

Responsibility

Statement by Directors

The Directors are responsible for **ensuring that the annual financial statements** of the Group and the Bank are **drawn up in accordance** with the requirements of the applicable approved **accounting standards** in Malaysia, the provisions of the **Companies Act, 1965** and **Bank Negara Malaysia Guidelines**.

The Directors are to ensure that the annual financial statements of the Group and the Bank give a true and fair view of the state of affairs of the Group and the Bank at 31 December 2002 and of the results of their operations and cash flows for the year ended on that date.

In preparing the financial statements, the Directors have:

- a. applied the appropriate and relevant accounting policies on a consistent basis;
- b. made judgements and estimates that are reasonable and prudent;
- c. prepared the financial statements on a going concern basis; and
- d. ensured that proper accounting and other records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Bank to prevent and detect fraud and other irregularities.



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Financial Statements 2002

Directors' Report for the year ended 31 December 2002

The directors have pleasure in submitting to the members their report and the audited financial statements of the Group and the Bank for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business which include Islamic Banking and the provision of related financial services.

The principal activities of the subsidiary and associated companies are as disclosed in Notes 10 and 11 to the financial statements respectively.

There were no significant changes to these principal activities during the financial year.

FINANCIAL RESULTS

	Group	Bank
	RM'000	RM'000
Profit before taxation and zakat	1,281,058	839,667
Tax expense and zakat	(359,340)	(227,057)
Profit after tax expense and zakat	921,718	612,610
Minority interests	(151,481)	—
Net profit attributable to shareholders	770,237	612,610

DIVIDENDS

Since the end of the previous financial year, the Bank paid a final dividend of 18.0% comprising a tax exempt dividend of 9.0% and a non-tax exempt dividend of 9.0%, less 28% taxation, amounting to RM284.034 million on 6 June 2002.

The directors recommend the payment of a final dividend of 18.0%, less 28% taxation, amounting to RM299.963 million in respect of the current financial year, based on the issued and paid-up capital as at 31 December 2002 of 4,629,054,106 ordinary shares of RM0.50 each.

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Bank was increased from 3,667,637,247 ordinary shares of RM0.50 each to 4,629,054,106 ordinary shares of RM0.50 each by the issuance of:

- (i) 43,994,866 new ordinary shares of RM0.50 each pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme at the following option prices:

Number of ordinary shares issued:	Option price per share:
2,050,725	RM1.27
4,061,891	RM1.02
37,882,250	RM2.22

- (ii) 917,421,993 new ordinary shares of RM0.50 each issued at par pursuant to the bonus issue, as disclosed in Note 44(c)(i) to the financial statements, by way of capitalisation of RM458,710,996 from the Share Premium Account.

All the new shares that were issued rank pari passu in all respects with the existing shares of the Bank.



Directors' Report for the year ended 31 December 2002

EMPLOYEE SHARE OPTION SCHEME

On 10 April 1998, an offer of options under the Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS") to subscribe for ordinary shares of RM0.50 each at an option price of RM1.66 was made to eligible employees. At an Extraordinary General Meeting held on 20 May 2002, the PBB ESOS was extended for a period of two years from the initial expiry date of 25 February 2003 to an expiry date of 25 February 2005. On 6 June 2002, a second offer of options under the PBB ESOS to subscribe for ordinary shares of RM0.50 each at an option price of RM2.78 per share was made to eligible employees.

The salient features of the PBB ESOS are as follows:

- The eligibility for participation in the PBB ESOS is at the discretion of the PBB ESOS Committee. It is open to any eligible employee, with at least three (3) years continuous service in the Bank and certain of its subsidiary companies;
- The total number of shares to be offered under the PBB ESOS and in respect of which options may be granted, shall not exceed 10% of the total issued and paid-up share capital of the Bank at any point in time during the duration of the PBB ESOS;
- The number of shares that may be offered and allotted to eligible employees under the PBB ESOS is determined at the discretion of the PBB ESOS Committee subject to no individual eligible employee receiving more than 10% of the shares available under the PBB ESOS and no option shall be granted for less than 1,000 shares;
- The option exercise price for each ordinary share of RM0.50 each shall be at a discount of not more than ten percent of the five (5)-day weighted average market price of PBB shares quoted as "Local" on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE") and as shown in the daily official list issued by the KLSE at the time the option is granted;
- The number of outstanding options to subscribe for shares or the option price or both may be adjusted following any issue of additional shares by way of rights issues, bonus issues or other capitalisation issue carried out by the Bank while an option remains unexercised; and
- The options shall be capable of being exercised four (4) times per annum at such period or periods of time as the PBB ESOS Committee may in its discretion allow but not later than the expiry date of the PBB ESOS of 25 February 2005.

The exercise price of the options granted under the PBB ESOS were adjusted as follows:

	Option price per share	
	Granted on 10 April 1998	Granted on 6 June 2002
At date of granting of options	RM1.66	RM2.78
After adjusting for:		
3 for 10 Bonus Issue on 23 April 2001	RM1.27	—
1 for 4 Bonus Issue on 12 July 2002	RM1.02	RM2.22

The movements in the number of options to subscribe for new ordinary shares of RM0.50 each of the PBB ESOS are as follows:

Option price (adjusted)	Number of PBB Share Options		
	RM1.02	RM2.22	Total
At 1 January 2002	7,579,450	—	7,579,450
Granted during the year	7,800	243,265,000	243,272,800
Exercised during the year	(6,112,616)	(37,882,250)	(43,994,866)
Adjustment for bonus issue	1,372,329	60,797,500	62,169,829
Lapsed due to resignation	(58,531)	(795,250)	(853,781)
At 31 December 2002	2,788,432	265,385,000	268,173,432

EMPLOYEE SHARE OPTION SCHEME (continued)

The options granted do not confer any right to participate in any share issue of any other company.

In respect of the offer of PBB ESOS on 6 June 2002, the Bank has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options of less than 700,000 shares. The names of option holders and the number of options granted which are 700,000 shares and above are set out below:

Names of option holders	Number of PBB Share Options		
	Granted on 6 June 2002	Adjustment#	Adjusted
Chang Kat Kiam	850,000	212,500	1,062,500
Leong Kwok Nyem	850,000	212,500	1,062,500
Soong Hoe Seng	750,000	187,500	937,500
Jenny Cheng Siew Ngoh	750,000	187,500	937,500
Wong Jee Seng	750,000	187,500	937,500
Chia Lee Kee	750,000	187,500	937,500

Arising from the Public Bank ("PBB") bonus issue on 12 July 2002 on the basis of one (1) PBB option for every four (4) PBB options held.

Other than as disclosed, no other options were granted to any person to take up unissued shares of the Bank during the year.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves or provisions or allowances during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements and balance sheets of the Group and the Bank were made out, the directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for bad and doubtful debts and financing.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and the Bank, inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and the Bank were made out, the directors took reasonable steps to ensure that current assets, other than debts and financing, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and the Bank have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.



Directors' Report for the year ended 31 December 2002

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Group and the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Bank to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Bank during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE YEAR

- (a) On 26 February 2002, HHB Holdings Berhad ("HHB"), a wholly owned subsidiary of Public Bank Berhad ("PBB") announced that HHB had, on 21 February 2002 entered into a share sale agreement with Public Consolidated Holdings Sdn. Bhd. ("PCHSB"), a wholly owned subsidiary of PBB and Business Premium Sdn. Bhd. ("BPSB"), a wholly owned subsidiary of PCHSB, for the proposed acquisition by HHB of a total of 5,100,000 ordinary shares of RM1.00 each in Public Mutual Berhad (formerly known as Kuala Lumpur Mutual Fund Berhad) ("Public Mutual") ("Public Mutual Shares") representing 85% of the issued and paid-up share capital of Public Mutual for a total cash consideration of RM217,617,000 or RM42.67 per Public Mutual Share ("Proposed Acquisition").

The Proposed Acquisition has been approved by the Securities Commission ("SC") under the SC Guidelines on Unit Trust Funds on 15 April 2002, the Foreign Investment Committee ("FIC") on 18 June 2002 and the shareholder of HHB on 18 February 2002.

In compliance with the Malaysian Code on Take-Overs and Mergers 1998, HHB is obligated to extend a mandatory take-over offer for the remaining 900,000 Public Mutual Shares, representing 15% of the issued and paid-up share capital of Public Mutual, not already owned by HHB upon completion of the Proposed Acquisition ("Mandatory Offer").

SIGNIFICANT EVENTS DURING THE YEAR (continued)

On 8 March 2002 and 7 May 2002, HHB announced the detailed proposals to be implemented by HHB to enable HHB to have a level of operations that is adequate to warrant continued trading and listing of the ordinary shares of RM1.00 each in HHB (“HHB Shares”) on the Main Board of the Kuala Lumpur Stock Exchange (“KLSE”). The proposals to be undertaken in order to fulfil the requirements of Paragraph 8.15 (on “Compliance with shareholding spread requirement”) and Paragraph 8.16 (on “Level of operations”) of the Listing Requirements of the KLSE are as follows:

- (i) the Proposed Acquisition, which was announced on 26 February 2002;
- (ii) the proposed issuance of up to 62,700,000 new HHB Shares at par for cash by way of a private placement to PBB, the parent company and sole shareholder of HHB (“Proposed Placement”) whereupon PBB’s investment in HHB will increase from 125,377,000 HHB Shares to up to 188,077,000 HHB Shares; and
- (iii) the proposed restricted offer for sale by PBB of up to 47,500,000 HHB Shares upon the completion of the Proposed Placement to the following parties:
 - (a) bumiputera investors to be identified;
 - (b) eligible agents of Public Mutual;
 - (c) Directors and eligible employees of Public Mutual; and
 - (d) Directors of HHB.(“Proposed Restricted Offer for Sale”)

The Proposed Acquisition, the Mandatory Offer, the Proposed Placement and the Proposed Restricted Offer for Sale, collectively referred to as the HHB Proposals, require the approvals of the following:

- (i) the SC for the Proposed Acquisition, the Proposed Placement and the Proposed Restricted Offer for Sale under the SC’s Policies and Guidelines on Issue/Offer of Securities, the listing of the new HHB Shares to be issued pursuant to the Proposed Placement and the offer document for the Mandatory Offer;
- (ii) the FIC for the Proposed Placement and Proposed Restricted Offer for Sale which was obtained on 20 June 2002;
- (iii) the Ministry of International Trade and Industry for the allocation of the HHB Shares pursuant to the Proposed Restricted Offer for Sale to approved bumiputera investors;
- (iv) the shareholders of HHB which was obtained on 8 March 2002;
- (v) the KLSE for the approval in principle for the listing of and quotation for the new HHB Shares to be issued pursuant to the Proposed Placement on the Main Board of the KLSE; and
- (vi) Bank Negara Malaysia for PBB to subscribe for the new HHB Shares to be issued pursuant to the Proposed Placement which was obtained on 17 September 2002.

The approval of the SC for the Proposed Acquisition, the Proposed Placement and the Proposed Restricted Offer for Sale under the SC’s Policies and Guidelines on Issue/Offer of Securities and the listing of the new HHB Shares to be issued pursuant to the Proposed Placement was obtained on 29 August 2002. The approval of the SC was subject to a number of conditions which were accepted by HHB except for the condition that the issue price for the new HHB Shares to be placed to PBB pursuant to the Proposed Placement is the same as the offer price of HHB Shares pursuant to the Proposed Restricted Offer for Sale. An appeal for waiver of the said condition was approved by the SC on 14 November 2002.

Upon completion of the HHB Proposals, HHB will become a 74.74% subsidiary company of PBB and it is envisaged that the trading of HHB Shares on the Main Board of the KLSE would be resumed.



Directors' Report for the year ended 31 December 2002

SIGNIFICANT EVENTS DURING THE YEAR (continued)

- (b) On 14 May 2002, the shareholders of Public Finance Berhad ("PFB") approved the following:
- (i) the establishment of the PFB Employees' Share Option Scheme;
 - (ii) the shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of the KLSE; and
 - (iii) the renewal of shareholders' authority for the purchase by PFB of its own shares.
- (c) On 20 May 2002, the shareholders of PBB approved the following:
- (i) the bonus issue of up to 918,804,174 new ordinary shares of RM0.50 each in PBB ("PBB Shares") to be credited as fully paid-up on the basis of one (1) new PBB Share for every four (4) existing PBB Shares held ("PBB Bonus Issue");
 - (ii) the extension of the expiry date of the PBB Employees' Share Option Scheme ("PBB ESOS") from 25 February 2003 to 25 February 2005;
 - (iii) amendments to the bye-laws of the PBB ESOS;
 - (iv) the shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of the KLSE; and
 - (v) the renewal of shareholders' authority for the purchase by PBB of its own shares.
- (d) On 6 November 2002, 12 November 2002 and 12 December 2002, PBB and Public Finance Berhad ("PFB") announced the following proposals:
- (i) the proposed privatisation of PFB by way of a scheme of arrangement under Section 176 of the Companies Act, 1965 ("Act") between PFB and its shareholders, other than PBB, whereby:
 - (a) PBB will acquire all the remaining ordinary shares of RM1.00 each in PFB ("PFB Shares") not already owned by PBB by the issuance of up to 406,202,847 new PBB Shares to be listed and quoted as "Local" on the Main Board of KLSE ("PBB Local Shares") in exchange for up to 135,400,949 PFB Shares on the basis of three (3) new PBB Local Shares for every one (1) existing PFB Share held by the shareholders of PFB, other than PBB, ("Proposed Share Exchange") on the entitlement date for the Proposed Share Exchange to be determined and announced later; and
 - (b) PFB proposes to declare a special gross dividend of 138.9% subject to a tax deduction of 28% prior to the completion of the Proposed Share Exchange ("Proposed PFB Special Dividend"). The Proposed PFB Special Dividend, net of tax, amounts to RM1.00 per PFB Share.

The Proposed Share Exchange and Proposed PFB Special Dividend are collectively referred to as the Proposed PFB Privatisation; and

- (ii) a proposed bonus issue by PBB of up to 1,346,173,735 new PBB Shares to be credited as fully paid-up on the basis of one (1) new PBB Share for every four (4) existing PBB Shares held, conditional upon and after the completion of the Proposed PFB Privatisation ("Proposed PBB Bonus Issue").

The Proposed PFB Privatisation and Proposed PBB Bonus Issue are conditional upon the following approvals being obtained:

- (i) the Minister of Finance for the increase in PBB's equity in PFB to 100% pursuant to the Proposed Share Exchange which was obtained on 24 December 2002;
- (ii) BNM for the Proposed PFB Special Dividend, the Proposed PBB Bonus Issue and for the increase in PBB's issued and paid-up capital pursuant to the Proposed Share Exchange which were obtained on 24 December 2002;

SIGNIFICANT EVENTS DURING THE YEAR (continued)

- (iii) SC for the Proposed PFB Privatisation, Proposed PBB Bonus Issue and the listing of and quotation for the new PBB Shares to be issued pursuant to the Proposed Share Exchange and the Proposed PBB Bonus Issue on the Main Board of KLSE which was obtained on 27 January 2003;
- (iv) FIC for the Proposed Share Exchange;
- (v) KLSE for the listing of and quotation for the new PBB Shares to be issued and allotted pursuant to the Proposed Share Exchange and the Proposed PBB Bonus Issue on the Main Board of KLSE;
- (vi) the shareholders of PBB for the Proposed Share Exchange and Proposed PBB Bonus Issue;
- (vii) the shareholders of PFB for the Proposed PFB Privatisation;
- (viii) the sanction of the High Court of Malaya for the Proposed PFB Privatisation pursuant to Section 176 of the Act; and
- (ix) any other relevant authorities.

DIRECTORS

The directors who served since the date of the last report are:

Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow

Y.Bhg. Tan Sri Dato' Thong Yaw Hong

Y.Bhg. Datuk Tay Ah Lek

Y.Bhg. Dato' Lee Kong Lam

Y.Bhg. Dato' Yeoh Chin Kee

Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah

Tuan Haji Abdul Aziz bin Omar

Y.Bhg. Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff

Mr. Lee Chin Guan

In accordance with Article 111 of the Bank's Articles of Association, Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah and Tuan Haji Abdul Aziz bin Omar retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow and Y.Bhg. Tan Sri Dato' Thong Yaw Hong retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Annual General Meeting and offer themselves for re-appointment in accordance with Section 129 of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting of the Bank.



Directors' Report for the year ended 31 December 2002

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in shares of the Bank and its subsidiary companies were as follows:

	Number of Ordinary Shares of RM0.50 Each				Balance at 31.12.2002
	Balance at 1.1.2002	# Bonus Issue	Bought	Sold	
Bank					
<i>Direct shareholdings</i>					
Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow	1,000,000	250,000	—	—	1,250,000
Y.Bhg. Tan Sri Dato' Thong Yaw Hong	288,600	80,000	31,400	—	400,000
Y.Bhg. Datuk Tay Ah Lek	176,800	44,200	—	—	221,000
Y.Bhg. Dato' Lee Kong Lam	14,300	3,575	—	—	17,875
Y.Bhg. Dato' Yeoh Chin Kee	22,100	6,000	2,000	100	30,000
<i>Deemed interest</i>					
Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow	981,234,817	246,722,702	12,156,000	6,500,000	1,233,613,519
Y.Bhg. Tan Sri Dato' Thong Yaw Hong	799,500	235,000	140,500	—	1,175,000
Y.Bhg. Datuk Tay Ah Lek	172,900	43,225	—	—	216,125

Note:

Arising from the Public Bank ("PBB") bonus issue on 12 July 2002 on the basis of one (1) new ordinary PBB share for every four (4) ordinary PBB shares held ("PBB Bonus Issue").

	Number of PBB Share Options					Balance at 31.12.2002
	Option Price	Balance at 1.1.2002	Granted	Exercised	*** Adjustment	
Bank						
PBB ESOS						
Y.Bhg. Tan Sri Dato' Sri	* RM1.02	325,000	—	—	81,250	406,250
Dr. Teh Hong Piow	** RM2.22	—	36,360,000	—	9,090,000	45,450,000
Y.Bhg. Datuk Tay Ah Lek	* RM1.02	227,500	—	—	56,875	284,375
	** RM2.22	—	10,000,000	—	2,500,000	12,500,000
Y.Bhg. Dato' Lee Kong Lam	** RM2.22	—	3,000,000	—	750,000	3,750,000

Note:

* Adjustment of the option price from RM1.27 to RM1.02 pursuant to the PBB Bonus Issue.

** Adjustment of the option price from RM2.78 to RM2.22 pursuant to the PBB Bonus Issue.

*** Adjustment to the number of options granted pursuant to the PBB Bonus Issue.

DIRECTORS' INTERESTS (continued)

Number of Ordinary Shares of RM1.00 Each				
	Balance at 1.1.2002	Bought	Sold	Balance at 31.12.2002
Public Finance Berhad ("PFB")				
<i>Direct shareholdings</i>				
Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow	16,500	—	—	16,500
Y.Bhg. Tan Sri Dato' Thong Yaw Hong	2,580	7,420	—	10,000
Y.Bhg. Datuk Tay Ah Lek	1,650	—	—	1,650
<i>Deemed interest (excluding shares held by the Bank)</i>				
Y.Bhg. Tan Sri Dato' Thong Yaw Hong	6,052	13,948	—	20,000
Y.Bhg. Datuk Tay Ah Lek	2,349	—	—	2,349

Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his interest in shares of the Bank, is also deemed interested in the shares of all the Bank's subsidiary companies to the extent the Bank has an interest.

Number of PFB Share Options					
	Option Price	Balance at 1.1.2002	Granted	Exercised	Balance at 31.12.2002
PFB Employees' Share Option Scheme					
Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow	RM6.60	—	3,300,000	—	3,300,000

Other than as disclosed above, none of the directors in office at the end of the financial year had any interest in shares of the Bank and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiary companies is a party with the object of enabling directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate, other than the share options to be granted pursuant to the PBB and PFB ESOS.

Since the end of the previous financial year, no director of the Bank has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Bank as disclosed in Note 30 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest except for those transactions arising in the ordinary course of business as disclosed in Note 29(b) to the financial statements.



Directors' Report for the year ended 31 December 2002

BUSINESS REVIEW 2002

Despite external economic uncertainties and increased competition, the Group's businesses in 2002 continued to be supported by growth in domestic activity and sustained consumer spending.

In terms of lending activity, the Bank remained focused on providing consumer financing and retail financing to support small and medium size enterprises ("SMEs") in a wide range of economic sectors. This was complemented by the Bank's lending and banking services to the corporate sector. The Bank's focused strategy to promote current account and savings account deposits continued to reduce its funding costs.

The Bank's conventional banking business was complemented by healthy growth in Islamic deposits and financing in line with Bank Negara Malaysia ("BNM") objective of promoting Islamic banking and financing.

The Bank actively promoted business activities to further generate fee-based income. These include cash management services, trade bills business, sales of unit trusts and share investment facilities. To further enhance customer convenience and reduce transaction costs, *PBeBank.com* expanded its scope of services to corporate customers.

The Bank continued to build on its competitive advantage by pursuing a competitive pricing and marketing strategy and maintaining a high standard of customer service such as the 2-minute standard waiting time, fast loan approval time, and efficient handling of customer complaints.

In line with the BNM objective to further strengthen the domestic banking groups, the Bank started to implement a rationalisation programme for certain group functions and proposed to privatise Public Finance Berhad in order to improve cost efficiency and further harness business synergies.

As a long-term strategy, the Bank continued to remain vigilant in managing its risk profile, asset quality and balance sheet.

BUSINESS OUTLOOK FOR 2003

Public Bank expects its banking business to remain competitive in 2003 due to the excess liquidity in the banking system and the continued disintermediation of bank lending by the capital market.

Despite this, the Bank expects sustained growth in its lending business, particularly for consumer financing and retail commercial financing by SMEs. The Bank also expects an increase in demand for corporate banking services.

To sustain its competitiveness, the Bank will continue to provide a wide range of competitive product packages based on a solution-oriented approach and also maintain a high standard of customer service. The Bank will seek ISO Certification for its loan approval and delivery processes and further tap Group business synergies, particularly from the merger of the finance company's business of Public Finance Berhad with the commercial banking business of the Bank.

In the course of doing business, Public Bank will continue to emphasise on prudent and effective risk management, strong capital base, high asset quality and liquid balance sheet. The Bank will also consistently cultivate a good credit culture, adopt best practices and practice good corporate governance to maintain sustainable growth.

ECONOMIC OUTLOOK AND PROSPECTS FOR 2003

The Bank expects the Malaysian economy to register a higher Gross Domestic Product (“GDP”) growth rate for 2003 compared to an estimate of 4% for 2002.

Domestically, both monetary and fiscal policies are already in place to support domestic economic activity. Coupled with a sound and strong banking sector, the stable and low interest rate outlook for 2003 will continue to support the Government’s expansionary fiscal policy as well as consumer and business confidence.

Malaysia’s economic fundamentals are also expected to remain strong. In particular, the favourable outlook for inflation, unemployment, national savings, the current account of the balance of payments, and the Government’s financial position will continue to provide the Government with policy flexibility and sustain the ringgit peg.

Being an open economy, Malaysia is expected to gain from the modest recovery in the global economy in 2003. For 2003, world trade and GDP growth are expected to increase to 7% (2002: 2.9%) and 2.5% (2002: 1.7%) respectively. Although there are concerns in the economies of the United States of America and the European Union, the Organisation for Economic Cooperation and Development (“OECD”) countries are expected to register 2.1% GDP growth for 2003 compared with 1.4% for 2002.

Despite the positive outlook for Malaysia, there exists downside risks. These include the sustainability of private spending, slower than expected recovery in private investment and exports, fragile recovery in the OECD economies and the geopolitical tensions.

AUDITORS

The retiring auditors, Messrs. KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors:

TAN SRI DATO’ SRI DR. TEH HONG PIOW

Director

TAN SRI DATO’ THONG YAW HONG

Director

Kuala Lumpur,

Dated: 5 February 2003



Statement by Directors

We, TAN SRI DATO' SRI DR. TEH HONG PIOW and TAN SRI DATO' THONG YAW HONG, being two of the directors of PUBLIC BANK BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 154 to 228 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Bank at 31 December 2002 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the directors:

TAN SRI DATO' SRI DR. TEH HONG PIOW
Director

TAN SRI DATO' THONG YAW HONG
Director

Kuala Lumpur,
Dated: 5 February 2003

Statutory Declaration

I, WONG JEE SENG, being the officer primarily responsible for the financial management of PUBLIC BANK BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 154 to 228, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
WONG JEE SENG at KUALA LUMPUR in
WILAYAH PERSEKUTUAN this 5th February 2003

BEFORE ME:

NGUI KEE HEONG
Commissioner for Oaths
Kuala Lumpur

Report of the Auditors to the Members

We have audited the financial statements set out on pages 154 to 228. The preparation of the financial statements is the responsibility of the Bank's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Bank at 31 December 2002 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Bank;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Bank and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary companies in respect of which we have not acted as auditors are identified in Note 10 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

None of the audit reports on the financial statements of the subsidiary companies were subject to any qualification nor included any comment under sub-section (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758

Chartered Accountants

QUAH POH KEAT

Partner

Approval Number: 949/03/04(J/PH)

Kuala Lumpur,

Dated: 5 February 2003



Balance Sheets at 31 December 2002

		Group		Bank	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
ASSETS					
Cash and short term funds	3	9,932,135	7,484,090	7,695,083	7,832,606
Deposits and placements with financial institutions	4	3,071,743	3,381,609	3,848,379	3,314,989
Dealing securities	5	3,179,685	3,032,043	4,152,083	2,805,367
Investment securities	6	4,763,980	5,743,758	3,963,617	3,343,108
Loans, advances and financing	7	37,575,070	30,712,989	22,540,540	19,653,271
Other assets	8	534,804	550,875	607,828	475,859
Statutory deposits with Central Banks	9	1,233,909	920,267	759,800	561,500
Investments in subsidiary companies	10	—	—	1,956,220	1,676,244
Investments in associated companies	11	46,748	36,382	28,465	18,965
Investment properties	12	29,274	35,868	—	—
Goodwill	13	478,179	417,117	358,412	378,068
Property and equipment	14	920,153	910,185	518,553	503,087
TOTAL ASSETS		61,765,680	53,225,183	46,428,980	40,563,064
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	15	47,986,206	39,782,304	35,071,361	29,953,328
Deposits and placements of banks and other financial institutions	16	1,694,009	2,390,518	3,002,837	2,979,781
Obligations on securities sold under repurchase agreements		819,421	772,832	663,159	800,186
Bills and acceptances payable		1,135,218	677,329	1,134,416	677,033
Recourse obligation on loans sold to Cagamas	17	983,401	847,769	115,364	116,057
Other liabilities	18	775,622	741,878	621,133	603,939
Provision for taxation and zakat	19	154,462	308,771	75,278	112,338
Deferred taxation	20	58,898	50,785	49,176	42,983
Total Liabilities		53,607,237	45,572,186	40,732,724	35,285,645
Share capital	21	2,314,527	1,833,819	2,314,527	1,833,819
Reserves		4,517,469	4,438,152	3,381,729	3,443,600
Shareholders' Funds		6,831,996	6,271,971	5,696,256	5,277,419
Minority interests		1,326,447	1,381,026	—	—
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		61,765,680	53,225,183	46,428,980	40,563,064
COMMITMENTS AND CONTINGENCIES	34	12,316,066	12,147,280	11,337,023	10,693,116

The accompanying notes form an integral part of these financial statements.

Income Statements for the year ended 31 December 2002

		Group		Bank	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Operating revenue	2(f)	4,046,157	3,794,249	2,249,099	2,094,831
Interest income	24	3,212,619	3,117,352	1,885,429	1,782,982
Interest expense	25	(1,241,360)	(1,224,060)	(920,942)	(901,988)
Net interest income		1,971,259	1,893,292	964,487	880,994
Net income from Islamic Banking operations	46(k)	208,734	132,740	62,600	46,554
Non-interest income	26	2,179,993 547,571	2,026,032 542,443	1,027,087 466,255	927,548 273,895
Net income		2,727,564	2,568,475	1,493,342	1,201,443
Overhead expenses	27	(1,100,394)	(1,008,409)	(615,257)	(588,841)
Operating profit		1,627,170	1,560,066	878,085	612,602
Allowance for losses on loans and financing	28	(349,073)	(309,710)	(38,418)	(57,033)
Share of results of associated companies		1,278,097 2,961	1,250,356 637	839,667 —	555,569 —
Profit before tax expense and zakat		1,281,058	1,250,993	839,667	555,569
Tax expense and zakat	31	(359,340)	(331,457)	(227,057)	(157,632)
Profit after tax expense and zakat		921,718	919,536	612,610	397,937
Minority interests		(151,481)	(219,458)	—	—
Net profit for the year		770,237	700,078	612,610	397,937
Earnings per 50 sen share:	32				
– basic (sen)		16.7	15.9		
– diluted (sen)		16.6	15.8		
Dividends per 50 sen share:	33				
– gross (sen)		9.0	9.0		
– net (sen)		6.5	7.7		

The accompanying notes form an integral part of these financial statements.



Statements of Changes in Equity

Issued and fully paid ordinary shares of RM0.50 each								Non-distributable Reserves		Distributable Reserves	
	Note	Number of shares '000	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000				
Group											
At 1 January 2001		2,390,120	1,195,060	422,420	1,430,009	1,369,620	4,417,109				
Issue of shares											
– exercise of share options		5,318	2,659	5,391	—	—	8,050				
– PBB/HHB Merger		426,282	213,141	1,035,865	—	—	1,249,006				
– bonus issue		845,918	422,959	(394,813)	—	(28,146)	—				
Cost incurred for the issuance of shares		—	—	(1,968)	—	—	(1,968)				
Currency translation differences		—	—	—	(100,055)	—	(100,055)				
Net profit for the year (restated)		—	—	—	—	700,078	700,078				
Transfer to statutory reserves		—	—	—	153,837	(153,837)	—				
Dividends – 2000 final	33	—	—	—	—	(249)	(249)				
At 31 December 2001		3,667,638	1,833,819	1,066,895	1,483,791	1,887,466	6,271,971				
At 31 December 2001 as previously stated		3,667,638	1,833,819	1,066,895	1,483,791	1,904,611	6,289,116				
Prior year adjustment	23	—	—	—	—	(17,145)	(17,145)				
At 1 January 2002 as restated		3,667,638	1,833,819	1,066,895	1,483,791	1,887,466	6,271,971				
Issue of shares											
– exercise of share options		43,994	21,997	68,849	—	—	90,846				
– bonus issue		917,422	458,711	(458,711)	—	—	—				
Cost incurred for the issuance of shares		—	—	(585)	—	—	(585)				
Currency translation differences		—	—	—	(16,439)	—	(16,439)				
Net profit for the year		—	—	—	—	770,237	770,237				
Transfer to statutory reserves		—	—	—	313,147	(313,147)	—				
Dividends – 2001 final	33	—	—	—	—	(284,034)	(284,034)				
At 31 December 2002		4,629,054	2,314,527	676,448	1,780,499	2,060,522	6,831,996				

Note 21

Note 22

The accompanying notes form an integral part of these financial statements.

		Issued and fully paid ordinary shares of RM0.50 each		Non-distributable Reserves		Distributable Reserves	
	Note	Number of shares '000	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000
Bank							
At 1 January 2001		2,390,120	1,195,060	422,420	910,643	1,096,520	3,624,643
Issue of shares							
– exercise of share options		5,318	2,659	5,391	—	—	8,050
– PBB/HHB Merger		426,282	213,141	1,035,865	—	—	1,249,006
– bonus issue		845,918	422,959	(394,813)	—	(28,146)	—
Cost incurred for the issuance of shares		—	—	(1,968)	—	—	(1,968)
Net profit for the year (restated)		—	—	—	—	397,937	397,937
Transfer to statutory reserves		—	—	—	112,216	(112,216)	—
Dividends – 2000 final	33	—	—	—	—	(249)	(249)
At 31 December 2001		3,667,638	1,833,819	1,066,895	1,022,859	1,353,846	5,277,419
At 31 December 2001 as previously stated		3,667,638	1,833,819	1,066,895	1,022,859	1,368,907	5,292,480
Prior year adjustment	23	—	—	—	—	(15,061)	(15,061)
At 1 January 2002 as restated		3,667,638	1,833,819	1,066,895	1,022,859	1,353,846	5,277,419
Issue of shares							
– exercise of share options		43,994	21,997	68,849	—	—	90,846
– bonus issue		917,422	458,711	(458,711)	—	—	—
Net profit for the year		—	—	—	—	612,610	612,610
Cost incurred for the issuance of shares		—	—	(585)	—	—	(585)
Transfer to statutory reserves		—	—	—	306,305	(306,305)	—
Dividends – 2001 final	33	—	—	—	—	(284,034)	(284,034)
At 31 December 2002		4,629,054	2,314,527	676,448	1,329,164	1,376,117	5,696,256

Note 21

Note 22

The accompanying notes form an integral part of these financial statements.



