



PUBLIC BANK

**Group Unaudited Financial Results for
the 1st Half Year Ended 30 June 2007**

Analysts Briefing By

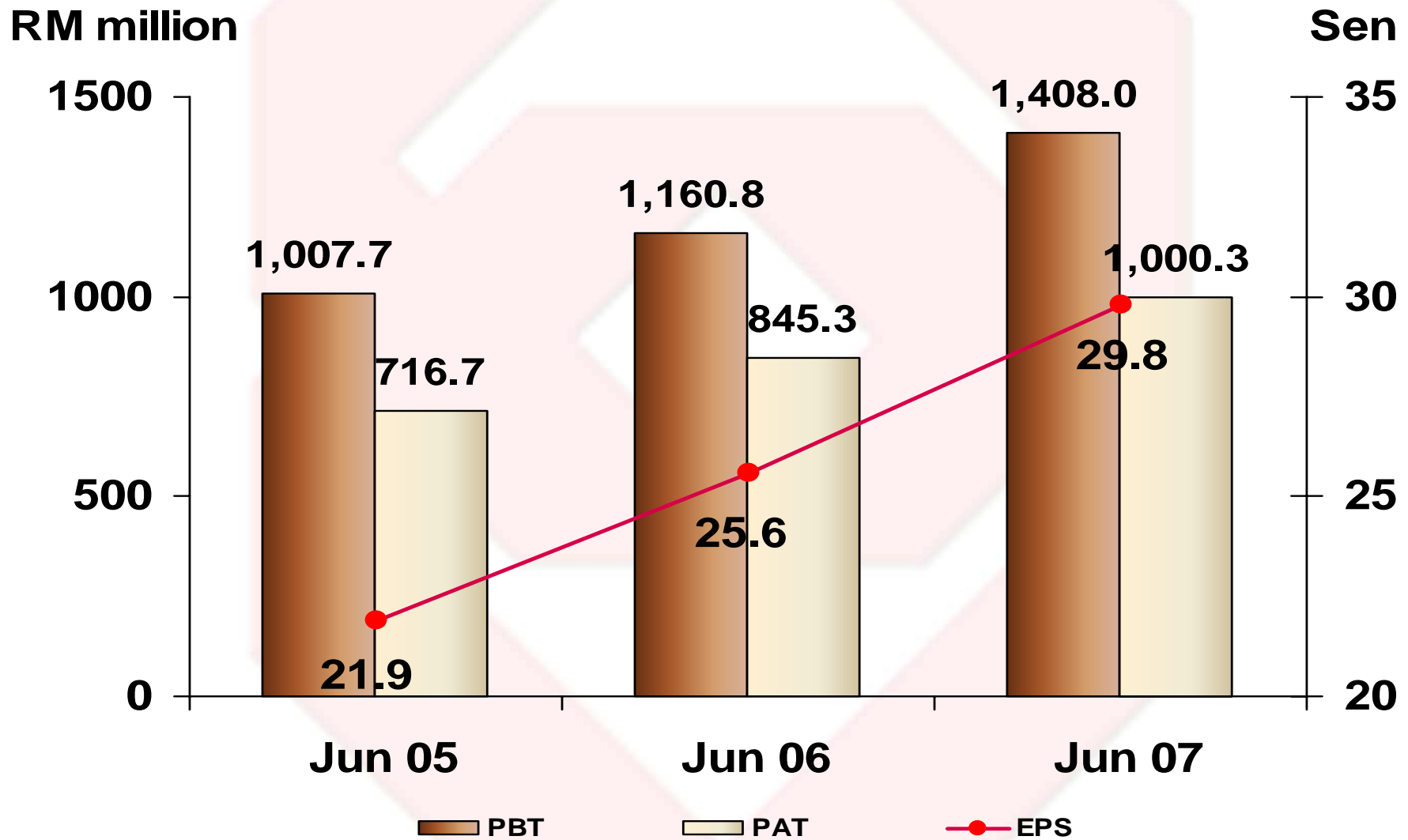
Dato' Sri Tay Ah Lek

Managing Director

17 July 2007



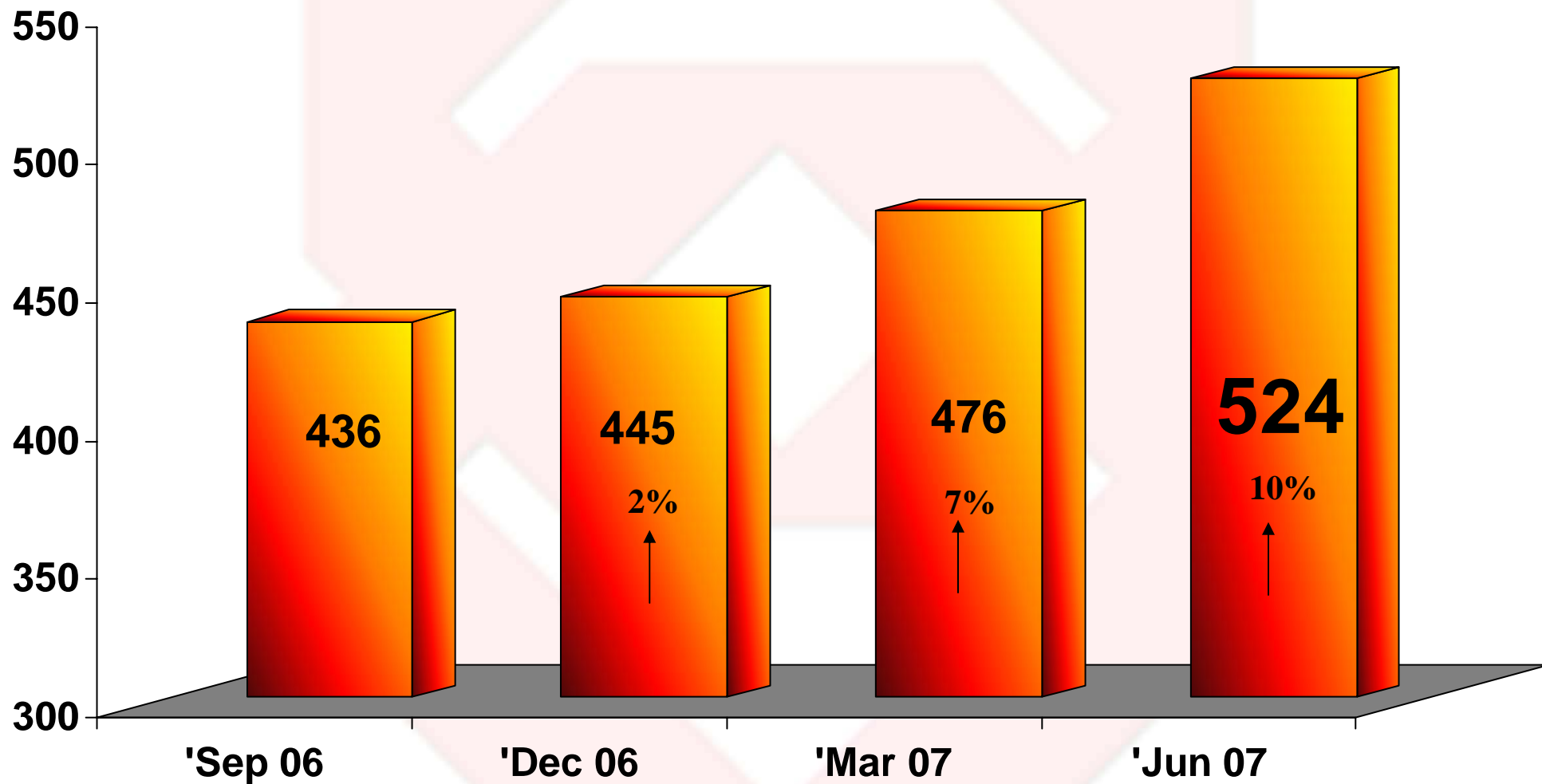
Half Year Net Profit Hit **RM1 billion**





Quarterly Net Profit

RM million



Financial Performance – Net profit up 18% to RM1.0b



	2Q07 RM mil	1Q07 RM mil	% q-o-q	YTD Jun 07 RM mil	YTD Jun 06 RM mil	% y-o-y
Net Interest Income	783.8	762.6	3	1,546.4	1,376.4	12
Islamic Banking Income	119.3	105.5	13	224.8	209.4	7
Other Operating Income	349.4	289.2	21	638.6	463.3	38
Other Operating Expenses	425.5	387.6	10	813.1	671.5	21
Operating Profit	827.0	769.7	7	1,596.7	1,377.6	16
Loan Loss Allowances	94.4	91.7	3	186.1	218.9	(15)
Pre-Tax Profit	732.7	675.3	8	1,408.0	1,160.8	21
Net Profit	524.1	476.2	10	1,000.3	845.3	18
EPS (sen)	15.6	14.2	10	29.8	25.6	16



Quarterly Growth vs Preceding Quarter

%	2Q07 q-o-q	1Q07 q-o-q	4Q06 q-o-q	3Q06 q-o-q
Net Interest Income (include IB income)	4	1	2	3
Other Operating Income	21	9	8	(5)
Other Operating Expenses	10	4	5	2
Operating Profit	7	2	2	1
Loan Loss Allowances	3	(18)	(17)	11
Pre-Tax Profit	8	4	7	(1)
Net Profit	10	7	2	(5)



