

FINANCIALS

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Analysis of the Financial Statements

ANALYSIS OF THE BALANCE SHEET

Total Assets

The Public Bank Group's total assets stood at RM92.09 billion as at 31 December 2004, an increase of 43% over its total assets as at 31 December 2003. The increase in total assets in 2004 was primarily driven by growth in deposits from customers and funds from the issuance of USD350 million Subordinated Notes. During 2004, a significant portion of the increase in the Group's deposits from customers was used to fund the strong growth in loans, advances and financing as well as higher holdings of dealing securities and higher short-term interbank placements, particularly with Bank Negara Malaysia.

Cash and Short-Term Funds

The Group's cash and short-term funds registered a significant growth of 147% to RM19.67 billion as at 31 December 2004. This increase was the result of the funds from issuance of negotiable instruments of deposit ("NIDs") which were invested in short-term placements with other financial institutions and Bank Negara Malaysia.

Deposits and Placements with Banks and Other Financial Institutions

The Group's deposits and placements with banks and other financial institutions increased by RM0.64 billion in 2004. This was due to higher placements with Bank Negara Malaysia.

Securities Purchased Under Resale Agreements

The securities purchased under resale agreements are primarily Malaysian Government Securities arising from repurchase transactions with Bank Negara Malaysia.

Dealing Securities

The Group's holdings in dealing securities increased to RM6.65 billion from RM0.92 billion partly as a result of the reclassification from investment securities as well as increased investment in dealing securities in the application of funds arising from the increase in deposits from customers.

Investment Securities

The Group's investment securities decreased by RM2.63 billion or 52% in 2004 as a result of the reclassification to dealing securities which was partly offset by increased holdings in bond trust units in Malaysia.

Loans, Advances and Financing

The Group's total gross loans, advances and financing grew strongly by 22% to RM57.03 billion in 2004. The growth rate of domestic lending was also at 22%, which is more than two times the growth rate for the Malaysian banking industry of 8.5% in 2004. The Group's sustained strong loan growth, which exceeded 20% each year for 4 consecutive years to 2004, was achieved with competitive pricing, innovative product packaging and proactive product enhancement as well as improved loan service delivery standards, including fast approval turnaround time and efficient documentation and disbursement processes.

In 2004, 92% of the Group's gross loans, advances and financing outstanding or RM52.34 billion were loans to the retail sector, in particular to cater for the business needs of small-and medium-sized enterprises ("SMEs"), and for the purchase of residential properties and passenger vehicles by consumers. Loans to SMEs increased by 23% to stand at RM12.95 billion as at the end of 2004. Total loans for the purchase of residential properties and transport vehicles stood at RM28.26 billion and accounted for 50% of gross loans, advances and financing at the end of 2004.

The Group's Islamic financing grew by 7% in 2004. Islamic financing accounted for 11% of the Group's overall loans, advances and financing. During the last five years, Islamic financing grew by a total of RM5.90 billion to RM6.32 billion as at the end of 2004. This strong growth reflects the Group's continued commitment to Bank Negara Malaysia's efforts to further develop the Islamic banking sector.

Lending to corporate customers also recorded a strong growth of 38% to RM4.69 billion. Lending to corporate customers accounted for 8% of the Group's total loans, advances and financing as at the end of 2004 compared to 7% a year ago.

Non-performing loans of the Group fell by RM0.33 billion in 2004 to RM1.63 billion. The net non-performing loans ratio improved to 2.1% from 3.0% as at the end of 2003 and was about one quarter of the banking system's net non-performing loans ratio of 7.6%. The Group's continued improvement in asset quality is the result of consistent prudent credit culture, policies and practices which is complemented by strong credit risk management and successful recovery processes. Provision coverage for non-performing loans, taking into account collateral for these loans, was 144%.

Total Liabilities and Shareholders' Equity

The Group's total liabilities grew by RM27.77 billion in 2004, mainly from increase in deposits from customers and funds from the issuance of USD350 million Subordinated Notes.