Cash Flow Statements for the year ended 31 December 2002

		Group		Bank	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash flows from operating activities					
Profit before taxation		1,281,058	1,250,993	839,667	555,569
Adjustments for:					
Share of profit in associated companies		(2,961)	(637)	—	—
Depreciation		78,759	98,526	49,745	71,008
Amortisation of goodwill		25,412	17,145	19,656	15,061
Net gain on disposal of property and equipment		(215)	(1,031)	(244)	(243)
Net (gain)/loss on disposal of foreclosed properties		(228)	5,142	(228)	5,142
Allowance for bad and doubtful debts and financing		540,603	475,487	161,611	176,434
Write back of allowance for bad and doubtful debts and financing		(155,905)	(134,973)	(108,393)	(107,552)
Net interest income suspended		78,627	95,556	44,840	46,911
Gain on sale of investment securities		(48,961)	(106,296)	(28,423)	(70,645)
Dividends from investment securities		(3,497)	(4,096)	(2,297)	(2,718)
Dividends from subsidiary companies		—	—	(215,708)	(16,216)
Dividends from associated companies		—	—	(1,962)	(2,874)
Amortisation of premium less accretion of discount of investment securities		42,380	17,395	36,946	5,355
Deficit on revaluation of investment properties		1,960	1,294	—	—
Allowance/(Write back of allowance) for diminution in value of investment securities		31,214	(1,596)	21,048	660
Allowance for diminution in value of a subsidiary company		—	—	300	—
Gain on deemed disposal of a subsidiary company		(15,661)	—	—	—
Property and equipment written off		8	—	—	—
Operating profit before working capital changes		1,852,593	1,712,909	816,558	675,892
(Increase)/Decrease in operating assets/liabilities:					
Deposits and placements with financial institutions		309,866	1,555,158	(533,390)	1,572,182
Dealing securities		(147,642)	(1,979,197)	(1,346,716)	(1,510,300)
Loans, advances and financing		(7,341,845)	(3,320,512)	(3,001,715)	(1,735,929)
Statutory deposits with Central Banks		(313,642)	65,332	(198,300)	27,823
Other assets		20,338	201,955	(24,185)	132,385
Deposits from customers		8,203,902	1,499,015	5,118,033	1,668,395
Deposits and placements of banks and other financial institutions		(696,509)	(570,259)	23,056	(584,102)
Obligations on securities sold under repurchase agreements		46,589	498,555	(137,027)	461,109
Bills and acceptances payable		457,889	337,706	457,383	337,456
Recourse obligations on loans sold to Cagamas		135,632	(145,324)	(693)	6,890
Other liabilities		10,127	(35,944)	10,568	(43,401)
Cash generated from/(used in) operations		2,537,298	(180,606)	1,183,572	1,008,400
Income taxes and zakat paid		(504,783)	(269,880)	(223,233)	(122,986)
Net cash generated from/(used in) operating activities		2,032,515	(450,486)	960,339	885,414

		Group		Bank	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash flows from investing activities					
Dividends received from associates		1,972	2,884	1,962	2,874
Purchase of property and equipment		(73,107)	(65,964)	(59,093)	(45,807)
Proceeds from disposal of property and equipment		849	7,319	735	6,343
Proceeds from disposal of foreclosed properties		2,645	4,293	2,645	4,300
Acquisition shares in subsidiary companies		(280,576)	(63,348)	(280,276)	(63,348)
Additional investment in associated companies		(9,500)	—	(9,500)	—
Dividends received from subsidiary companies		—	—	94,508	91,974
Dividends received from investment securities		3,497	4,096	2,297	2,718
Proceeds net of purchases from sale of investment securities		947,856	203,922	(657,367)	(712,209)
Acquisition of subsidiary, net of cash acquired		—	1,240,712	—	1,240,712
Funds from subscription of rights issue by minority interest		96,206	120	—	—
Dividends paid to minority interest		(80,201)	(73,104)	—	—
Redemption of preference shares at a subsidiary company		(307)	—	—	—
Net cash generated from/(used in) investing activities		609,334	1,260,930	(904,089)	527,557
Cash flows from financing activities					
Proceeds from issuance of shares		90,846	8,050	90,846	8,050
Dividends paid		(284,034)	(179,508)	(284,034)	(179,508)
Share issuance expenses		(585)	(1,968)	(585)	(1,968)
Net cash used in financing activities		(193,773)	(173,426)	(193,773)	(173,426)
Net increase/(decrease) in cash and cash equivalents		2,448,076	637,018	(137,523)	1,239,545
Cash and cash equivalents at beginning of year		7,484,090	6,847,135	7,832,606	6,593,061
Foreign exchange differences on opening balance		(31)	(63)	—	—
Cash and cash equivalents at end of year	3	9,932,135	7,484,090	7,695,083	7,832,606

The accompanying notes form an integral part of these financial statements.



Notes to the Financial Statements – 31 December 2002

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Group is principally engaged in all aspects of banking, merchant banking, financing, stock broking, provision of finance to purchasers of licensed public vehicles, provision of related financial services, management of unit trusts and sale of trust units and investment holding.

The Bank is principally engaged in all aspects of banking business which include Islamic Banking and the provision of related financial services.

There have been no significant changes to these principal activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 5 February 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and the Bank are consistent with those adopted in the previous years except for the change in accounting policy for goodwill as disclosed in Note 2(e) and the adoption of the following new Malaysian Accounting Standards ("MASB") which became effective in the current year.

- (i) MASB 20, Provisions, Contingent Liabilities and Contingent Assets which is applied retrospectively. Comparatives have not been restated and no prior year adjustment is required as there is no material impact on the financial statements;
- (ii) MASB 21, Business Combinations. The adoption does not have any impact on the financial statements;
- (iii) MASB 22, Segmental Reporting which is applied retrospectively. The adoption resulted in new disclosure format as set out in Note 41 to the financial statements;
- (iv) MASB 23, Impairment of Assets which is applied prospectively. The adoption does not have any impact on the financial statements; and
- (v) MASB 24, Financial Instruments: Disclosure and Presentation which has been adopted prospectively. The adoption resulted in new disclosure format as set out in Notes 35 to 37 to the financial statements.

(a) Basis of Accounting

The financial statements of the Group and the Bank have been prepared in accordance with the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines and comply with the provisions of the Companies Act, 1965.

The financial statements incorporate all activities relating to the Islamic Banking business which have been undertaken by the Bank and its finance subsidiary company in Malaysia. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the principles of Syariah.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary companies made up to the end of the financial year.

Subsidiary companies are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Consolidation (continued)

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Subsidiary Companies

Investments in subsidiary companies which are eliminated on consolidation, are stated in the Bank's financial statements at cost, and an allowance is made in the event of any diminution in value which is other than temporary.

(d) Associated Companies

The Group treats associated companies as those companies in which a long term equity interest of between 20 to 50 percent is held and where it exercises significant influence through management participation.

In the consolidated balance sheet, the Group's interests in associated companies are stated at the net asset value of associated companies at the date of acquisition and the Group's share of post acquisition results and reserves less an allowance for diminution in value where such diminution in value is other than temporary. The difference, if any, between the cost of investment and the underlying net asset value on acquisition which represents goodwill or reserve is accounted for in accordance with the policy as referred to in Note 2(e).

(e) Goodwill

Goodwill or reserve arising on consolidation represents the difference between the purchase price and the fair values of the net identifiable assets of subsidiary companies at the dates of acquisition. Purchased goodwill represents the difference between the purchase price and the fair values of the net assets acquired at the date of acquisition.

In the current financial year, the Group had adopted the policy of amortising goodwill arising on consolidation and purchased goodwill over an estimated useful life of not more than twenty years. This change in accounting policy has been applied retrospectively and the comparatives in the current year financial statements have been restated.

The goodwill arising on consolidation or purchased goodwill represents payments made by the Group at acquisition dates in anticipation of future economic benefits. The directors are of the view that the systematic amortisation of the goodwill would match the expected flow of the future economic benefits generated by the acquisitions. Goodwill is therefore stated at cost less accumulated amortisation and accumulated impairment losses, if any.

The effect of the change in accounting policy for goodwill is a decrease in profit before taxation for the year ended 31 December 2002 for the Group and the Bank of RM25,412,000 (2001: RM17,145,000) and RM19,656,000 (2001: RM15,061,000) respectively.

(f) Operating Revenue

Operating revenue of the Group comprises all types of revenue derived from banking, merchant banking, financing, stock broking, leasing and factoring, management of unit trust and sales of trust units as well as trustee services but excluding all related companies transactions.

Operating revenue of the Bank comprises gross interest income, commission and other income derived from banking operations.



Notes to the Financial Statements – 31 December 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Recognition of Interest and Financing Income

Interest income is recognised in the income statement for all interest bearing assets on an accrual basis. Interest income includes the amortisation of premium or accretion of discount. Interest income on dealing and investment securities are recognised on an effective yield basis.

Interest income on overdrafts, term loans and housing loans is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements, which are either monthly or daily. Interest income on hire purchase, block discounting and leasing business is recognised using the “sum-of-digits” method. Income from the Islamic Banking financing is recognised on an accrual basis in accordance with the principles of Syariah.

Where an account becomes non-performing, interest is suspended until it is realised on a cash basis. Customers’ accounts are deemed to be non-performing where repayments are in arrears for more than six (6) months and three (3) month after maturity date for trade bills, bankers’ acceptances and trust receipts except for the subsidiary companies operating in Hong Kong which deem customer accounts as non-performing where repayments are in arrears for more than three (3) months. Credit card holders are deemed non-performing where repayments are in arrears for three (3) months or more from first day of default. The policy on suspension of interest is in conformity with Bank Negara Malaysia’s Guidelines on the suspension of interest on non-performing loans and provision for bad and doubtful debts, BNM/GP3.

(h) Recognition of Fees and Other Income

Income from the various business activities of the Group and the Bank is recognised using the following bases:

- (i) Loan arrangement, management and participation fees are recognised upfront as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantees;
- (ii) Dividends from dealing and investment securities are recognised when received. Dividends from subsidiary companies are recognised when the right to receive payment is established;
- (iii) Factoring commission income is recognised upon acceptance of the factored invoices. Factoring interest is recognised on an accrual basis;
- (iv) Revenue from sale of trust units is recognised upon allotment of units, net of cost of units sold;
- (v) Management fees from the management of unit trusts, net brokerage income, margin interest and rollover fees are recognised on an accrual basis;
- (vi) Other fees and commissions on services and facilities extended to customers are recognised on inception of such transactions; and
- (vii) Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the assignment.

(i) Recognition of Interest and Financing Expense

Interest expense and attributable profit (on activities relating to Islamic Banking business) on deposits and borrowings of the Group and the Bank are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and work-in-progress are not depreciated. Depreciation of other property and equipment is provided on a straight line basis calculated to write off the cost of each asset over the term of its estimated useful lives at the following principal annual rates:

Long term leasehold land	Over leasehold periods of 25 to 50 years
Buildings	2.0%
Renovations	Over the term of the leases ranging from 2 to 50 years
Office equipment, furniture and fittings	10.0% – 33.3%
Computer equipment and software	20.0% – 33.3%
Motor vehicles	20.0%

(k) Impairment of Assets

The carrying amount of the Group's assets, other than financial assets (other than investments in subsidiary and associated companies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent events have occurred that reverse the effect of that event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

(l) Investment Properties

Investment properties are interests in land and buildings which are intended to be held on a long term basis for their investment potential, with rental income being negotiated at arm's length. Such properties are not depreciated and are stated annually or such longer period as may be considered appropriate at their open market values on the basis of professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the capital reserve account. If the total outstanding of this capital reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to income statement immediately. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the capital reserves realised in respect of previous valuations is released to the income statement.



Notes to the Financial Statements – 31 December 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies during the financial year are translated into Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. All exchange differences are recognised in the income statement.

(ii) Financial statements of foreign operations

The financial statements of foreign branches are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. The results of these branches for the financial year are accounted for based on closing rates of exchange at balance sheet date. All exchange differences are recognised in the income statement.

The financial statements of foreign subsidiary companies and a subsidiary incorporated in the Federal Territory of Labuan are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are taken to the exchange equalisation reserve. Translation losses in excess of the amount outstanding in the exchange equalisation reserve are taken to the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

	2002	2001
1 USD	RM3.8000	RM3.8000
1 HKD	RM0.4873	RM0.4873

(n) Bills and Acceptances Payable

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

(o) Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value on a portfolio basis.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

(p) Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquidity compliance requirements pursuant to the New Liquidity Framework and are usually held to maturity.

Malaysian Government Securities, Malaysian Government Investment issue, Cagamas Bonds, other Government Securities, and bank or government guaranteed private debt securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable to maturity date. Other non-guaranteed private debt securities are stated at lower of cost and market value determined on a portfolio basis.

Quoted shares are stated at the lower of cost and market value determined on a portfolio basis.

Other investment securities are stated at cost less allowance for diminution in value other than any diminution in value deemed as temporary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Foreclosed Properties

Foreclosed properties are those acquired in full or partial satisfaction of debts, are stated at the lower of cost and net realisable value.

(r) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(s) Staff Retirement Benefits

The Bank and certain subsidiary companies contribute to a fully funded defined benefit scheme approved by the Inland Revenue Board known as the Public Bank Group Officers' Retirement Benefits Fund (the "Fund"), in respect of retirement benefits for its eligible officers. Contributions to the Fund are made semi-annually and are charged to the income statement so as to spread the cost of the Fund over the employees' working lives in the Group. Contributions to the Fund may be adjusted based on the actuarial valuation conducted periodically. The last actuarial valuation, using the "Attained Age Method", was as at 31 December 2000. This actuarial valuation of the Fund, indicated that the Fund has sufficient assets to meet its liabilities.

The staff retirement benefits of the former staff of HHB Holdings Berhad is made based on the contracted obligations up to the date of the transfer of the banking business of HHB Holdings Berhad of 31 March 2001.

JCG Holdings Limited and its subsidiary companies contribute to a separate scheme, which is a defined contribution scheme. Contributions to this scheme are charged to the income statement as incurred.

(t) Allowance for Bad and Doubtful Debts and Financing

Loans, advances and financing are stated at cost less any allowance for bad and doubtful debts and financing.

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

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

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

(u) Repurchase Agreements

Securities purchased under resale agreements are securities which the Group and the Bank commits to resell at future dates and is reflected as an asset.

Obligation on securities sold under repurchase agreements are obligations which the Group and the Bank commits to repurchase at future dates and is reflected as a liability.



Notes to the Financial Statements – 31 December 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Interest Rate Swaps and Forward Contracts

The Bank acts as an intermediary with counter parties who wish to swap their interest obligations. The Bank also uses interest rate swaps and foreign exchange forward contracts to hedge its interest rate and foreign exchange risk.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Interest rate swaps and foreign exchange forward contracts used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profits or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Gains and losses on interest rate swaps and foreign exchange forward contracts that do not qualify as hedges, if any, are recognised in the year they arise using the mark-to-market method and are included in the income statement.

(w) Forward Exchange Related Contracts

Outstanding forward exchange related contracts at the balance sheet date are valued based on the applicable spot rates ruling at that date adjusted for the applicable premium or discount to maturity. Gains or losses are recognised in the income statement in the year they arise.

(x) Operating Leases

Payments made under operating leases are recognised in the income statement on an accrual basis in accordance with the terms of the leases.

(y) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of a past event and a reliable estimate can be made of the amount.

(z) Liabilities

Deposits from customers are stated at placement values and adjusted for accrued interest. Deposits and placements of banks and financial institutions are stated at placement values.

(aa) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, and short term deposits with original maturities of less than one month.

(bb) Profit Equalisation Reserves ("PER")

PER refers to the amount appropriated out of the total Islamic Banking gross income in order to maintain a certain level of return to depositors. PER is deducted from the total Islamic Banking gross income in deriving the net distributable gross income. This amount appropriated is shared by the depositors and the Bank.

3. CASH AND SHORT TERM FUNDS

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and balances with banks and other financial institutions	1,046,194	572,239	931,635	365,515
Money at call and deposit placements maturing within one month	8,885,941	6,911,851	6,763,448	7,467,091
	9,932,135	7,484,090	7,695,083	7,832,606

Included in the previous year Group's deposits was an amount of RM2,437,000 which have been pledged to certain banks by a foreign subsidiary company for facilities obtained.

4. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Licensed banks	2,179,217	1,331,487	2,319,700	2,049,100
Licensed finance companies	168,847	65,260	880,000	265,000
Other financial institutions	723,679	1,984,862	648,679	1,000,889
	3,071,743	3,381,609	3,848,379	3,314,989

A fixed deposit of RM100,000 (2001 – RM100,000) included in the Group balance favoring the Accountant General has been placed by a subsidiary with a licensed bank in accordance with Section 4(2) of the Labuan Trust Companies Act, 1990.

Deposits totaling RM2,436,000 (2001 – Nil) have been pledged to certain banks by a foreign subsidiary company for facilities obtained.



Notes to the Financial Statements – 31 December 2002

5. DEALING SECURITIES

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Bank Negara Malaysia Bills	130,358	—	130,358	—
Malaysian Government Treasury Bills	21,458	—	21,458	—
Malaysian Government Securities	25,359	179,332	150	—
Cagamas notes	104,833	—	104,833	—
Cagamas bonds	15,052	25,117	15,052	—
Danaharta bonds	—	23,035	—	—
Danamodal bonds	—	14,177	—	—
Khazanah bonds	—	8,688	—	—
Private debt securities	200,024	—	200,024	—
Negotiable instrument of deposits	2,660,261	2,744,839	3,680,261	2,805,367
	3,157,345	2,995,188	4,152,136	2,805,367
Trust units	22,393	37,060	—	—
	3,179,738	3,032,248	4,152,136	2,805,367
Amortisation of premium	(53)	(205)	(53)	—
	3,179,685	3,032,043	4,152,083	2,805,367
Market value:				
Bank Negara Malaysia Bills	130,358	—	130,358	—
Malaysian Government Treasury Bills	21,458	—	21,458	—
Malaysian Government Securities	25,378	179,807	155	—
Cagamas notes	104,833	—	104,833	—
Cagamas bonds	15,000	25,098	15,000	—
Danaharta bonds	—	23,015	—	—
Danamodal bonds	—	14,203	—	—
Khazanah bonds	—	8,708	—	—
Private debt securities	203,034	—	203,034	—
Negotiable instrument of deposits	2,656,939	2,745,282	3,679,110	2,805,813
Trust units	23,107	38,990	—	—

6. INVESTMENT SECURITIES

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Money market instruments:				
Malaysian Government Treasury Bills	121,997	29,681	104,529	29,681
Malaysian Government Securities	603,837	698,411	596,169	425,073
Malaysian Government Investment Certificates	—	112,697	—	112,697
Cagamas bonds	592,218	535,351	592,218	132,801
Cagamas Mudharabah bonds	50,384	—	50,384	—
Cagamas notes	312,896	9,987	312,896	9,987
Danamodal bonds	27,350	87,978	27,070	87,698
Danaharta bonds	49,972	85,707	42,568	41,013
Khazanah bonds	43,680	88,070	38,747	56,288
Bankers' acceptances and Islamic accepted bills	92,934	309,860	88,913	—
Negotiable instrument of deposits	280,504	1,491,258	229,664	619,033
Bank Negara Malaysia Bills	236,838	708	76,940	708
Bank Negara Malaysia Negotiable notes	49,970	—	—	—
Other government bonds	9,261	1,297	9,261	1,297
	2,471,841	3,451,005	2,169,359	1,516,276
Quoted securities:				
Shares in Malaysia	86,400	68,680	61,785	44,444
Shares outside Malaysia	30,889	31,693	—	—
Private debt securities	27,483	28,992	—	—
	144,772	129,365	61,785	44,444
Unquoted securities:				
Shares	112,666	112,288	98,310	97,940
Private debt securities	2,150,054	2,202,698	1,687,627	1,711,664
	2,262,720	2,314,986	1,785,937	1,809,604
Accretion of discounts less amortisation of premium	16,927	8,313	17,166	22,612
Allowance for diminution in value of investment securities	(75,471)	(46,481)	(36,773)	(17,338)
Allowance for bad and doubtful debts				
– specific allowance	(53,435)	(110,056)	(33,857)	(32,490)
– general allowance	(3,374)	(3,374)	—	—
	4,763,980	5,743,758	3,963,617	3,343,108



Notes to the Financial Statements – 31 December 2002

6. INVESTMENT SECURITIES (continued)

The maturity structure of money market instruments held are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Maturity within one year	2,086,926	1,736,639	1,777,766	487,137
One year to three years	289,402	1,569,774	303,475	919,262
Three years to five years	90,125	96,009	82,730	74,020
Over five years	5,388	48,583	5,388	35,857
	2,471,841	3,451,005	2,169,359	1,516,276
Market value of money market instruments and quoted securities:				
Malaysian Government Treasury Bills	121,978	29,692	104,513	29,692
Malaysian Government Securities	616,970	725,845	609,035	450,748
Malaysian Government Investment Certificates	—	112,977	—	112,977
Cagamas bonds	594,238	541,907	594,238	133,944
Cagamas Mudharabah bonds	50,384	—	50,384	—
Cagamas notes	312,842	9,987	312,842	9,987
Danamodal bonds	27,528	94,671	27,141	87,882
Danaharta bonds	51,832	83,036	43,016	41,311
Khazanah bonds	43,860	88,966	38,927	56,521
Banker's acceptances and Islamic accepted bills	92,934	309,860	88,913	—
Negotiable instrument of deposits	282,577	1,505,617	233,627	631,598
Bank Negara Malaysia Bills	236,821	708	76,939	708
Bank Negara Malaysia Negotiable notes	49,965	—	—	—
Other government bonds	9,312	2,234	9,312	2,234
Shares quoted in Malaysia	48,804	37,326	40,307	27,770
Shares quoted outside Malaysia	8,613	9,991	—	—
Quoted private debt securities	27,483	28,992	—	—

7. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Overdrafts	5,626,297	5,202,468	5,637,301	5,207,585
Term loans	20,471,192	19,020,999	15,932,961	13,819,610
Credit card receivables	357,906	307,785	354,710	303,150
Bills receivable	61,896	53,490	59,882	52,753
Trust receipts	312,324	279,384	308,444	274,110
Claims on customers under acceptance credits	1,090,835	590,679	1,090,835	590,679
Lease, factored and confirming receivables	66,390	63,159	262	622
Hire purchase	13,425,701	8,111,118	175,884	132,451
*Staff loans	596,798	551,994	400,442	373,723
Unearned interest and income	(2,978,600)	(1,954,786)	(617,133)	(306,265)
Gross loans, advances and financing	39,030,739	32,226,290	23,343,588	20,448,418
Allowance for bad and doubtful debts and financing				
– general	(695,870)	(579,645)	(366,502)	(319,571)
– specific	(459,304)	(603,922)	(230,707)	(267,103)
Interest/Income-in-suspense	(300,495)	(329,734)	(205,839)	(208,473)
Net loans, advances and financing	37,575,070	30,712,989	22,540,540	19,653,271

* Included in staff loans of the Group and the Bank are loans to directors amounting to RM2,453,622 (2001 – RM2,758,480) and RM33,514 (2001 – RM80,682), respectively.

The maturity structure of gross loans, advances and financing are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Maturing within one year	12,371,861	11,920,893	10,411,136	9,796,435
One year to three years	3,986,454	3,807,488	1,342,612	1,498,263
Three years to five years	5,260,687	3,992,237	1,098,210	975,743
Over five years	17,411,737	12,505,672	10,491,630	8,177,977
	39,030,739	32,226,290	23,343,588	20,448,418



Notes to the Financial Statements – 31 December 2002

7. LOANS, ADVANCES AND FINANCING (continued)

Gross loans, advances and financing analysed by their economic purposes are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Agriculture	426,068	384,725	349,306	293,555
Mining and quarrying	36,587	21,643	23,009	13,537
Manufacturing	2,312,839	2,022,444	1,881,764	1,569,249
Electricity, gas and water	224,559	149,281	217,392	141,784
Construction	2,043,803	1,804,285	1,433,620	1,204,056
Real estate	1,080,900	1,372,422	1,030,950	1,290,488
Purchase of landed property				
– residential	8,136,804	6,561,646	6,358,808	4,771,669
– non-residential	3,268,464	2,516,133	3,144,758	2,233,920
General commerce	4,542,146	4,042,047	3,105,718	2,784,595
Transport, storage and communication	387,188	682,039	202,585	470,953
Finance, insurance and business services	2,441,214	2,216,927	2,108,566	2,007,328
Purchase of securities	735,266	874,101	575,986	695,563
Purchase of transport vehicles	9,084,315	5,470,922	231,681	670,563
Consumption credit	3,337,265	3,032,394	2,041,237	1,648,241
Others	973,321	1,075,281	638,208	652,917
	39,030,739	32,226,290	23,343,588	20,448,418

Movements in non-performing loans, advances and financing (“NPL”) including interest/income receivables are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At 1 January	2,113,248	1,417,214	1,321,222	633,577
Exchange differences	(88)	(360)	(71)	(399)
Non-performing during the year	881,331	1,567,635	451,900	1,106,579
Reclassified as performing	(235,873)	(186,749)	(198,023)	(167,577)
Recoveries	(342,038)	(217,727)	(267,937)	(93,440)
Amount written off	(523,670)	(561,703)	(88,167)	(252,456)
Amount vested over	—	388,807	—	388,807
Loans converted to investment securities	(231,184)	(293,869)	(231,184)	(293,869)
At 31 December	1,661,726	2,113,248	987,740	1,321,222
Net NPL as % of gross loans, advances and financing less specific allowance and interest-in-suspense	2.36%	3.77%	2.41%	4.23%

7. LOANS, ADVANCES AND FINANCING (continued)

Movements in the allowance for bad and doubtful debts and financing and interest/income-in-suspense accounts are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
General allowance				
At 1 January	579,645	477,180	319,571	238,264
Exchange differences	(13)	56	—	31
Allowance made during the year	116,238	30,704	46,931	9,571
Amount vested over	—	71,705	—	71,705
At 31 December	695,870	579,645	366,502	319,571
As % of gross loans, advances and financing less specific allowance and interest/income-in-suspense	1.82%	1.85%	1.60%	1.60%
Specific allowance				
At 1 January	603,922	650,824	267,103	307,049
Exchange differences	(25)	(116)	(18)	(127)
Allowance made during the year	424,365	444,783	114,680	166,863
Amount written back in respect of recoveries	(155,905)	(134,973)	(108,393)	(107,552)
Amount written off	(406,185)	(440,539)	(35,797)	(183,073)
Amount transferred to allowance for diminution in value of investments	(6,868)	(1,787)	(6,868)	(1,787)
Amount vested over	—	85,730	—	85,730
At 31 December	459,304	603,922	230,707	267,103
Interest/Income-in-suspense				
At 1 January	329,734	250,450	208,473	131,007
Exchange differences	(32)	(40)	(32)	(50)
Interest/Income suspended during the year	151,550	174,848	101,091	111,047
Amount transferred to allowance for diminution in value of investment	(420)	—	(420)	—
Amount written back in respect of recoveries	(70,410)	(75,745)	(56,251)	(64,136)
Amount written off	(109,927)	(112,314)	(47,022)	(61,930)
Amount vested over	—	92,535	—	92,535
At 31 December	300,495	329,734	205,839	208,473

The amount vested over in the previous financial year represented the balances vested over from HHB Holdings Berhad ("HHB") following the completion of the PBB/HHB Merger on 31 March 2001.



Notes to the Financial Statements – 31 December 2002

8. OTHER ASSETS

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest/Income receivable	24,071	63,448	22,810	28,807
Other debtors, deposits and prepayments	387,802	359,939	340,463	381,803
Foreclosed properties net of allowance for impairment in value *	28,098	6,788	25,426	4,116
Amount due from subsidiary companies	—	—	99,497	27,975
Dividend receivable from subsidiary companies	—	—	119,632	33,158
Taxi licenses	18,357	8,918	—	—
# Amount due from clients @	12,577	16,073	—	—
# Outstanding contracts on clients accounts	63,899	95,709	—	—
	534,804	550,875	607,828	475,859
* Stated net of allowance for impairment in value of:	4,184	2,486	3,547	1,849
@Stated net of allowance for bad debts of:	81,688	81,448	—	—

The amount due from clients and outstanding contracts on clients accounts are in respect of the stock broking activities of a subsidiary company.

9. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
* Statutory Deposits with Bank Negara Malaysia	1,201,989	902,027	759,800	561,500
# Statutory Deposits with National Bank of Cambodia	31,920	18,240	—	—
	1,233,909	920,267	759,800	561,500

* The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (revised 1994), the amount of which is determined as set percentages of total eligible liabilities.

The non-interest bearing deposits are maintained with the National Bank of Cambodia in compliance with Cambodian banking law and are determined by set percentages of total eligible liabilities and the Bank's issued share capital together with other deposits as required by the National Bank of Cambodia.

10. INVESTMENTS IN SUBSIDIARY COMPANIES

	2002		2001	
	Cost RM'000	Market Value RM'000	Cost RM'000	Market Value RM'000
Bank				
Quoted shares				
– in Malaysia	500,798	1,682,460	254,300	895,385
– in Malaysia	203,069	*	203,069	*
– in Hong Kong	392,656	809,637	358,878	991,546
Unquoted shares	1,096,523 859,997	2,492,097 —	816,247 859,997	1,886,931 —
Less: Allowance for diminution in value	1,956,520 (300)	2,492,097 —	1,676,244 —	1,886,931 —
	1,956,220	2,492,097	1,676,244	1,886,931

* No market value had been disclosed as this relates to the net investment in HHB Holdings Berhad as it remained under suspension pending the completion of the proposed corporate exercise as set out on Note 44(a).

The subsidiary companies of the Bank are as follows:

		Effective interest		Issued and Paid-up Share Capital	
Name	Principal activities	2002 %	2001 %	2002	2001
Local subsidiary companies					
Public Finance Berhad#	Financing	65.2	56.8	RM344,336,000	RM330,000,000
Public Nominees (Tempatan) Sdn. Bhd.	Nominees services	100.0	100.0	RM10,000	RM10,000
Public Nominees (Asing) Sdn. Bhd.	Nominees services	100.0	100.0	RM10,000	RM10,000
Public Holdings Sdn. Bhd.	Property holding	100.0	100.0	RM2,500,000	RM2,500,000
Public Leasing & Factoring Sdn. Bhd.	Leasing and factoring	100.0	100.0	RM10,000,000	RM10,000,000
PB International Factors Sdn. Bhd.	Factoring	55.0	55.0	RM10,000,000	RM10,000,000
+Public Consolidated Holdings Sdn. Bhd.	Investment holding	100.0	100.0	RM250,000,000	RM250,000,000
+PB Futures Sdn. Bhd.	Dormant	100.0	100.0	RM9,500,000	RM9,500,000



Notes to the Financial Statements – 31 December 2002

10. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies of the Bank are as follows:

Name	Principal activities	Effective interest		Issued and Paid-up Share Capital	
		2002 %	2001 %	2002	2001
Local subsidiary companies					
+PB Securities Sdn. Bhd.	Stock and share broking	100.0	100.0	RM350,000,000	RM350,000,000
+PB Securities Nominees (Tempatan) Sdn. Bhd.	Nominees services	100.0	100.0	RM10,000	RM10,000
+PB Securities Nominees (Asing) Sdn. Bhd.	Nominees services	100.0	100.0	RM10,000	RM10,000
+Public Mutual Berhad (formerly known as Kuala Lumpur Mutual Fund Berhad)	Sale of trust units and management of unit trusts	85.0	78.2	RM6,000,000	RM6,000,000
+Business Premium Sdn. Bhd.	Investment holding	100.0	77.3	RM5,411,504	RM5,411,504
Public Bank (L) Ltd.	Offshore banking	100.0	100.0	USD10,000,000	USD10,000,000
PB Trust Company Sdn. Bhd.	Trustee services	100.0	100.0	RM150,000	RM150,000
PB Venture Capital Sdn. Bhd.	Investment holding	100.0	100.0	RM1,010,000	RM1,010,000
+Public Merchant Bank Berhad	Merchant banking	100.0	100.0	RM165,000,000	RM165,000,000
+Public Merchant Nominees (Tempatan) Sdn. Bhd.	Nominees services	100.0	100.0	RM10,000	RM10,000
+Public Merchant Nominees (Asing) Sdn. Bhd.	Dormant	100.0	100.0	RM2	RM2
+HHB Holdings Berhad	Dormant	100.0	100.0	RM125,377,000	RM125,377,000
PB Properties Sdn. Bhd.	Property holding	100.0	100.0	RM5,200,000	RM5,200,000
Hock Hua Finance Berhad	Dormant	100.0	100.0	RM22,500,000	RM22,500,000
Hock Hua Nominees (Tempatan) Sdn. Bhd.	Dormant	100.0	100.0	RM3	RM3
Hock Hua Finance Nominees (Tempatan) Sdn. Bhd.	Dormant	100.0	100.0	RM2	RM2

10. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

		Effective interest		Issued and Paid-up Share Capital	
Name	Principal activities	2002 %	2001 %	2002	2001
Overseas subsidiary companies					
++Cambodian Public Bank Limited	Banking	100.0	100.0	USD15,000,000	USD15,000,000
+JCG Holdings Limited*	Investment holding	61.4	59.3	HKD70,775,841	HKD70,707,441
+JCG Finance Company, Limited	Deposit-taking and finance	61.4	59.3	HKD258,800,000	HKD258,800,000
+Funds Fit Limited	Investment holding	61.4	59.3	HKD10,100,000	HKD10,100,000
+JCG Securities Limited	Stock and share broking	61.4	59.3	HKD10,000,000	HKD10,000,000
+JCG Nominees Limited	Nominees services	61.4	59.3	HKD10,000	HKD10,000
+Winton Holdings (Bermuda) Limited*	Investment holding	43.4	44.5	HKD47,186,323@	HKD42,000,000@
+Eastwood Overseas Corporation (Liquidated on 18 February 2002)	Dormant	—	44.5	—	USD1
+Eternal Success Company Limited	Property holding	43.4	44.5	HKD20	HKD20
+Keytop Investment Limited (Liquidated on 1 June 2002)	Dormant	—	44.5	—	HKD2
+Winsure Company, Limited	Dormant	42.1	43.1	HKD1,600,000	HKD1,600,000
+Winton (B.V.I.) Limited	Investment and property holding	43.4	44.5	HKD61,773	HKD61,773
+Winton Financial Limited	Provision of financing for licensed public vehicles and provision of personal and short term loans	43.4	44.5	HKD4,000,010	HKD4,000,010
+Winton Financial (Factoring) Limited	Provision of financing for licensed public vehicles	43.4	44.5	HKD1,000,000	HKD1,000,000



Notes to the Financial Statements – 31 December 2002

10. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

		Effective interest		Issued and Paid-up Share Capital	
Name	Principal activities	2002 %	2001 %	2002	2001
Overseas subsidiary companies (continued)					
+Winton Investment Company (China) Limited	Investment holding	43.4	44.5	HKD1,000,000	HKD1,000,000
+Winton Motors, Limited	Trading of taxi cabs and taxi licenses and leasing of taxis	43.4	44.5	HKD78,000	HKD78,000
+Winton Motors Trading Company Limited	Trading of taxi cabs and taxi licenses and leasing of taxis	43.4	44.5	HKD2	HKD2
+Winton Trading Company Limited	Trading of taxi cabs and taxi licenses and leasing of taxis	43.4	44.5	HKD20	HKD20
+Winton Restaurant Limited (Liquidated on 1 June 2002)	Dormant	—	44.5	—	HKD20
+Wu Shang Mei Winton (China) Investment Company Limited	Dormant	39.1	40.1	HKD100	HKD100

Shares are quoted on the Main Board of the Kuala Lumpur Stock Exchange.