Key Financial Ratios

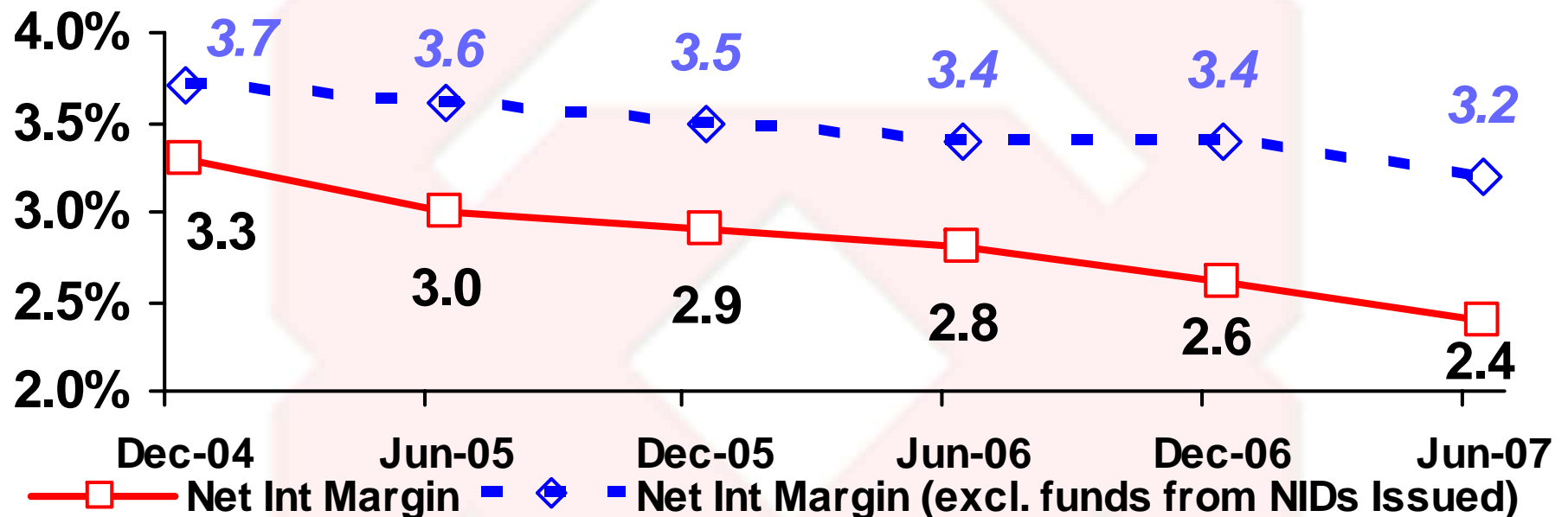
	Jun 2007	Jun 2006	% y-o-y	2Q07	1Q07	% q-o-q
Cost Income Ratio (%)	33.7	32.8	3	34.0	33.5	1
Return on Assets (%)	1.8	1.9	(4)	1.8	1.8	4
Net Return on Equity* (%)	24.2	21.5	13	24.6	22.9	8
Overheads / Avg. Assets (%)	1.1	1.1	(4)	1.1	1.0	8
Net Interest Margin on Yielding Assets** (%)	3.2	3.4	(7)	3.1	3.3	(6)

* Based on average equity after deducting proposed dividend

** Excluding NIDs



Net Interest Margin



- ◆ Net interest income and financing income grew by RM186 m or 12% due to :
 - *strong loan growth (8.5% for the half year)*
 - *Strong deposit growth (10.2% for the half year)*
- ◆ Net interest margin will continue to be under pressure



PBT of Major Group Companies

(excluding dividend from subsidiaries)	Jun 2007 RM mil	Jun 2006 RM mil	Variance	
			RM mil	%
Public Bank	1,144.7	945.9	198.8	21
Public Mutual	71.2	41.7	29.5	71
Public Investment Bank	39.8	14.4	25.4	176
Public Bank (L)	14.0	9.7	4.3	44
Overseas Operations	173.6	163.1	10.5	6
<i>of which:</i>	<i>(HKD'mil)</i>	<i>(HKD'mil)</i>	<i>(HKD'mil)</i>	
➤ <i>Public Financial Holdings Limited Group</i>	315.7	291.5	24.2	8
	<i>(USD'mil)</i>	<i>(USD'mil)</i>	<i>(USD'mil)</i>	
➤ <i>Cambodian Public Bank</i>	9.0	6.6	2.4	36