The Group's shareholders' equity remained strong at RM8.57 billion even after the payment of a special dividend of 40%, less 28% taxation on 30 December 2004 which amounted to RM0.94 billion in total and further share buy-back during the year totalling RM0.43 billion. This is due to the strong after tax earnings of RM1.27 billion achieved by the Group for 2004 coupled with proceeds of RM0.57 billion from shares issued pursuant to the exercise of employees' share options under the Public Bank Berhad Employees' Share Option Scheme.

Deposits from Customers

The Group's customer deposits grew by 44% in 2004, with healthy growth in lower cost current accounts and savings accounts of 18% and 19% respectively. The growth in core customer deposits was mainly supported by the Group's extensive branch network and its high standards of customer service delivery. In addition, the Group also increased the issuance of NIDs by RM11.95 billion in 2004 to fund the strong expansion of the Group's loans, advances and financing as well as to develop the corporate customer deposit base.

Deposits from individuals, a stable source of funds, continued to be the Group's main source of deposits accounting for more than 70% of the Group's core customer deposits comprising demand deposits, savings deposits and fixed deposits.

The Group's overall funding structure continued to improve with the strong growth in lower cost current accounts and savings accounts. Current accounts and savings accounts comprised 12% and 16% respectively of total customer deposits as at the end of 2004. The ratio of fixed deposits to total deposits registered a decline of 10% to 54% in 2004.

With the 44% increase in customer deposits outpacing the 22% increase in gross loans, advances and financing, the gross loans to deposits ratio decreased to 79% as at 31 December 2004 from 94% a year ago.

Deposits and Placements of Banks and Other Financial Institutions

Deposits and placements of banks and other financial institutions increased by RM1.18 billion to RM2.96 billion as part of the Group's funding of its gapping operations and the Group's placements with Bank Negara Malaysia.

Obligations on Securities Sold Under Repurchase Agreements

Obligations on securities sold under repurchase agreements saw an increase of RM2.83 billion mainly due to the Group's efforts to develop the short-term corporate customer deposit base.

Bills and Acceptances Payable

There was no significant movement in bills and acceptances payable.

Recourse Obligations on Loans sold to Cagamas

Loans sold to Cagamas declined by RM138 million or 29% in 2004. The decline was mainly due to the repayment of Cagamas funding and the use of lower cost customer deposits to fund the loans, advances and financing of the Group.

Commitments and Contingencies

Commitments and contingencies increased by RM5.53 billion to RM19.78 billion. However, in terms of credit equivalent, the increase was only RM0.56 billion, of which RM0.55 billion arose from irrevocable commitments to extend credit of maturity exceeding one year, in tandem with the higher volume of loans approved in 2004.

ANALYSIS OF THE INCOME STATEMENT

Net Interest Income

Net interest income of the Group grew by 13% to RM2,702 million in 2004 compared to RM2,388 million in 2003. The increase was largely contributed by strong loan growth of 22% and was partially offset by the squeeze in lending margins due to intense competition in the retail lending market. The Group's average net interest margin on interest bearing assets, excluding funds from issuance of NIDs, fell by only 6 basis points to 4.00% in 2004 from 4.06% in 2003. The pressure on net interest margin was more pronounced for the passenger vehicle hire purchase financing segment which recorded a higher margin contraction.

Net interest suspended on non-performing loans for the Group dropped by RM24 million in 2004 as a result of further improvement in asset quality and higher number of non-performing loans which turned performing during the year.

Net interest income was the main contributor of total income, accounting for 79% (2003: 79%) of the total income of the Group.

Net Income from Islamic Banking Business

Net income from the Group's Islamic Banking operations rose by 28% or RM84 million to RM380 million. This was mainly attributed to higher net financing income of RM67 million arising from growth in Islamic financing. Islamic Banking income accounted for 11% of the Group's total income.

Non-Interest Income

Non-interest income of the Group grew by 14% to RM723 million in 2004 compared to RM633 million in 2003. The growth was primarily derived from higher income from the Group's fund management activities which achieved a strong growth in net asset value of unit trust funds under management of 20% and higher gross sales of trust units as well as higher commission, service charges, foreign exchange profits and higher gains from sale of dealing securities.

This was partially offset by an increase in the allowance for diminution in value of investment securities of RM44 million as compared to RM11 million written back in 2003.