* Shares are quoted on The Stock Exchange of Hong Kong Limited.

+ Not audited by KPMG.

++ Audited by KPMG Cambodia.

@ Exclusive of convertible preference shares of HKD87,022,512 (2001: HKD92,400,000).

All the domestic subsidiary companies are incorporated in Malaysia. All the overseas subsidiary companies are incorporated in Hong Kong SAR except for JCG Holdings Limited and Winton Holdings (Bermuda) Limited which are incorporated in Bermuda, Cambodian Public Bank Limited which is incorporated in Cambodia and Winton (B.V.I.) Limited which is incorporated in the British Virgin Islands.

11. INVESTMENTS IN ASSOCIATED COMPANIES

The carrying values of the investments in associated companies are represented by:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unquoted shares, at cost	33,344	27,544	28,465	18,965
Share of post acquisition results	20,282	17,961	—	—
Less: Allowance for diminution in value	(6,878)	(9,123)	—	—
	46,748	36,382	28,465	18,965
Represented by: Group's share of net assets	46,748	36,382	—	—

The following are the associated companies of the Group, all of which are unquoted:

Name	Principal activities	Place of incorporation	Effective interest		Issued and Paid-up Share Capital	
			2002 %	2001 %	2002 '000	2001 '000
PB Trustee Services Berhad	Trustee services	Malaysia	33.0	31.4	RM525	RM525
VID Public Bank	Banking	Socialist Republic of Vietnam	50.0	50.0	USD20,000	USD15,000
ZKW Enterprise (Group) Co., Ltd., Zuhai Special Economic Zone	Investment holding, general trading and automobile repairs centre	The People's Republic of China	17.4	17.8	HKD23,365 and RMB19,289	HKD23,365 and RMB19,289
CPB Properties Company Ltd.	Property holding	Cambodia	49.0	49.0	USD8	USD8
Zhangjiagang Rixing Freight & Storage Co., Ltd.	Cargo handling and transportation	The People's Republic of China	—	20.0	USD2,528	USD2,528



Notes to the Financial Statements – 31 December 2002

12. INVESTMENT PROPERTIES

Group		
	2002 RM'000	2001 RM'000
At valuation		
At 1 January	35,868	36,488
(Loss)/Gain on exchange taken to exchange equalisation reserve	(5)	9
	35,863	36,497
Reclassified (to)/from long term leasehold land	(3,086)	550
Reclassified (to)/from long term leasehold buildings	(1,543)	115
Revaluation deficit	(1,960)	(1,294)
At 31 December	29,274	35,868

The Group's investment properties stated at market valuation are situated in Hong Kong and are held under long term leases. The leasehold properties which were revalued by independent professional valuers during the current and previous financial years were on an open market value based on existing usage.

Certain of the above leasehold properties were pledged as security for banking facilities granted to certain subsidiary companies.

13. GOODWILL

Group			Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cost				
At 1 January	435,455	66,852	393,129	25,514
Arising on acquisition of HHB Holdings Berhad	—	367,615	—	367,615
Arising on acquisition of additional shares in subsidiary companies	88,530	988	—	—
Realisation of goodwill on deemed disposal	(2,056)	—	—	—
At 31 December	521,929	435,455	393,129	393,129
Accumulated amortisation				
At 1 January	18,338	1,193	15,061	—
Amortisation for the year (Notes 23 and 27(a))	25,412	17,145	19,656	15,061
At 31 December	43,750	18,338	34,717	15,061
Net book value	478,179	417,117	358,412	378,068

14. PROPERTY AND EQUIPMENT

Group Cost	At 1.1.02 RM'000	Additions RM'000	Disposals RM'000	Transfers RM'000	Written off RM'000	Exchange differences RM'000	At 31.12.02 RM'000
Freehold land	113,277	—	—	(500)	—	—	112,777
Long term leasehold land	111,061	—	—	3,086	—	(11)	114,136
Freehold buildings	383,921	1,249	—	(300)	—	—	384,870
Leasehold buildings	117,506	—	—	2,343	—	(7)	119,842
Renovations	147,901	23,408	(554)	(626)	(2)	(10)	170,117
Office equipment, furniture & fittings	308,978	13,959	(2,547)	626	(310)	(13)	320,693
Computer equipment & software	485,203	42,378	(18,835)	—	(116)	(33)	508,597
Motor vehicles	18,393	3,768	(1,724)	—	—	(7)	20,430
Work in progress	2,711	—	—	—	—	—	2,711
	1,688,951	84,762	(23,660)	4,629	(428)	(81)	1,754,173

The additions for the year in respect of renovations includes accrued restoration cost of RM11,655,000 (2001: Nil).

Accumulated depreciation	At 1.1.02 RM'000	Charge for the year RM'000	Disposals RM'000	Transfers RM'000	Written off RM'000	Exchange differences RM'000	At 31.12.02 RM'000
Long term leasehold land	7,975	1,222	—	—	—	(11)	9,186
Freehold buildings	51,838	9,525	—	—	—	2	61,365
Leasehold buildings	15,119	2,592	—	—	—	9	17,720
Renovations	90,582	10,886	(535)	—	(2)	(11)	100,920
Office equipment, furniture & fittings	185,011	25,454	(2,371)	—	(302)	(17)	207,775
Computer equipment & software	412,680	27,909	(18,401)	—	(116)	(25)	422,047
Motor vehicles	15,561	1,171	(1,719)	—	—	(6)	15,007
	778,766	78,759	(23,026)	—	(420)	(59)	834,020



Notes to the Financial Statements – 31 December 2002

14. PROPERTY AND EQUIPMENT (continued)

	Net Book Value		Depreciation Charge	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Freehold land	112,777	113,277	—	—
Long term leasehold land	104,950	103,086	1,222	1,750
Freehold buildings	323,505	332,083	9,525	7,547
Leasehold buildings	102,122	102,387	2,592	2,509
Renovations	69,197	57,319	10,886	13,004
Office equipment, furniture & fittings	112,918	123,967	25,454	24,557
Computer equipment & software	86,550	72,523	27,909	47,928
Motor vehicles	5,423	2,832	1,171	1,231
Work in progress	2,711	2,711	—	—
	920,153	910,185	78,759	98,526

Bank Cost	At 1.1.02 RM'000	Additions RM'000	Disposals RM'000	Transfers RM'000	Written off RM'000	Exchange differences RM'000	At 31.12.02 RM'000
Freehold land	80,894	—	—	—	—	—	80,894
Long term leasehold land	306	—	—	—	—	—	306
Freehold buildings	261,340	—	—	—	—	—	261,340
Leasehold buildings	1,400	—	—	—	—	—	1,400
Renovations	106,986	15,524	(497)	(626)	—	(10)	121,377
Office equipment, furniture & fittings	178,993	9,277	(1,116)	626	—	(13)	187,767
Computer equipment & software	422,589	38,526	(18,383)	—	—	(30)	442,702
Motor vehicles	11,592	2,381	(1,165)	—	—	(8)	12,800
Work in progress	2,711	—	—	—	—	—	2,711
	1,066,811	65,708	(21,161)	—	—	(61)	1,111,297

The additions for the year in respect of renovations includes accrued restoration cost of RM6,615,000 (2001: Nil).

14. PROPERTY AND EQUIPMENT (continued)

Accumulated depreciation	At 1.1.02 RM'000	Charge for the year RM'000	Disposals RM'000	Transfers RM'000	Written off RM'000	Exchange differences RM'000	At 31.12.02 RM'000
Long term leasehold land	44	1	—	—	—	(10)	35
Freehold buildings	31,446	5,225	—	—	—	2	36,673
Leasehold buildings	978	47	—	—	—	8	1,033
Renovations	58,735	6,433	(478)	—	—	(10)	64,680
Office equipment, furniture & fittings	102,862	14,843	(1,072)	—	—	(14)	116,619
Computer equipment & software	359,216	22,682	(17,958)	—	—	(24)	363,916
Motor vehicles	10,443	514	(1,162)	—	—	(7)	9,788
	563,724	49,745	(20,670)	—	—	(55)	592,744

	Net Book Value		Depreciation Charge	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Freehold land	80,894	80,894	—	—
Long term leasehold land	271	262	1	4
Freehold buildings	224,667	229,894	5,225	5,222
Leasehold buildings	367	422	47	38
Renovations	56,697	48,251	6,433	9,559
Office equipment, furniture & fittings	71,148	76,131	14,843	13,563
Computer equipment & software	78,786	63,373	22,682	42,026
Motor vehicles	3,012	1,149	514	596
Work in progress	2,711	2,711	—	—
	518,553	503,087	49,745	71,008

15. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Demand deposits	6,342,339	4,688,269	6,458,339	4,761,868
Savings deposits	8,112,184	6,621,375	6,800,118	5,559,045
Fixed deposits	32,046,513	27,667,927	21,226,213	19,022,625
Negotiable instruments of deposits	1,188,000	460,000	316,650	297,112
Others	297,170	344,733	270,041	312,678
	47,986,206	39,782,304	35,071,361	29,953,328



Notes to the Financial Statements – 31 December 2002

15. DEPOSITS FROM CUSTOMERS (continued)

Maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Due within six months	26,990,340	23,291,498	16,943,140	15,608,020
Six months to one year	5,508,702	4,416,676	4,135,393	3,267,865
One year to three years	728,057	413,423	459,807	143,904
Three years to five years	7,414	6,330	4,523	299,948
	33,234,513	28,127,927	21,542,863	19,319,737

The deposits are sourced from the following types of customers:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Federal and state governments	606,022	592,318	317,740	322,267
Local government and statutory authorities	902,140	752,258	477,420	452,418
Business enterprises	9,359,736	6,429,677	5,373,995	4,408,398
Individuals	32,103,734	27,349,430	24,317,538	20,752,535
Foreign customers	873,165	893,507	731,794	746,290
Others	4,141,409	3,765,114	3,852,874	3,271,420
	47,986,206	39,782,304	35,071,361	29,953,328

16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Licensed banks	582,894	928,941	827,111	924,333
Licensed finance companies	50,550	155,000	—	50,000
Other financial institutions	1,060,565	1,306,577	2,175,726	2,005,448
	1,694,009	2,390,518	3,002,837	2,979,781

17. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS

This represents the proceeds received from housing and hire purchase (excluding Islamic financing) loans sold directly to Cagamas Berhad with recourse to the Bank and its finance subsidiary company, Public Finance Berhad. Under this arrangement, the Bank and its finance subsidiary company undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria.

18. OTHER LIABILITIES

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Other liabilities	403,736	409,936	159,036	173,824
Interest payable	302,651	234,627	206,724	158,938
Profit Equalisation Reserves	7,514	6,566	7,514	6,566
Outstanding contracts on clients accounts	61,721	90,749	—	—
Amount due to subsidiary companies	—	—	247,859	264,611
	775,622	741,878	621,133	603,939

Outstanding contracts on clients accounts are in respect of stock broking activities of a subsidiary company.

19. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Taxation	154,412	308,736	75,228	112,303
Zakat	50	35	50	35
	154,462	308,771	75,278	112,338



Notes to the Financial Statements – 31 December 2002

20. DEFERRED TAXATION

Movements in deferred taxation account is as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At 1 January	50,785	53,887	42,983	41,523
Exchange differences	—	1	—	—
Transfer from/(to) income statement	8,113	(3,103)	6,193	1,460
At 31 December	58,898	50,785	49,176	42,983
The deferred taxation is in respect of the following:				
Timing differences between depreciation and corresponding capital allowances of fixed assets	45,497	39,304	42,417	36,224
Other short-term timing differences	13,401	11,481	6,759	6,759
	58,898	50,785	49,176	42,983

21. SHARE CAPITAL

	Group and Bank	
	2002 RM'000	2001 RM'000
Authorised: Ordinary shares of RM0.50 each	5,000,000	5,000,000
Issued and fully paid:		
Ordinary shares of RM0.50 each		
At 1 January	1,833,819	1,195,060
Bonus issue	458,711	422,959
Issued under the PBB ESOS	21,997	2,659
Issued pursuant to PBB/HHB Merger	—	213,141
At 31 December	2,314,527	1,833,819

On 10 April 1998, an offer of options under the Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS") to subscribe for ordinary shares of RM0.50 each at an option price of RM1.66 was made to eligible employees. At an Extraordinary General Meeting held on 20 May 2002, the PBB ESOS was extended for a period of two years from the initial expiry date of 25 February 2003 to an expiry date of 25 February 2005. On 6 June 2002, a second offer of options under the PBB ESOS to subscribe for ordinary shares of RM0.50 each at an option price of RM2.78 per share was made to eligible employees.

21. SHARE CAPITAL (continued)

The movements in the number of options to subscribe for new ordinary shares of RM0.50 each of the PBB ESOS are as follows:

Option price (adjusted)	Number of PBB Share Options		
	RM1.02	RM2.22	Total
At 1 January 2002	7,579,450	—	7,579,450
Granted during the year	7,800	243,265,000	243,272,800
Exercised during the year	(6,112,616)	(37,882,250)	(43,994,866)
Adjustment for bonus issue	1,372,329	60,797,500	62,169,829
Lapsed due to resignation	(58,531)	(795,250)	(853,781)
At 31 December 2002	2,788,432	265,385,000	268,173,432

22. OTHER RESERVES

Group	Statutory Reserves RM'000	Capital Reserves RM'000	Exchange Equalisation Reserves RM'000	Total RM'000
At 1 January 2001	1,126,239	79,943	223,827	1,430,009
Currency translation differences	—	—	(100,055)	(100,055)
Transfer from income statement	153,837	—	—	153,837
At 31 December 2001	1,280,076	79,943	123,772	1,483,791
Currency translation differences	—	—	(16,439)	(16,439)
Transfer from income statement	313,147	—	—	313,147
At 31 December 2002	1,593,223	79,943	107,333	1,780,499

Bank	Statutory Reserves RM'000	Exchange Equalisation Reserves RM'000	Total RM'000
At 1 January 2001	898,643	12,000	910,643
Transfer from income statement	112,216	—	112,216
At 31 December 2001	1,010,859	12,000	1,022,859
Transfer from income statement	306,305	—	306,305
At 31 December 2002	1,317,164	12,000	1,329,164



Notes to the Financial Statements – 31 December 2002

22. OTHER RESERVES (continued)

The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

The capital reserve of the Group arose mainly from the capitalisation of retained profits that resulted from bonus issues by subsidiary companies and the restructuring exercise involving certain subsidiary companies undertaken by the Group in previous years.

The Bank's exchange equalisation reserve was set up to cover the Bank's foreign exchange exposure on its investments in foreign subsidiary and associated companies.

As at 31 December 2002, the Bank has tax exempt profits available for distribution of approximately RM222,000,000, subject to agreement with the Inland Revenue Board.

Subject to the agreement by the Inland Revenue Board, the Bank has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance of tax exempt income to frank the payment of dividends out of its entire retained earnings as at 31 December 2002.

23. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the effect of the change in accounting policy for purchased goodwill and goodwill on consolidation as referred to in Note 2(e). This change in accounting policy has been accounted for retrospectively and the comparative information in this financial statements has been restated to conform with the changed accounting policy. This change has the effect of reducing the profit before taxation of the Group and the Bank by RM17,145,000 and RM15,061,000, respectively for the financial year ended 31 December 2001.

24. INTEREST INCOME

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Loans, advances and financing	2,708,860	2,591,682	1,424,926	1,313,165
Money at call and deposit placements with financial institutions	318,020	302,439	306,579	299,096
Dealing securities	50,207	73,151	47,343	77,760
Investment securities	245,120	250,362	185,023	140,853
Others	11,419	12,669	3,344	4,374
	3,333,626	3,230,303	1,967,215	1,835,248
Amortisation of premium less accretion of discounts	(42,380)	(17,395)	(36,946)	(5,355)
Net interest/income suspended	(78,627)	(95,556)	(44,840)	(46,911)
	3,212,619	3,117,352	1,885,429	1,782,982

25. INTEREST EXPENSE

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deposits and placements of banks and other financial institutions	52,906	109,139	96,103	156,969
Deposits from customers	1,122,517	1,053,225	819,046	739,248
Loans sold to Cagamas	50,602	48,807	5,581	5,703
Borrowings from financial institutions	—	3,060	—	—
Others	15,335	9,829	212	68
	1,241,360	1,224,060	920,942	901,988

26. NON-INTEREST INCOME

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Fee income:				
Commissions	61,214	54,079	54,286	39,395
Service charges and fees	140,109	132,808	65,543	47,120
Guarantee fees	22,112	22,303	15,957	17,404
Processing fees	1,127	3,315	497	357
Commitment fees	22,775	19,295	22,775	19,295
Unit trusts management fees	80,592	62,529	—	—
Net brokerage and commissions from stock broking activities	16,859	9,364	—	—
Other fee income	17,579	3,567	9,012	3,383
	362,367	307,260	168,070	126,954



Notes to the Financial Statements – 31 December 2002

26. NON-INTEREST INCOME (continued)

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(b) Investment income:				
Net profit/(loss) from dealing securities	5,993	8,447	4,042	—
Gains from sale of investment securities	48,961	106,296	28,423	70,645
Gross dividends from:				
Dealing securities:				
– quoted in Malaysia	1,054	973	—	—
– quoted outside Malaysia	—	—	—	—
– unquoted in Malaysia	—	—	—	—
Investment securities:				
– quoted in Malaysia	1,038	728	754	672
– quoted outside Malaysia	301	255	—	—
– unquoted in Malaysia	2,158	3,113	1,543	2,046
Associated companies	—	—	1,962	2,874
Subsidiary companies:				
– quoted in Malaysia	—	—	79,323	—
– quoted outside Malaysia	—	—	57,541	16,216
– unquoted in Malaysia	—	—	78,844	—
	59,505	119,812	252,432	92,453
(Allowance)/Write back of allowance for diminution in value of:				
– investment securities	(31,214)	1,596	(21,048)	(660)
– subsidiary companies	—	—	(300)	—
	28,291	121,408	231,084	91,793
(c) Other income:				
Realised foreign exchange profit	55,558	40,389	54,976	40,409
Unrealised foreign exchange loss	(2,632)	(544)	(2,632)	(544)
Rental income	6,706	6,399	2,807	2,371
Gain on disposal of property and equipment (net)	215	1,031	244	243
Gain/(Loss) on disposal of foreclosed properties	228	(5,142)	228	(5,142)
Gain on sale of trust units	48,124	45,445	—	—
Lease income and factoring charges	2,468	2,403	—	—
Others	46,246*	23,794	11,478	17,811
	156,913	113,775	67,101	55,148
Total Non-Interest Income	547,571	542,443	466,255	273,895

* This amount includes a gain of RM15,661,000 arising from the dilution of interest in a subsidiary company due to the issuance of shares under the subsidiary company's employee share option scheme.

27. OVERHEAD EXPENSES

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Personnel costs	589,298	519,954	358,800	307,085
Establishment costs	243,151	262,983	133,794	191,157
Marketing expenses	135,820	115,159	29,806	22,389
Administration and general expenses	132,125	110,313	92,857	68,210
	1,100,394	1,008,409	615,257	588,841

(a) The above expenditure includes the following statutory disclosures:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Directors' remuneration (Note 30)	11,059	9,349	5,827	4,407
Rental of premises	53,274	48,878	57,472	51,028
Depreciation of property and equipment	78,759	98,526	49,745	71,008
Auditors' remuneration:				
– statutory audit fees	1,661	1,635	466	370
– non-audit fees	509	492	194	194
Deficit on revaluation of investment properties	1,960	1,294	—	—
Amortisation of goodwill	25,412	17,145	19,656	15,061

Included in the statutory audit fees and non-audit fees of the Group are fees paid to accounting firms other than the Bank's auditors amounting to RM931,000 (2001 – RM969,000) and RM189,000 (2001 – RM194,000), respectively.

(b) Employees

The number of persons employed by the Group and the Bank (excluding directors) as at the year end of the financial year was 12,535 (2001 – 12,641) and 8,118 (2001 – 8,105) respectively.



Notes to the Financial Statements – 31 December 2002

28. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Allowance for bad and doubtful debts and financing:				
– general allowance	116,238	30,704	46,931	9,571
– specific allowance	424,365	444,783	114,680	166,863
– specific allowance written back	(155,905)	(134,973)	(108,393)	(107,552)
Net allowance/(write back) for stockbroking activities	3,168	(279)	—	—
Bad debts and financing written off	830	817	727	817
Bad debts and financing recovered	(39,623)	(31,342)	(15,527)	(12,666)
	349,073	309,710	38,418	57,033

29. RELATED PARTY TRANSACTIONS

Controlling related parties of the Bank are as follows:

- (i) Its subsidiary companies as disclosed in Note 10 to the financial statements; and
- (ii) A director and substantial shareholder of the Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow.

- (a) The significant transactions and outstanding balances of the Bank with its subsidiary companies are as follows:

	Subsidiary companies	
	2002 RM'000	2001 RM'000
Income		
Interest income	82,211	86,880
Dividend income	215,708	16,216
Rental income for computer time	49,432	6,444
Staff training recharge	2,094	2,421
	349,445	111,961
Expenditure		
Interest expense	55,521	98,638
Rental of premises	26,118	23,230
	81,639	121,868
Other transactions		
Sale of loans	424,563	500,815
Purchase of loans	443,927	496,936

29. RELATED PARTY TRANSACTIONS (continued)

	Subsidiary companies	
	2002 RM'000	2001 RM'000
Amount due from		
Interbank loans	3,071,635	2,629,252
Revolving credits	173,888	180,743
Rental deposits	34,539	35,086
Current accounts	45,822	48,543
Dividend receivable	119,632	33,158
Interest receivable	5,870	2,274
Others	59,088	27,975
	3,510,474	2,957,031
Amount due to		
Current accounts	253,849	123,501
Short-term deposits	517,164	355,920
Interbank borrowings	1,694,499	1,376,958
Interest payable	2,740	3,113
Others	245,119*	232,357*
	2,713,371	2,091,849

* This amount includes the amount payable to HHB Holdings Berhad arising from the transfer of the banking business of Hock Hua Bank Berhad to the Bank on 31 March 2001 of RM211,448,000 (2001: RM232,357,000).

- (b) The significant transactions of the Bank and its subsidiary companies with the directors of the Bank or with companies in which certain directors have substantial interest are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Expenditure:				
Interest paid on placements and deposits				
– to directors of the Bank	6,739	2,794	5,637	2,622
– to companies in which certain directors of the Bank have interest	2,295	2,565	1,368	1,758



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29. RELATED PARTY TRANSACTIONS (continued)

The significant non-banking transactions of the Group and the Bank with Lonpac Insurance Berhad, in which Tan Sri Dato' Sri Dr. Teh Hong Piow is deemed to have a substantial interest, are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Income:				
Commission income	9,192	8,029	4,749	3,870
Rental	1,237	1,157	12	11
Expenditure:				
Insurance premium	11,493	9,890	9,174	7,687

The significant non-banking transactions of the Group and the Bank with the Group's pension fund, Public Bank Group Officers' Retirement Benefits Fund, are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Expenditure:				
Contribution to the fund	13,225	11,838	8,885	7,827
Rental	5,670	4,634	5,328	4,369

All related party transactions are conducted at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public.

30. DIRECTORS' REMUNERATION

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Directors of the Bank:				
Executive directors:				
Fees	490	634	120	128
Salary and other remuneration, including meeting allowances	1,629	2,340	1,563	2,284
Bonuses	994	1,289	994	1,289
Benefits-in-kind	35	90	35	90
	3,148	4,353	2,712	3,791
* Non-executive directors:				
Fees	1,320	694	460	237
Other remuneration	3,302	845	2,690	469
Benefits-in-kind	64	—	64	—
	4,686	1,539	3,214	706
Past directors:				
Benefits-in-kind	15	15	15	15
	15	15	15	15
Directors of subsidiary companies:				
Executive directors:				
Fees	314	312	—	—
Salary and other remuneration, including meeting allowances	2,057	2,195	—	—
Bonuses	894	1,003	—	—
Benefits-in-kind	131	132	—	—
	3,396	3,642	—	—
Non-executive directors:				
Fees	59	37	—	—
	59	37	—	—
Grand Total	11,304	9,586	5,941	4,512
Total (excluding benefits-in-kind)	11,059	9,349	5,827	4,407

* The Group and the Bank balances as disclosed in 2002 includes the total remuneration of a director who has been redesignated from an executive director to a non-executive director during the year.



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30. DIRECTORS' REMUNERATION (continued)

Included in the remuneration of the Executive Directors is the remuneration attributable to the Chief Executive Officer of the Bank, including benefits-in-kind, during the financial year amounted to RM1,493,584 (2001 – RM1,706,214).

The number of directors of the Bank whose total remuneration for the financial year which fall within the required disclosure bands is as follows:

	Number of directors	
	2002	2001
Executive directors		
RM800,001 – RM850,000	—	1
RM1,200,001 – RM1,250,000	1	—
RM1,250,001 – RM1,300,000	—	1
RM1,450,001 – RM1,500,000	1	—
RM1,700,001 – RM1,750,000	—	1
Non-Executive directors		
Below RM50,000	—	2
RM100,001 – RM150,000	5	3
RM300,001 – RM350,000	—	1
RM350,001 – RM400,000	1	—
RM2,200,001 – RM2,250,000	1*	—

* This represents the total remuneration of a director who has been redesignated from an executive director to a non-executive director during the year.

31. TAX EXPENSE AND ZAKAT

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Malaysian income tax	347,430	301,017	222,561	156,928
Overseas income tax	15,031	34,748	271	1,319
Transfer to/(from) deferred taxation	8,113	(3,103)	6,193	1,460
	370,574	332,662	229,025	159,707
(Over)/Underprovision in prior years				
– Malaysian income tax	(12,043)	(2,135)	(2,018)	(2,135)
– Overseas income tax	(15)	(20)	—	—
	358,516	330,507	227,007	157,572
Share of taxation of associated companies	759	884	—	—
	359,275	331,391	227,007	157,572
Zakat	65	66	50	60
	359,340	331,457	227,057	157,632

31. TAX EXPENSE AND ZAKAT (continued)

The Group's effective tax rate for the financial year ended 31 December 2002 approximates the statutory tax rate.

The Bank's effective tax rate for the financial year ended 31 December 2002 was lower than the statutory tax rate due to the recognition of tax incentive granted for the achievement of loans growth of 13% during the financial year ended 31 December 2000 and certain tax exempt dividend income.

Subject to the agreement by the Inland Revenue Board, the Group has unutilised tax losses of RM300,210,000 (2001: RM327,305,000).

32. EARNINGS PER SHARE (EPS)

(a) Basic Earnings Per Share

The calculation of the basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares used in the previous financial year's EPS calculation has been adjusted for the effects of the bonus shares issued during the current financial year for comparability purposes.

	Group		Bank	
	2002	2001	2002	2001
Net profit attributable to shareholders (RM'000)	770,237	700,078	612,610	397,937
'000				
Number of ordinary shares at beginning of the year	3,667,638	2,390,120	3,667,638	2,390,120
Effect of share options exercised during the year	26,127	3,030	26,127	3,030
Effect of issuance pursuant to PBB/HHB Merger	—	322,339	—	322,339
Effect of the bonus issue	917,324	1,697,137	917,324	1,697,137
Weighted average number of ordinary shares in issue	4,611,089	4,412,626	4,611,089	4,412,626
Basic earnings per share (sen)	16.7	15.9	13.3	9.0

(b) Diluted Earnings Per Share

The calculation of the diluted earnings per share is based on the profit attributable to ordinary shareholders divided by the adjusted weighted average number of ordinary shares in issue and issuable during the year, is set out as follows:

	Group		Bank	
	2002	2001	2002	2001
'000				
Weighted average number of ordinary shares	4,611,089	4,412,626	4,611,089	4,412,626
Effect of share options	40,496	7,402	40,496	7,402
Adjusted weighted average number of ordinary shares in issue	4,651,585	4,420,028	4,651,585	4,420,028
Diluted earnings per share (sen)	16.6	15.8	13.2	9.0



Notes to the Financial Statements – 31 December 2002

33. DIVIDENDS

Group and Bank		
	2002 RM'000	2001 RM'000
Final dividend of 18.0% in respect of financial year ended 31 December 2001 comprising a tax exempt of 9.0% and a non-exempt of 9.0%, less 28% taxation	284,034	—
Dividend underprovided in previous year	—	249
	284,034	249

A proposed final dividend in respect of financial year ended 31 December 2002 of 18%, less 28% taxation amounting to approximately RM299,962,706 based on the issued and paid-up capital of 4,629,054,106 ordinary shares of RM0.50 each have been proposed by the directors for shareholders' approval at the forthcoming Annual General Meeting. Consistent with treatment adopted in prior year, the financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' funds as an appropriation of retained profits in the financial year ending 31 December 2003.

Accordingly, based on the above, the gross and net dividend per share proposed for each of financial year are as follows:

Group and Bank				
	2002		2001	
	Gross Sen	Net Sen	Gross Sen	Net Sen
Gross/Net dividend per share				
18%, less 28% taxation	9.0	6.5	—	—
18% comprising a tax exempt dividend of 9.0% and a non-tax exempt dividend of 9.0%, less 28% taxation	—	—	9.0	7.7

34. 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 commitment and contingencies are not secured against the Group's and the Bank's assets.

34. COMMITMENTS AND CONTINGENCIES (continued)

The commitments and contingencies as at the end of financial year were as follows:

	2002		2001	
	Notional Amount RM'000	Credit Equivalent RM'000	Notional Amount RM'000	Credit Equivalent RM'000
Group				
Direct credit substitutes	761,146	761,146	954,114	954,114
Certain transaction-related contingent items	335,322	167,661	416,518	208,259
Short-term self-liquidating trade-related contingencies	434,583	86,917	342,251	68,450
Forward assets purchased	10,099	10,099	38,785	38,785
Obligations under underwriting agreements	23,272	11,636	20,000	10,000
Irrevocable commitments to extend credit:				
– maturity exceeding one year	2,463,923	1,231,962	1,745,465	872,733
– maturity not exceeding one year	5,918,432	—	5,818,142	—
Forward placements	—	—	246,867	—
Foreign exchange related contracts				
– less than one year	1,410,567	18,175	1,843,607	24,286
Interest rate related contracts				
– less than one year	38,000	95	—	—
– one year to less than five years	440,800	10,108	323,000	10,260
– five years and above	478,549	34,412	396,400	30,737
Others	1,373	1,373	2,131	2,131
	12,316,066	2,333,584	12,147,280	2,219,755
Bank				
Direct credit substitutes	748,593	748,593	946,967	946,967
Certain transaction-related contingent items	333,099	166,550	415,260	207,630
Short-term self-liquidating trade-related contingencies	371,636	74,327	277,263	55,453
Forward assets purchased	10,099	10,099	15,851	15,851
Obligations under underwriting agreements	20,000	10,000	20,000	10,000
Irrevocable commitments to extend credit:				
– maturity exceeding one year	1,638,794	819,397	923,398	461,699
– maturity not exceeding one year	5,865,886	—	5,550,370	—
Foreign exchange related contracts				
– less than one year	1,410,567	18,175	1,843,607	24,286
Interest rate related contracts				
– less than one year	38,000	95	—	—
– one year to less than five years	440,800	10,108	323,000	10,260
– five years and above	459,549	32,892	377,400	29,027
	11,337,023	1,890,236	10,693,116	1,761,173



Notes to the Financial Statements – 31 December 2002

34. COMMITMENTS AND CONTINGENCIES (continued)

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, Public Bank (L) Ltd., arising from its offshore banking business in the Federal Territory of Labuan.

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

Principal amounts of the foreign exchange related contracts and interest rate related contracts are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Foreign exchange related contracts				
– Forward contracts	547,258	261,868	547,258	261,868
– Cross currency interest rate swaps	863,309	1,581,739	863,309	1,581,739
Interest rate related contracts				
– Swaps	957,349	719,400	938,349	700,400
	2,367,916	2,563,007	2,348,916	2,544,007

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2002, the amount of contracts which were not hedged in the Group and in the Bank and, hence, exposed to market risk was RM140,917,000 (2001 – RM70,870,000) and RM140,917,000 (2001 – RM70,870,000) respectively.

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group or the Bank has a gain in a contract. As at 31 December 2002, the amounts of credit risk in the Group and in the Bank, measured in terms of the cost to replace the profitable contracts, was RM3,476,000 (2001 – RM3,058,000) and RM3,476,000 (2001 – RM3,058,000) 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.

35. FINANCIAL RISK MANAGEMENT POLICIES

The guidelines and policies adopted by the Group and the Bank to manage the following risks that arise in the conduct of the business activities are as follows:

(a) Operational Risk

The operational risk losses which would result from inadequate or failed internal processes, people and systems is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the management and the Board.

The operational risk management processes include appropriate documentation of processes and procedures. Back-up procedures, regular contingency planning, self-compliance audit and internal audits also form an integral part of the operational risk management process.

35. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(b) Credit Risk

Credit risk is the potential loss of revenue and principal losses in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending, hedging, trading and investing activities.

The primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The lending activities are guided by the Credit Policy which has been established with the aim of ensuring that the overall objectives in the area of lending are achieved ie. the loans portfolio is strong and healthy and credit risks are well diversified. The Credit Policy documents the lending policy, collateral policy and credit approval processes including an internal grading system called the Credit Risk Rating.

Credit exposure also arises from financial transactions with counterparties including interbank market activities, derivative instruments used for hedging and debt instruments of which the amount of credit exposure in respect of these instruments is equal to the carrying amount of these assets in the balance sheet. This exposure is monitored on an on-going basis against predetermined counterparty limits.

The credit exposure arising from off balance sheet activities ie. commitments and contingencies has been explained in Note 34.

(c) Market Risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by mark-to-market the trading positions against their predetermined market risk limits.

(i) Foreign Currency Exchange Risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. Foreign currency exchange open positions are monitored against predetermined position limits and cut-loss limits.

(ii) Interest Rate Risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

The effects of changes in the levels of interest rates on the market value of investment and dealing securities are monitored closely and mark-to-market valuations are regularly reported to management.