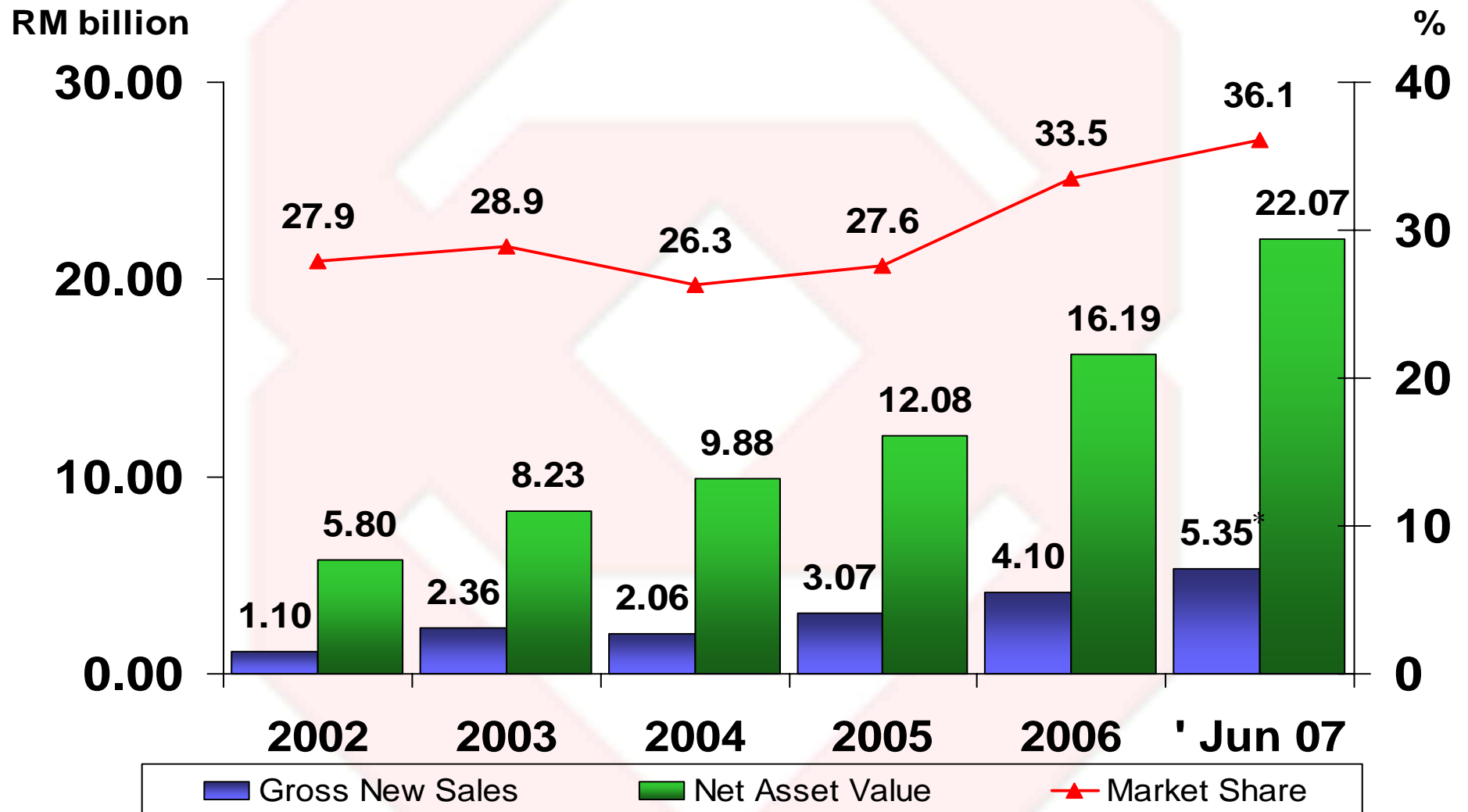
Profit Contribution By Segments

	Jun 2007		Jun 2006		Variance
	RM mil	%	RM mil	%	%
Retail Operations	1,087.3	73	820.4	70	33
Treasury & Capital Market Operations	206.8	14	265.4	23	(22)
Fund Management	71.2	5	41.7	4	71
Corporate Lending	69.0	5	22.2	2	211
Investment Banking	52.4	3	16.4	1	220
Others	4.5	(*)	4.4	(*)	2
	1,491.2	100	1,170.5	100	27
Unallocated Expenses	(85.7)	-	(11.9)	-	
Share of Results of Associates	2.5	-	2.2	-	
Profit Before Tax	1,408.0	-	1,160.8	-	21

* Less than 0.5%



Fund Management Business



* 6 months



Other Operating Income

	Jun 2007 RM mil	Jun 2006 RM mil	% y-o-y	2Q07 RM mil	1Q07 RM mil	% q-o-q
Fee Income	378.9	293.2	29	197.8	181.1	9
Non Fee Income	259.7	170.1	53	151.6	108.1	40
Total	638.6	463.3	38	349.4	289.2	21

of which:

Fund Management Income	Jun 2007 RM mil	Jun 2006 RM mil	% y-o-y	2Q07 RM mil	1Q07 RM mil	% q-o-q
Unit Trust Management Fees	120.0	80.6	49	64.9	55.1	18
Gain on Sale of Trust Units	86.2	23.2	272	44.7	41.5	8
Total	206.2	103.8	99	109.6	96.6	13

Other Operating Expenses



	Jun 2007 RM mil	Jun 2006 RM mil	% y-o-y	2Q07 RM mil	1Q07 RM mil	% q-o-q
Personnel Costs	464.0	391.7	18	249.6	214.4	16
Establishment Costs	156.3	142.0	10	78.8	77.5	2
Marketing Expenses	122.7	61.4	100	59.4	63.3	(6)
Administration Expenses	70.1	76.4	(8)	37.7	32.4	16
Total	813.1	671.5	21	425.5	387.6	10

Loan Loss Allowances



1. Loans secured by properties >5 years

New Policy		
Aging of Loans	5 to 7 years	> 7 years
Collateral Value Assigned (Property)	50% of Realisable Value	0% of Realisable Value

Net Recoveries 2007 – (RM19.7 million) (6 months)