The Group's non-interest income for 2004 accounted for 21% (2003: 21%) of total income.

Staff Costs and Overheads

The Group's overhead expenses amounted to RM1,310 million in 2004, which was 12% higher than the RM1,171 million incurred in 2003. Personnel cost increased by 10% to RM688 million due to annual salary increments and higher performance based bonus payments. The staff strength of the Group remained stable at 12,659 at the end of 2004 compared to 12,530 a year ago. Administration and general expenses increased by 46% in 2004. The increase in administration and general expenses was due to recognition of negative goodwill in the previous year. Establishment costs remained stable. Higher marketing expenses which increased by RM26 million in 2004 was mainly due to higher sales commission paid for increased gross sales of trust units as well as the launch of a new fund by the fund management business of the Group.

The cost income ratio of the Group improved further to 38.2% for 2004 from 38.8% in 2003 as a result of higher efficiency and productivity achieved through branch rationalisation and a revenue-driven staff force.

Allowance for Losses on Loans, Advances and Financing

Total loan loss allowance charged of RM271 million for the Group in 2004 was 38% lower than the RM439 million charged in 2003. This was primarily due to lower specific allowance for loans which fell by RM139 million or 28% in tandem with the decline in non-performing loans. General allowance also fell by RM61 million or 47% due to lower general allowance required for the Group's financing operations in Hong Kong. The lower charge was partially offset by a 16% decrease in recoveries which fell by RM29 million as a result of lower write-back of specific allowance in 2004.

Tax Expense and Zakat

Tax expense for the year increased by RM152 million or 43% in line with the higher profit achieved. The Public Bank Group's effective tax rate of 27.6% approximates the statutory tax rate of 28%.

Statement of Responsibility by Directors

in respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the annual audited 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's Guidelines and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Bank are prepared with reasonable accuracy from the accounting records of the Group and the Bank so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2004, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have:

- a. applied the appropriate and relevant accounting policies on a consistent basis;
- b. made judgments and estimates that are reasonable and prudent; and
- c. prepared the annual audited financial statements on a going concern basis.

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.

Directors' Report for the financial year ended 31 December 2004

The Directors have pleasure in presenting to the members their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking and finance company businesses 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 11 and 12 to the financial statements respectively.

There have been no significant changes to these principal activities during the financial year except for the finance company business of the Bank's wholly-owned subsidiary being transferred and merged with commercial banking business of the Bank.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit before tax expense and zakat	1,848,201	2,915,137
Tax expense and zakat	(508,611)	(677,500)
Profit after tax expense and zakat	1,339,590	2,237,637
Minority interests	(72,602)	—
Net profit for the year	1,266,988	2,237,637

DIVIDENDS

The amount of dividends paid by the Bank since 31 December 2003 were as follows:

RM'000

In respect of financial year ended 31 December 2003 as approved by the shareholders:

Final dividend of 22% on 6,457,417,196 (before share consolidation) ordinary shares of RM0.50 each, less 28% tax, paid on 11 May 2004	511,427
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In respect of the financial year ended 31 December 2004:

Special dividend of 40% on 3,255,589,924 ordinary shares of RM1.00 each, less 28% tax, paid on 30 December 2004	937,610
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1,449,037

The Directors recommend the payment of a final dividend of 35%, less 28% tax and a special dividend of 15%, less 28% tax, respectively, amounting to approximately RM1,172.0 million (representing a total of 36.0 sen net per share) in respect of the current financial year, computed based on the issued and paid-up capital as at 31 December 2004 of 3,255,589,924 ordinary shares of RM1.00 each, excluding treasury shares held by the Bank to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the Directors.

SHARE CONSOLIDATION

On 2 June 2004, the Bank completed the consolidation and division of the Bank's entire share capital into ordinary shares of par value of RM1.00 each from ordinary shares of par value of RM0.50 each.