(d) Liquidity Risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

Liquidity risk is controlled through the Bank Negara Malaysia New Liquidity Framework and the internal liquidity risk management policy.

In addition, liquidity contingency funding plan is also established to ensure that alternative funding strategies are in place and can be implemented on a timely basis to minimise the liquidity risk that may arise due to unforeseen adverse changes in the market place.

36. INTEREST RATE RISK

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following table indicates the effective interest rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.



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36. INTEREST RATE RISK (continued)

Group 2002	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short term funds	8,778,283	—	—	—	—	—	1,153,852	9,932,135	2.63
Deposits and placements with financial institutions	—	2,543,423	403,320	125,000	—	—	—	3,071,743	3.00
Dealing securities	520,622	363,024	1,292,023	741,241	215,173	25,209	22,393	3,179,685	2.99
Investment securities	343,114	545,138	1,121,755	245,042	1,550,183	800,557	158,191	4,763,980	3.37
Loans, advances and financing									
– performing	18,256,751	1,958,573	2,126,031	3,839,143	7,821,858	3,366,657	—	37,369,013	8.23
– non-performing*	—	—	—	—	—	—	206,057	206,057	—
Other non-interest sensitive balances	—	—	—	—	—	—	3,243,067	3,243,067	—
TOTAL ASSETS	27,898,770	5,410,158	4,943,129	4,950,426	9,587,214	4,192,423	4,783,560	61,765,680	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	23,841,343	7,839,185	4,052,060	5,545,056	607,826	48,328	6,052,408	47,986,206	3.12
Deposits and placements of banks and other financial institutions	799,803	808,854	38,111	—	—	—	47,241	1,694,009	2.29
Obligation on securities sold under repurchase agreements	802,452	16,969	—	—	—	—	—	819,421	2.49
Bills and acceptances payable	454,565	173,141	4,873	—	—	—	502,639	1,135,218	2.85
Recourse obligation on loans sold to Cagamas	50,018	26,015	38,313	41,981	827,074	—	—	983,401	4.97
Other non-interest sensitive balances	—	—	—	—	—	—	988,982	988,982	—
Total Liabilities	25,948,181	8,864,164	4,133,357	5,587,037	1,434,900	48,328	7,591,270	53,607,237	
Shareholders' funds	—	—	—	—	—	—	6,831,996	6,831,996	—
Minority interests	—	—	—	—	—	—	1,326,447	1,326,447	—
Total Liabilities and Shareholders' funds	25,948,181	8,864,164	4,133,357	5,587,037	1,434,900	48,328	15,749,713	61,765,680	
On-balance sheet interest sensitivity gap	1,950,589	(3,454,006)	809,772	(636,611)	8,152,314	4,144,095	(10,966,153)		
Off-balance sheet interest sensitivity gap (interest rate swaps)	399,000	368,349	190,000	(38,000)	(459,800)	(459,549)	—		
Total interest sensitivity gap	2,349,589	(3,085,657)	999,772	(674,611)	7,692,514	3,684,546	(10,966,153)		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

36. INTEREST RATE RISK (continued)

Group 2001	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short term funds	6,915,730	—	—	—	—	—	568,360	7,484,090	2.82
Deposits and placements with financial institutions	—	2,447,439	811,360	118,600	4,210	—	—	3,381,609	3.04
Dealing securities	273,271	1,347,846	622,869	500,853	245,140	5,003	37,061	3,032,043	2.91
Investment securities	217,576	357,461	768,622	584,330	2,893,090	736,544	186,135	5,743,758	4.39
Loans, advances and financing									
– performing	16,291,579	1,873,106	1,710,157	3,130,552	4,665,168	2,442,480	—	30,113,042	8.72
– non-performing*	—	—	—	—	—	—	599,947	599,947	—
Other non-interest sensitive balances	—	—	—	—	—	—	2,870,694	2,870,694	—
TOTAL ASSETS	23,698,156	6,025,852	3,913,008	4,334,335	7,807,608	3,184,027	4,262,197	53,225,183	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	20,264,826	6,385,372	3,444,696	4,425,123	637,227	49,706	4,575,354	39,782,304	3.33
Deposits and placements of banks and other financial institutions	1,303,315	1,005,663	107	—	—	—	81,433	2,390,518	2.78
Obligation on securities sold under repurchase agreements	770,801	2,031	—	—	—	—	—	772,832	2.50
Bills and acceptances payable	119,956	143,403	5,369	—	—	—	408,601	677,329	2.84
Recourse obligation on loans sold to Cagamas	32,893	7,849	11,772	23,568	771,687	—	—	847,769	5.25
Other non-interest sensitive balances	—	—	—	—	—	—	1,101,434	1,101,434	—
Total Liabilities	22,491,791	7,544,318	3,461,944	4,448,691	1,408,914	49,706	6,166,822	45,572,186	
Shareholders' funds	—	—	—	—	—	—	6,271,971	6,271,971	—
Minority interests	—	—	—	—	—	—	1,381,026	1,381,026	—
Total Liabilities and Shareholders' funds	22,491,791	7,544,318	3,461,944	4,448,691	1,408,914	49,706	13,819,819	53,225,183	
On-balance sheet interest sensitivity gap	1,206,365	(1,518,466)	451,064	(114,356)	6,398,694	3,134,321	(9,557,622)		
Off-balance sheet interest sensitivity gap (interest rate swaps)	434,400	133,000	152,000	—	(323,000)	(396,400)	—		
Total interest sensitivity gap	1,640,765	(1,385,466)	603,064	(114,356)	6,075,694	2,737,921	(9,557,622)		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.



Notes to the Financial Statements – 31 December 2002

36. INTEREST RATE RISK (continued)

Bank 2002	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short term funds	6,862,824	—	—	—	—	—	832,259	7,695,083	2.70
Deposits and placements with financial institutions	—	2,852,379	871,000	125,000	—	—	—	3,848,379	3.00
Dealing securities	520,622	733,024	1,942,023	741,241	215,173	—	—	4,152,083	2.97
Investment securities	108,303	537,516	1,056,162	244,748	1,288,776	603,653	124,459	3,963,617	3.32
Loans, advances and financing									
– performing	16,218,871	1,140,489	1,113,275	2,103,443	496,183	1,283,587	—	22,355,848	6.75
– non-performing*	—	—	—	—	—	—	184,692	184,692	—
Other non-interest sensitive balances	—	—	—	—	—	—	4,229,278	4,229,278	—
TOTAL ASSETS	23,710,620	5,263,408	4,982,460	3,214,432	2,000,132	1,887,240	5,370,688	46,428,980	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	16,960,157	4,476,313	2,623,907	4,141,847	653,335	48,328	6,167,474	35,071,361	3.00
Deposits and placements of banks and other financial institutions	2,100,449	785,519	70,411	—	—	—	46,458	3,002,837	2.39
Obligation on securities sold under repurchase agreements	648,190	14,969	—	—	—	—	—	663,159	2.43
Bills and acceptances payable	454,565	173,141	4,873	—	—	—	501,837	1,134,416	2.85
Recourse obligation on loans sold to Cagamas	44,772	15,522	22,573	21,666	10,831	—	—	115,364	4.47
Other non-interest sensitive balances	—	—	—	—	—	—	745,587	745,587	—
Total Liabilities	20,208,133	5,465,464	2,721,764	4,163,513	664,166	48,328	7,461,356	40,732,724	
Shareholders' funds	—	—	—	—	—	—	5,696,256	5,696,256	—
Total Liabilities and Shareholders' funds	20,208,133	5,465,464	2,721,764	4,163,513	664,166	48,328	13,157,612	46,428,980	
On-balance sheet interest sensitivity gap	3,502,487	(202,056)	2,260,696	(949,081)	1,335,966	1,838,912	(7,786,924)		
Off-balance sheet interest sensitivity gap (interest rate swaps)	380,000	368,349	190,000	(38,000)	(440,800)	(459,549)	—		
Total interest sensitivity gap	3,882,487	166,293	2,450,696	(987,081)	895,166	1,379,363	(7,786,924)		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

36. INTEREST RATE RISK (continued)

Bank 2001	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	over 5 years RM'000	Non-interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short term funds	7,480,381	—	—	—	—	—	352,225	7,832,606	2.78
Deposits and placements with financial institutions	—	2,525,029	706,360	83,600	—	—	—	3,314,989	3.05
Dealing securities	273,271	1,408,374	622,869	500,853	—	—	—	2,805,367	2.88
Investment securities	53,679	23,264	252,153	344,028	1,913,024	629,411	127,549	3,343,108	4.69
Loans, advances and financing									
– performing	14,057,648	1,212,547	946,230	1,882,565	384,497	643,709	—	19,127,196	6.86
– non-performing*	—	—	—	—	—	—	526,075	526,075	—
Other non-interest sensitive balances							3,613,723	3,613,723	—
TOTAL ASSETS	21,864,979	5,169,214	2,527,612	2,811,046	2,297,521	1,273,120	4,619,572	40,563,064	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	15,353,927	3,863,692	2,219,830	3,290,057	729,103	49,706	4,447,013	29,953,328	3.20
Deposits and placements of banks and other financial institutions	1,716,736	1,176,063	107	7,600	—	—	79,275	2,979,781	2.71
Obligation on securities sold under repurchase agreements	798,155	2,031	—	—	—	—	—	800,186	2.50
Bills and acceptances payable	119,956	143,403	5,369	—	—	—	408,305	677,033	2.84
Recourse obligation on loans sold to Cagamas	32,807	7,677	11,515	22,966	41,092	—	—	116,057	4.49
Other non-interest sensitive balances	—	—	—	—	—	—	759,260	759,260	—
Total Liabilities	18,021,581	5,192,866	2,236,821	3,320,623	770,195	49,706	5,693,853	35,285,645	
Shareholders' funds	—	—	—	—	—	—	5,277,419	5,277,419	—
Total Liabilities and Shareholders' funds	18,021,581	5,192,866	2,236,821	3,320,623	770,195	49,706	10,971,272	40,563,064	
On-balance sheet interest sensitivity gap	3,843,398	(23,652)	290,791	(509,577)	1,527,326	1,223,414	(6,351,700)		
Off-balance sheet interest sensitivity gap (interest rate swaps)	434,400	133,000	—	—	(266,000)	(301,400)	—		
Total interest sensitivity gap	4,277,798	109,348	290,791	(509,577)	1,261,326	922,014	(6,351,700)		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.



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37. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The aggregate fair values of financial assets and liabilities carried on the balance sheet as at 31 December are represented in the following table:

Recognised Financial Instruments

	2002		2001	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Group				
Financial assets				
Cash and short term funds	9,932,135	9,932,135	7,484,090	7,484,090
Deposits and placements with financial institutions	3,071,743	3,071,856	3,381,609	3,381,782
Dealing securities	3,179,685	3,180,107	3,032,043	3,035,103
Investment securities	4,763,980	4,769,866	5,743,758	5,799,855
*Loans, advances and financing	38,270,940	39,027,269	31,292,634	31,797,100
Financial liabilities				
Deposits from customers	47,986,206	48,005,100	39,782,304	39,784,155
Deposits and placements of banks and other financial institutions	1,694,009	1,694,009	2,390,518	2,390,518
Obligations on securities sold under repurchase agreements	819,421	819,421	772,832	772,832
Bills and acceptances payable	1,135,218	1,135,218	677,329	677,329
Recourse obligation on loans sold to Cagamas	983,401	1,000,170	847,769	871,602
Bank				
Financial assets				
Cash and short term funds	7,695,083	7,695,083	7,832,606	7,832,606
Deposits and placements with financial institutions	3,848,379	3,848,379	3,314,989	3,314,989
Dealing securities	4,152,083	4,153,948	2,805,367	2,805,813
Investment securities	3,963,617	3,976,976	3,343,108	3,380,690
*Loans, advances and financing	22,907,042	22,942,803	19,972,842	20,000,735
Financial liabilities				
Deposits from customers	35,071,361	35,096,812	29,953,328	29,988,921
Deposits and placements of banks and other financial institutions	3,002,837	3,002,837	2,979,781	2,979,781
Obligations on securities sold under repurchase agreements	663,159	663,159	800,186	800,186
Bills and acceptances payable	1,134,416	1,134,416	677,033	677,033
Recourse obligation on loans sold to Cagamas	115,364	115,662	116,057	117,016

Note: The fair values of the other assets and other liabilities, which are considered short term in nature, are estimated to be approximately their carrying values.

* The general allowances for the Group and the Bank amounting to RM695,870,000 (2001: RM579,645,000) and RM366,502,000 (2001: RM319,571,000) respectively has been excluded from the carrying value.

37. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (continued)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

- (a) **Cash and short term funds** – The carrying amounts are a reasonable estimate of the fair values because of their short-term nature.
- (b) **Deposits and placements with financial institutions** – The fair values of deposits and placements with remaining maturities less than one year are estimated to approximate their carrying values. For deposits and placements with maturities of more than one year, the fair values are estimated based on discounted cash flows using the prevailing market rates of similar remaining maturities.
- (c) **Dealing and investment securities** – The estimated fair value is based on quoted or observable market prices at the balance sheet date. Where such quoted or observable market prices are not available, the fair value is estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the balance sheet date.
- (d) **Loans, advances and financing** – The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate and Islamic loans with maturities of more than one year, the fair values are estimated based on expected future cash flows of contractual installment payments and discounted at prevailing rates at balance sheet date offered for similar loans to new borrowers with similar credit profiles, where applicable. In respect of non-performing loans, the fair values are deemed to approximate the carrying values, net of interest-in-suspense and specific allowance for bad and doubtful debts and financing.
- (e) **Deposits from customers, placements of banks and other financial institutions** – The fair values for deposit liabilities payable on demand (demand and savings deposits) or with remaining maturities of less than one year are estimated to approximate their carrying values at balance sheet date. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. The fair values of Islamic deposits are deemed to approximate their carrying values as at balance sheet date as the profit rates are determined at the end of their holding periods based on the profit generated from the assets invested. For negotiable instrument of deposits, the estimated fair values are based on quoted or observable market prices at the balance sheet date. Where such quoted or observable market prices are not available, the fair values of negotiable instrument of deposits are estimated using discounted cash flow technique.
- (f) **Obligations on securities sold under repurchase agreements and bills and acceptances payable** – The carrying amounts are a reasonable estimate of their fair values because of their short-term nature.
- (g) **Recourse obligation on loans sold to Cagamas** – The fair values for recourse obligation on housing loans sold to Cagamas are determined based on the discounted cash flows of future installments payments at prevailing Cagamas rates as at balance sheet date.

Unrecognised Financial Instruments

The fair value of unrecognised financial instruments comprising of interest rate swaps used to hedge the investment securities are included in the fair value of the investment securities.



Notes to the Financial Statements – 31 December 2002

38. OPERATING LEASES

The Group and the Bank leases a number of premises under operating leases. The leases typically run for an initial period of three years, with an option to renew the leases. None of the leases include contingent rentals. Total future minimum lease payments under these non-cancellable operating leases are as follows:

	Group RM'000	Bank RM'000
Within one year	11,709	1,688
Between one and five years	8,679	1,789
More than five years	321	—
	20,709	3,477

39. CAPITAL AND OTHER COMMITMENTS

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Capital expenditure:				
Authorised and contracted for	21,371	12,462	20,251	12,182
Authorised but not contracted for	22,343	14,666	11,592	11,960
	43,714	27,128	31,843	24,142
Uncalled share capital of:				
Associated company	60	60	30	30
Subsidiary company	—	—	150	150
	43,774	27,188	32,023	24,322

40. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank as at 31 December are as follows:

	Group		Bank	
	2002	2001	2002	2001
Without deducting proposed dividend*:				
Core capital ratio	19.5%	22.1%	15.6%	16.8%
Risk-weighted capital ratio	21.3%	23.8%	15.6%	16.8%
After deducting proposed dividend:				
Core capital ratio	18.7%	21.2%	14.5%	15.8%
Risk-weighted capital ratio	20.5%	23.0%	14.5%	15.8%

* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the proposed dividend for 2002 and 2001 were not deducted.

40. CAPITAL ADEQUACY (continued)

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Components of Tier I and Tier II capital:				
Tier I capital				
Paid-up share capital	2,314,527	1,833,819	2,314,527	1,833,819
Share premium	676,448	1,066,895	676,448	1,066,895
Other reserves	3,841,021	3,371,257	2,777,648	2,447,752
Minority interests	1,326,447	1,381,026	—	—
Less: Goodwill	(478,179)	(417,117)	(358,412)	(378,068)
Total Tier I capital	7,680,264	7,235,880	5,410,211	4,970,398
Tier II capital				
General allowance for bad and doubtful debts	699,244	583,019	376,122	329,870
Total Tier II capital	699,244	583,019	376,122	329,870
Total capital	8,379,508	7,818,899	5,786,333	5,300,268
Less: Investments in subsidiary companies	—	—	(1,945,428)	(1,665,452)
Capital base	8,379,508	7,818,899	3,840,905	3,634,816

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	2002		2001	
Group	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
0%	12,135,915	—	9,217,175	—
10%	1,947,972	194,797	1,581,518	158,152
20%	8,323,211	1,664,642	11,284,657	2,256,931
50%	8,752,581	4,376,291	7,365,888	3,682,944
100%	33,146,747	33,146,747	26,706,512	26,706,512
	64,306,426	39,382,477	56,155,750	32,804,539



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40. CAPITAL ADEQUACY (continued)

The components of the capital base and risk-weighted assets of the Group above comprise the consolidated balances of the Bank and its subsidiary companies.

	2002		2001	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
Bank				
0%	9,457,718	—	7,022,857	—
10%	1,646,262	164,626	865,105	86,510
20%	9,809,709	1,961,942	10,798,443	2,159,689
50%	6,834,356	3,417,178	5,472,286	2,736,143
100%	19,034,553	19,034,553	16,676,945	16,676,945
	46,782,598	24,578,299	40,835,636	21,659,287

The components of the capital base and risk-weighted assets of the Bank above comprise the balances of the Bank and its offshore banking subsidiary company, Public Bank (L) Ltd..

41. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments.

The primary format, business segments, is prepared based on internal financial reporting system to reflect the Group's management reporting structure. The amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. All inter-segments transactions are conducted at arm's length basis and on normal commercial terms not more favourable than those generally available to public.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise Head Office assets, payables and expenses to support the operating business segment.

Segmental capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

(a) By Business Segments

The Group comprises the following main business segments:

(i) Retail Operations

Retail operations focuses on providing products and services to individual customers and small and medium enterprises. The products and services offered to customers include credit facilities (mortgages, trade, personal loans and hire purchase financing), credit cards, remittance services, deposit collection and investment products.

(ii) Corporate Lending

The corporate lending operations caters to funding needs of large corporate customers which are primarily public listed companies and its related corporations.

41. SEGMENT INFORMATION (continued)

(iii) Investment Banking

The investment banking operations caters to the business needs of large corporate customers through the provision of financial solutions and direct lending. The services offered include structured financing, corporate advisory services, merger and acquisition and debt restructuring advisory services.

(iv) Treasury and Capital Markets Operations

The treasury and capital markets operations is involved in proprietary trading in treasury related products and services such as foreign exchange, money market operations and securities trading. Income from customer trading is reflected in Retail Operations.

(v) Share Broking and Fund Management

The share broking operations is carried out by PB Securities Sdn. Bhd. and the fund management operations is conducted by Public Mutual Berhad (formerly known as Kuala Lumpur Mutual Fund Berhad).

(a) By Business Segments

	Retail operations RM'000	Corporate lending RM'000	Treasury and capital market operations RM'000	Investment banking RM'000	Share broking and fund management RM'000	Others RM'000	Inter – segment elimination RM'000	Total RM'000
2002								
External revenue	2,948,359	274,561	619,449	55,263	144,820	3,705	—	4,046,157
Revenue from other segments	439,399	—	34,095	—	—	—	(473,494)	—
Total revenue	3,387,758	274,561	653,544	55,263	144,820	3,705	(473,494)	4,046,157
Segment result	1,082,812	128,913	131,779	13,246	54,083	10,703	—	1,421,536
Unallocated expenses								(118,027)
Amortisation of goodwill								(25,412)
Profit from operations								1,278,097
Share of profit of associated companies	2,961	—	—	—	—	—	—	2,961
Profit before taxation								1,281,058
Tax expense and zakat								(359,340)
Minority interests								(151,481)
Net profit for the year								770,237



Notes to the Financial Statements – 31 December 2002

41. SEGMENT INFORMATION (continued)

(a) By Business Segments

	Retail operations RM'000	Corporate lending RM'000	Treasury and capital market operations RM'000	Investment banking RM'000	Share broking and fund management RM'000	Others RM'000	Inter – segment elimination RM'000	Total RM'000
2002								
Other information								
Segment assets	48,771,147	3,484,266	7,388,852	804,093	316,564	214,758	—	60,979,680
Investment in associated companies	46,748	—	—	—	—	—	—	46,748
Unallocated assets								261,073
Goodwill								478,179
Total assets								61,765,680
Segment liabilities	42,804,821	4,386,986	5,690,235	141,883	158,682	43,452	—	53,226,059
Unallocated liabilities								381,178
Total liabilities								53,607,237
Other segment items								
Capital expenditure	62,864	434	3,735	273	—	5,801	—	73,107
Depreciation	47,266	33	1,177	95	7,179	23,009	—	78,759
Amortisation of goodwill	—	—	—	—	—	25,412	—	25,412
Other non-cash (income)/expenses	473,382	(25,097)	15,116	(76)	—	—	—	463,325
2001								
External revenue	2,580,651	316,567	746,070	31,005	116,261	3,695	—	3,794,249
Revenue from other segments	455,281	—	33,950	—	—	—	(489,231)	—
Total revenue	3,035,932	316,567	780,020	31,005	116,261	3,695	(489,231)	3,794,249

41. SEGMENT INFORMATION (continued)

(a) By Business Segments

	Retail operations RM'000	Corporate lending RM'000	Treasury and capital market operations RM'000	Investment banking RM'000	Share broking and fund management RM'000	Others RM'000	Inter – segment elimination RM'000	Total RM'000
2001								
Segment result	1,016,570	86,447	241,103	9,313	45,860	9,042	—	1,408,335
Unallocated expenses								(140,834)
Amortisation of goodwill								(17,145)
Profit from operations								1,250,356
Share of profit of associated companies	637	—	—	—	—	—	—	637
Profit before taxation								1,250,993
Tax expense and zakat								(331,457)
Minority interests								(219,458)
Net profit for the year								700,078
Other information								
Segment assets	37,558,841	4,631,924	8,396,365	1,409,529	320,207	228,528	—	52,545,394
Investment in associated companies	36,382	—	—	—	—	—	—	36,382
Unallocated assets								226,290
Goodwill								417,117
Total assets								53,225,183
Segment liabilities								
Unallocated liabilities	35,346,653	5,085,833	4,443,512	117,906	182,790	8,692	—	45,185,386
Total liabilities								45,572,186
Other segment items								
Capital expenditure	58,105	64	147	215	2,699	4,734	—	65,964
Depreciation	68,867	173	358	94	3,572	25,462	—	98,526
Amortisation of goodwill	—	—	—	—	—	17,145	—	17,145
Other non-cash expenses/(income)	407,731	25,130	3,208	—	—	—	—	436,070



Notes to the Financial Statements – 31 December 2002

41. SEGMENT INFORMATION (continued)

(b) By Geographical Location

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical locations of assets.

	Revenue RM'000	Profit before taxation RM'000	Total assets RM'000	Total liabilities RM'000	Capital expenditure RM'000
2002					
Malaysia	3,565,432	1,135,352	58,925,975	52,385,783	70,800
Overseas	480,725	145,706	2,839,705	1,221,454	2,307
Total	4,046,157	1,281,058	61,765,680	53,607,237	73,107
2001					
Malaysia	3,236,290	987,079	50,817,839	44,852,891	54,780
Overseas	557,959	263,914	2,407,344	719,295	11,179
Total	3,794,249	1,250,993	53,225,183	45,572,186	65,959

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

42. CURRENCY

All amounts are in Ringgit Malaysia unless otherwise stated.

43. RATING STATEMENT

As at 31 December 2002, the Bank was accorded the following ratings:

Agencies	Date accorded/reaffirmed	Ratings
Rating Agency Malaysia Berhad	7 May 2002 (Upgraded) 7 May 2002 (Affirmed)	Long Term Rating – AAA Short Term Rating – P1
Moody's Investors Services	26 September 2002 (Upgraded) 26 September 2002 (Upgraded) 26 September 2002 (Unchanged)	Long Term Deposit Rating – Baa1 Short Term Deposit Rating – P-2 Financial Strength – C-
Standard & Poor's	12 April 2000	Public Information Rating – BBBpi
Fitch IBCA Limited	27 June 2000 27 June 2000	Individual Rating – B/C Support Rating – 2

44. SIGNIFICANT EVENTS

- (a) On 26 February 2002, HHB Holdings Berhad (“HHB”), a wholly owned subsidiary of Public Bank Berhad (“PBB”) announced that HHB had, on 21 February 2002 entered into a share sale agreement with Public Consolidated Holdings Sdn. Bhd. (“PCHSB”), a wholly owned subsidiary of PBB and Business Premium Sdn. Bhd. (“BPSB”), a wholly owned subsidiary of PCHSB, for the proposed acquisition by HHB of a total of 5,100,000 ordinary shares of RM1.00 each in Public Mutual Berhad (formerly known as Kuala Lumpur Mutual Fund Berhad) (“Public Mutual”) (“Public Mutual Shares”) representing 85% of the issued and paid-up share capital of Public Mutual for a total cash consideration of RM217,617,000 or RM42.67 per Public Mutual Share (“Proposed Acquisition”).

The Proposed Acquisition has been approved by the Securities Commission (“SC”) under the SC Guidelines on Unit Trust Funds on 15 April 2002, the Foreign Investment Committee (“FIC”) on 18 June 2002 and the shareholder of HHB on 18 February 2002.

In compliance with the Malaysian Code on Take-Overs and Mergers 1998, HHB is obligated to extend a mandatory take-over offer for the remaining 900,000 Public Mutual Shares, representing 15% of the issued and paid-up share capital of Public Mutual, not already owned by HHB upon completion of the Proposed Acquisition (“Mandatory Offer”).

On 8 March 2002 and 7 May 2002, HHB announced the detailed proposals to be implemented by HHB to enable HHB to have a level of operations that is adequate to warrant continued trading and listing of the ordinary shares of RM1.00 each in HHB (“HHB Shares”) on the Main Board of the Kuala Lumpur Stock Exchange (“KLSE”). The proposals to be undertaken in order to fulfil the requirements of Paragraph 8.15 (on “Compliance with shareholding spread requirement”) and Paragraph 8.16 (on “Level of operations”) of the Listing Requirements of the KLSE are as follows:

- (i) the Proposed Acquisition, which was announced on 26 February 2002;
- (ii) the proposed issuance of up to 62,700,000 new HHB Shares at par for cash by way of a private placement to PBB, the parent company and sole shareholder of HHB (“Proposed Placement”) whereupon PBB’s investment in HHB will increase from 125,377,000 HHB Shares to up to 188,077,000 HHB Shares; and
- (iii) the proposed restricted offer for sale by PBB of up to 47,500,000 HHB Shares upon the completion of the Proposed Placement to the following parties:
 - (a) bumiputera investors to be identified;
 - (b) eligible agents of Public Mutual;
 - (c) Directors and eligible employees of Public Mutual; and
 - (d) Directors of HHB. (“Proposed Restricted Offer for Sale”)

The Proposed Acquisition, the Mandatory Offer, the Proposed Placement and the Proposed Restricted Offer for Sale, collectively referred to as the HHB Proposals, require the approval of the following:

- (i) the SC for the Proposed Acquisition, the Proposed Placement and the Proposed Restricted Offer for Sale under the SC’s Policies and Guidelines on Issue/Offer of Securities, the listing of the new HHB Shares to be issued pursuant to the Proposed Placement and the offer document for the Mandatory Offer;
- (ii) the FIC for the Proposed Placement and Proposed Restricted Offer for Sale which were obtained on 20 June 2002;
- (iii) the Ministry of International Trade and Industry for the allocation of the HHB Shares pursuant to the Proposed Restricted Offer for Sale to approved bumiputera investors;
- (iv) the shareholders of HHB which was obtained on 8 March 2002;
- (v) the KLSE for the approval in principle for the listing of and quotation for the new HHB Shares to be issued pursuant to the Proposed Placement on the Main Board of the KLSE; and
- (vi) Bank Negara Malaysia for PBB to subscribe for the new HHB Shares to be issued pursuant to the Proposed Placement which was obtained on 17 September 2002.

Notes to the Financial Statements – 31 December 2002

44. SIGNIFICANT EVENTS (continued)

The approval of the SC for the Proposed Acquisition, the Proposed Placement and the Proposed Restricted Offer for Sale under the SC's Policies and Guidelines on Issue/Offer of Securities and the listing of the new HHB Shares to be issued pursuant to the Proposed Placement was obtained on 29 August 2002. The approval of the SC was subject to a number of conditions which were accepted by HHB except for the condition that the issue price for the new HHB Shares to be placed to PBB pursuant to the Proposed Placement is the same as the offer price of HHB Shares pursuant to the Proposed Restricted Offer for Sale. An appeal for waiver of the said condition was approved by the SC on 14 November 2002.

Upon completion of the HHB Proposals, HHB will become a 74.74% subsidiary company of PBB and it is envisaged that the trading of HHB Shares on the Main Board of the KLSE would be resumed.

- (b) On 14 May 2002, the shareholders of Public Finance Berhad ("PFB") approved the following:
 - (i) the establishment of the PFB Employees' Share Option Scheme;
 - (ii) the shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of the KLSE; and
 - (iii) the renewal of shareholders' authority for the purchase by PFB of its own shares.
- (c) On 20 May 2002, the shareholders of PBB approved the following:
 - (i) the bonus issue of up to 918,804,174 new ordinary shares of RM0.50 each in PBB ("PBB Shares") to be credited as fully paid-up on the basis of one (1) new PBB Share for every four (4) existing PBB Shares held ("PBB Bonus Issue");
 - (ii) the extension of the expiry date of the PBB Employees' Share Option Scheme ("PBB ESOS") from 25 February 2003 to 25 February 2005;
 - (iii) amendments to the bye-laws of the PBB ESOS;
 - (iv) the shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of the KLSE; and
 - (v) the renewal of shareholders' authority for the purchase by PBB of its own shares.
- (d) On 6 November 2002, 12 November 2002 and 12 December 2002, PBB and Public Finance Berhad ("PFB") announced the following proposals:
 - (i) the proposed privatisation of PFB by way of a scheme of arrangement under Section 176 of the Companies Act, 1965 ("Act") between PFB and its shareholders, other than PBB, whereby:
 - (a) PBB will acquire all the remaining ordinary shares of RM1.00 each in PFB ("PFB Shares") not already owned by PBB by the issuance of up to 406,202,847 new PBB Shares to be listed and quoted as "Local" on the Main Board of KLSE ("PBB Local Shares") in exchange for up to 135,400,949 PFB Shares on the basis of three (3) new PBB Local Shares for every one (1) existing PFB Share held by the shareholders of PFB, other than PBB, ("Proposed Share Exchange") on the entitlement date for the Proposed Share Exchange to be determined and announced later; and
 - (b) PFB proposes to declare a special gross dividend of 138.9% subject to a tax deduction of 28% prior to the completion of the Proposed Share Exchange ("Proposed PFB Special Dividend"). The Proposed PFB Special Dividend, net of tax, amounts to RM1.00 per PFB Share.

The Proposed Share Exchange and Proposed PFB Special Dividend are collectively referred to as the Proposed PFB Privatisation; and

 - (ii) a proposed bonus issue by PBB of up to 1,346,173,735 new PBB Shares to be credited as fully paid-up on the basis of one (1) new PBB Share for every four (4) existing PBB Shares held, conditional upon and after the completion of the Proposed PFB Privatisation ("Proposed PBB Bonus Issue").

44. SIGNIFICANT EVENTS (continued)

The Proposed PFB Privatisation, Proposed PFB Special Dividend and Proposed PBB Bonus Issue are conditional upon the following approvals being obtained:

- (i) the Minister of Finance for the increase in PBB's equity in PFB to 100% pursuant to the Proposed Share Exchange, which was obtained on 24 December 2002;
- (ii) BNM for the Proposed PFB Special Dividend, Proposed PBB Bonus Issue and for the increase in PBB's issued and paid-up capital pursuant to the Proposed Share Exchange, which were obtained on 24 December 2002;
- (iii) SC for the Proposed PFB Privatisation, Proposed PBB Bonus Issue and the listing of and quotation for the new PBB Shares to be issued pursuant to the Proposed Share Exchange and the Proposed PBB Bonus Issue on the Main Board of KLSE which was obtained on 27 January 2003;
- (iv) FIC for the Proposed Share Exchange;
- (v) KLSE for the listing of and quotation for the new PBB Shares to be issued and allotted pursuant to the Proposed Share Exchange and the Proposed PBB Bonus Issue on the Main Board of KLSE;
- (vi) the shareholders of PBB for the Proposed Share Exchange and Proposed PBB Bonus Issue;
- (vii) the shareholders of PFB for the Proposed PFB Privatisation;
- (viii) the sanction of the High Court of Malaya for the Proposed PFB Privatisation pursuant to Section 176 of the Act; and
- (x) any other relevant authorities.