Net Specific Allowance 2006 – RM29.2 million

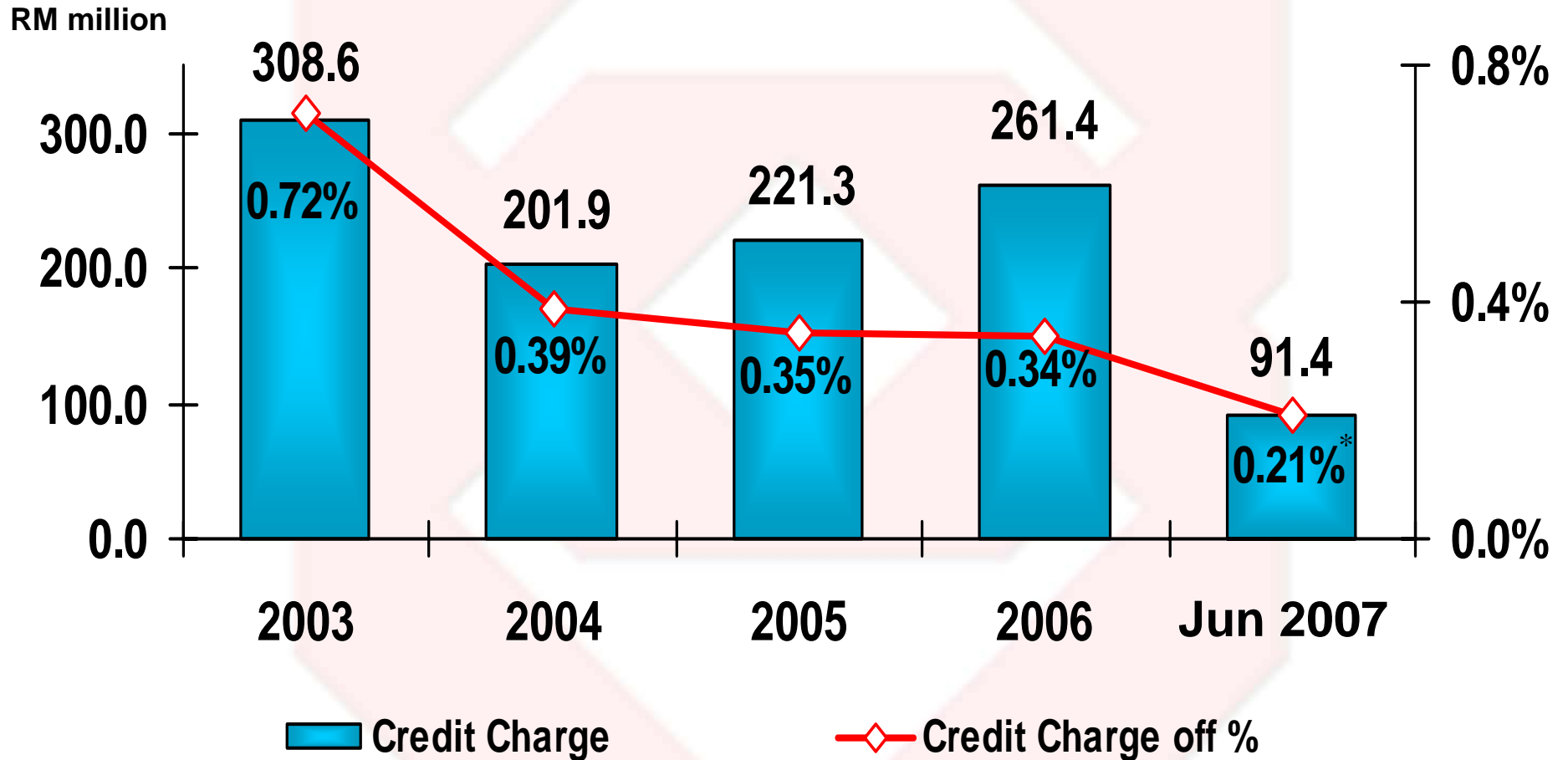
Net Specific Allowance 2005 – RM20.8 million

Net Specific Allowance 2004 – RM14.9 million

 RM45.2 million



Loan Loss Allowances (contd.)



* annualised



Financial Summary: Balance Sheet

	Jun 2007	Dec 2006	Variance	
	RM bil	RM bil	RM bil	%
Total Assets	161.9	147.8	14.1	9.5
Gross Loans and Advances	91.6	84.4	7.2	8.5
Domestic Gross Loans and Advances	82.2	76.3	5.9	7.7
Deposits from Customers	123.2	111.8	11.4	10.2
Shareholders' Funds	9.1	9.0	0.1	0.2
Net Assets per Share (RM)	2.70	2.71		
Net Loans to Deposits Ratio (%)	73.0	74.1		



