2011	31 December 2010
	RM'000	RM'000
Bai Bithaman Ajil-i (deferred payment sale)	4,939,740	4,656,767
Ijarah Thamma Al-Bai'-i (leasing)	8,324,768	8,654,075
Ijarah Muntahia Bittamlik	80,756	80,809
Bai-Al-Einah-i	3,475,550	3,197,877
Gross financing and advances	16,820,814	16,589,528
Allowance for impairment on financing and advances:		
- collective assessment allowance	(252,288)	(248,832)
- individual assessment allowance	(1,638)	(721)
Net financing and advances	16,566,888	16,339,975

Movements in impaired financing and advances are as follows:

	Group	
	30 June 2011	31 December 2010
	RM'000	RM'000
At 1 January	162,629	146,515
Impaired during the period / year	210,387	412,215
Reclassified as non-impaired	(157,873)	(304,277)
Recoveries	(17,995)	(33,497)
Amount written off	(30,416)	(56,562)
Financing converted to foreclosed properties / investments	(1,016)	(1,765)
Closing balance	165,716	162,629
Impaired financing and advances as a percentage of gross financing and advances	0.99%	0.98%

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A30e. Deposits from Customers

By type of deposit	Group	
	30 June 2011 RM'000	31 December 2010 RM'000
<u>Non-Mudharabah Fund</u>		
Wadiah current deposits-i	2,395,252	2,075,047
Wadiah savings deposits-i	4,140,615	3,861,945
Negotiable instruments of deposit-i	978,603	2,188,896
	7,514,470	8,125,888
<u>Mudharabah Fund</u>		
Mudharabah current deposits-i	11,247	-
Mudharabah savings deposits-i	72,998	75,642
Mudharabah general investment deposits-i	8,351,190	6,241,737
Mudharabah special investment deposits-i	2,198,937	863,464
	10,634,372	7,180,843
Deposits from customers	18,148,842	15,306,731

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

B1. Performance Review

The Group's pre-tax profit for the financial half year ended 30 June 2011 of RM2,260.4 million was RM355.9 million or 18.7% higher than the previous corresponding half year of RM1,904.6 million. Net profit attributable to equity holders improved by RM288.7 million or 20.3% to RM1,708.0 million. The improved earnings was mainly due to higher net interest and net income from Islamic banking business by RM269.8 million (10.4%), higher net fee and commission income by RM73.7 million (15.2%) and lower loan impairment allowance by RM10.0 million (3.2%) despite the strong loan growth. The higher net fee and commission income was mainly due to higher income from the fund management business.

The growth in the Group's net interest income and net income from Islamic banking business was driven by continued strong loans and core deposits growth coupled with sustained strong asset quality. Gross loans had grown by 13.2% year-on year to RM167.2 billion as at 30 June 2011 as compared to RM147.6 billion as at 30 June 2010 mainly arising from property financing, financing of passenger vehicles and small- and medium-sized enterprises ("SMEs"). Total core deposits from customers had also grown by 12.0% or RM16.2 billion as compared to 30 June 2010 which partly contributed to the higher net interest income for the current period. The Group impaired loan ratio had improved to 1.0% from 1.3% a year ago.

The Group's domestic commercial bank, Public Bank, recorded a pre-tax profit of RM2,004.0 million for the current financial half year and was 20.1% higher than the pre-tax profit of RM1,669.1 million achieved in the previous corresponding half year. This was mainly due to higher net interest income, higher net fee and commission income and higher dividend income from subsidiaries.

Pre-tax profit contribution from the Group's overseas operations decreased by RM5.9 million or 3.8% from the previous corresponding half year to RM149.0 million, due to 8.5% impact of strengthening of Ringgit Malaysia against US Dollar and Hong Kong Dollar over the period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM1,162.5 million for the 2nd quarter ended 30 June 2011 shows an increase of RM64.7 million or 5.9% as compared to the pre-tax profit of RM1,097.9 million for the preceding quarter ended 31 March 2011. Net profit attributable to equity holders increased by RM52.7 million or 6.4% over the same period. The improved performance was mainly attributable to higher net interest and net income from Islamic banking business by RM70.0 million, higher net fee and commission income by RM16.9 million and higher net gain on financial instruments by RM16.4 million.