45. COMPARATIVE FIGURES

- (a) The following comparatives have been restated to reflect the change in accounting policy as described in Note 2(e) to the financial statements:

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
Balance sheet				
Goodwill	417,117	434,262	378,068	393,129
Reserves	4,438,152	4,455,297	3,443,600	3,458,661
Income statement				
Overhead expenses	1,008,409	991,264	588,841	573,780
Profit before taxation and zakat	1,250,993	1,268,138	555,569	570,630
Statement of changes in equity				
Net profit for the year	700,078	717,223	397,937	412,998
Cash flow statement				
Profit before taxation	1,250,993	1,268,138	555,569	570,630
Amortisation of goodwill	17,145	—	15,061	—



Notes to the Financial Statements – 31 December 2002

45. COMPARATIVE FIGURES (continued)

(b) The following comparatives have been reclassified to conform with current year's presentation:

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
Balance sheet				
Recourse obligation on loans sold to Cagamas	847,769	—	116,057	—
Other liabilities	741,878	1,589,647	603,939	719,996
Provision for taxation and zakat	308,771	359,556	112,338	155,321
Deferred taxation	50,785	—	42,983	—

46. ISLAMIC BANKING

The state of affairs at 31 December 2002 and results for the financial year ended on this date under the Islamic Banking business of the Bank and its subsidiary company, Public Finance Berhad, included in the Group financial statements are summarised as follows:

Balance Sheets at 31 December 2002

		Group		Bank	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Assets					
Cash and short term funds	(a)	661,575	1,276,760	1,500,393	1,186,166
Dealing securities	(b)	—	8,688	—	—
Investment securities	(c)	219,424	244,231	164,521	150,173
Loans, advances and financing	(d)	3,659,941	1,698,577	884,328	455,244
Other assets	(e)	81,076	115,603	53,341	103,430
Statutory deposits with Bank Negara Malaysia		128,664	45,230	34,500	—
Property and equipment		54	72	54	63
Total Assets		4,750,734	3,389,161	2,637,137	1,895,076
Liabilities and Islamic Banking Funds					
Deposits from customers	(f)	3,957,233	2,472,858	2,466,722	1,534,855
Deposits and placements of banks and other financial institutions	(g)	170,588	615,515	38	240,615
Bills and acceptances payable		13,882	6,445	13,882	6,445
Other liabilities	(h)	36,285	29,004	16,695	14,851
Provision for taxation and zakat	(i)	32,167	29,156	13,624	9,656
Total Liabilities		4,210,155	3,152,978	2,510,961	1,806,422
Capital Funds	(j)	324,140	114,140	24,133	24,133
Unappropriated profits		216,439	122,043	102,043	64,521
Total Islamic Banking Funds		540,579	236,183	126,176	88,654
Total Liabilities and Islamic Banking Fund		4,750,734	3,389,161	2,637,137	1,895,076

The accompanying notes form an integral part of the financial statements

46. ISLAMIC BANKING (continued)

Income Statements for the financial year ended 31 December 2002

	Note	Group		Bank	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Financing income	(k)	208,734	132,740	62,600	46,554
Allowance for losses on loans and financing	(l)	(37,752)	(19,756)	(8,583)	(1,380)
Net income		170,982	112,984	54,017	45,174
Overhead expenses	(m)	(30,169)	(15,687)	(1,805)	(1,430)
Profit before tax expense and zakat		140,813	97,297	52,212	43,744
Tax expense and zakat	(n)	(46,417)	(31,815)	(14,690)	(12,309)
Profit after tax expense and zakat		94,396	65,482	37,522	31,435
Unappropriated profits brought forward		122,043	56,561	64,521	33,086
Unappropriated profits carried forward		216,439	122,043	102,043	64,521

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements for the financial year ended 31 December 2002

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Cash and Short Term Funds				
Cash and balances with banks and other financial institutions	561,575	22,460	550,393	1,866
Money at call and deposit placements maturing within one month	100,000	1,254,300	950,000	1,184,300
	661,575	1,276,760	1,500,393	1,186,166
(b) Dealing Securities				
Money market instruments:				
Khazanah bonds	—	8,688	—	—
Market value:				
Khazanah bonds	—	8,708	—	—



Notes to the Financial Statements – 31 December 2002

46. ISLAMIC BANKING (continued)

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(c) Investment Securities				
Money market instruments:				
Khazanah bonds	43,680	60,636	38,747	37,476
Malaysian Government Investment Certificates	—	112,697	—	112,697
Bank Negara Malaysia Bills	125,360	—	75,390	—
Cagamas Mudharabah bonds	50,384	—	50,384	—
	219,424	173,333	164,521	150,173
Unquoted securities, at cost	—	72,170	—	—
Private debt securities	—	—	—	—
	219,424	245,503	164,521	150,173
Amortisation of premium less accretion of discounts	—	(1,272)	—	—
	219,424	244,231	164,521	150,173
Market value:				
Khazanah Bonds	43,860	61,430	38,927	37,693
Malaysian Government Investment Certificates	—	112,977	—	112,977
Bank Negara Malaysia Bills	125,355	—	75,390	—
Cagamas Mudharabah bonds	50,384	—	50,384	—

The maturity structure of money market instruments held are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Maturity within one year	169,040	112,697	114,137	112,697
One year to three years	—	60,636	—	37,476
Three to five years	50,384	—	50,384	—
	219,424	173,333	164,521	150,173

46. ISLAMIC BANKING (continued)

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(d) Loans, Advances and Financing				
Al-Qardhassan (overdraft)	573	783	573	783
Al-Bai Bithaman Ajil (deferred payment sale)	1,594,572	800,729	1,505,287	732,635
Al-Ijarah Thamma Al-Bai (leasing)	3,404,282	1,567,622	—	21,845
Unearned income	4,999,427 (1,267,635)	2,369,134 (636,041)	1,505,860 (604,131)	755,263 (291,595)
Gross loans, advances and financing	3,731,792	1,733,093	901,729	463,668
Allowance for bad and doubtful debts and financing				
– general	(62,860)	(30,994)	(15,094)	(7,403)
– specific	(7,353)	(2,639)	(1,513)	(621)
Income-in-suspense	(1,638)	(883)	(794)	(400)
Net loans, advances and financing	3,659,941	1,698,577	884,328	455,244

The maturity structure of gross loans, advances and financing are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(i) Maturity:				
Maturity within one year	38,668	39,408	21,564	32,243
One year to three years	336,634	180,639	72,452	31,333
Three years to five years	901,300	490,192	88,870	36,429
Over five years	2,455,190	1,022,854	718,843	363,663
	3,731,792	1,733,093	901,729	463,668



Notes to the Financial Statements – 31 December 2002

46. ISLAMIC BANKING (continued)

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(ii) Gross loans, advances and financing analysed by their economic purposes are as follows:				
Agriculture	6,843	4,245	527	320
Mining and quarrying	736	822	—	—
Manufacturing	49,904	30,665	14,220	9,032
Construction	91,275	43,527	7,141	1,274
Real estate	57,578	52,922	55,779	51,586
Purchase of landed property				
– residential	529,138	272,387	485,292	240,304
– non-residential	161,519	55,186	161,114	54,395
General commerce	204,658	108,916	31,177	6,714
Transport, storage and communication	18,759	8,383	294	5
Finance, insurance and business services	55,846	48,096	4,586	24,474
Purchase of securities	2,553	2,562	1,655	1,665
Purchase of transport vehicles	2,376,732	1,011,727	—	2,679
Others	176,251	93,655	139,944	71,220
	3,731,792	1,733,093	901,729	463,668

Movements in non-performing loans, advances and financing including income receivables are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At 1 January	11,720	8,294	5,808	3,169
Non-performing during the year	24,446	171,466	10,597	167,565
Reclassified as performing	(2,489)	(1,137)	(2,079)	(1,137)
Recoveries	(3,185)	(165,430)	(1,990)	(163,789)
Amount written off	(1,556)	(1,473)	—	—
At 31 December	28,936	11,720	12,336	5,808

46. ISLAMIC BANKING (continued)

Movements in the allowance for bad and doubtful debts and financing and income-in-suspense are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
General allowance				
At 1 January	30,994	12,430	7,403	6,146
Allowance made during the year	31,866	18,564	7,691	1,257
At 31 December	62,860	30,994	15,094	7,403
Specific allowance				
At 1 January	2,639	2,462	621	498
Allowance made during the year	6,284	1,887	907	123
Amount written back in respect of recoveries	(222)	(398)	(15)	—
Amount written off	(1,348)	(1,312)	—	—
At 31 December	7,353	2,639	1,513	621
Income-in-suspense				
At 1 January	883	5,986	400	5,641
Income suspended during the year	1,026	4,619	394	4,260
Amount written back in respect of recoveries	(63)	(13,790)	—	(13,730)
Amount written off	(208)	(161)	—	—
Amount vested over	—	4,229	—	4,229
At 31 December	1,638	883	794	400
(e) Other Assets				
Income receivables	1,685	1,553	1,685	557
Sundry receivables	28,432	12,028	697	851
Amount due from Head office	50,959	102,022	50,959	102,022
	81,076	115,603	53,341	103,430
(f) Deposits From Customers				
Al-Mudharabah General Investment deposits	2,101,654	1,695,301	734,239	857,330
Al-Wadiah savings deposits	764,011	417,810	618,502	317,778
Al-Wadiah demand deposits	1,091,568	359,747	1,113,981	359,747
	3,957,233	2,472,858	2,466,722	1,534,855



Notes to the Financial Statements – 31 December 2002

46. ISLAMIC BANKING (continued)

Maturity structure of the Al-Mudharabah General Investment deposits are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Maturity within six months	1,874,358	1,402,307	542,055	597,760
Six months to one year	209,776	275,638	187,573	255,947
One year to three years	11,708	12,805	1,254	1,642
Three years to five years	5,812	4,551	3,357	1,981
	2,101,654	1,695,301	734,239	857,330

The deposits are sourced from the following types of customers:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Federal and state governments	486,251	466,008	263,365	263,978
Local government and statutory authorities	514,444	396,468	244,461	214,782
Business enterprises	887,963	436,753	283,607	234,790
Individuals	957,444	607,120	761,947	425,867
Foreign customers	20,779	11,162	19,821	10,522
Others	1,090,352	555,347	893,521	384,916
	3,957,233	2,472,858	2,466,722	1,534,855
(g) Deposits and Placements of Banks and Other Financial Institutions				
– by licensed banks	120,038	615,515	38	240,615
– by licensed finance companies	50,550	—	—	—
	170,588	615,515	38	240,615
(h) Other liabilities				
Income payable	19,768	17,113	8,964	8,174
Other liabilities	9,003	5,325	217	111
Profit Equalisation Reserves	7,514	6,566	7,514	6,566
	36,285	29,004	16,695	14,851

46. ISLAMIC BANKING (continued)

The movements in Profit Equalisation Reserves are as follows:

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At 1 January	6,566	4,495	6,566	4,495
Amount arising during the year	5,947	6,276	5,947	6,276
Amount written back	(4,999)	(4,205)	(4,999)	(4,205)
At 31 December	7,514	6,566	7,514	6,566
(i) Provision for taxation and zakat				
Provision for tax	32,117	29,121	13,574	9,621
Zakat	50	35	50	35
	32,167	29,156	13,624	9,656
(j) Capital Funds				
Allocated:				
At 1 January	114,140	114,140	24,133	24,133
Additional funds allocated from Head Office	210,000	—	—	—
At 31 December	324,140	114,140	24,133	24,133
(k) Financing Income				
Income derived from investment of depositors' funds	259,220	165,976	92,014	60,512
Income attributable to depositors:				
– customers	(75,844)	(52,429)	(34,636)	(28,918)
– banks and financial institutions	(12,780)	(5,766)	(1,300)	(1,377)
Profit Equalisation Reserves	(948)	(2,071)	(948)	(2,071)
Income attributable to the Group/Bank	169,648	105,710	55,130	28,146
Other Islamic Banking income	39,086	27,030	7,470	18,408
	208,734	132,740	62,600	46,554



Notes to the Financial Statements – 31 December 2002

46. ISLAMIC BANKING (continued)

The details of the income derived from investment of depositors' funds and Islamic Banking Funds are as follows:

	Group		Bank	
	Depositors' Funds RM'000	Banking Funds RM'000	Depositors' Funds RM'000	Banking Funds RM'000
2002				
Income from financing	223,606	34,317	59,868	3,357
Income from interbank lending	27,335	1,457	26,915	1,377
Investment income:				
– profit received from investment securities	4,618	677	1,417	72
– profit received from dealing securities	67	12	—	—
– gains from sale of investment securities	822	150	40	2
– gains from sale of dealing securities	15	3	—	—
Gross dividends from investment securities	4,623	236	4,622	236
Amortisation of premium less accretion of discounts	(1,129)	(213)	—	—
Provision for diminution in value of other receivables	(1,200)	—	(1,200)	—
	258,757	36,639	91,662	5,044
Fee income:				
– commission	171	6	138	—
– service charges and fees	4	2,427	—	2,426
– other fee income	288	14	214	—
	463	2,447	352	2,426
	259,220	39,086	92,014	7,470
2001				
Income from financing	113,034	21,766	37,881	15,622
Income from interbank lending	13,071	664	12,700	634
Investment income:				
– profit received from investment securities	14,862	1,048	5,278	264
– profit received from dealing securities	17	1	—	—
– gains from sale of investment securities	22,459	1,835	41	2
– gains from sale of dealing securities	—	—	—	—
Gross dividends from investment securities	4,290	214	4,288	214
Amortisation of premium less accretion of discounts	(2,112)	(173)	—	—
	165,621	25,355	60,188	16,736
Fee income:				
– commission	87	2	64	—
– service charges and fees	4	1,672	—	1,672
– other fee income	264	1	260	—
	355	1,675	324	1,672
	165,976	27,030	60,512	18,408

46. ISLAMIC BANKING (continued)

(l) Allowance for losses on loans and financing

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Allowance for bad and doubtful debts and financing:				
– general allowance	31,866	18,564	7,691	1,257
– specific allowance	6,284	1,887	907	123
– specific allowance written back	(222)	(398)	(15)	—
Bad debts and financing recovered	(176)	(297)	—	—
	37,752	19,756	8,583	1,380
(m) Overhead Expenses				
Personnel costs	16,124	9,441	1,228	1,081
Establishment costs	5,268	2,946	271	144
Marketing expenses	7,906	3,054	41	37
Administration and general expenses	871	246	265	168
	30,169	15,687	1,805	1,430
(n) Tax expense and zakat				
Tax expense	46,352	31,749	14,640	12,249
Zakat	65	66	50	60
	46,417	31,815	14,690	12,309

(o) Capital Adequacy

The capital adequacy ratios under the Islamic Banking business of the Bank and its subsidiary company, Public Finance Berhad, included in the Group financial statements as at 31 December are as follows:

	Group		Bank	
	2002	2001	2002	2001
Core capital ratio	14.8%	11.2%	13.3%	19.8%
Risk-weighted capital ratio	16.5%	12.7%	14.9%	21.5%



Notes to the Financial Statements – 31 December 2002

46. ISLAMIC BANKING (continued)

(o) Capital Adequacy (continued)

	Group		Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Components of Tier I and Tier II capital:				
Tier I capital				
Capital funds	324,140	114,140	24,133	24,133
Unappropriated profits	216,439	122,043	102,043	64,521
Total Tier I capital	540,579	236,183	126,176	88,654
Tier II capital				
General allowance for bad and doubtful debts	62,860	30,994	15,094	7,403
Total Tier II capital	62,860	30,994	15,094	7,403
Capital base	603,439	267,177	141,270	96,057

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	2002		2001	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
Group				
0%	767,056	—	1,164,558	—
10%	50,384	5,038	40,064	4,006
20%	248,422	49,684	442,399	88,480
50%	600,640	300,320	289,145	144,573
100%	3,305,131	3,305,131	1,869,173	1,869,173
	4,971,633	3,660,173	3,805,339	2,106,232
Bank				
0%	612,484	—	1,012,243	—
10%	50,384	5,038	—	—
20%	1,072,543	214,509	425,185	85,037
50%	548,350	274,175	257,199	128,600
100%	456,244	456,244	233,542	233,542
	2,740,005	949,966	1,928,169	447,179

The disclosure of the capital adequacy ratios of the Bank and the Group's Islamic Banking business as set out above is in accordance with the Bank Negara Malaysia circular dated 19 November 2001 on "Pematuhan Nisbah Modal Berwajaran Risiko bagi Portfolio Perbankan Islam". In this circular, it is stipulated that all financial institutions participating in the Islamic Banking Scheme are required to comply with a minimum core capital ratio of 4% and a minimum risk-weighted capital ratio of 8% with effect from 2 January 2002.

Additional Compliance Information

The following information is presented in compliance with the Listing Requirements of the Kuala Lumpur Stock Exchange:

(i) Share Buy-Back

Public Bank has not purchased any of its own shares during the financial year ended 31 December 2002 and the preceding financial year.

(ii) Material Contracts

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by Public Bank and/or its subsidiary companies which involve directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2002 or entered into since the end of the previous financial year that have been entered by Public Bank or its subsidiary companies involving directors and major shareholders in the past two years preceding the date of this annual report.

(iii) Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on Public Bank and its subsidiary companies, directors or management by the relevant regulatory bodies during the financial year.

(iv) Variation in Results

During the year, there were no profit forecast issued by Public Bank and its subsidiary companies.

(v) Profit Guarantees

During the financial year, there were no profit guarantees given by Public Bank and its subsidiary companies.

(vi) Revaluation Policy

The Public Bank Group does not adopt a revaluation on landed properties classified as Property and Equipment. The revaluation policy on landed properties classified as Investment Properties are as disclosed in Note 1(I) to the financial statements.

(vii) Utilisation of Proceeds Raised from Corporate Proposals

Public Bank has not raised any funds from its completed corporate proposals.

(viii) Options, Warrants or Convertible Securities

Public Bank has not issued any options, warrants or convertible securities during the financial year ended 31 December 2002 and the preceding financial year other than the exercise of options under the Employee Share Option Scheme as disclosed in the directors' report.



Additional Compliance Information

(ix) Recurrent Related Party Transactions of a Revenue or Trading Nature

At an Extraordinary General Meeting on 20 May 2002, the Bank had obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with paragraph 10.09(1)(b), Part E, Chapter 10 of the Listing Requirements of the Kuala Lumpur Stock Exchange, the details of the recurrent related party transactions conducted during the financial year ended 31 December 2002 pursuant to the shareholders' mandate are disclosed as follows:

Related parties	Transacting parties	Nature of transaction of transacting parties	RM'000	Relationship with the Bank
Public Finance Berhad	Public Bank Berhad	Rental income from computer time	49,432	Subsidiary companies
		Rental income from office premises	663	
		Staff training recharge	2,094	
		Rental expense for branch premises	390	
	Public Holdings Sdn. Bhd.	Rental income from office and branch premises	2,624	
	Public Mutual Berhad (formerly known as Kuala Lumpur Mutual Fund Berhad)	Commission expense for sale of unit trust	130	
LPI Capital Berhad and Lonpac Insurance Berhad	Public Bank Berhad	Premium expense on insurance coverage for staff and assets	11,493	Companies in which a major shareholder is deemed to have a substantial interest
	Public Finance Berhad	Commission income from business introduced	9,192	
	PB International Factors Sdn. Bhd.			
	Public Leasing & Factoring Sdn. Bhd.	Rental income from office and branch premises	1,237	
	Public Holdings Sdn. Bhd.	Stock broking commissions received for the sale and purchases of securities for LIB	18	
	PB Securities Sdn. Bhd.			
	Public Merchant Bank Berhad			
	Public Mutual Berhad (formerly known as Kuala Lumpur Mutual Fund Berhad)			

Malaysian Economy: Review and Outlook for 2003

Table 1: Real GDP Growth of Selected Asian Economies, 2002e

	2002 (%)
Malaysia	4.2 (actual)
Hong Kong	1.5
Singapore	2.2 (actual)
Taiwan	3.3
Thailand	3.5

Note: e Estimate.

Sources: Department of Statistics, Malaysia. *Quarterly National Product and Expenditure Accounts*, Fourth Quarter 2002 and International Monetary Fund. *World Economic Outlook*, September 2002.

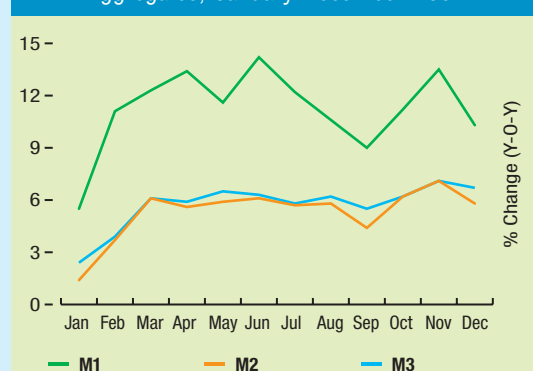
Table 2: Malaysia: Selected Economic Indicators, 2001-2002

	2001	2002e
Inflation rate (%)	1.4	1.8 (actual)
Unemployment rate (% of labour force)	3.6	3.5
National saving rate (% of GNP)	34.8	33.8
National investment rate (% of GNP)	25.8	26.7
National resource gap (% of GNP)	9.0	7.1
International reserves (USD equivalent)	30.8	34.6 (actual)

Note: e Estimate.

Sources: Ministry of Finance. *Economic Report 2002/2003* and Bank Negara Malaysia. *Quarterly Bulletin*, Fourth Quarter 2002.

Figure 1: Malaysia: Growth in Monetary Aggregates, January-December 2002



Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

I. THE ECONOMY IN 2002

A. GDP GROWTH AND GLOBAL ENVIRONMENT

The Malaysian economy grew by 4.2% in 2002, significantly higher than the 0.4% in 2001. The growth was achieved through the cumulative effects from monetary and fiscal stimulus, amidst the global uncertainties and weaker economic trends in major OECD economies. Although the growth was soft, it was comparatively higher than that of the regional economies like Hong Kong, Singapore, Taiwan, and Thailand (Table 1).

The growth was supported by strong economic fundamentals (Table 2). Inflation and unemployment rates stayed low at 1.8% and 3.5%, respectively. The national saving rate remained high at 33.8% of gross national product (GNP). The national resource gap was large at 7.1% of GNP. International reserves continued to accumulate. As shown in Figure 1, monetary aggregates expanded in line with the growth in the real economy.

On a quarterly basis, the economy improved steadily from 1.3% for the first quarter to 4.1% for the second quarter, 5.8% for the third quarter, and 5.6% for the fourth quarter (Figure 2).

The growth was achieved amidst a challenging global economic environment. The strong recovery of the global economy, particularly in the US, in the first half of 2002 dissipated in the second half of the year. The inventory-led rebound in the US was short-lived due to a weaker investment and business confidence.

In addition, the fallout from the September 11 incidents, the corporate and accounting scandals, the increased geopolitical tension with Iraq, higher world oil prices, the continued volatility in equity markets, and the persistent macro-imbalances dampened the cyclical rebound in the US.

In Japan, the economy continued to face deflation, amidst ineffective fiscal and monetary stimulus and a fragile banking sector. In Europe, growth was nascent due to weaknesses in private consumption and private investment. European financial institutions were forced to adjust their balance sheets due to large scale defaults by Argentina and several major US firms. Over-investment in the telecommunication sector made it difficult for any immediate rebound in capital spending in this sector in Europe.



Malaysian Economy: Review and Outlook for 2003

B. SOURCES OF GROWTH

Aggregate Supply

From the supply side, growth of the Malaysian economy in 2002 was primarily driven by the manufacturing and the services sectors (Table 3). The manufacturing sector rebounded to a 4.1% growth in 2002 from a contraction in 2001 with sustained performance of domestic-oriented industries and a modest recovery in the electronics industry.

Growth in the services sector was robust at 4.5% in 2002. The wholesale and retail trade, and hotel and restaurants sub-sector grew by 2.5% due to increased consumer spending and retail activity. The finance, insurance, real estate and business services sub-sector expanded by 6.2%. The transport, storage and communication sub-sector expanded by 2.9% due to increased activity in information and communication technology (ICT) industries and port services. The electricity, gas and water sub-sector expanded by 6.7% due to the strong demand from the manufacturing sector.

In 2002, the construction sector expanded by 2.3%, supported by the Government's fiscal stimulus projects and housing developments. Despite the persistent glut in the broad property sector, the construction sector continued to benefit from the low interest rate environment and stable property prices.

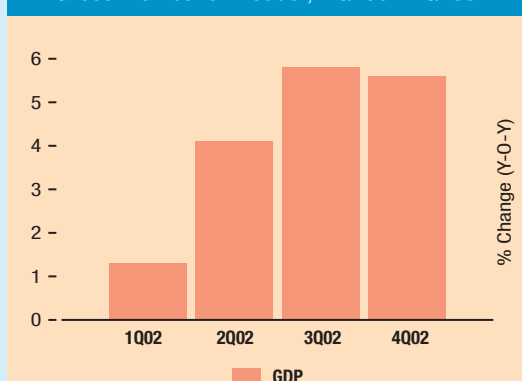
Table 4: Malaysia: GDP Growth by Demand Aggregate, 2001-2002 (at constant 1987 prices)

	% Annual Change	
	2001	2002
Real Gross Domestic Product	0.4	4.2
Final Consumption Expenditure		
Public	17.6	13.8
Private	2.8	4.2
Gross Fixed Capital Formation	(2.8)	0.2
Public	14.5	n.a
Private	(19.9)	n.a
Exports	(7.5)	3.6
Imports	(8.6)	6.2

Note: n.a Not Available.

Sources: Ministry of Finance, Malaysia. *Economic Report 2002/2003* and Department of Statistics, Malaysia. *Quarterly National Product and Expenditure Accounts*, Fourth Quarter 2002.

Figure 2: Malaysia: Quarterly Growth of Real Gross Domestic Product, 1Q2002-4Q2002



Source: Department of Statistics, Malaysia. *Quarterly National Product and Expenditure Accounts*, Fourth Quarter 2002.

Table 3: Malaysia: GDP Growth by Economic Activity, 2001-2002 (at constant 1987 prices)

	% Annual Change	
	2001	2002
Real Gross Domestic Product	0.4	4.2
Agriculture, livestock, forestry and fishing	1.8	0.3
Manufacturing	(6.2)	4.1
Mining and quarrying	1.6	4.5
Construction	2.3	2.3
Services	5.7	4.5

Source: Department of Statistics, Malaysia. *Quarterly National Product and Expenditure Accounts*, Fourth Quarter 2002.

The primary sector moderated to 0.3% in 2002 due to lower palm oil production. Rubber production grew by 8.9% in 2002. Within the primary sector, palm oil remained as the major contributor due to higher prices. Growth of the mining and quarrying sector rose to 4.5% in 2002, contributed by higher oil and gas production.

Aggregate Demand

From the demand side, the private sector saw a significant improvement in 2002 (Table 4). Private consumption strengthened to 4.2% in 2002, contributed by higher disposable income. This was partly due to the increased export earnings, lower income tax rate, and higher commodity prices.

During the year, investment recovered marginally due to the global uncertainties and excess capacity in certain economic sectors. To support private investment, the Government implemented another deficit budget.

In 2002, exports expanded by 3.6%, supported by sustained exports to the US and higher exports to the regional economies. Exports of electronics increased in the year due to the modest recovery in global electronics demand. Higher prices of the primary commodities were supportive of the exports during the year.

Imports turned around to increase by 6.2% in 2002 due to increased industrial activity and sustained consumer confidence. In particular, the increase in the imports of the intermediate goods was in line with the positive trend of manufacturing output in the year. The improvement in the trade sector allowed Malaysia to sustain another year of large trade surplus of RM50.9 billion in 2002 compared to RM54.1 billion in 2001.

C. DEVELOPMENTS IN THE BANKING SECTOR

After the completion of the domestic banking consolidation in 2001, Malaysia's banking system further strengthened in 2002, as reflected in its higher risk weighted capital base and stronger asset quality.

Capital Base

During the year, the risk-weighted capital ratio (RWCR) of the banking system increased to 12.8% at end-December 2002 from 12.7% at end-January 2002 (Table 5). In the same period, the core capital ratio of the banking system dropped marginally to 10.7% from 10.9%.

For the commercial banks, the RWCR increased to 12.8% at end-December 2002 from 12.5% at end-January 2002. However, in the same period, the RWCR for the finance companies was between 11.4% and 11.7%.

As at end-November 2002, the outstanding balance of capital injected into the banking institutions by Danamodal dropped to RM2.1 billion.

Asset Quality

The ratio of net non-performing loans to total loans and advances of the banking system eased to 7.5% at end-December 2002 from 8.3% at end-January 2002 (Figure 3). For the commercial banks, the ratio of net non-performing loans improved from 7.6% to 6.9% at end-December 2002. For the finance companies, the ratio of net non-performing loans declined from 8.6% at end-January 2002 to 7.6% at end-December 2002.

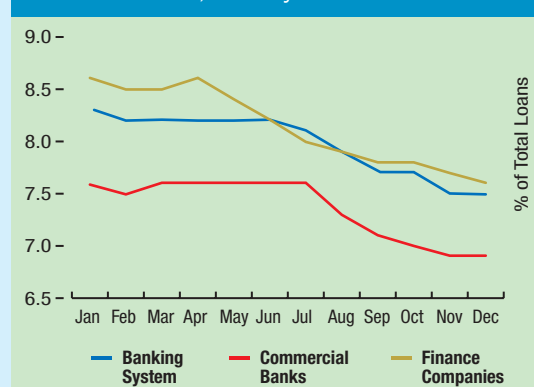
The loan-loss coverage of the banking system measured by the ratio of total provisions to total non-performing loans was high at 214.3% as at end-December 2002. The Corporate Debt Restructuring Committee ceased operations on 15 August 2002 after successfully resolving 98% of the debt restructuring cases (47 cases out of 48 cases accepted) with a total debt value of RM44.0 billion.

Table 5: Banking System: Risk-Weighted Capital Ratio and Core Capital Ratio, 2001-2002

	2001	2002					
		Jan	Mar	Jun	Sep	Dec	
RWCR (%)	13.0	12.7	12.6	13.2	13.3	12.8	
Core Capital Ratio (%)	11.1	10.9	10.8	10.9	11.0	10.7	

Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

Figure 3: Ratio of Net Non-Performing Loans to Total Loans and Advances by Banking Institutions, January-December 2002



Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

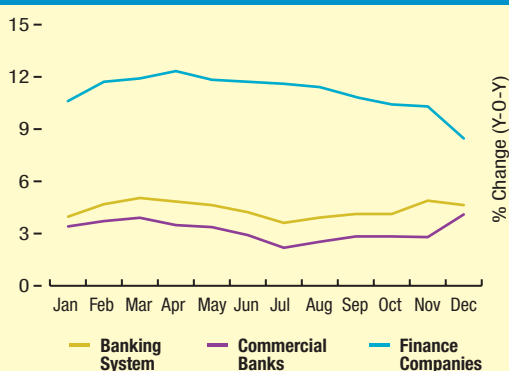


Malaysian Economy: Review and Outlook for 2003

Ample Liquidity

During the year, the banking system had ample liquidity to support the economy as reflected by the industry's loan to deposit ratio and stable interbank interest rates. As at end-December 2002, the loan to deposit ratio of the banking system (including loans sold to Cagamas and excluding loans sold to Danaharta) was 89.7% (Figure 4). In the year, the interbank interest rates were low and stable, ranging between 2.77% and 2.98% for one-month money, 2.84% and 3.07% for three-month money, and 2.78% and 2.99% for six-month money (Figure 5).

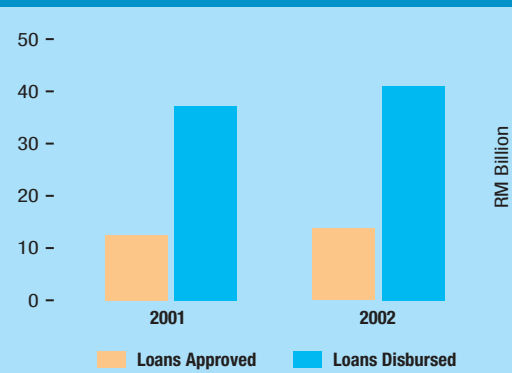
Figure 6: Loan Growth by Banking Institutions*, January-December 2002



Note: *Including loans sold to Cagamas and excluding NPLs sold to Danaharta.

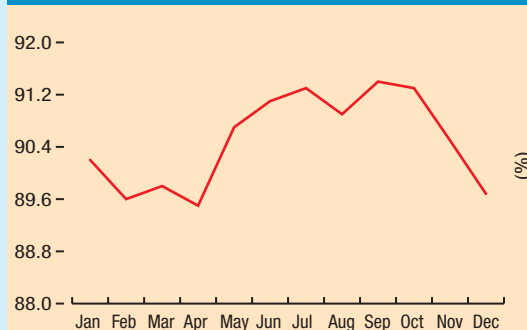
Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

Figure 7: Banking System: Total Loans Approved and Disbursed, 2001 and 2002



Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

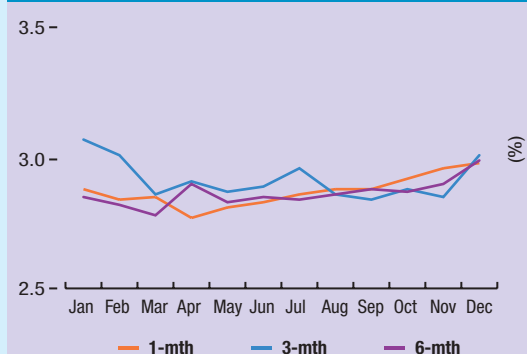
Figure 4: Banking System: L-D Ratio*, January-December 2002



Note: *Including loans sold to Cagamas and excluding NPLs sold to Danaharta.

Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

Figure 5: Malaysia: Weighted Average Interbank Interest Rates, January-December 2002



Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

Loan Growth

Bank lending improved in 2002 compared to the previous year. As at end-December 2002, the banking system's loan growth (including loans sold to Cagamas and excluding non-performing loans sold to Danaharta) was 4.6% (2001: 3.9%) (Figure 6). The higher loan growth during the period was due to higher new loans approved and loans disbursed by the banking system (Figure 7). From January 2002 to December 2002, total new loans approved by the banking system increased by 9.7%, while total loans disbursed increased by 10.3% compared to the same period in 2001.