**LOAN GROWTH,
LOAN MIX
&
ASSET QUALITY**

Loans Growth



	Jun 2007 (%)
	(Annualised)
PBB (8.5% in 6 months)	17.0
Industry Average*	6.4

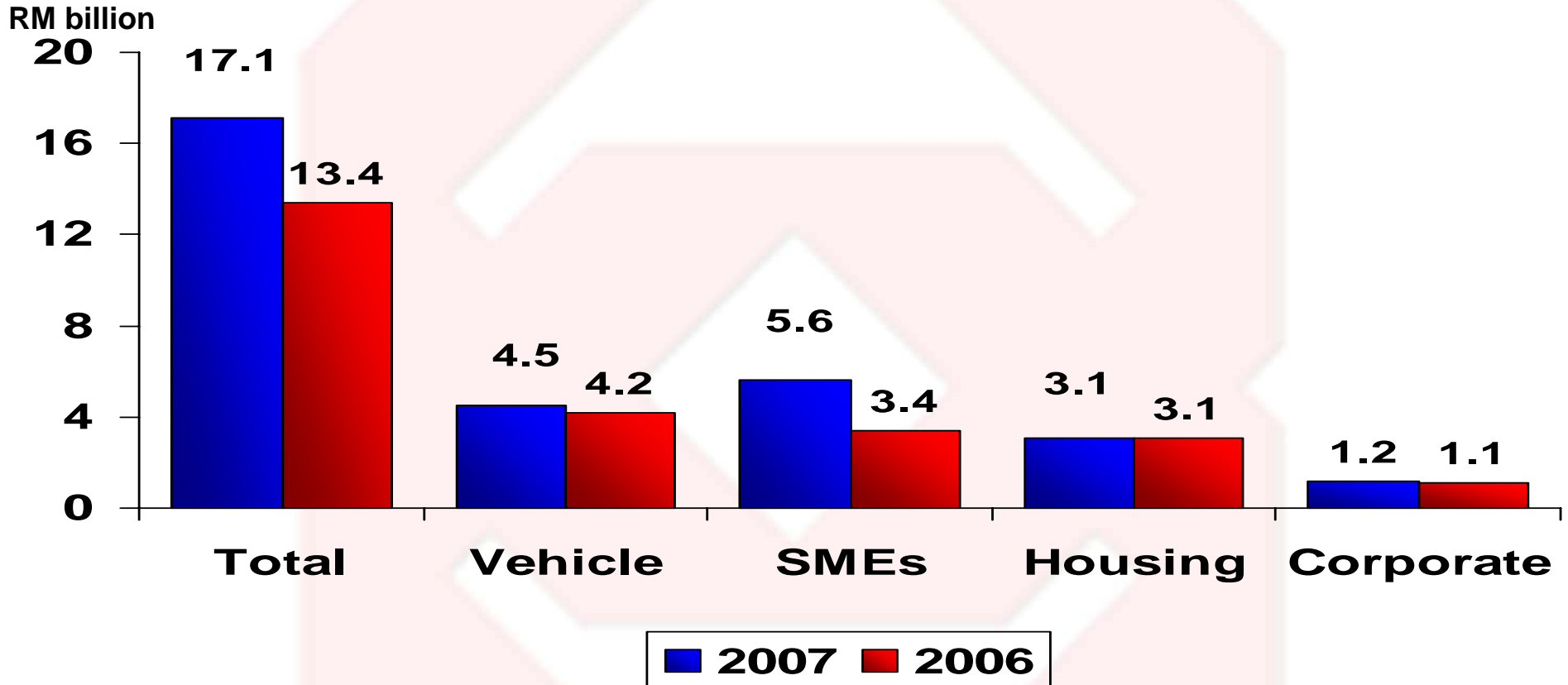
*extrapolated based on 5 months loan growth in 2007

Market Share:

Jun 2007	-	13.8%
2006	-	13.2%
2005	-	12.0%



Loans Approved



- Vehicle financing - RM0.3 b or 7% increase
- SMEs loans - RM2.2 b or 65% increase
- Housing loans - <RM0.1 b or 2% increase
- Corporate loans - RM0.1 b or 9% increase