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B3. Prospects for 2011

The Public Bank Group's business is expected to remain strong in 2011, based on the favourable economic outlook for Malaysia and the regional economies (i.e. Hong Kong, China, Cambodia, Vietnam, Laos and Sri Lanka). In particular, the Malaysian economy is projected to grow between 5% to 6% in 2011, driven by strong domestic demand and supportive external sector. Private investment is expected to strengthen. Commodity prices are expected to remain firm to support private consumption. Inflation is expected to remain modest, helped by strong ringgit. While the banking industry in Malaysia is expected to remain robust, competition will intensify due to high liquidity in the banking system and the more liberal operating environment for the incumbent foreign controlled banks.

Based on the positive economic outlook, the Public Bank Group will continue to leverage on its strong PB Brand and competitive position to sustain its core retail lending and deposit-taking businesses. In particular, the Group will continue to expand its home mortgages, passenger vehicle hire purchase financing, personal financing and loans to SMEs as demand for these loans is expected to increase further due to high household income, low interest rates and the implementation of projects in the 10MP. The Group will also continue to expand its customer deposits to ensure a liquid balance sheet and stable funding base.

To sustain its strong asset quality, the Group will remain focused on its sound credit risk management policies and practices.

The Group will accelerate growth in its fee-based revenue by promoting sales of unit trust funds, bancassurance products, wealth management products, card business, trade finance and remittances. The Group's strategy to further tap on its large distribution network of bank branches, agency force and sales and marketing force to promote fee-based businesses will continue.

As an on-going exercise, the Public Bank Group will continue to be proactive in its capital management in monitoring the development and impact of Basel III and ensure healthy capital is maintained at all times.

B4. Profit Forecast or Profit Guarantee

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

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B5. Tax Expense and Zakat

The analysis of the tax expense for the 2nd quarter and financial half year ended 30 June 2011 are as follows:

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Malaysian income tax	262,967	249,117	535,554	482,632
Overseas income tax	17,527	12,356	30,346	29,011
	280,494	261,473	565,900	511,643
(Over) / Under provision in prior years				
- Malaysian income tax	(149)	(1,404)	(148)	(1,401)
- Overseas income tax	(1,167)	1,524	(1,369)	2,330
	279,178	261,593	564,383	512,572
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(8,154)	(26,695)	(34,181)	(52,817)
Tax expense	271,024	234,898	530,202	459,755
Zakat	80	64	159	128
	271,104	234,962	530,361	459,883

The Group's effective tax rates for the 2nd quarter and financial half year ended 30 June 2011 and 30 June 2010 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Malaysian income tax	213,190	200,002	432,377	384,328
Overseas income tax	490	745	1,096	1,185
	213,680	200,747	433,473	385,513
(Over) / Under provision in prior years				
- Overseas income tax	-	-	(202)	806
	213,680	200,747	433,271	386,319
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(11,399)	(25,433)	(37,664)	(43,799)
	202,281	175,314	395,607	342,520

The Bank's effective tax rate for the 2nd quarter and financial half year ended 30 June 2011 and 30 June 2010 were lower than the statutory tax rate due to certain income not subject to tax.

B6. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the 2nd quarter and financial half year ended 30 June 2011 other than in the ordinary course of business.

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B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 30 June 2011.

B9. 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.

B10. Realised and Unrealised Profits

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

	Group	
	30 June 2011 RM'000	31 December 2010 RM'000
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	5,829,251	5,162,942
- Unrealised - in respect of deferred tax recognised in the income statement	545,421	513,414
- in respect of other items of income and expense	56,937	51,092
	6,431,609	5,727,448
Total share of retained profits from associated companies:		
- Realised	18,861	13,648
- Unrealised	-	-
	6,450,470	5,741,096
Less: Consolidation adjustments	(1,068,919)	(986,691)
Total Group retained profits as per consolidated accounts	5,381,551	4,754,405
	Bank	
	30 June 2011 RM'000	31 December 2010 RM'000
Total retained profits of Public Bank Berhad:		
- Realised	4,578,378	3,950,498
- Unrealised - in respect of deferred tax recognised in the income statement	456,363	418,699
- in respect of other items of income and expense	11,063	5,007
Total Bank retained profits as per accounts	5,045,804	4,374,204

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, 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.

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B10. Realised and Unrealised Profits (continued)

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.