The loan growth of the banking system during the year was particularly driven by a steady increase in loans to the broad property sector (in particular, residential property), and loans for consumption purposes (in particular, purchase of passenger cars) (Table 6). As at end-December

Table 6: Banking System: Loans Outstanding by Sector, 2001-2002

	RM Billion		
	2001	2002	% Change
Agriculture, hunting, forestry & fishing	12,357.6	12,219.7	(1.1)
Mining and quarrying	1,538.3	1,247.0	(18.9)
Manufacturing	68,475.1	67,203.5	(1.9)
Electricity, gas and water	5,318.4	6,879.1	29.3
Wholesale, retail, hotels and restaurants	38,453.4	39,485.1	2.7
Broad property sector*	175,573.4	186,596.4	6.3
Construction	39,914.8	38,413.9	(3.8)
Residential property	87,050.6	101,232.2	16.3
Non-residential property	29,695.5	29,667.0	(0.1)
Real estate	18,912.5	17,283.3	(8.6)
Transport, storage & communications	12,183.9	11,797.9	(3.2)
Financial, insurance & business services	35,168.6	32,669.6	(7.1)
Consumption credit	69,358.5	81,445.6	17.4
Personal uses	14,360.9	15,142.4	5.4
Credit card	8,889.0	10,668.4	20.0
Purchase of consumer durable goods	676.9	564.4	(16.6)
Purchase of passenger cars	45,431.7	55,070.4	21.2
Purchase of securities	30,348.9	30,569.6	0.7
Purchase of transport vehicles**	3,628.9	3,110.6	(14.3)
Community, social and personal services	6,252.1	5,895.1	(5.7)
Others	11,823.3	11,415.8	(3.4)
Gross Loans	470,480.1	490,535.1	4.3

Notes: *Including loans sold to Cagamas and Danaharta.

**Excluding loans for purchase of passenger cars.

Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

2002, total loans extended to the residential property sector increased by 16.3% and loans for the purchase of passenger cars rose by 21.2%. In addition, loans to other sectors such as manufacturing and services sub-sectors remained relatively stable.

Deposit Growth

Total deposit growth of the banking system showed a positive trend in the year (Figure 8). As at end-December 2002, total deposits of the banking system grew by 5.3% due to the higher growth of deposits of all types of banking institutions: commercial banks by 5.3%, finance companies by 5.6% and merchant banks by 3.7%.

By type, the growth of total deposits of the banking system was contributed by a 9.2% increase in savings deposits, 7.2% increase in demand deposits and 1.6% increase in fixed deposits.

D. POLICY ENVIRONMENT

In view of the strong economic fundamentals, Malaysia continued to have flexibility to implement expansionary monetary and fiscal policy to support growth in 2002.

On the monetary front, Bank Negara Malaysia (BNM) continued to manage the short-term liquidity of the banking system to maintain a stable interest rate environment. As shown in Figure 5, the key interbank interest rates were stable in 2002. BNM also continued to maintain its intervention rate at 5.0%, after the 50 basis point cut in September 2001.

Supported by strong economic fundamentals and sound macroeconomic policies, the Government continued to maintain the ringgit peg introduced in 1998. In 2002, the peg remained supportive of economic growth. The pressure on the peg from the rising US dollar in early 2002 eased considerably when the US dollar turned soft against the yen and euro from the second quarter of 2002.

On the fiscal front, the Government implemented another deficit budget to support private sector activities. The deficit is estimated at 5.1% of GDP and financed through domestic borrowings. The deficit did not cause any crowding-out effect on private investment as liquidity in the domestic economy was ample.



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II. ECONOMIC OUTLOOK FOR 2003

Higher Growth

Barring unforeseen circumstances, the Malaysian economy is expected to register higher economic growth in 2003 than in 2002. From the global perspective, the world economy is expected to make a modest, yet firmer recovery. Despite the global uncertainties, the World Bank projected that the world economy would rebound by 2.5% in 2003 from 1.7% in 2002, led by growth in East Asia and the Pacific regions.

Most forecasts suggest that the Malaysian economy is likely to grow between 5.0% and 6.7% for the year, to be driven by the manufacturing and services sectors (Table 7). The projected growth is expected to come from further strengthening of domestic industries as well as further reinforcement from the external sector. The positive and cumulative effects from the monetary and fiscal stimulus are expected to further generate a firmer recovery in private investment and consumer spending in 2003.

Although the direction of the global economy remains uncertain, consumer sentiment and business confidence in Malaysia are expected to remain stable in view of the low unemployment rate and the better growth projection ahead. In addition, the Government has the capacity and flexibility to fine tune macroeconomic policies to boost consumer sentiment and business confidence, if the need arises.

Low Inflation and Low Unemployment

Inflation is expected to remain low in 2003 due to the projected gradual improvement in domestic demand. Furthermore, the ringgit is expected to remain stable. Growth in the monetary aggregates is expected to remain consistent with that of the real economy. Imported inflation is also expected to remain low in view of the low global inflation.

In the labour market, the economy is expected to register a stable and low unemployment rate. The labour market is not expected to experience any bottleneck that could push wages higher in the short to medium term.

Banking Sector

Based on the growth outlook of the economy, the banking sector is expected to remain sound and stable. The banking system's capital base and asset quality are expected to improve further. The system will continue to have ample liquidity to support the financing needs of the real economy.

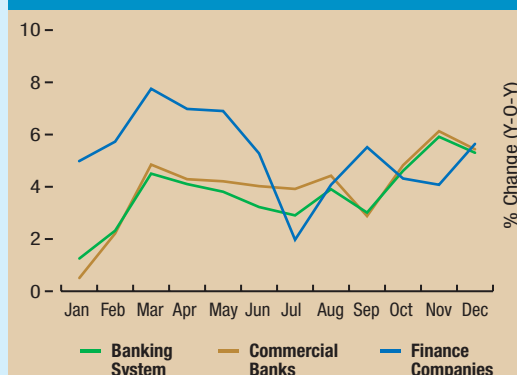
Policy Environment

In view of the global uncertainties, macroeconomic policies are expected to remain expansionary in 2003. As inflation and global interest rates are projected to remain low and stable, the Government is expected to maintain its accommodative monetary policy to provide a conducive business environment for the private sector. On the fiscal front, the Government is expected to maintain a pro-growth stance.

Downside Risks

Despite the positive economic outlook, the downside risks for the global and the Malaysian economies remain. These downside risks include the possible negative impact from the US-Iraq tensions, high oil prices, the potential of a "double-dip" recession in the US and slower than expected recovery in private investment and consumer spending in Malaysia.

Figure 8: Deposit Growth by Banking Institutions, January-December 2002



Source: Bank Negara Malaysia. *Monthly Statistical Bulletin*, December 2002.

Table 7: Malaysia: Economic Forecasts for 2003

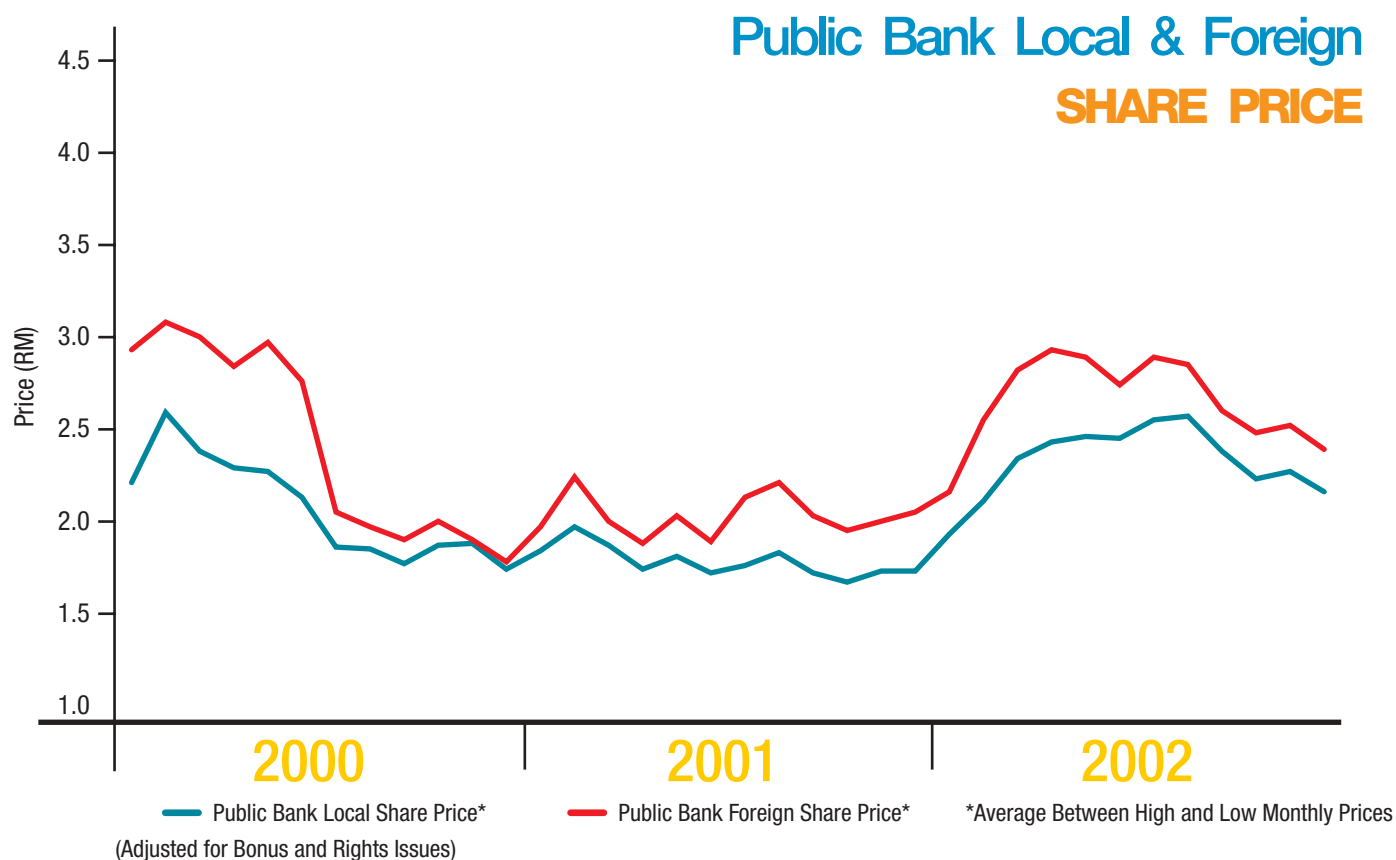
	2003f (%)
International Monetary Fund (September)	5.3
Economic Intelligence Unit (September)	6.7
Asian Development Bank (September)	5.0
Malaysia Institute of Economic Research (December)	5.7
Ministry of Finance, Malaysia (September)	6-6.5

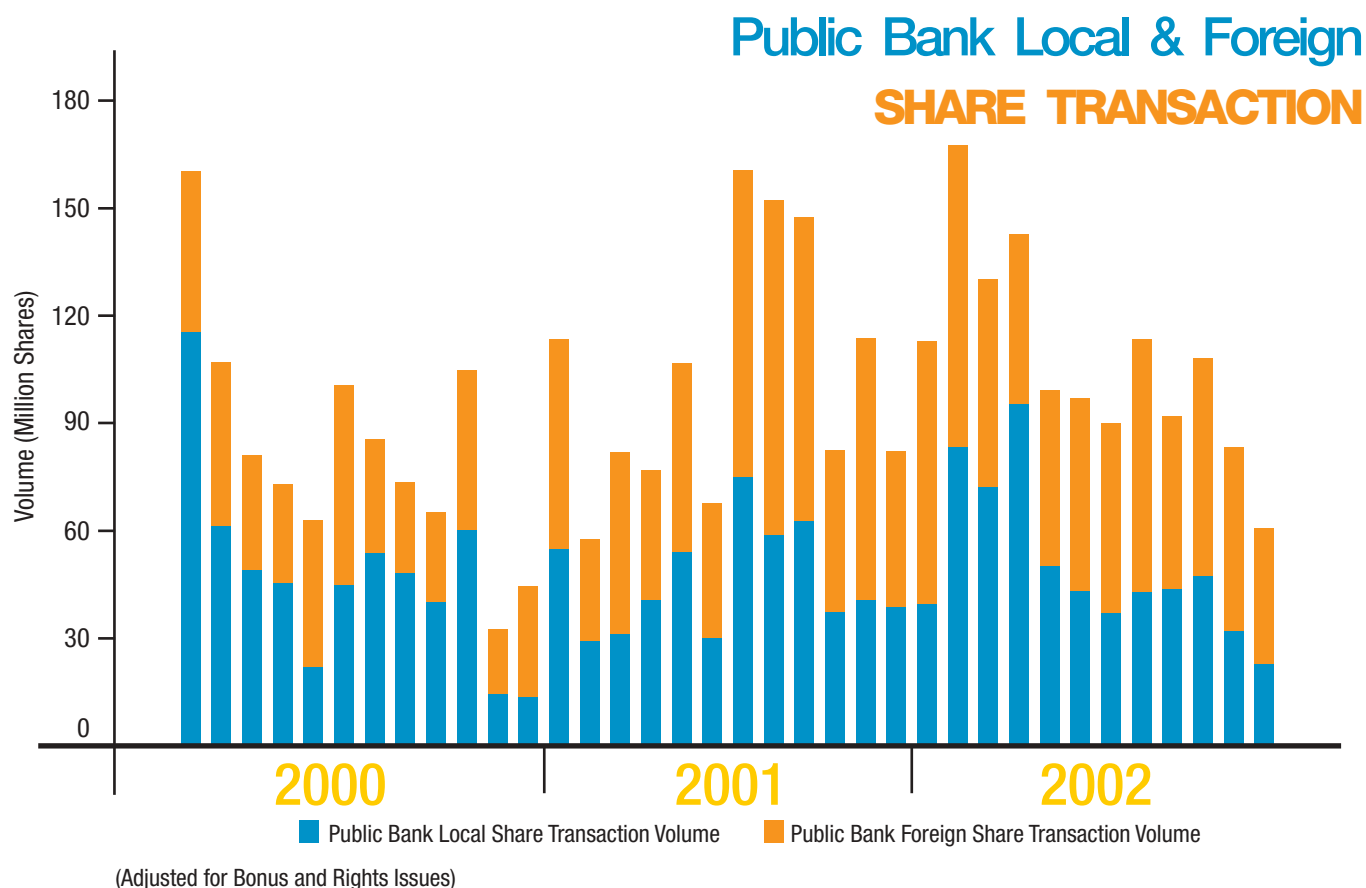
Note: f Forecast.

Investor Information

The positive sentiment and confidence in the local stock market in December 2001 spilled over into the first quarter of 2002. The Kuala Lumpur Composite Index (KLCI), which ended 2001 at 696.1 points, breached the 700-point level in early January 2002 and reached an intra-day high of 730.2 points on 19 February 2002. The momentum gathered pace in March and April as reflected in the KLCI reaching its year high of 816.9 points on 23 April 2002, representing a 17% gain from the level at end-2001. Admst the positive sentiment, two landmark intial public offerings (IPOs), Maxis Communications Berhad and PLUS Expressways Berhad, were successfully completed in mid-2002.

In the second half of 2002, the KLSE's performance was best described as dismal, with both the KLCI and volume of trade languishing. The dismal performance was largely due to the external influences including the growing uncertainties over the direction and strength of the US economy, corporate accounting scandals and large corporate bankruptcies in the US. In addition, the bombing in Bali on 12 October 2002 and the increased concerns over the US-Iraq conflict and North Korea's decision to withdraw from the non-proliferation agreement on nuclear weapons had weighed heavily on the KLSE.





The KLCI reached the year's trough of 614.7 points on 3 December 2002 before recovering to end the year at 646.3 points on the back of window-dressing activities. Despite the slight recovery of the KLCI towards the end of 2002, the KLCI was 7.1% lower than the level at the end of 2001.

In terms of trading volume, the year's highest daily volume was recorded on 17 April 2002 when 946.2 million shares were transacted. This coincided with the market peak at around the same time. The KLCI trough in December produced the lowest daily volume of 88.1 million shares on 24 December 2002. The average daily trading volume was 260.8 million shares in 2002.

In 2002, Public Bank completed a 1 for 4 bonus issue. In November 2002, Public Bank proposed the privatisation of Public Finance. Anchored by sustained profitability, strong asset quality and prudent management, Public Bank's local and foreign share prices outperformed the KLCI, tagging on a 13.5% and 15.9% gain respectively from the end of 2001 to close 2002 at RM2.27 and RM2.60 respectively. Total market capitalisation stood at RM10.97 billion at the end of 2002, compared to RM9.36 billion at the end of 2001. Foreign ownership increased from 36.1% at end-2001 to 37.2% at end-2002.

Analysis of Shareholdings as at 28 February 2003

Authorised Share Capital : RM5,000,000,000.00
 Issued and Paid-up Share Capital : RM2,314,527,053.00 comprising 4,629,054,106 ordinary shares of RM0.50 each
 Class of Shares : Ordinary shares of RM0.50 each
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS								
Size of shareholdings	Shareholders				Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 1,000	6,602	7.69	1,114	1.30	2,647,900	0.06	535,540	0.01
1,000 – 10,000	43,666	50.86	8,254	9.61	174,282,487	3.77	41,362,930	0.90
10,001 – 100,000	16,082	18.73	7,003	8.16	429,147,823	9.27	209,853,204	4.53
100,001 – 231,452,704 (less than 5% of issued shares)	1,567	1.83	1,562	1.82	1,685,621,082	36.41	1,481,489,367	32.00
231,452,705 (5% of issued shares) and above	2	less than 0.01	—	—	604,113,773	13.05	—	—
Total	67,919	79.11	17,933	20.89	2,895,813,065	62.56	1,733,241,041	37.44

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY AND ITS RELATED CORPORATIONS

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company and its related corporations.

	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Shares held in the Company: (Ordinary shares of RM0.50 each)				
Tan Sri Dato' Sri Dr. Teh Hong Piow	1,250,000	0.03	1,233,613,519 ^{*1}	26.65
Tan Sri Dato' Thong Yaw Hong	400,000	0.01	1,175,000 ^{*2}	0.03
Datuk Tay Ah Lek	221,000	^{*7}	216,125 ^{*3}	^{*7}
Dato' Lee Kong Lam	17,875	^{*7}	—	—
Dato' Yeoh Chin Kee	30,000	^{*7}	—	—
Shares held in Subsidiary Company: Public Finance Bhd. ("PFB") (Ordinary shares of RM1.00 each)				
Tan Sri Dato' Sri Dr. Teh Hong Piow	16,500	^{*7}	224,328,051 ^{*4}	65.15
Tan Sri Dato' Thong Yaw Hong	10,000	^{*7}	20,000 ^{*5}	0.01
Datuk Tay Ah Lek	1,650	^{*7}	2,349 ^{*6}	^{*7}



Analysis of Shareholdings as at 28 February 2003

Notes:

- *1 Deemed to have interest in Public Bank Bhd. ("PBB") shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.
- *2 Deemed to have interest in PBB shares held by persons connected as defined per Section 122A of the Companies Act, 1965 and held by other corporation by virtue of Section 6A(4) of the Companies Act, 1965.
- *3 Deemed to have interest in PBB shares held by other corporation by virtue of Section 6A(4) of the Companies Act, 1965.
- *4 Deemed to have interest in PFB shares held by PBB by virtue of his direct and indirect interest totalling 26.68% in PBB.
- *5 Deemed to have interest in PFB shares held by persons connected as defined per Section 122A of the Companies Act, 1965.
- *6 Deemed to have interest in PFB shares held by other corporation by virtue of Section 6A(4) of the Companies Act, 1965.
- *7 Less than 0.01%.

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his interest in PBB, is also deemed interested in shares in subsidiaries of PBB to the extent that PBB has interest.

Public Bank Berhad Employees' Share Option Scheme

	No. of Share Options	Option Price (RM)
Tan Sri Dato' Sri Dr. Teh Hong Piow	406,250 45,450,000	1.02 2.22
Datuk Tay Ah Lek	284,375 12,500,000	1.02 2.22
Dato' Lee Kong Lam	3,750,000	2.22

Public Finance Berhad Employees' Share Option Scheme

	No. of Share Options	Option Price (RM)
Tan Sri Dato' Sri Dr. Teh Hong Piow	3,300,000	6.60

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Dr. Teh Hong Piow	1,250,000	0.03	1,233,613,519*	26.65	1,234,863,519	26.68
Sekuriti Pejal Sdn. Bhd.	322,231,498	6.96	83,073,371*	1.79	405,304,869	8.75
Consolidated Teh Holdings Sdn. Bhd.	127,167,500	2.75	219,282,375*	4.73	346,449,875	7.48
Employees Provident Fund Board	331,715,925	7.17	—	—	331,715,925	7.17

*Deemed to have interest in PBB shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Issued Shares
1.	Employees Provident Fund Board	281,882,275	6.09
2.	Sekuriti Pejal Sdn. Berhad	165,957,748	3.59
3.	Sekuriti Pejal Sdn. Berhad	156,273,750	3.38
4.	Kepunyaan Chintamani Sdn. Bhd.	116,671,250	2.52
5.	Consolidated Teh Holdings Sdn. Berhad	94,032,500	2.03
6.	Selected Securities Sdn. Bhd.	79,328,750	1.71
7.	Selected Holdings Sdn. Berhad	60,295,625	1.30
8.	Kepunyaan Perindustrian Sdn. Berhad	50,801,123	1.10
9.	Malaysia Nominees (Tempatan) Sendirian Berhad – <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	50,484,960	1.09
10.	Kayakita Corporation Sdn. Bhd.	50,183,250	1.08
11.	Tong Meng Industries Limited	43,114,625	0.93
12.	Selected Securities Sdn. Bhd.	42,457,750	0.92
13.	LPI Capital Bhd.	41,183,250	0.89
14.	Selected Holdings Sdn. Berhad	39,861,250	0.86
15.	Securities Holdings Sdn. Berhad	36,442,250	0.79
16.	Malaysia Nominees (Asing) Sendirian Berhad – <i>Straits Lion Asset Management Limited for The Great Eastern Life Assurance Co Ltd. (00-10020)</i>	34,388,850	0.74
17.	Luhur Management Sdn. Bhd.	30,956,625	0.67
18.	HSBC Nominees (Asing) Sdn. Bhd. – <i>HSBC BK PLC for Prudential Assurance Company Ltd.</i>	28,423,500	0.61
19.	Leonard Linggi Anak Jugah	26,206,333	0.57
20.	HSBC Nominees (Asing) Sdn. Bhd. – <i>Pictet and Cie for VKF Investment Ltd.</i>	25,640,875	0.55
21.	Hii Kah Tung & Sons Sdn. Bhd.	24,800,000	0.54
22.	UOBM Nominees (Asing) Sdn. Bhd. – <i>Deutsche Bank Trust Company Americas for The Genesis Group Trust Employee Benefit Plans</i>	23,844,125	0.52
23.	Consolidated Teh Holdings Sdn. Berhad	22,675,000	0.49
24.	Lonpac Insurance Bhd.	22,605,075	0.49
25.	Valuecap Sdn. Bhd.	22,263,000	0.48
26.	HSBC Nominees (Asing) Sdn. Bhd. – <i>Abu Dhabi Investment Authority</i>	22,154,858	0.48
27.	UOBM Nominees (Asing) Sdn. Bhd. – <i>Deutsche Bank AG (GCS) London for BP Pension Trustees Limited</i>	20,000,000	0.43
28.	Kepunyaan Chintamani Sdn. Bhd.	18,500,000	0.40
29.	Securities Holdings Sdn. Berhad	16,250,000	0.35
30.	Kayakita Corporation Sdn. Bhd.	16,250,000	0.35
Total		1,663,928,597	35.95



Authorised and Issued Share Capital

AUTHORISED SHARE CAPITAL

The authorised share capital as at 28 February 2003 is RM5,000,000,000.00 divided into 10,000,000,000 ordinary shares of RM0.50 each. The changes in the authorised share capital are as follows:

Date	Increase in Authorised Share Capital (RM)	Total Authorised Share Capital (RM)
30.12.1965	50,000,000	50,000,000
06.01.1982	250,000,000	300,000,000
30.09.1986	200,000,000	500,000,000
08.06.1987	500,000,000	1,000,000,000
17.06.1997	4,000,000,000	5,000,000,000

ISSUED AND PAID-UP SHARE CAPITAL

The issued and paid-up share capital as at 28 February 2003 is RM2,314,527,053.00 comprising 4,629,054,106 ordinary shares of RM0.50 each. The changes in the issued and paid-up share capital are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Note	Total Issued and Paid-up Share Capital (RM)
Up to 30.08.1966	32,000,000*	Cash		16,000,000.00
15.11.1978	8,000,000*	Capitalisation of reserve	1	20,000,000.00
22.07.1981	10,000,000*	Capitalisation of reserve	2	25,000,000.00
07.01.1982	20,000,000*	Capitalisation of reserve	3	35,000,000.00
11.02.1982	70,000,000*	Cash	4	70,000,000.00
21.06.1983	84,000,000*	Capitalisation of reserve	5	112,000,000.00
22.08.1983	112,000,000	Cash	6	168,000,000.00
28.06.1984	84,000,000	Capitalisation of reserve	7	210,000,000.00
05.02.1988	84,000,000	Capitalisation of reserve	8	252,000,000.00
03.08.1988	210,000,000	Cash	9	357,000,000.00
11.10.1989	437,000	Cash	10	357,218,500.00
02.05.1990	2,475,000	Cash	10	358,456,000.00
15.06.1990	238,970,667	Capitalisation of reserve	11	477,941,333.50
06.08.1990	143,382,400	Cash	12	549,632,533.50
08.10.1990	277,000	Cash	13	549,771,033.50
12.04.1991	7,657,700	Cash	13	553,599,883.50
24.09.1991	668,600	Cash	13	553,934,183.50
25.03.1992	229,400	Cash	13	554,048,883.50
15.04.1993	2,077,401	Cash	13	555,087,584.00
01.10.1993	19,824,675	Cash	13	564,999,921.50
20.04.1994	6,868,958	Cash	13	568,434,400.50
05.10.1994	2,226,000	Cash	14	569,547,400.50
27.12.1994	100,000,000	Cash	15	619,547,400.50
18.04.1996	51,000	Cash	14	619,572,900.50
07.08.1996	413,048,600	Capitalisation of reserve	16	826,097,200.50
25.10.1996	287,081	Cash	17	826,240,741.00
12.05.1997	717,700	Cash	17	826,599,591.00
06.01.1998	330,639,836	Capitalisation of reserve	18	991,919,509.00
09.03.1998	330,639,836	Cash	19	1,157,239,427.00
11.02.1999	16,015,500	Cash	20	1,165,247,177.00
11.05.1999	71,000	Cash	21	1,165,282,677.00

Date of Allotment	No. of Shares Allotted	Consideration	Note	Total Issued and Paid-up Share Capital (RM)
19.05.1999	9,473,730	Cash	21	1,170,019,542.00
07.06.1999	2,155,900	Cash	21	1,171,097,492.00
02.07.1999	24,126,500	Cash	20	1,183,160,742.00
08.12.2000	23,798,250	Cash	20	1,195,059,867.00
15.02.2001	3,325,000	Cash	20	1,196,722,367.00
31.03.2001	426,281,784	Shares in Hock Hua Bank Bhd.	22	1,409,863,259.00
23.04.2001	845,917,954	Capitalisation of reserve	23	1,832,822,236.00
11.12.2001	1,992,775	Cash	24	1,833,818,623.50
12.03.2002	2,050,725	Cash	24	1,834,843,986.00
12.07.2002	917,421,993	Capitalisation of reserve	25	2,293,554,982.50
13.09.2002	27,141,907	Cash	26	2,307,125,936.00
08.10.2002	14,306,884	Cash	27	2,314,279,378.00
12.12.2002	495,350	Cash	28	2,314,527,053.00

**The number of shares allotted has been adjusted to reflect the sub-division of the shares from RM1.00 par value to RM0.50 par value on 21 June 1983.*

Notes:

- Bonus issue of 1 for 4 by capitalising RM4,000,000 from the general reserve account.
- Bonus issue of 1 for 4 by capitalising RM5,000,000 from the general reserve account.
- Bonus issue of 2 for 5 by capitalising RM7,000,000 from the capital reserve account and RM3,000,000 from the general reserve account.
- Rights issue of 1 for 1 at RM1.00 per share.
- Bonus issue of 3 for 5 by capitalising RM35,000,000 from the share premium account and RM7,000,000 from the general reserve account.
- Rights issue of 1 for 2 at RM1.00 per share.
- Bonus issue of 1 for 4 by capitalising RM26,981,000 from the share premium account and RM15,019,000 from the general reserve account.
- Bonus issue of 1 for 5 by capitalising RM29,019,600 from the share premium account and RM12,980,400 from the general reserve account. The shares issued under the bonus issue were not entitled to the rights issue stated in (9) below.
- Rights issue of 1 for 2 at RM0.80 per share.
- Exercise of share options under the Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS") by employees at the option price of RM1.90 per share.
- Bonus issue of 1 for 3 by capitalising RM61,716,516 from the share premium account and RM57,768,817 from the general reserve account. The shares issued under the bonus issue were not entitled to the rights issue stated in (12) below.



Authorised and Issued Share Capital

12. Rights issue of 1 for 5 at RM1.10 per share.
13. Exercise of share options under the PBB ESOS by employees at the option price of RM1.38 per share.
14. Exercise of share options under the PBB ESOS by employees at the option price of RM3.92 per share.
15. Issue and private placement of 100,000,000 new shares as follows:
 - 70,000,000 Public Bank (“PBB”) Local shares at RM4.14 per share.
 - 30,000,000 PBB Foreign shares at RM5.31 per share.
16. Bonus issue of 1 for 3 by capitalising RM206,524,300 from the share premium account.
17. Exercise of share options under the PBB ESOS by employees at the option price of RM2.94 per share.
18. Bonus issue of 1 for 5 by capitalising RM165,319,918 from the share premium account. The shares issued under the bonus issue were not entitled to the rights issue stated in (19) below.
19. Rights issue of 1 for 5 as follows:
 - 231,447,885 PBB Local shares at RM1.00 per share.
 - 99,191,951 PBB Foreign shares at RM1.14 per share.
20. Exercise of share options under the PBB ESOS by employees at the option price of RM1.66 per share.
21. Exercise of share options under the PBB ESOS by employees at the option price of RM2.24 per share.
22. New PBB shares issued in exchange for 125,377,000 ordinary shares of RM1.00 each in Hock Hua Bank Bhd. (“HHB”) pursuant to the terms of the merger of PBB and HHB on 31 March 2001.
23. Bonus issue of 3 for 10 by capitalising RM394,813,295 from the share premium account and RM28,145,682 from retained profits.
24. Exercise of share options under the PBB ESOS by employees at the option price of RM1.27 per share.
25. Bonus issue of 1 for 4 by capitalising RM458,710,996.50 from the share premium account.
26. Exercise of share options under the PBB ESOS by employees as follows:
 - 2,976,657 shares at the option price of RM1.02 per share.
 - 24,165,250 shares at the option price of RM2.22 per share.
27. Exercise of share options under the PBB ESOS by employees as follows:
 - 825,134 shares at the option price of RM1.02 per share.
 - 13,481,750 shares at the option price of RM2.22 per share.
28. Exercise of share options under the PBB ESOS by employees as follows:
 - 260,100 shares at the option price of RM1.02 per share.
 - 235,250 shares at the option price of RM2.22 per share.