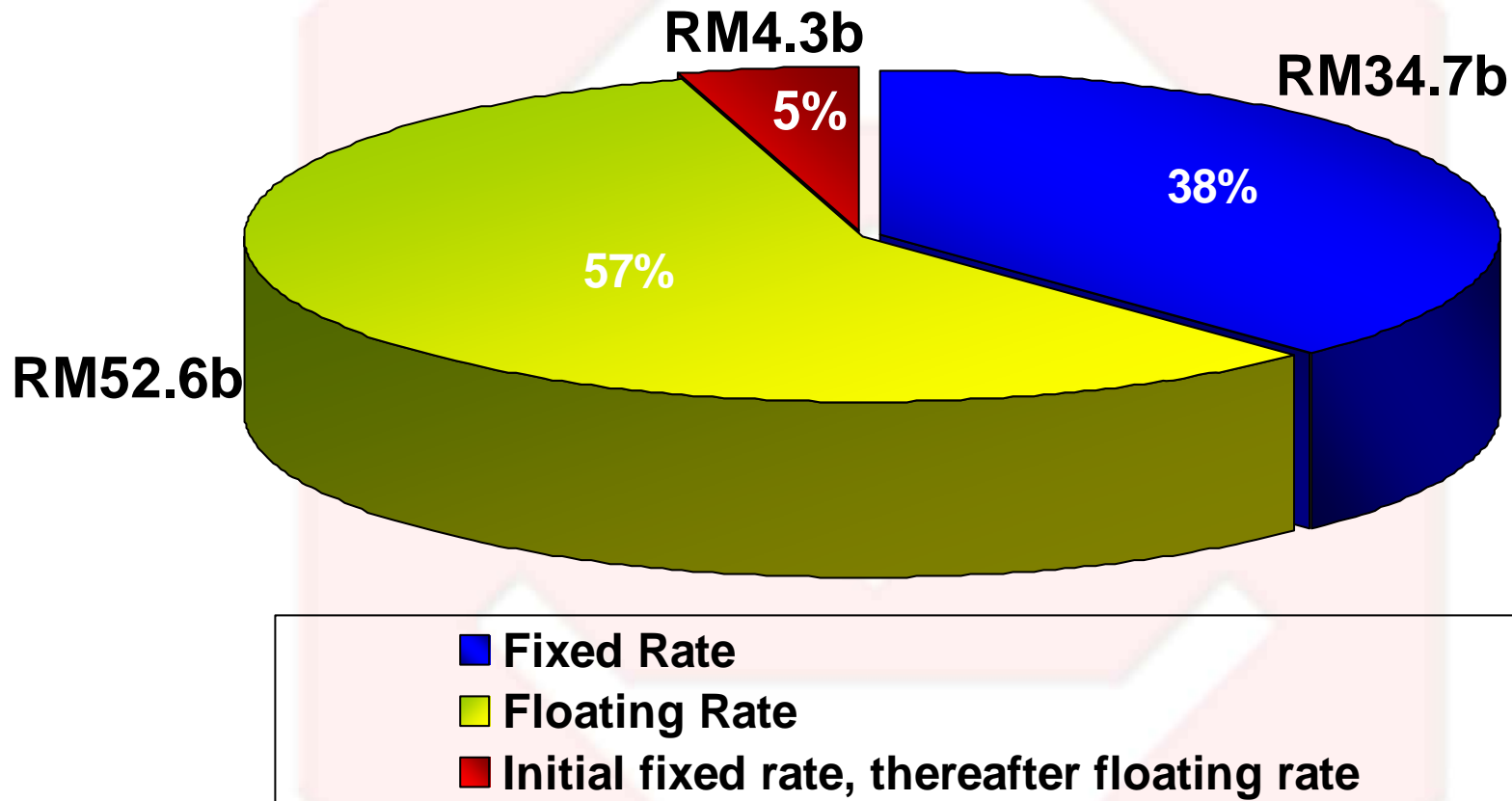


Loan by Purpose

	Jun 2007 RM bil	% of total loans	Dec 2006 RM bil	% of total loans	Growth (%)
Purchase of Landed Properties	40.6	44	37.3	44	9
- Residential	24.5	27	23.0	27	7
- Non-residential	16.1	18	14.3	17	13
Purchase of Transport Vehicles	24.6	27	23.3	28	6
Working Capital	14.8	16	13.5	16	10
Personal Use	5.7	6	5.5	6	4
Others	5.9	6	4.8	6	23
	91.6	100	84.4	100	9



Fixed Rate & Floating Rate Loans

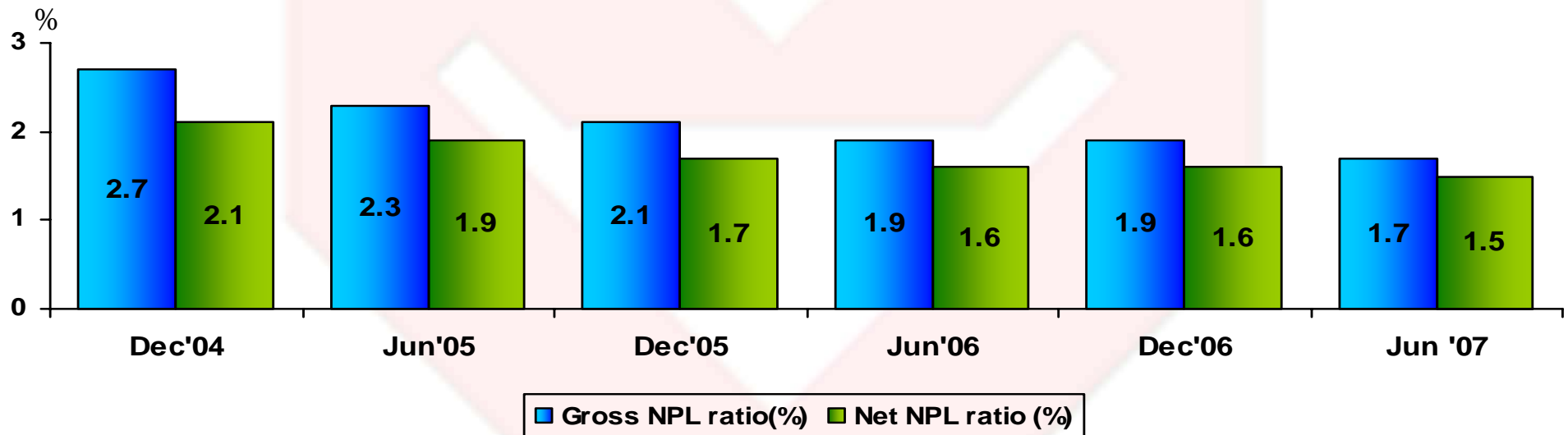


- ◆ Interest rate Impact: 1% hike in interest rate would result in a RM131m increase in the Group's net interest income.
- ◆ Duration : Modified duration is 1.58 years.