B11. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	103,187,283	97,559,190	80,279,690	76,210,614
More than one year	144,656	168,643	98,949	100,646
- Negotiable instruments of deposits				
One year or less	2,146,209	3,377,048	797,915	886,251
More than one year	16,314	12,778	16,314	12,778
- Money market deposits				
One year or less	34,591,865	29,379,017	30,737,254	26,938,395
- Savings deposits	21,318,449	20,440,705	15,033,880	14,035,444
- Demand deposits	26,677,241	25,470,214	22,977,082	22,142,587
- Others	214,823	464,524	213,575	462,551
	<u>188,296,840</u>	<u>176,872,119</u>	<u>150,154,659</u>	<u>140,789,266</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>18,360,067</u>	<u>21,327,476</u>	<u>19,739,092</u>	<u>21,069,781</u>

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B11. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds (continued)

	Group		Bank	
	30 June 2011 RM'000	31 December 2010 RM'000	30 June 2011 RM'000	31 December 2010 RM'000
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings denominated in HKD (unsecured)				
Term loan				
- More than one year	850,156	866,676	-	-
Revolving credit				
- One year or less	-	31,676	-	-
	<u>850,156</u>	<u>898,352</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	1,247,713	1,294,900	1,247,713	1,294,900
Subordinated notes denominated in RM (unsecured)				
- More than one year	1,884,162	1,893,294	1,884,162	1,893,294
	<u>3,131,875</u>	<u>3,188,194</u>	<u>3,131,875</u>	<u>3,188,194</u>
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	710,091	713,059	710,091	713,059
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	1,210,191	1,205,421	1,210,191	1,205,421
	<u>1,920,282</u>	<u>1,918,480</u>	<u>1,920,282</u>	<u>1,918,480</u>
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	2,129,998	2,089,854	2,129,998	2,089,854
	<u>8,032,311</u>	<u>8,094,880</u>	<u>7,182,155</u>	<u>7,196,528</u>

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B12. Derivative Financial Instruments

Derivative financial instruments classified by remaining period to maturity as at the latest practicable date, 14 July 2011, is as follows:

Group

Items	Contract / Notional Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,835,345	1,233,194	258,200	209,142	134,809	-	-
- currency swaps	17,134,229	7,210,462	6,481,061	3,232,499	210,207	-	-
	18,969,574	8,443,656	6,739,261	3,441,641	345,016	-	-
Interest rate related contracts							
- interest rate swaps	10,111,542	15,000	-	-	1,974,448	2,524,339	5,597,755
Equity related contracts							
- options purchased	158,082	-	-	-	-	127,827	30,255
Precious metal contracts							
- forwards	2,048	2,048	-	-	-	-	-
Total	29,241,246	8,460,704	6,739,261	3,441,641	2,319,464	2,652,166	5,628,010

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 3 years RM'000	>3 years RM'000
Foreign exchange contracts							
- currency forwards	1,360,817	780,368	236,498	209,142	134,809	-	-
- currency swaps	17,065,904	7,150,844	6,472,354	3,232,499	210,207	-	-
	18,426,721	7,931,212	6,708,852	3,441,641	345,016	-	-
Interest rate related contracts							
- interest rate swaps	9,706,144	15,000	-	-	1,974,448	2,419,236	5,297,460
Equity related contracts							
- options purchased	158,082	-	-	-	-	127,827	30,255
Precious metal contracts							
- forwards	2,048	2,048	-	-	-	-	-
Total	28,292,995	7,948,260	6,708,852	3,441,641	2,319,464	2,547,063	5,327,715

B13. 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.

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B14. Dividends

- (a) (i) A first interim single tier dividend of 20% for the financial year ending 31 December 2011, amounting to RM700,427,026 in total, if computed based on the outstanding issued and paid-up capital excluding treasury shares as at 30 June 2011, has been declared by the directors;
- (ii) Amount per share : single tier dividend of 20.0 sen;
- (iii) Entitlement date: 9 August 2011;
- (iv) Payment date: 17 August 2011.
- (b) Total dividend paid for the previous financial half year ended 30 June 2010:
- First interim dividend of 25 sen less 25% tax.

B15. Earnings Per Share (EPS)

Basic

The calculation of the basic earnings per share is based on the Group's net profit attributable to the equity holders divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period excluding the weighted average treasury shares held by the Bank.

	2nd Quarter Ended		Half Year Ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Net profit attributable to equity holders (RM'000)	<u>880,355</u>	<u>734,079</u>	<u>1,708,029</u>	<u>1,419,334</u>
Weighted average number of PBB Shares ('000)	<u>3,502,135</u>	<u>3,502,155</u>	<u>3,502,137</u>	<u>3,490,388</u>
Basic earnings per share (sen)	<u>25.1</u>	<u>21.0</u>	<u>48.8</u>	<u>40.7</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.