List of Properties Owned by Public Bank Group

as at 31 December 2002

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Public Bank Berhad Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur Malaysia	36-storey office tower and 5-storey podium (L/B)	Public Bank's Head Office and Kuala Lumpur City Main Office; business premises of subsidiary and associated companies	Freehold	—	8 Years	46,436	2-1-1995	305,343
3 Jalan Central 96000 Sibul Sarawak, Malaysia	5-storey shop lot (L/B)	Public Bank's Jalan Central Branch	Leasehold 60 years	14 Years (8-11-2016)	46 Years	1,392	31-3-2001*	123
28-29 Jalan Tun Haji Openg 93000 Kuching Sarawak, Malaysia	two 5-storey shop lots (L/B)	Public Bank's Jalan Tun Haji Openg Branch	Leasehold 847 years	782 Years (4-8-2784)	36 Years	1,308)))) 31-3-2001*))))) 514
30 Jalan Tun Haji Openg 93000 Kuching Sarawak, Malaysia	2-storey shop lot (L/B)	Public Bank's Jalan Tun Haji Openg Branch	Leasehold 844 years	779 Years (2-8-2781)	63 Years	198))))))))
150 Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia	5-storey shop lot (L/B)	Public Bank's Bintang Walk Branch	Freehold	—	31 Years	680	31-3-2001*	218
Parcels 2.18, 3.18 & 4.18 Merdeka Plaza 93000 Kuching Sarawak, Malaysia	3 units of office space (ML)	Vacant	Leasehold 60 years	53 Years (27-8-2055)	—	1,197	31-3-2001*	2,711
Public Finance Berhad 7 & 9 Jalan Dato' Maharajalela 30000 Ipoh Perak Darul Ridzuan Malaysia	4½-storey office building (L/B)	Public Bank's Ipoh Main Office and Ipoh Computer Centre	Freehold	—	31 Years	1,339	4-1-1967	323
Public Mutual Berhad (Formerly known as Kuala Lumpur Mutual Fund Berhad) Block B & Block C (Lot B045/C/1-3 to C/6-3) Sri Damansara Business Park Persiaran Industri Bandar Sri Damansara 52200 Kuala Lumpur Malaysia	5-storey commercial building (ML)	Public Mutual's Head Office	Freehold	—	5 Years	3,319	Block B 12-6-1995 Block C 20-6-1997	6,699



List of Properties Owned by Public Bank Group

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
11 Jalan 3/82B Bangsar Utama off Jalan Bangsar 59000 Kuala Lumpur Malaysia	4-storey shop lot (L/B)	Public Mutual's Bangsar Branch	Leasehold 99 years	83 Years (3-12-2085)	14 Years	1,795	2-2-1990	1,396
2nd Floor, TB 323 (Lot 20), Block 38 Fajar Complex 91000 Tawau Sabah, Malaysia	2nd floor of a 3-storey shop lot (SL)	Public Mutual's Tawau Branch	Leasehold 999 years	893 Years (31-12-2895)	32 Years	153	19-3-1992	92
Public Holdings Sdn. Bhd.								
87 Lebuhr Bishop 10200 Pulau Pinang Malaysia	2-storey shop lot (L/B)	Public Bank's Penang Branch	Freehold	—	80 Years	2,836	20-5-1994	487
60-68 Jalan Laksamana 75000 Melaka Malaysia	3-storey office building (L/B)	Public Bank's Melaka Branch	Leasehold 99 years	64 Years (14-7-2066)	32 Years	4,128	20-5-1994	993
Bangunan Public Bank 6 Jalan Sultan Sulaiman 50000 Kuala Lumpur Malaysia	30-storey office tower (L/B)	Public Bank's Jalan Sultan Sulaiman Branch and Head Office Divisions; Public Finance's Head Office and Kuala Lumpur Main Office; PB Securities Sdn. Bhd.'s business premises; office space rented to third parties	Freehold	—	25 Years	18,277	9-12-1977	23,871
40 & 42 Jalan Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur Malaysia	two 3-storey shop lots (L/B)	Public Bank's Seri Petaling Branch	Leasehold 99 years	76 Years (5-4-2078)	20 Years	1,070	10-11-1992	632
3619 & 3620 Jalan Che' Ahmad 14300 Nibong Tebal Seberang Prai Selatan Pulau Pinang Malaysia	two 3-storey shop lots (L/B)	Public Bank's Nibong Tebal Branch	Freehold	—	20 Years	870	10-4-1986	597
11 & 13 Jalan Dato' Maharajalela 30000 Ipoh Perak Darul Ridzuan Malaysia	7½-storey office building (L/B)	Public Bank's Ipoh Main Office; office space rented to third parties	Freehold	—	31 Years	2,410	1-8-1990	3,001

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Public Bank Tower 19 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Malaysia	30-storey office tower (L/B)	Public Bank's Johor Bahru Branch; office space rented to third parties	Freehold	—	8 Years	36,222	12-8-1991	51,715
1 Jalan Air Hitam Kawasan Institusi Bandar Baru Bangi 43000 Kajang Selangor Darul Ehsan Malaysia	Purpose built 5 multi-storey blocks building (L/B)	Public Bank's IT & Training Centre	Leasehold 99 years	94 Years (2-9-2096)	5 Years	31,669	3-9-1997	45,027
9 & 10 Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Malaysia	two 3½-storey shop lots (L/B)	Public Bank's Bandar Puchong Jaya Branch; office space rented to third parties	Freehold	—	8 Years	2,515	25-11-2002	599
PB Properties Sdn. Bhd. 33 & 35 Jalan Pantai Jerjak 13 11900 Sungai Nibong Pulau Pinang Malaysia	two 2-storey shop lots (L/B)	Public Bank's Sg. Nibong Branch	Freehold	—	22 Years	483	15-12-1986	470
2 Jalan Nakhoda 12 Taman Ungku Tun Aminah 81300 Skudai Johor Darul Takzim Malaysia	2-storey shop lot (L/B)	Public Bank's Skudai Branch	Freehold	—	22 Years	389	10-12-1987	237
Wisma Public Bank 15, Jalan Pulau 96000 Sibul Sarawak, Malaysia	13-storey office building (L/B)	Public Bank's Sibu Regional Centre and Jalan Pulau Branch	Leasehold 60 years	57 Years (24-2-2059)	8 Years	12,737	29-8-1988	12,155
Lot 336 Jalan Chong Ah Peng 35900 Tanjung Malim Perak Darul Ridzuan Malaysia	2-storey shop lot (L/B)	Public Bank's Tanjung Malim Branch	Freehold	—	19 Years	353	23-6-1989	176
28 China Street 98000 Miri Sarawak, Malaysia	4-storey shop lot (L/B)	Public Bank's China Street Branch	Leasehold 60 years	49 Years (7-7-2051)	13 Years	1,159	10-8-1989	1,528
160 & 162 Kompleks Munshi Abdullah Jalan Munshi Abdullah 75100 Melaka Malaysia	2½ floors of two 4½-storey shop lots (ML)	Public Bank's Jalan Munshi Abdullah Branch	Leasehold 92 Years	82 Years (24-2-2084)	12 Years	719	2-5-1991	794



List of Properties Owned by Public Bank Group

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Lot 643 Batu Niah Town Extension 98200 Batu Niah Sarawak, Malaysia	2-storey shop lot (L/B)	Public Bank's Batu Niah Branch	Freehold	—	7 Years	383	4-10-1996	346
76 Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Malaysia	2-storey shop lot (L/B)	Public Bank's Jalan Sultan Idris Shah Branch	Freehold	—	63 Years	815	15-7-1991	706
36 Jalan Kampong Nyabor 96000 Sibu Sarawak, Malaysia	5-storey shop lot (L/B)	Store room of Public Bank's Jalan Central Branch and Sibu Regional Centre	Leasehold 60 years	26 Years (31-12-2028)	34 Years	797	20-4-1992	544
Lot 1 Block B-8 Jalan Arusap 89000 Keningau Sabah, Malaysia	3-storey shop lot (L/B)	Rented to third party	Leasehold 999 years	922 Years (27-4-2924)	10 Years	558	8-1-1993	534
Sublots 110 & 111 Mukah New Township 96400 Mukah Sarawak, Malaysia	two 3-storey shop lots (L/B)	Public Bank's Mukah Branch	Leasehold 58 years	49 Years (3-9-2051)	8 Years	632	21-11-1995	605
Lot 3 & 4, Block A Hiong Tiong Industrial Centre, KM11.2 Jalan Tuaran 88450 Inanam Kota Kinabalu Sabah, Malaysia	two 4-storey shop lots (L/B)	Rented to third party	Leasehold 999 years	913 Years (31-12-2915)	7 Years	870	26-12-1996	1,334
Wisma Public Bank 300 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	14-storey office building (L/B)	Public Bank's Tiong Nam Branch and partially rented to third parties	Freehold	—	15 Years	10,395	3-10-1996	34,245
4223 Jalan Bagan Luar 12000 Butterworth Pulau Pinang Malaysia	3-storey shop lot (L/B)	Public Bank's Butterworth Branch	Freehold	—	37 Years	542	6-10-1997	1,094
20-26 Jalan Hang Lekiu 50714 Kuala Lumpur Malaysia	4-storey office building (L/B)	Public Bank's Jalan Hang Lekiu Branch	Freehold	—	5 Years	1,551	27-8-1998	3,210
9D & 9E Jalan Kampung Baru 08000 Sg. Petani Kedah Darul Aman Malaysia	two 4-storey shop lots (L/B)	Public Bank's Jalan Kampung Baru Branch	Freehold	—	8 Years	866	26-9-1998	1,530

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (USD'000)
Public Bank (L) Ltd. Block D (02-3, 03-1, 03-3) & Block C (04-01) Kerupang II Apartments Jalan Batu Arang 87000 Federal Territory of Labuan Malaysia	4 apartment units (ML)	Apartments rented to staff of Public Bank (L) Ltd. and third parties	Leasehold 99 years	56 Years (26-4-2058)	7 Years	303	6-7-1996	185
Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (HKD'000)
JCG Finance Co., Ltd./Winton Group Shop 7, Ground Floor Mei Hang Building 15-45 Kai Man Path Tuen Mun New Territories Hong Kong	Ground floor of a 6-storey residential building	JCG Finance Co., Ltd.'s Tuen Mun Branch	Leasehold 149 years	45 Years (30-6-2047)	29 Years	73	30-6-1980	1,892
Shop A, Ground Floor Kong Kai Building 184-188, Aberdeen Main Road, Aberdeen Hong Kong	Ground floor of a 23-storey residential building	JCG Finance Co., Ltd.'s Aberdeen Branch	Leasehold 999 years	857 Years (26-12-2859)	13 Years	58	9-3-1990	3,689
Ground Floor Yue Yee Mansion 92 Shung Ling Street San Po Kong Kowloon Hong Kong	Ground floor of a 6-storey residential building	JCG Finance Co., Ltd.'s San Po Kong Branch	Leasehold 149 years	45 Years (30-6-2047)	38 Years	94	9-6-1990	2,923
Flat F, 29th Floor Pine Mansion Harbour View Gardens 26 Taikoo Wan Road Taikoo Shing Quarry Bay Hong Kong	1 apartment unit	Residential quarters for staff of Public Bank, Restricted Licence Bank	Leasehold 999 years	897 Years (18-4-2899)	19 Years	91	3-10-1990	5,182
Room 1003-1005 10th Floor Fortress Tower 250 King's Road North Point Hong Kong	Office space in a 23-storey commercial building	JCG Finance Co., Ltd.'s IT Centre	Leasehold 150 years	124 Years (26-8-2126)	19 Years	293	18-3-1992	8,348

List of Properties Owned by Public Bank Group

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (HKD'000)
14th Floor Regent On The Park 14A, Tower 2 Car Park Nos. 4 & 66 4th Floor 9 Kennedy Road Hong Kong	1 apartment unit	Residential quarters for staff of JCG Finance Co., Ltd.	Leasehold 150 years	128 Years (19-10-2130)	17 Years	248	5-3-1993	9,521
Ground Floor 751 Nathan Road Kowloon, Hong Kong	Ground floor of a 13-storey residential building	JCG Finance Co., Ltd.'s Prince Edward Road Branch	Leasehold 150 years	77 Years (18-8-2079)	32 Years	129	24-5-1992	14,456
11th Floor Wing On House 71 Des Voeux Road Central, Hong Kong	Office space in a 32-storey commercial building	Administrative Centre of JCG Finance Co., Ltd.	Leasehold 999 years	900 Years (14-8-2902)	35 Years	1,464	11-6-1993	86,181
Office B Ground Floor – 17th Floor JCG Building 16 Mongkok Road Kowloon, Hong Kong	17-storey commercial building	JCG Finance Co., Ltd.'s Mongkok Branch and Head Office Departments; office space rented to third parties	Leasehold 150 years	48 Years (27-5-2050)	15 Years	2,215	30-6-1994 (R)	100,447
Flat F, 24th Floor Ngan Sing Mansion Sing Fai Terrace Taikoo Shing Hong Kong	1 apartment unit	Residential quarters for staff of Winton (B.V.I.) Ltd.	Leasehold 999 years	897 Years (18-4-2899)	18 Years	79	1-8-1995	4,382
Ground Floor, Ruby Commercial Building 480 Nathan Road Kowloon, Hong Kong	Ground floor of a 15-storey commercial/ residential building	JCG Finance Co., Ltd.'s Nathan Road Branch	Leasehold 150 years	65 Years (22-10-2067)	10 Years	125	14-1-2000	11,642
Shop No. 51-53 1st Floor Harbour Crystal Centre 100 Granville Road Kowloon, Hong Kong	3 shop lots in a 4-storey shopping complex	JCG Finance Co., Ltd.'s Tsimshatsui Branch	Leasehold 150 years	126 Years (10-12-2128)	20 Years	131	1-11-2000	2,625
Ground Floor 182 Main Road Yuen Long New Territories Hong Kong	Ground floor of a 5-storey residential building	JCG Finance Co., Ltd.'s Yuen Long Branch	Leasehold 149 years	45 Years (30-6-2047)	45 Years	102	23-4-2001	16,705
Workshops A, B and C Ground Floor and Flat E, 9th Floor Hung Cheong Factory Building 742-748 Cheung Sha Wan Road 3 Kwong Cheung Street Cheung Sha Wan Kowloon, Hong Kong	3 units of office space and storage space in a 13-storey industrial building	Winton Group's branch office and store room; office space rented to third parties	Leasehold 149 years	45 Years (27-6-2047)	37 Years	750	24-7-1992 (R)	8,852

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age Of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (HKD'000)
Workshops E1 and F1 10th Floor Hang Fung Industrial Building, Phase 1 2G Hok Yuen Street Hunghom, Kowloon Hong Kong	2 units of storage space and office space in a 13-storey industrial building	JCG Finance Co., Ltd.'s store room; office space rented to third parties	Leasehold 150 years	45 Years (15-9-2047)	23 Years	962	24-7-1992 (R)	2,961
Flat 3, 3rd Floor Block F2 Pearl Island Villas 17½ Mile Castle Peak Road Tuen Mun New Territories Hong Kong	1 apartment unit	Winton Group's holiday apartment for executives	Leasehold 149 years	45 Years (27-6-2047)	31 Years	32	24-7-1992	51
11th Floor Arglye Centre Phase 1 688 Nathan Road Mongkok, Kowloon Hong Kong	Office space in a 17-storey office building and 5 level shopping/ commercial podium	Winton Group's Head Office; office space rented to third parties	Leasehold 150 years	58 Years (18-2-2060)	20 Years	1,465	2-5-1994 (R)	68,619
4th Floor 581 Nathan Road Mongkok, Kowloon Hong Kong	Storage space in a 6-storey commercial/ residential building	Winton Group's store room	Leasehold 150 years	35 Years (25-12-2037)	33 Years	55	14-6-1984	195
2nd Floor 575A Nathan Road Mongkok, Kowloon Hong Kong	2nd floor in a 8-storey commercial/ residential building	Rented to third parties	Leasehold 150 years	35 Years (25-12-2037)	44 Years	65	9-1-1987	276

Notes:

(L/B) – Land and building

(ML) – Building with land held under master title, pending issuance of strata land title

(SL) – Building with strata land title

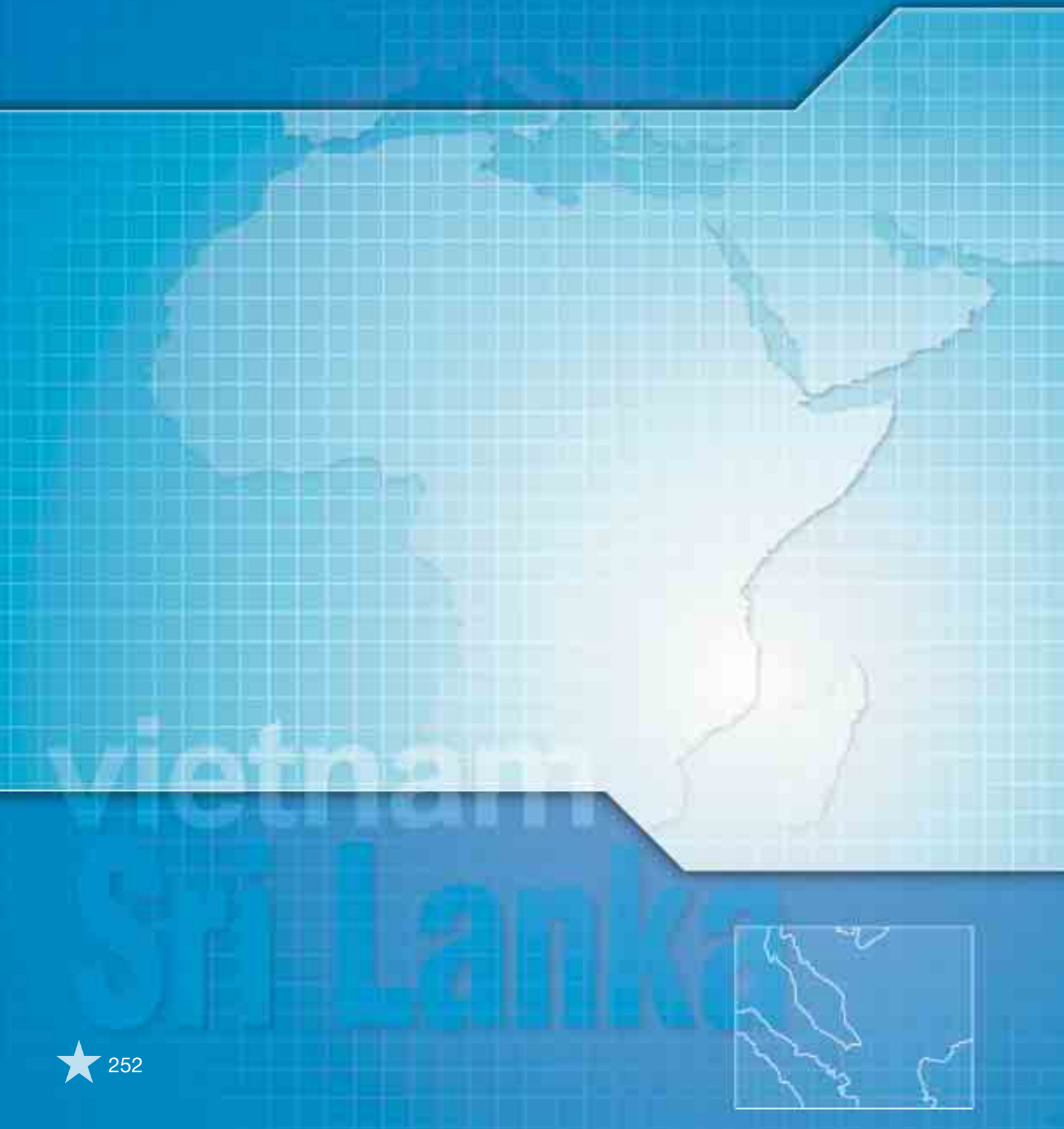
(R) – Last revaluation was performed on 16 December 2002

* The acquisition date for all properties vested over from HHB Holdings Berhad, is 31 March 2001, being the date of the vesting order.

JCG Finance Co., Ltd. and Winton Group hold the land portion of all properties, by means of leases, in Hong Kong SAR.



Our International Network



MALAYSIA

Cambodia



Group Corporate Directory



PUBLIC BANK

HEAD OFFICE:

Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur

Tel : 03-21638888, 03-21638899

Fax : 03-21639917

Telex : MA28290/MA28291

Website : www.publicbank.com.my

Federal Territory

• BANGSAR

39 & 41 Jalan Telawi Tiga
Bangsar Baru
59100 Kuala Lumpur
Tel : 03-22828929, 03-22828930
Fax : 03-22828917

• BINTANG WALK

150 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 03-21427833, 03-21427969
Fax : 03-21421241

• BUKIT DAMANSARA

Plaza Damansara
36-40 Medan Setia 2
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-20954278, 03-20951757
Fax : 03-20949403,
03-20956417 (RCB)

• CHANGKAT THAMBI DOLLAH

85 & 87 Changkat Thambi Dollah
Off Jalan Pudu
55100 Kuala Lumpur
Tel : 03-21454492, 03-21454570
Fax : 03-21454462

• CHOW KIT

Wisma Mepro
29 & 31 Jalan Ipoh
51200 Kuala Lumpur
Tel : 03-40438546, 03-40438544
Fax : 03-40438542

• JALAN BUKIT BINTANG

Sun Complex
Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 03-21445755, 03-21445759
Fax : 03-21445751

• JALAN HANG LEKIU

20-26, Jalan Hang Lekiu
50100 Kuala Lumpur
Tel : 03-20787077, 03-20781115
Fax : 03-20726155

• JALAN IPOH

Wisma Yap Ka
480 Batu 3 Jalan Ipoh
51200 Kuala Lumpur
Tel : 03-40427487, 03-40427488
Fax : 03-40420032

• JALAN KELANG LAMA

3045-3051 Batu 41/2
Jalan Kelang Lama
58000 Kuala Lumpur
Tel : 03-79811211, 03-79811212
Fax : 03-79816939

• JALAN KUCHAI LAMA

52 & 54 Jalan 6/116B
Kuchai Entrepreneurs' Park
58200 Kuala Lumpur
Tel : 03-79804377, 03-79804575
Fax : 03-79843411

• JALAN RAJA CHULAN

Wisma Lim Foo Yong
86 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-21418255, 03-21418366
Fax : 03-21487721, 03-21422893

• JALAN RAJA LAUT

Lot G3 & 1A.2 Bangunan KWSP
5 Jalan Raja Laut
50350 Kuala Lumpur
Tel : 03-26930722
Fax : 03-26914624

• JALAN SULTAN SULAIMAN

Bangunan Public Bank
6 Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel : 03-20702711
Fax : 03-22745909, 03-22732101

• JALAN SUNGEI BESI

12 Jalan Sungei Besi
57100 Kuala Lumpur
Tel : 03-92214771, 03-92215655
Fax : 03-92212968



• **JALAN TUN H.S. LEE**

Lot G.01 Plaza First Nationwide
161 Jalan Tun H.S. Lee
50000 Kuala Lumpur
Tel : 03-20702121, 03-20702234
Fax : 03-20702250

• **JINJANG**

3476 & 3477 Garden Street
Jinjang Utara
52000 Kuala Lumpur
Tel : 03-62523355, 03-62523356
Fax : 03-62522422

• **KAMPUNG BARU**

Wisma Le Proton
134 Jalan Raja Abdullah
Kampung Baru
50300 Kuala Lumpur
Tel : 03-26928749, 03-26927269
Fax : 03-26927188

• **KEPONG**

21 Jalan Ambong Kiri Dua
Kepong Baru
52100 Kuala Lumpur
Tel : 03-62570032, 03-62570040
Fax : 03-62516611

• **KL CITY MAIN OFFICE**

Ground Floor
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21767888, 03-21638866
Fax : 03-21639901

• **MEDAN IDAMAN**

Medan Idaman Business Centre
4 & 6 Jalan 2/21D
Batu 5 Jalan Gombak
53000 Kuala Lumpur
Tel : 03-40234468, 03-40234478
Fax : 03-40234497

• **OVERSEAS UNION GARDEN**

3 & 5 Medan Hujan Rahmat
Taman Overseas Union
58200 Kuala Lumpur
Tel : 03-77856409, 03-77856410
Fax : 03-77856412

• **SEGAMPUT**

75 & 77 Jalan Segambut Pusat
51200 Kuala Lumpur
Tel : 03-62527052, 03-62527054
Fax : 03-62527057

• **SELAYANG**

36 & 38 Jalan 2/3A
Pusat Bandar Utara
Selayang, Batu Caves
68100 Kuala Lumpur
Tel : 03-61368644, 03-61368645
Fax : 03-61368651

• **SENTUL**

36, 38 & 40 Jalan 14/48A
Sentul Raya, Off Jalan Sentul
51000 Kuala Lumpur
Tel : 03-40421509, 03-40421811
Fax : 03-40421822

• **SERI PETALING**

40-42 Jalan Radin Tengah
Bandar Baru Seri Petaling
57000 Kuala Lumpur
Tel : 03-90585711, 03-90585712
Fax : 03-90570415

• **SETAPAK**

263 & 265 Jalan Genting Kelang
Setapak
53300 Kuala Lumpur
Tel : 03-40219343, 03-40219341
Fax : 03-40219351

• **TAMAN CHERAS**

1, 3 & 5 Jalan 4/96A
Taman Cheras Makmur
56100 Kuala Lumpur
Tel : 03-91313581, 03-91313466
Fax : 03-91304586

• **TAMAN DESA**

Lot 1A-3A, Business Centre
Taman Desa
Off Jalan Kelang Lama
58100 Kuala Lumpur
Tel : 03-79837811, 03-79837812
Fax : 03-79818069

• **TAMAN MALURI**

59 & 59-1 Jalan Jejaka Lima
Taman Maluri
55100 Kuala Lumpur
Tel : 03-92859994, 03-92859995
Fax : 03-92856811

• **TIONG NAM**

Wisma Public Bank
300 Jalan Raja Laut
50350 Kuala Lumpur
Tel : 03-26939555, 03-26939528
Fax : 03-26914673

• **WANGSA MAJU**

24-26 Jalan 1A/27A
Section 1, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-41428577, 03-41428579
Fax : 03-41429281

• **LABUAN**

Lucas Kong Building
5 Jalan Merdeka
87007 Wilayah Persekutuan Labuan
Tel : 087-414201, 087-414278
Fax : 087-412388

Johor

• **BANDAR BARU PERMAS JAYA**

11 & 15 Jalan Permas 10/1
Bandar Baru Permas Jaya
81750 Masai, Johor
Tel : 07-3883253, 07-3883254
Fax : 07-3883259

• **BATU PAHAT**

116, 117 & 118 Jalan Chengal
Taman Makmur
83000 Batu Pahat, Johor
Tel : 07-4344941, 07-4344942
Fax : 07-4319120

• **CHAAH**

3 & 5 Jalan Yong Peng
85400 Chaah, Johor
Tel : 07-9262001, 07-9262002
Fax : 07-9262008



Group Corporate Directory

• ENDAU

812 Jalan Aman
Taman Bahagia
86900 Endau, Johor
Tel : 07-7944051, 07-7944155
Fax : 07-7944086

• JALAN GREJA

Johor Tower, 15 Jalan Greja
80100 Johor Bahru, Johor
Tel : 07-2236311
Fax : 07-2231931

• JALAN KUKUP

521 & 522 Jalan Kukup
82000 Pontian, Johor
Tel : 07-6877861, 07-6877862
Fax : 07-6877844

• JOHOR BAHRU

Public Bank Tower
Level 1, 2 & 12
19 Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Tel : 07-2241733
Fax : 07-2241527, 07-2223813

• KAHANG

12 Jalan Parang 1
Taman Sri Kahang
86700 Kahang, Johor
Tel : 07-7882294, 07-7882295
Fax : 07-7882297

• KLUANG

8D & 8E Jalan Dato' Haji Hassan
86000 Kluang, Johor
Tel : 07-7735112, 07-7735113
Fax : 07-7735117

• KOTA TINGGI

8L & 8M Jalan Lombong
81900 Kota Tinggi, Johor
Tel : 07-8834835, 07-8834687
Fax : 07-8834852

• KULAI

42-1, 42-2 & 42-3
Jalan Raya, Kulai Besar
81000 Kulai, Johor
Tel : 07-6634166, 07-6634167
Fax : 07-6635761

• MASAI

17, 19 & 21 Jalan Ara 2
Taman Rinting
81750 Masai, Johor
Tel : 07-2522498, 07-2522500
Fax : 07-2511795

• MERSING

21 & 22 Jalan Sulaiman
86800 Mersing, Johor
Tel : 07-7992695, 07-7992697
Fax : 07-7992530

• MUAR

47, 48, 49 & 50 Jalan Sayang
84000 Muar, Johor
Tel : 06-9517505, 06-9517520
Fax : 06-9523033

• PARIT RAJA

1 Jalan Raja Satu
Parit Raja
86400 Batu Pahat, Johor
Tel : 07-4542855, 07-4542857
Fax : 07-4542844

• PASIR GUDANG

14 & 15 Jalan Mawar Satu
Taman Mawar
81700 Pasir Gudang, Johor
Tel : 07-2522997, 07-2522894
Fax : 07-2523064

• PEKAN NENAS

SH9 & SH10, Main Road
81500 Pekan Nenas, Johor
Tel : 07-6995352, 07-6995594
Fax : 07-6995351

• PONTIAN KECIL

761 & 762 Jalan Taib
82000 Pontian, Johor
Tel : 07-6879601, 07-6879602
Fax : 07-6876144

• SEGAMAT

Wisma Lai Hee Sang
28 Jalan Mentol
85000 Segamat, Johor
Tel : 07-9313930, 07-9313931
Fax : 07-9310854

• SKUDAI

4 Jalan Nakhoda 12
Taman Ungku Tun Aminah
81300 Skudai, Johor
Tel : 07-5570007, 07-5570008
Fax : 07-5560303

• TAMAN CENTURY

Bangunan Pang & Sons
16 Jalan Harimau
Taman Century
80250 Johor Bahru, Johor
Tel : 07-3342522, 07-3342523
Fax : 07-3342567

• TAMAN DESA CEMERLANG

2, 4 & 6 Jalan Johar 2
Taman Desa Cemerlang
81800 Ulu Tiram, Johor
Tel : 07-8616450
Fax : 07-8616884

• TAMAN JOHOR JAYA

31, 33 & 35 Jalan Rosmerah 2/10
Taman Johor Jaya
81100 Johor Bahru, Johor
Tel : 07-3548341, 07-3546755
Fax : 07-3547113

• TAMAN MUNSJI IBRAHIM

48 & 50 Jalan Dian 8
Taman Munsyi Ibrahim
81200 Johor Bahru, Johor
Tel : 07-2346820, 07-2346821
Fax : 07-2346790

• TAMAN PERLING

51 Jalan Persisiran Perling
Taman Perling
81200 Johor Bahru, Johor
Tel : 07-2344919, 07-2344608
Fax : 07-2345850

• TAMAN SENTOSA

G1 & G2 Wisma Daiman
64 Jalan Sulam, Taman Sentosa
80150 Johor Bahru, Johor
Tel : 07-3312266
Fax : 07-3312666



• **TAMPOI**

14 & 16 Jalan Sri Bahagia 10
Taman Sri Bahagia
Off Jalan Tampoi
81200 Johor Bahru, Johor
Tel : 07-2377184, 07-2377519
Fax : 07-2378042

• **ULU TIRAM**

8 & 9 Jalan Raya
Taman Tiram Baru
81800 Ulu Tiram, Johor
Tel : 07-8613291, 07-8613292
Fax : 07-8612666

Kedah

• **ALOR SETAR**

1070 & 1071 Jalan Telok Wanjah
05200 Alor Setar, Kedah
Tel : 04-7315411, 04-7315412
Fax : 04-7315778

• **CHANGLUN**

73 Jalan Sintok, Pekan Baru
06010 Changlun, Kedah
Tel : 04-9241457, 04-9241085
Fax : 04-9241870

• **GURUN**

39-41 Jalan Raya
08300 Gurun, Kedah
Tel : 04-4686143, 04-4686325
Fax : 04-4687024

• **JALAN KG. BARU**

9D & 9E Jalan Kampung Baru
08000 Sungai Petani, Kedah
Tel : 04-4236452, 04-4236453
Fax : 04-4210475

• **KUALA KETIL**

45 & 46 Jalan Putra
Taman Tanjung Peteri
09300 Kuala Ketil, Kedah
Tel : 04-4163278, 04-4163318
Fax : 04-4163103

• **KULIM**

173 & 174 Jalan Tunku Putra
09000 Kulim, Kedah
Tel : 04-4901090, 04-4901096
Fax : 04-4907502

• **POKOK SENA**

8 Taman Sena, Jalan Raya
06400 Pokok Sena, Kedah
Tel : 04-7822000, 04-7822008
Fax : 04-7821019

• **PULAU LANGKAWI**

23, 25 & 27 Jln Pandak Mayah 4
Pusat Bandar Kuah
07000 Langkawi, Kedah
Tel : 04-9667372, 04-9667373
Fax : 04-9667435

• **SIK**

441 Jalan Tunku Ibrahim
08200 Sik, Kedah
Tel : 04-4695764, 04-4695691
Fax : 04-4695664

• **SUNGAI PETANI**

83A-D & 84A-D
Jalan Pengkalan, Susur Kiri
Taman Pekan Baru
08000 Sungai Petani, Kedah
Tel : 04-4217622, 04-4217623
Fax : 04-4211979

Kelantan

• **KOTA BHARU**

PT 197-199 Jalan Pintu Pong
15000 Kota Bharu, Kelantan
Tel : 09-7442269, 09-7446944
Fax : 09-7482110

• **KUALA KRAI**

91 & 92 Jalan Chin Hua
18000 Kuala Krai, Kelantan
Tel : 09-9664027, 09-9664028
Fax : 09-9664042

• **MACHANG**

Lot 680 Jalan Bakat
18500 Machang, Kelantan
Tel : 09-9752882, 09-9751606
Fax : 09-9752255

• **PASIR MAS**

709 & 710 Jalan Masjid Lama
17000 Pasir Mas, Kelantan
Tel : 09-7900668, 09-7900670
Fax : 09-7900654

• **PASIR PUTEH**

Wisma UMNO
315B & 316B Jalan Madrasah
16800 Pasir Puteh, Kelantan
Tel : 09-7866126, 09-7864366
Fax : 09-7867272

• **RANTAU PANJANG**

191 Jalan Besar
17200 Rantau Panjang, Kelantan
Tel : 09-7950926, 09-7950713
Fax : 09-7950443

• **TANAH MERAH**

443 & 444
Jalan Dato' Nik Mustapha
17500 Tanah Merah, Kelantan
Tel : 09-9556244, 09-9556139
Fax : 09-9556944

Melaka

• **AIR KEROH**

26 & 27 Lorong Setia Satu
Air Keroh Heights
75450 Melaka
Tel : 06-2327208, 06-2327209
Fax : 06-2327205

• **JALAN MUNSHI ABDULLAH**

Kompleks Munshi Abdullah
160-162 Jalan Munshi Abdullah
75100 Melaka
Tel : 06-2840941, 06-2840952
Fax : 06-2839591



Group Corporate Directory

• MASJID TANAH

Kompleks Perniagaan
Lot 367 & 368
78300 Masjid Tanah, Melaka
Tel : 06-3847712, 06-3847713
Fax : 06-3847717

• MELAKA

60-68 Jalan Laksamana
75000 Melaka
Tel : 06-2830233
Fax : 06-2844552

• TAMAN MALIM JAYA

6 & 8 Jalan Suria 2
Taman Malim Jaya
75250 Melaka
Tel : 06-3346397, 06-3346404
Fax : 06-3346412

• TAMAN MELAKA RAYA

567 & 568 Jalan Merdeka
Taman Melaka Raya
75000 Melaka
Tel : 06-2817527, 06-2817528
Fax : 06-2818806

• TENGKERA

511 & 513 Jalan Tengkerah
75200 Melaka
Tel : 06-2832052, 06-2832054
Fax : 06-2832159

Negeri Sembilan

• BAHAU

120 & 121 Jalan Gurney
72100 Bahau, Negeri Sembilan
Tel : 06-4544102, 06-4544103
Fax : 06-4545270

• GEMAS

12 Jalan Mahkamah
73400 Gemas, Negeri Sembilan
Tel : 07-9481770, 07-9481780
Fax : 07-9481110

• KUALA KELAWANG

128A & 128B Jalan Syed Ali
71600 Kuala Kelawang, Jelebu
Negeri Sembilan
Tel : 06-6136925, 06-6136926
Fax : 06-6137110

• NILAI

168-170 Jalan Besar
71800 Nilai, Negeri Sembilan
Tel : 06-7991066, 06-7991067
Fax : 06-7991337

• PORT DICKSON

866 & 867 Jalan Pantai
71000 Port Dickson
Negeri Sembilan
Tel : 06-6472942, 06-6472943
Fax : 06-6474831

• RASAH

1281, 1282 & 1283 Jalan Rasah
70300 Seremban, Negeri Sembilan
Tel : 06-7620623, 06-7638855
Fax : 06-7637622

• SEREMBAN

46 Jalan Dato' Lee Fong Yee
70000 Seremban, Negeri Sembilan
Tel : 06-7630661, 06-7630662
Fax : 06-7634500

• TAMPIN

37 Jalan Besar
73000 Tampin, Negeri Sembilan
Tel : 06-4412511, 06-4412512
Fax : 06-4414814

Pahang

• BRINCHANG

MDCH 41-43
Bandar Baru Brinchang
39100 Brinchang
Cameron Highlands, Pahang
Tel : 05-4911590, 05-4912682
Fax : 05-4911508