Asset Quality

3-month classification	Jun 2007	Dec 2006
Gross NPL (RM mil)	1,560	1,578
Net NPL ratio (%)	1.5	1.6
Loan loss coverage (%)	104.8	99.9
GP ratio (%)	1.5	1.6
GP/Net NPL (%)	105.6	99.9



NPL Ratio for Key Lending Sectors



Key Lending Sectors	Jun 2007	Gross NPL	Dec 2006	Gross NPL
	RM mil	%	RM mil	%
Housing Loans	690	2.8	706	3.1
SME	323	1.8	318	1.8
Hire Purchase	253	1.0	248	1.1
Total Key Lending Sectors	1,266	1.9	1,272	2.0



**CONTINUED GROWTH IN
CORE & WHOLESALE DEPOSITS**

Deposits Growth



	Jun 2007 (%)
	(Annualised)
PBB (10.2% in 6 months)	20.4
Industry Average*	18.6

*extrapolated based on 5 months deposit growth in 2007

Market Share:

Jun 2007	-	14.3%
2006	-	14.2%
2005	-	13.2%
2004	-	12.4%



Total Deposits Grew By 10%

	Jun 2007	Dec 2006	Growth	
	RM bil	RM bil	RM bil	(%)
Demand Deposits	12.2	11.3	0.9	8
Savings Deposits	15.8	14.8	1.0	7
Money Market Deposits	8.0	-	8.0	N/A
Fixed Deposits	59.7	53.4	6.3	12
Others	0.4	0.4	(*)	15
	96.1	79.9	16.2	20
NIDs	27.1	31.9	(4.8)	(15)
Total	123.2	111.8	11.4	10

	<u>Jun 2007</u>	<u>2006</u>
◆ Cost of deposits (exclude NIDs Issued)	2.40%	2.37%

* Less than 0.05 bil



PROPOSED:

INTERIM DIVIDEND OF 25% LESS 27% TAX

AMOUNTING TO RM612.5 MILLION



Impact Of The Proposed Dividend On CAR

	JUN 2007		Dec 2006	Variance	
	(After Interim Dividend)	(Before Interim Dividend)	(After Final Dividend)	RM mil	%
	RM mil	RM mil	RM mil		
- Equity Capital	6,529.3	7,141.8	6,176.0	965.8	16
- Hybrid Capital	1,152.2	1,260.3	1,089.9	170.4	16
<i>Total Tier 1 Capital</i>	<i>7,681.5</i>	<i>8,402.1</i>	<i>7,265.9</i>	<i>1,136.2</i>	<i>16</i>
- General Allowance	1,410.9	1,410.9	1,318.5	92.4	7
- Subordinated Notes	2,577.8	2,577.8	2,627.8	(50.0)	(2)
- Hybrid Capital Securities	735.1	626.9	812.9	(185.9)	(23)
<i>Total Tier 2 Capital</i>	<i>4,723.8</i>	<i>4,615.6</i>	<i>4,759.2</i>	<i>(143.5)</i>	<i>(3)</i>
Total Capital Base	12,405.3	13,017.7	12,025.1	992.7	8
Risk-Weighted Assets	90,474.1	90,474.1	82,425.4	8,048.7	10

Capital Adequacy Ratio	Jun 2007		Dec 2006
	After (%)	Before (%)	After (%)
Risk-Weighted Capital Ratio	13.7	14.4	14.6
Core Capital Ratio	8.5	9.3	8.8



Prospects for the 2nd Half of 2007

- ◆ To maintain earning growth momentum leveraging on:
 - continued strong loans & deposits growth;
 - continued growth in net interest income;
 - stable NPL.
- ◆ To build on existing strengths (Strong brand, market positions, capital strength and asset quality).
- ◆ Loan growth will continue to focus on SME, mortgage loans and HP financing.
- ◆ To grow other operating income, particularly on fund management and strategic tie up for bankassurance business.
- ◆ Further improve the productivity and operational efficiency.
- ◆ Enhance Red Carpet Business from transaction base to wealth management services.
- ◆ Expansion of overseas business particularly in Hong Kong & Indo-China.

Prospects for the 2nd Half of 2007 (contd.)



Overseas Operations: Expansion of Branch Network

	Number of Branches as at			
	May 06*	Dec 06	Jun 07	Dec 07
Hong Kong/China:	53	56	64	70
<i>Public Finance - Hong Kong</i>	40	40	41	41
<i>PB(HK) - Hong Kong</i>	12	15	21	25
<i>- China</i>	1	1	2	4
Cambodia	5	5	7	10
Laos	1	1	1	3

* Date of acquisition of Public Bank (Hong Kong)

Prospects for the 2nd Half of 2007 (contd.)



Overseas Operations: Loan Growth

Loan Growth	Jun 2007 HKD/USD mil	Dec 2006 HKD/USD mil	Variance	
			HKD/USD mil	%
Public Bank (Hong Kong) (HKD)	12,649	10,226	2,423	24
Cambodian Public Bank (USD)	212	158	54	34



Thank you