ISSUE OF SHARES

During the financial year, the issued and paid-up share capital of the Bank was increased from 3,206,599,727 ordinary shares of RM1.00 each (after share consolidation) in the Bank ("PBB Shares") to 3,355,767,324 PBB Shares by the issuance of 149,167,597 PBB Shares, pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme at the following option prices:

Number of PBB Shares issued:	Option price per share
760,270	RM1.64
8,125,900	RM3.40
106,498,940	RM3.56
20,006,987	RM4.60
13,775,500	RM4.92

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

SHARE BUY-BACK

On 20 April 2004, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year, the Bank bought back from the open market, 56,628,800 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") at an average buy-back price of RM6.15 per share and 12,456,850 PBB Shares listed and quoted as "Foreign" on the Main Board of Bursa Securities at an average buy-back price of RM6.61 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year, including transaction costs, was RM431,480,591 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial year.

As at 31 December 2004, the Bank held 100,177,400 PBB Shares as treasury shares out of its total issued and paid-up share capital of 3,355,767,324 PBB Shares. Such treasury shares are held at a carrying amount of RM601,441,070. Further information are as disclosed in Note 25 to the financial statements.

PUBLIC BANK BERHAD GROUP EMPLOYEES' SHARE OPTION SCHEME

Details of the Public Bank Berhad Group Employees' Share Option Scheme ("PBB ESOS") are as disclosed in Note 21(b) to the financial statements. The expiry date of the PBB ESOS is on 25 February 2006.

In respect of the offer of PBB ESOS on 21 May 2004 at an exercise price of RM4.92 per PBB Shares, 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 in aggregate of less than 50,000 (100,000 before share consolidation) options. The names of option holders and the number of options granted which in aggregate are 50,000 options or more are as follows:

Name of Option Holders	Number of PBB Share Options Granted
Lum Ming Jang	50,000
Patrick Yee Chee Wai	50,000
Phang Siew Loong	50,000
Richard Tan Koon Eam	50,000
Woo Kong Chew	50,000

Details of options granted to Directors are disclosed in the section on Directors' Interests in this report.

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.

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 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

The significant events during the financial year are as disclosed in Note 50 to the financial statements.

SUBSEQUENT EVENTS

There were no material events subsequent to the balance sheet date that requires disclosure or adjustments to the financial statements.

DIRECTORS

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

Tan Sri Dato' Sri Dr. Teh Hong Piow
Tan Sri Dato' Thong Yaw Hong
Datuk Tay Ah Lek
Dato' Lee Kong Lam
Dato' Yeoh Chin Kee
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah
Haji Abdul Aziz bin Omar
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff
Lee Chin Guan

In accordance with Article 111 of the Bank's Articles of Association, Dato' Lee Kong Lam, Dato' Yeoh Chin Kee and Lee Chin Guan retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tan Sri Dato' Sri Dr. Teh Hong Piow and 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' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares and in options in the Bank during the financial year were as follows:

Bank	Number of Ordinary Shares of RM1.00 Each ("PBB Share")			
	Balance at 1.1.2004 +	Exercise of PBB Share Options	Disposed	Balance at 31.12.2004
Direct shareholdings:				
Tan Sri Dato' Sri Dr. Teh Hong Piow	781,250	28,660,156@	—	781,250
Tan Sri Dato' Thong Yaw Hong	268,750	1,100,000	—	1,368,750
Datuk Tay Ah Lek	1,394,874	5,677,735	1,250,000	5,822,609
Dato' Lee Kong Lam	911,171	2,000,000	1,550,000	1,361,171
Dato' Yeoh Chin Kee	—	250,000	—	250,000
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah	—	1,750,000	—	1,750,000
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff	—	1,250,000	—	1,250,000
Lee Chin Guan	—	1,250,000	—	1,250,000

DIRECTORS' INTERESTS (continued)

	Number of Ordinary Shares of RM1.00 Each (“PBB Share”)			
	Balance at 1.1.2004 +	Acquired	Disposed	Balance at 31.12.2004
Deemed interest:				
Tan Sri Dato’ Sri Dr. Teh Hong Piow	771,008,440	28,660,156@	—	799,668,596
Tan Sri Dato’ Thong Yaw Hong	771,875	—	—	771,875
Datuk Tay Ah Lek	139,482	—	—	139,482
Dato’ Lee Kong Lam	—	800,000	—	800,000
Dato’ Yeoh Chin Kee	18,750	6,250	—	25,000

Note + : The opening balance has been adjusted to reflect the consolidation of PBB Shares from par value of RM0.50 to par value of RM1.00, which was completed on 2 June 2004.