• GENTING HIGHLANDS

Lot F/L 1.2, First World Hotel
Genting Highlands Resort
69000 Genting Highlands, Pahang
Tel : 03-64360088, 03-64360145
Fax : 03-64360099

• JERANTUT

K-20 & K-21 Jalan Tahan
Bandar Baru
27000 Jerantut, Pahang
Tel : 09-2661917, 09-2662351
Fax : 09-2661875

• KUANTAN

79-85 Jalan Haji Abdul Aziz
25000 Kuantan, Pahang
Tel : 09-5553288, 09-5551216
Fax : 09-5553519

• MENTAKAB

16-18 Jalan Bunga Matahari
28400 Mentakab, Pahang
Tel : 09-2775800, 09-2775801
Fax : 09-2773011

• TEMERLOH

74 & 75 Jalan Ahmad Shah 1
Lurah Temerloh
28000 Temerloh, Pahang
Tel : 09-2965652, 09-2965662
Fax : 09-2965643

• TRIANG

38 & 39 Jalan Temerloh
28300 Triang, Pahang
Tel : 09-2553480, 09-2553481
Fax : 09-2553486

Perak

• AYER TAWAR

139 & 141 Jalan Besar
32400 Ayer Tawar, Perak
Tel : 05-6726399, 05-6726400
Fax : 05-6726402

- **BAGAN SERAI**

244 & 244A Jalan Besar
34300 Bagan Serai, Perak
Tel : 05-7212842, 05-7212843
Fax : 05-7212845

- **BERCHAM NEW VILLAGE**

3 & 5 Persiaran Bercham Timur 1
Taman Bercham Baru
31400 Ipoh, Perak
Tel : 05-5360058, 05-5360632
Fax : 05-5361555

- **CHEMOR**

12-16 Laluan Chemor Sinaran
Desa Chemor Sinaran
31200 Chemor, Perak
Tel : 05-2011124, 05-2011125
Fax : 05-2011573

- **IPOH GARDEN**

133B, 133C & 133D
Jalan Dato' Lau Pak Khuan
Ipoh Garden
31400 Ipoh, Perak
Tel : 05-5480951, 05-5480952
Fax : 05-5480958

- **IPOH MAIN OFFICE**

7-13 Jalan Dato' Maharajalela
30000 Ipoh, Perak
Tel : 05-2530115, 05-2531034
Fax : 05-2535505

- **JALAN BERCHAM**

225-229 Jalan Bercham
Bercham
31400 Ipoh, Perak
Tel : 05-5483888, 05-5468444
Fax : 05-5473888

- **JALAN PASIR PUTIH**

137 & 139 Jalan Pengkalan Barat
Off Jalan Pasir Putih
31650 Ipoh, Perak
Tel : 05-3222453, 05-3219892
Fax : 05-3225714

- **JALAN SULTAN IDRIS SHAH**

76 Jalan Sultan Idris Shah
30000 Ipoh, Perak
Tel : 05-2551068, 05-2551069
Fax : 05-2556555

- **JALAN YANG KALSOM**

46-52 Jalan Yang Kalsom
30250 Ipoh, Perak
Tel : 05-2531998, 05-2531514
Fax : 05-2535528

- **JELAPANG**

291 Jalan Silibin
30100 Ipoh, Perak
Tel : 05-5264014, 05-5264015
Fax : 05-5264485

- **KAMUNTING**

27-29 Regat Kamunting
Off Jalan Kamunting
34600 Kamunting, Perak
Tel : 05-8081110, 05-8081112
Fax : 05-8079363

- **MENGLEMBU**

67-71 Jalan Besar
31450 Menglembu, Perak
Tel : 05-2811014, 05-2814978
Fax : 05-2815015

- **PANTAI REMIS**

66-70 Jalan Damar Laut
34900 Pantai Remis, Perak
Tel : 05-6771251, 05-6771252
Fax : 05-6771495

- **PUSING**

293 Jalan Besar
31550 Pusing, Perak
Tel : 05-2884077, 05-2884078
Fax : 05-2883975

- **SERI MANJUNG**

Lot No. 2274-2277
Taman Samudera
32040 Seri Manjung, Perak
Tel : 05-6882927, 05-6882987
Fax : 05-6884952

- **SIMPANG PULAI**

39 & 41 Persiaran Sengat Baru 2
Taman Bersatu
31300 Simpang Pulai
Ipoh, Perak
Tel : 05-3575360, 05-3575361
Fax : 05-3575358

- **SITIAWAN**

Lot 166-168 Jalan Raja Omar
32000 Sitiawan, Perak
Tel : 05-6913526, 05-6913527
Fax : 05-6917198

- **SUNGAI SIPUT**

161 & 162 Jalan Besar
31100 Sungai Siput, Perak
Tel : 05-5986116, 05-5984114
Fax : 05-5986081

- **TANJONG MALIM**

Lot 336 & 337 Jalan Chong Ah Peng
35900 Tanjong Malim, Perak
Tel : 05-4597602, 05-4597603
Fax : 05-4597605

- **TANJONG PIANDANG**

43 & 45 Jalan Atas
34250 Tanjong Piandang, Perak
Tel : 05-7257941, 05-7257942
Fax : 05-7257943

- **TELUK INTAN**

25 & 27 Jalan Raja
36000 Teluk Intan, Perak
Tel : 05-6223282, 05-6212325
Fax : 05-6215518

Perlis

- **KANGAR**

9 Jalan Raja Syed Alwi
01000 Kangar, Perlis
Tel : 04-9763311, 04-9763432
Fax : 04-9760503



Group Corporate Directory

Pulau Pinang

- **AIR ITAM**

56 & 58 Lintang Angsana
Bandar Baru Air Itam
11500 Pulau Pinang
Tel : 04-8284088, 04-8286088
Fax : 04-8280678

- **BAGAN AJAM**

6862-6864 Jalan Bagan Jermal
Bagan Ajam
13000 Butterworth, Pulau Pinang
Tel : 04-3317822, 04-3317823
Fax : 04-3312248

- **BANDAR BAYAN BARU**

5, 7, 9 & 11
Lorong Kampung Jawa
Bandar Bayan Baru
11900 Bayan Lepas, Pulau Pinang
Tel : 04-6438200, 04-6438390
Fax : 04-6441877

- **BANDAR SEBERANG JAYA**

11 Jalan Todak 2
Pusat bandar Seberang Jaya
13700 Seberang Jaya, Pulau Pinang
Tel : 04-3971096, 04-3971105
Fax : 04-3971107

- **BUKIT MERTAJAM**

2644-2648 Jalan Che Bee Noor
14000 Bukit Mertajam
Pulau Pinang
Tel : 04-5392205, 04-5392207
Fax : 04-5392164

- **BUTTERWORTH**

4223 Jalan Bagan Luar
12000 Butterworth, Pulau Pinang
Tel : 04-3329837, 04-3329839
Fax : 04-3329836

- **JALAN MACALISTER**

104, 104A & 104B
Jalan Macalister
10400 Pulau Pinang
Tel : 04-2276842, 04-2276843
Fax : 04-2276850

- **JALAN RAJA UDA**

5031-5033 Jalan Raja Uda
12300 Butterworth, Pulau Pinang
Tel : 04-3245297, 04-3245298
Fax : 04-3245301

- **JELUTONG**

407-A Jalan Jelutong
11600 Jelutong, Pulau Pinang
Tel : 04-2813227, 04-2825230
Fax : 04-2825232

- **KEPALA BATAS**

21 & 23 Jalan Bertam
13200 Kepala Batas
Seberang Perai Utara, Pulau Pinang
Tel : 04-5759085, 04-5759086
Fax : 04-5759088

- **LEBUH MACALLUM**

Harbour Trade Centre
2-1-20 & 2-1-30
2 Gat Lebu Macallum
10300 Pulau Pinang
Tel : 04-2628442, 04-2627732
Fax : 04-2630057

- **NIBONG TEBAL**

3619 & 3620 Jalan Che Ahmad
14300 Nibong Tebal
Seberang Perai Selatan
Pulau Pinang
Tel : 04-5932216, 04-5931433
Fax : 04-5931590

- **PRAI**

2684 & 2685 Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Pulau Pinang
Tel : 04-3901241, 04-3901246
Fax : 04-3902394

- **PULAU PINANG**

87 Bishop Street
10200 Pulau Pinang
Tel : 04-2613415, 04-2616755
Fax : 04-2617417

- **PULAU TIKUS**

58 Jalan Cantonment
Pulau Tikus, 10250 Pulau Pinang
Tel : 04-2286017, 04-2286018
Fax : 04-2287075

- **RELAU**

1 & 3 Jalan Relau
11900 Pulau Pinang
Tel : 04-6443112, 04-6443102
Fax : 04-6443128

- **SIMPANG AMPAT**

1364 Jalan Besar
14100 Simpang Ampat
Seberang Perai Selatan
Pulau Pinang
Tel : 04-5887000, 04-5887248
Fax : 04-5888080

- **SUNGAI NIBONG**

33 & 35 Jalan Pantai Jerjak 13
Sungai Nibong
11900 Pulau Pinang
Tel : 04-6586000
Fax : 04-6576212

- **TAMAN BANDAR RAYA**

15 & 16 Lorong Sepakat 1
Taman Bandar Raya
14000 Bukit Mertajam
Pulau Pinang
Tel : 04-5300288, 04-5306327
Fax : 04-5377288

Sabah

- **BEAUFORT**

Lot 6 & 7 Lo Chung Park
89808 Beaufort, Sabah
Tel : 087-214869, 087-214844
Fax : 087-214839

- **CITY PARADE**

Lot No. 1-0-M48-M51
1 Jalan Centre Point
City Parade, Centre Point Sabah
88000 Kota Kinabalu, Sabah
Tel : 088-251812, 088-251813
Fax : 088-251816

- **DONGGONGON**

Lot A-5 & A-6
Donggongon New Township
Jalan Tapikong, 89500 Penampang
Kota Kinabalu, Sabah
Tel : 088-722780, 088-723780
Fax : 088-727780



• **KENINGAU**

Lots 2 & 3 Juta Commercial Centre
Block A3, Jalan Sodomon
89000 Keningau, Sabah
Tel : 087-335841, 087-335846
Fax : 087-335842

• **KOTA BELUD**

Lot B6 & B7 Kompleks Centernary
Jalan Sabar
89150 Kota Belud, Sabah
Tel : 088-977807, 088-977784
Fax : 088-977798

• **KOTA KINABALU**

Lot G.1 & Lot 1.1 Menara MAA
6 Lorong Api-Api 1
Api-Api Centre
88000 Kota Kinabalu, Sabah
Tel : 088-239611, 088-239612
Fax : 088-236630

• **LAHAD DATU**

MDLD 0088 Jalan Teratai
91100 Lahad Datu, Sabah
Tel : 089-884020, 089-884021
Fax : 089-884087

• **LIDO**

Lot 8 & 9 Block P, Taman Che Mei
KM 5 Jalan Penampang, Lido
88300 Kota Kinabalu, Sabah
Tel : 088-217125, 088-245687
Fax : 088-245496

• **PAPAR**

Lot 8023, 162 Jalan Besar
Pekan Papar
89600 Papar, Sabah
Tel : 088-912522, 088-912523
Fax : 088-912211

• **SANDAKAN**

Wisma Sandaraya, Third Avenue
90000 Sandakan, Sabah
Tel : 089-214257, 089-214258
Fax : 089-272815

• **TAWAU**

TB 304A & 304B, Block 34
Fajar Complex
91000 Tawau, Sabah
Tel : 089-761311, 089-761322
Fax : 089-761355, 089-771355

Sarawak

• **BATU NIAH**

Lot 643 Batu Niah Town Extension
98200 Batu Niah, Sarawak
Tel : 085-737111
Fax : 085-737110

• **BINTANGOR**

19 Teo Kui Ngo Road
96500 Bintangor, Sarawak
Tel : 084-693622
Fax : 084-693255

• **BINTULU**

29-32 Jalan Sommerville
97000 Bintulu, Sarawak
Tel : 086-331433
Fax : 086-336028

• **CHINA STREET**

28 China Street
98000 Miri, Sarawak
Tel : 085-417227, 085-417228
Fax : 085-419855

• **JALAN CENTRAL**

3 Jalan Central
96000 Sibu, Sarawak
Tel : 084-335677
Fax : 084-320052

• **JALAN PENRISSEN**

143A-145A Kota Sentosa
Batu 7 Jalan Penrissen
93250 Kuching, Sarawak
Tel : 082-613377
Fax : 082-615961

• **JALAN PULAU**

Wisma Public Bank
15 Jalan Pulau
96000 Sibu, Sarawak
Tel : 084-320088
Fax : 084-314088

• **JALAN TUN HJ. OPENG**

28-30 Jalan Tun Hj. Openg
93000 Kuching, Sarawak
Tel : 082-417922, 082-417923
Fax : 082-424248

• **JALAN TUN ZAIDI**

Lot 2775 & 2776 Block 10
3rd Mile Jalan Tun Ahmad Zaidi Adruce
93250 Kuching, Sarawak
Tel : 082-245271
Fax : 082-245542

• **KAPIT**

63 & 64 Jalan Wharf
96800 Kapit, Sarawak
Tel : 084-797677, 084-797652
Fax : 084-797628

• **KUCHING**

Lot G.01 & G.02A Wisma Saberka
Jalan Green
Off Jalan Tun Abang Hj. Openg
93000 Kuching, Sarawak
Tel : 082-419889, 082-428800
Fax : 082-424662

• **LIMBANG**

Lot 1082 & 1083 Jalan Buangsioi
98700 Limbang, Sarawak
Tel : 085-212511, 085-212443,
Fax : 085-212676

• **MARUDI**

59 & 60 Jalan Kapitan Lim Ching Kiat
Marudi
98050 Baram, Sarawak
Tel : 085-755000, 085-755009
Fax : 085-755018

• **MIRI**

Moh Heng Building
14 Jalan Bendahara
98000 Miri, Sarawak
Tel : 085-412944, 085-412955
Fax : 085-417273

• **MUKAH**

41 & 42 Block 68
Mukah New Township
96400 Mukah, Sarawak
Tel : 084-871900
Fax : 084-871319



Group Corporate Directory

• PADUNGAN

7, 8 & 9 Jalan Chan Bee Kiew
Off Jalan Padungan
93100 Kuching, Sarawak
Tel : 082-489904, 082-489905
Fax : 082-330488

• PELITA

Lots 580 & 581
Pelita Commercial Centre
Miri-Pujut Road
98000 Miri, Sarawak
Tel : 085-410800, 085-420173
Fax : 085-419862

• SARIKEI

51 & 52 Jalan Masjid
96100 Sarikei, Sarawak
Tel : 084-652490
Fax : 084-653137

• SIBU

2, 4 & 6 Lorong 2
Jalan Tuanku Osman
96000 Sibu, Sarawak
Tel : 084-316511
Fax : 084-335739

Selangor

• AMPANG

Wisma Saudagar
420 Batu 5 Jalan Ampang
68000 Ampang, Selangor
Tel : 03-42562333, 03-42562636
Fax : 03-42578964

• BANDAR PUCHONG JAYA

10 Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong, Selangor
Tel : 03-58821888, 03-58821889
Fax : 03-58821299

• BANDAR SRI DAMANSARA

6 Jalan Tembaga SD 5/2A
Bandar Sri Damansara
52200 Kuala Lumpur
Tel : 03-62725742, 03-62725694
Fax : 03-62725767

• BANDAR SUNWAY

48 & 50 Jalan PJS 11/28A
Bandar Sunway
46150 Petaling Jaya, Selangor
Tel : 03-56364138, 03-56362256
Fax : 03-56363556

• BANTING

251 Jalan Besar
42700 Banting, Selangor
Tel : 03-31878387, 03-31878586
Fax : 03-31872708

• BATANG KALI

4 & 5 Jalan CKC 1
Bandar Baru Batang Kali
44300 Ulu Selangor, Selangor
Tel : 03-60572401, 03-60572402
Fax : 03-60572405

• BUKIT BERUNTUNG

23 & 25 Jalan Melati 2B
Section BB11
Bandar Bukit Beruntung
48300 Rawang, Selangor
Tel : 03-60282168, 03-60282169
Fax : 03-60282173

• DAMANSARA UTAMA

49, 51 & 53 Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya, Selangor
Tel : 03-77289376, 03-77289406
Fax : 03-77271563 (Ground Floor)
03-77278064 (Mez Floor)

• JALAN KAPAR

45 & 47 Jalan Kapar
41400 Klang, Selangor
Tel : 03-33419036, 03-33419037
Fax : 03-33417455

• JALAN SK 10/4

Bangunan MCA Seri Kembangan
1260 Jalan SK 10/4
43300 Seri Kembangan, Selangor
Tel : 03-89488700
Fax : 03-89485700

• KAJANG

10 & 11 Jalan Raja Haroun
43000 Kajang, Selangor
Tel : 03-87368891, 03-87368894
Fax : 03-87365369

• KAMPUNG BARU SUBANG

34-36 Jalan Lebuhr Besar
Kampung Baru Subang
40150 Shah Alam, Selangor
Tel : 03-78468986, 03-78468012
Fax : 03-78463351

• KELANA JAYA

19 Jalan SS 6/12, Kelana Jaya
47301 Petaling Jaya, Selangor
Tel : 03-78031267, 03-78034928
Fax : 03-78032478

• KLANG

28-32 Persiaran Sultan Ibrahim
41300 Klang, Selangor
Tel : 03-33423567, 03-33423569
Fax : 03-33423566

• KUALA SELANGOR

54 Jalan Station
45000 Kuala Selangor, Selangor
Tel : 03-32894193, 03-32894194
Fax : 03-32894133

• PANDAMARAN

306 Jalan Besar, Pandamaran
42000 Port Klang, Selangor
Tel : 03-31672830, 03-31672831
Fax : 03-31675440

• PANDAN INDAH

1 & 3 Jalan Pandan Indah 1/23
Pandan Indah
55100 Kuala Lumpur
Tel : 03-92742495, 03-92747494
Fax : 03-92746497

• PANDAN JAYA

44, Jalan Pandan 2/2
Pandan Jaya
55100 Kuala Lumpur
Tel : 03-92812199, 03-92863149
Fax : 03-92812206

• PETALING JAYA NEW TOWN

1, 3 & 5 Jalan 52/2
46200 Petaling Jaya, Selangor
Tel : 03-79570007, 03-79570211
Fax : 03-79579601



- **PETALING JAYA OLD TOWN**
N19 & O19 Jalan Pasar
Off Jalan Othman
46000 Petaling Jaya, Selangor
Tel : 03-77836566, 03-77835785
Fax : 03-77836562
- **PORT KLANG**
82 Lebuhr Beringin
Off Jalan Berangan
42000 Port Klang, Selangor
Tel : 03-31674668, 03-31674550
Fax : 03-31685510
- **RAWANG**
20 Jalan Bersatu 10
Taman Bersatu
48000 Rawang, Selangor
Tel : 03-60924936, 03-60924937
Fax : 03-60924935
- **SEA PARK**
8 & 10 Jalan 21/12, Sea Park
46300 Petaling Jaya, Selangor
Tel : 03-78738931, 03-78738932
Fax : 03-78744798
- **SECTION 14**
12, 14 & 16 Jalan 14/14
46100 Petaling Jaya, Selangor
Tel : 03-79582585, 03-79582586
Fax : 03-79582593, 03-79544128
- **SEKINCHAN**
102 Jalan Sabak Bernam
45400 Sekinchan, Selangor
Tel : 03-32411263, 03-32411264
Fax : 03-32411644
- **SEMENYIH**
22B & 23 Jalan Besar
43500 Semenyih, Selangor
Tel : 03-87238811, 03-87238812
Fax : 03-87237455
- **SERI GOMBAK**
19, 21 & 23 Jalan SG1/6
Taman Seri Gombak
68100 Batu Caves, Selangor
Tel : 03-61886712, 03-61889611
Fax : 03-61886236

- **SERI KEMBANGAN**
Lot 255 Jalan Kolej
43300 Seri Kembangan, Selangor
Tel : 03-89421096, 03-89422671
Fax : 03-89422537
- **SERI SETIA**
B01 & G01 Plaza Seri Setia
1 Jalan SS 9A/2
47300 Petaling Jaya, Selangor
Tel : 03-78741944, 03-78741966
Fax : 03-78769411
- **SHAH ALAM**
Lot 31-35 Jalan Utas B
Section 15/B
40000 Shah Alam, Selangor
Tel : 03-55100567, 03-55101313
Fax : 03-55101288
- **SS2**
61-8 & 61-9 Jalan SS 2/75
47300 Petaling Jaya, Selangor
Tel : 03-78741911
Fax : 03-78741491
- **SUBANG JAYA**
B1-B4 Jalan SS 15/4D
Subang Jaya
47500 Petaling Jaya, Selangor
Tel : 03-56332420, 03-56332421
Fax : 03-56347713
- **SUNGAI BULOH**
Lot 403 Jalan 1A/1
Bandar Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Tel : 03-61562083, 03-61562056
Fax : 03-61562138
- **SUNGAI CHUA**
1 Jalan M/J1, Taman Majlis Jaya
Jalan Sungai Chua
43000 Kajang, Selangor
Tel : 03-87370228
Fax : 03-87345570
- **SUNGAI JAROM**
S11-12 Jalan Rajawali
42600 Sungai Jarom, Selangor
Tel : 03-31912031, 03-31912032
Fax : 03-31912080

- **SUNGAI PELEK**
24-C Jalan Besar
43950 Sungai Pelek, Selangor
Tel : 03-31411236, 03-31411237
Fax : 03-31411233
- **TAMAN CHI LIUNG**
24, 26 & 28 Lintang Menalu
Taman Chi Liung
41200 Klang, Selangor
Tel : 03-33718899, 03-33718482
Fax : 03-33720319
- **TAMAN MAYANG**
21 & 23 Jalan SS 25/23
Taman Plaza
47301 Petaling Jaya, Selangor
Tel : 03-78030124, 03-78039247
Fax : 03-78039447
- **TAMAN MELAWATI**
262-265 Jalan Bandar 12
Taman Melawati
53100 Kuala Lumpur
Tel : 03-41052003, 03-41052004
Fax : 03-41052009
- **TAMAN SENTOSA, KLANG**
2 Jalan Dato' Yusof Shahbudin 30
Taman Sentosa
41200 Klang, Selangor
Tel : 03-51613369
Fax : 03-51613524
- **TAMAN SRI MUDA**
2 Jalan Sepadu B 25/B
Taman Perindustrian Axis
Section 25
40400 Shah Alam, Selangor
Tel : 03-51216394, 03-51216395
Fax : 03-51216372
- **TAMAN TAMING JAYA**
1 & 1-1 Medan Taming Satu
Taman Taming Jaya
43300 Balakong, Selangor
Tel : 03-89614980, 03-89614984
Fax : 03-89614985
- **USJ**
3 & 5 Jalan USJ 10/1F
47620 UEP Subang Jaya, Selangor
Tel : 03-56350617, 03-56310776
Fax : 03-56329196



Group Corporate Directory

Terengganu

- **CHUKAI**
 K-156A Jalan Sulaimani
 Chukai
 24000 Kemaman, Terengganu
 Tel : 09-8595962, 09-8594069
 Fax : 09-8594943
- **KUALA TERENGGANU**
 1, 1A & 1B Jalan Batas Baru
 20300 Kuala Terengganu
 Terengganu
 Tel : 09-6226998
 Fax : 09-6233409

Overseas Branches/Offices

- **RESTRICTED LICENCE BANK HONG KONG**
 Room 1101-1103
 Wing On House
 71 Des Voeux Road
 Central Hong Kong
 Tel : 852-2525-9351
 Fax : 852-2868-9803
 Telex : 65279 PBB HX
- **SRI LANKA BRANCH**
 324 Galle Road
 Colombo 03, Sri Lanka
 Tel : 941-576289, 941-576290,
 941-576291, 941-576292
 Fax : 941-573958
 Telex : 23171 PUBLIC CE
 23507 PBBTRY CE
 E-mail : pbblanka@diamond.lanka.net
 Switch No: PBBELKLX
- **VIENTIANE BRANCH**
 100/1-4 Talat Sao Road
 P.O. Box 6614
 Vientiane, Lao PDR
 Tel : 856-21-216614,
 856-21-223394
 856-21-223395
 Fax : 856-21-222743
 Telex : 4310 PBBVTE LS
 E-mail : pbbvte@laotel.com

Subsidiaries

- **PUBLIC FINANCE BHD.**
 Bangunan Public Bank
 6 Jalan Sultan Sulaiman
 50000 Kuala Lumpur
 Tel : 03-22741788, 22741766
 03-22733333, 22733000
 Fax : 03-20704266
 Website: www.publicfinance.com.my
 (168 branches nationwide)
- **PUBLIC MERCHANT BANK BHD.**
 25th Floor, Menara Public Bank
 146 Jalan Ampang
 50450 Kuala Lumpur
 Tel : 03-21669382
 Fax : 03-21669362
 E-mail : merchantbank@publicbank.com.my
- **PUBLIC CONSOLIDATED HOLDINGS SDN. BHD.**
 Registered Office
 27th Floor, Menara Public Bank
 146 Jalan Ampang
 50450 Kuala Lumpur
 Tel : 03-21638888
 Fax : 03-21639917
- **PB SECURITIES SDN. BHD.**
 27th Floor, Bangunan Public Bank
 6 Jalan Sultan Sulaiman
 50000 Kuala Lumpur
 Tel : 03-20313011 (General)
 03-20313733 (Dealing)
 Fax : 03-20312533 (General)
 03-20312530 (Dealing)
- **PUBLIC MUTUAL BERHAD**
 (Formerly known as Kuala Lumpur Mutual Fund Berhad)
 Block B, Sri Damansara Business Park
 Persiaran Industri
 Bandar Sri Damansara
 52200 Kuala Lumpur
 Tel : 03-62796800
 Fax : 03-62779800
 (22 branches and 6 agency offices nationwide)
- **PB SECURITIES NOMINEES (ASING) SDN. BHD.**
 27th Floor, Bangunan Public Bank
 6 Jalan Sultan Sulaiman
 50000 Kuala Lumpur
 Tel : 03-20313011
 Fax : 03-20312533
- **PB SECURITIES NOMINEES (TEMPATAN) SDN. BHD.**
 27th Floor, Bangunan Public Bank
 6 Jalan Sultan Sulaiman
 50000 Kuala Lumpur
 Tel : 03-20313011
 Fax : 03-20312533
- **PUBLIC NOMINEES (ASING) SDN. BHD.**
 17th Floor, Menara Public Bank
 146 Jalan Ampang
 50450 Kuala Lumpur
 Tel : 03-21626077
 Fax : 03-21626078
- **PUBLIC NOMINEES (TEMPATAN) SDN. BHD.**
 17th Floor, Menara Public Bank
 146 Jalan Ampang
 50450 Kuala Lumpur
 Tel : 03-21626077
 Fax : 03-21626078
- **PUBLIC LEASING & FACTORING SDN. BHD.**
 18th Floor, Menara Public Bank
 146 Jalan Ampang
 50450 Kuala Lumpur
 Tel : 03-21633833, 21630933
 Fax : 03-21632822
 (4 branches – Klang, Johor Bahru, Pulau Pinang, Kota Kinabalu)
- **PB INTERNATIONAL FACTORS SDN. BHD.**
 18th Floor, Menara Public Bank
 146 Jalan Ampang
 50450 Kuala Lumpur
 Tel : 03-21622955
 Fax : 03-21622962
 (2 branches – Johor Bahru, Pulau Pinang)

• **PB TRUST COMPANY SDN. BHD.**

Level 8(B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory Labuan
Tel : 6087-412336, 6087-411898
Fax : 6087-451193
Telex: MA 85038

• **PUBLIC HOLDINGS SDN. BHD.**

8th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21766000, 21766666
Fax : 03-21639903

• **PB PROPERTIES SDN. BHD.**

8th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21766000, 03-21766666
Fax : 03-21639903

• **PB VENTURE CAPITAL SDN. BHD.**

Registered Office
27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21638899
Fax : 03-21639917

• **PUBLIC BANK (L) LTD.**

Level 8(A) & (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory Labuan
Tel : 6087-411898
Fax : 6087-413220
Telex: MA 87012

• **JCG HOLDINGS LTD.**

Room 1105-07, Wing On House
71 Des Voeux Road
Central Hong Kong
Tel : 852-2525-9351
Fax : 852-2845-0681
Telex: 65279 PBB HX
Cable: JCGFIN

• **JCG FINANCE COMPANY, LTD.**

Room 1105-07, Wing On House
71 Des Voeux Road
Central Hong Kong
Tel : 852-2525-9351
Fax : 852-2845-0681
Telex: 65279 PBB HX
Cable: JCGFIN
(40 branches in Hong Kong)

• **WINTON HOLDINGS (BERMUDA) LTD.**

Room 1101-1110, 11th Floor
Phase 1, Argyle Centre
688 Nathan Road
Mongkok, Kowloon, Hong Kong
Tel : 852-2391-9388
Fax : 852-2391-5366
(1 branch in Kowloon)

• **FUNDS FIT LTD.**

Room 1105-07, Wing On House
71 Des Voeux Road
Central Hong Kong
Tel : 852-2525-9351
Fax : 852-2845-0681
Telex: 65279 PBB HX
Cable: JCGFIN

• **JCG NOMINEES LTD.**

Room 1108, Wing On House
71 Des Voeux Road
Central Hong Kong
Tel : 852-2877-8622
Fax : 852-2845-5240
Telex: 65279 PBB HX
Cable: JCGFIN

• **JCG SECURITIES LTD.**

Room 1108, Wing On House
71 Des Voeux Road
Central Hong Kong
Tel : 852-2877-8622
Fax : 852-2845-5240
Telex: 65279 PBB HX

• **CAMBODIAN PUBLIC BANK LTD.**

Villa No. 23 RV Kramounsar
Phsar Thmey II
Daun Penh District
Phnom Penh, Cambodia
Tel : 855-23-214111
Fax : 855-23-217655
Telex: (51) 94079463 – CPBB G
E-mail : campu@bigpond.com.kh

Associated Companies

• **PB TRUSTEE SERVICES BHD.**

17th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21766651
Fax : 03-21643285

• **VID PUBLIC BANK**

Ground and Mezzanine Floor
Hanoi Tungshing Square
2 Ngo Quyen Street, Hanoi
Vietnam
Tel : 844-8268307
Fax : 844-8268228
Telex: 412241 VPB VT
(4 branches – Hanoi, Ho Chi Minh City, Hai Phong, Danang)

• **CPB PROPERTIES COMPANY LTD.**

Villa No. 23, RV Kramounsar
Phsar Thmey II
Daun Penh District
Phnom Penh, Cambodia
Tel : 855-23-214111
Fax : 855-23-217655
E-mail : campu@bigpond.com.kh





THERE IS ALWAYS A LIFE THAT NEEDS A CHANCE TO LIVE



More and more people are becoming concerned with environmental issues. At Public Bank, we have an ongoing Environment Awareness Campaign (EAC) that seeks to address some of these concerns. But it isn't something we do because we have to. It is because, our service is our pride. Our service, our pride.



PUBLIC BANK

(6463-H)

Excellence Is Our Commitment



PUBLIC BANK BERHAD
(6463-H)

Form of Proxy

Number of shares held	CDS Account No.

"A"

I/We _____
(FULL NAME IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
being a Member of PUBLIC BANK BERHAD, hereby appoint _____
(FULL NAME IN BLOCK LETTERS)
_____ NRIC No.: _____
of _____
(FULL ADDRESS)
or failing him, _____ NRIC No.: _____
(FULL NAME IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
or failing him, the CHAIRMAN OF THE MEETING as my/our *first proxy to attend and vote for me/us on my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 18 April 2003 at 10.30 a.m., or any adjournment thereof.

"B"

Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.
I/We _____ NRIC No./Co. No.: _____
(FULL NAME IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
being a Member of PUBLIC BANK BERHAD, hereby appoint _____
(FULL NAME IN BLOCK LETTERS)
_____ NRIC No.: _____
of _____
(FULL ADDRESS)
or failing him, _____ NRIC No.: _____
(FULL NAME IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
or failing him, the CHAIRMAN OF THE MEETING as my/our second proxy to attend and vote for me/us on my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 18 April 2003 at 10.30 a.m., or any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy "A"	%
Second Proxy "B"	%
	100%

In case of a vote taken by a show of hands, *First Proxy "A"/*Second Proxy "B" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit.)

NO.	ORDINARY RESOLUTIONS	FIRST PROXY "A"		SECOND PROXY "B"	
		FOR	AGAINST	FOR	AGAINST
1.	Receive the Audited Financial Statements for the financial year ended 31 December 2002 and the Reports of the Directors and Auditors thereon.				
2.	Declaration of final dividend.				
3.	Re-election of Y.A.M. Tengku Abdul Rahman ibni Sultan Haji Ahmad Shah Al-Mustain Billah as Director.				
4.	Re-election of Tuan Haji Abdul Aziz bin Omar as Director.				
5.	Re-appointment of Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow as Director.				
6.	Re-appointment of Y.Bhg. Tan Sri Dato' Thong Yaw Hong as Director.				
7.	Approval of payment of Directors' fees.				
8.	Re-appointment of Messrs KPMG as Auditors and to authorise the Directors to fix the Auditors' remuneration.				
9.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.				

Signed this _____ day of _____ 2003

Signature of Member/Common Seal

* Delete if inapplicable.

- Notes:
- The right of Foreigners to vote in respect of deposited securities is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 and the Articles of Association of the Company. Where a Foreigner, based on the General Meeting Record of Depositors, holds deposited securities in a securities account and such shares raise the ownership of shares in the Company by Foreigners beyond the Company's foreign shareholding limit of 30%, such Foreigner or the proxy appointed by him, in respect of such shares, shall not be entitled to exercise in any manner whatsoever any voting rights in respect of the aforesaid shares at the above Meeting.
 - A Member entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a Member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, at 27th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the Meeting.
 - The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its Common Seal or the hand of its attorney.

Please fold here to seal

Please fold here to seal

STAMP

The Company Secretary
PUBLIC BANK BERHAD
27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia

Please fold here to seal