@ : Exercise of options by Tan Sri Dato' Sri Dr. Teh Hong Piow under the Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS"), whereupon 28,660,156 PBB Shares issued and allotted to him were credited to the CDS account of Kayakita Corporation Sdn Bhd, a company deemed associated with him by virtue of Section 6A(4)(c) of the Companies Act, 1965.

Bank	Option Price # RM	Number of PBB Share Options			Balance at 31.12.2004
		Balance at 1.1.2004 +	Granted	Exercised	
Tan Sri Dato' Sri Dr. Teh Hong Piow	1.64	253,906	—	253,906	—
	3.56	28,406,250	—	28,406,250	—
	4.92	—	20,743,000	—	20,743,000
Tan Sri Dato' Thong Yaw Hong	4.92	—	2,500,000	1,100,000	1,400,000
Datuk Tay Ah Lek	1.64	177,735	—	177,735	—
	3.56	7,812,500	—	5,500,000	2,312,500
	4.60	2,000,000	—	—	2,000,000
	4.92	—	5,000,000	—	5,000,000
Dato' Lee Kong Lam	3.56	1,593,750	—	1,500,000	93,750
	4.60	750,000	—	500,000	250,000
	4.92	—	3,250,000	—	3,250,000
Dato' Yeoh Chin Kee	4.92	—	2,250,000	250,000	2,000,000
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah	4.92	—	1,750,000	1,750,000	—
Haji Abdul Aziz bin Omar	4.92	—	1,250,000	—	1,250,000
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff	4.92	—	1,250,000	1,250,000	—
	4.92	—	1,250,000	1,250,000	—
Lee Chin Guan	4.92	—	1,250,000	1,250,000	—

Note + : The opening balance has been adjusted to reflect the consolidation of PBB Shares from par value of RM0.50 to par value of RM1.00, which was completed on 2 June 2004 ("Share Consolidation").

: Adjustment of the option prices were made pursuant to the Share Consolidation. The prices were adjusted to RM1.64, RM3.56, RM4.60 and RM4.92 from RM0.82, RM1.78, RM2.30 and RM2.46 respectively.

DIRECTORS' INTERESTS (continued)

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

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his direct and indirect interests of 800,449,846 shares in the Bank, and pursuant to Section 6A(4)(c) of the Companies Act, 1965 is also deemed interested in the shares of all the Bank's subsidiary companies to the extent the Bank has interests.

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 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 32 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 37(b) to the financial statements.

BUSINESS REVIEW 2004

In 2004, Public Bank's banking business continued to remain strong, supported by healthy economic growth. However, because of the excess liquidity, Public Bank continued to operate in a more competitive environment. As a result, interest margins continued to remain under pressure. The banking environment has been further liberalised in the year with the issuance of three new Islamic banking licences to 3 large West Asian banking groups.

Public Bank continued to focus on lending to consumers and middle-market Small-and Medium-Sized Enterprises ("SMEs"), complemented by corporate lending and fee-based activities. It maintained high loan growth and captured larger market share, particularly for home mortgages, car financing and lending to SMEs. Public Bank competed based on competitive pricing, flexible terms and attractive product bundling. The Bank further leveraged on its branch network, on-line channels, strong sales and marketing force, strong PB brand, and superior service delivery standards to reach its large customer base.

BUSINESS REVIEW 2004 (continued)

On liability management, Public Bank continued to mobilise low cost customer deposits, including corporate deposits, to reduce funding costs and build its balance sheet. To further improve operational and cost efficiency, Public Bank completed its group branch rationalisation by reducing its domestic branches from 384 branches to 252 full-service bank branches. Public Bank had also developed a set of key performance indicators to drive staff productivity. The Bank maintained a stable headcount to mitigate increases in staff costs.

To further enhance customer service, Public Bank installed 59 cheque deposit machines at selected branches and further promoted on-line channels, particularly its internet banking channel. The Bank is one of the pilot banks to be a member of the Financial Process Exchange which has been established to promote e-commerce. To curb fraud, the Bank had fully migrated all of its ATM and credit cards to chip-based cards.

Public Bank remained prudent by strictly adhering to its stringent credit and risk management policies. It continued to manage its capital more efficiently, while progressively reviewing and updating its risk management framework in line with the Basel II Capital Accord.

ECONOMIC OUTLOOK AND PROSPECTS FOR 2005

As the world economy is expected to grow around its long-term trend in 2005, Malaysia's economy is expected to be back to its sustainable growth of 6% for the year. This outlook is based on sustained domestic demand, steady growth in domestic-oriented manufacturing and services sectors and stable ringgit peg. Exports are expected to grow more slowly in the year.

While the fiscal deficit will be smaller in 2005, monetary policy is forecast to remain accommodative due to the excess liquidity and low headline inflation. Malaysia's economic fundamentals are expected to remain strong with unemployment rate to remain low and the current account surplus to remain large. The banking sector is expected to remain strong with ample liquidity, high capitalisation and high asset quality to support economic activity in 2005.

Notwithstanding the positive outlook, there are downside risks to the Malaysian economy. These include slower-than-expected growth in the world economy, sharper rise in inflation, disorderly adjustment in the US current account deficit and weaker-than-expected growth in the global electronics industry.

BUSINESS OUTLOOK FOR 2005

The banking business is expected to grow steadily in 2005 on the back of sustainable economic growth for the year. The industry's loan growth is expected to further improve. The competition, however, is expected to further increase due to ample liquidity, continued disintermediation of bank lending and the entry of new Islamic banking players.

BUSINESS OUTLOOK FOR 2005 (continued)

Amid the competitive banking landscape in 2005, Public Bank will remain focused in its core business of consumer and retail commercial lending to SMEs. In particular, the Bank expects to sustain high growth in home mortgages, car financing, personal financing, credit card business and Islamic banking business, helped by the healthy household balance sheets.

Public Bank also expects its lending to SMEs to further grow due to the steady recovery of the private sector in Malaysia. Activities in the manufacturing and services sectors are expected to remain relatively strong. SMEs are expected to spend more on capital expenditure due to the high current capacity utilisation.

To remain competitive, Public Bank will continue to introduce competitive products and new packages, maintain high service delivery standards, pursue proactive marketing strategies and further improve its cost efficiency. The strategy to reduce funding cost by mobilising savings and current account deposits will continue to be pursued. Public Bank will further leverage on its wide branch network and on-line channels and install more cheque deposit machines to enhance customer convenience. It will also continue to maintain a stable headcount.

In line with its long-term goal, Public Bank will continue to remain prudent in its credit culture and in reviewing its risk management framework, while maintaining a strong capital base and high asset quality.

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: 17 January 2005

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 170 to 291 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 as at 31 December 2004 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: 17 January 2005

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 170 to 291, 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 17 January 2005

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 170 to 291. 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 as at 31 December 2004 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 11 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

KHAW HOCK HOE
Partner
Approval Number: 2229/04/06(J)

Kuala Lumpur,
Dated: 17 January 2005

Balance Sheets as at 31 December 2004

		Group		Bank	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
ASSETS					
Cash and short-term funds	3	19,670,005	7,970,828	19,893,236	11,498,710
Deposits and placements with banks and other financial institutions	4	1,460,309	819,085	1,573,127	6,332,508
Securities purchased under resale agreements		1,495,438	—	978,552	—
Dealing securities	5	6,645,591	921,742	5,192,470	2,864,682
Investment securities	6	2,432,848	5,058,555	1,740,071	4,486,733
Loans, advances and financing	7	55,718,729	45,539,625	53,856,112	27,266,113
Other assets	8	678,555	667,216	865,322	651,138
Statutory deposits with Central Banks	9	1,869,256	1,511,141	1,823,000	870,680
Deferred tax assets	10	283,542	251,844	223,486	116,455
Investment in subsidiary companies	11	—	—	1,376,156	2,973,873
Investment in associated companies	12	45,936	47,438	28,465	28,465
Investment properties	13	33,594	28,111	—	—
Goodwill/Intangible asset	14	811,399	818,304	738,356	338,756
Property and equipment	15	942,192	943,351	567,101	534,158
TOTAL ASSETS		92,087,394	64,577,240	88,855,454	57,962,271
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	16	72,246,303	50,217,258	68,265,639	41,120,729
Deposits and placements of banks and other financial institutions	17	2,958,481	1,779,334	4,765,730	6,628,582
Obligations on securities sold under repurchase agreements		3,258,431	425,562	3,018,317	451,992
Bills and acceptances payable	18	1,260,992	1,211,088	1,258,917	1,209,150
Recourse obligations on loans sold to Cagamas	19	346,213	484,587	346,213	141,484
Other liabilities	20	1,518,864	1,145,549	1,315,764	833,321
Subordinated notes	22	1,323,014	—	1,323,014	—
Provision for tax expense and zakat	23	233,170	115,335	154,372	94,462
Deferred tax liabilities	10	3,080	3,080	—	—
TOTAL LIABILITIES		83,148,548	55,381,793	80,447,966	50,479,720



		Group		Bank	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
SHAREHOLDERS' EQUITY					
Share capital	24	3,355,767	3,206,600	3,355,767	3,206,600
Reserves		4,644,397	5,078,155	4,481,150	3,942,911
Proposed dividends		1,172,012	503,000	1,172,012	503,000
Treasury shares	25	(601,441)	(169,960)	(601,441)	(169,960)
		8,570,735	8,617,795	8,407,488	7,482,551
Minority interests		368,111	577,652	—	—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		92,087,394	64,577,240	88,855,454	57,962,271
COMMITMENTS AND CONTINGENCIES	38	19,780,677	14,246,374	19,535,337	13,248,734

The accompanying notes form an integral part of the financial statements

Income Statements for the financial year ended 31 December 2004

		Group		Bank	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Operating revenue	2(s)	5,045,340	4,318,113	3,668,892	2,556,186
Interest income	28	3,815,892	3,349,840	2,931,504	2,097,575
Interest expense	29	(1,494,564)	(1,257,926)	(1,441,136)	(1,026,480)
Net interest income		2,321,328	2,091,914	1,490,368	1,071,095
Net income from Islamic Banking business	52(k)	380,384	296,411	225,632	97,946
Non-interest income	30	2,701,712 723,494	2,388,325 633,102	1,716,000 2,483,155	1,169,041 1,021,691
Net income		3,425,206	3,021,427	4,199,155	2,190,732
Staff costs and overheads	31	(1,309,784)	(1,171,492)	(830,322)	(692,658)
Operating profit		2,115,422	1,849,935	3,368,833	1,498,074
Allowance for losses on loans, advances and financing	33	(271,034)	(439,155)	(453,696)	(119,343)
Share of results of associated companies		1,844,388 3,813	1,410,780 4,083	2,915,137 —	1,378,731 —
Profit before tax expense and zakat		1,848,201	1,414,863	2,915,137	1,378,731
Tax expense and zakat	34	(508,611)	(356,129)	(677,500)	(350,679)
Profit after tax expense and zakat		1,339,590	1,058,734	2,237,637	1,028,052
Minority interests		(72,602)	(84,548)	—	—
Net profit for the year		1,266,988	974,186	2,237,637	1,028,052
Earnings per RM1.00 share:	35				
– basic (sen)		39.4	32.0		
– diluted (sen)		38.7	31.2		
Net dividends per RM1.00 share:	36				
– Special dividends (sen)		39.6	—		
– Final dividend (sen)		25.2	15.8		

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

Group	Note	Non-distributable Reserves			Distributable Reserves		Treasury Shares	Total
		Share Capital	Share Premium	Other Reserves	Retained Profits	Proposed Dividends		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2004								
– as previously stated		3,206,600	928,433	2,387,630	1,819,978	503,000	(169,960)	8,675,681
– prior year adjustments	44	—	—	—	(57,886)	—	—	(57,886)
As restated		3,206,600	928,433	2,387,630	1,762,092	503,000	(169,960)	8,617,795
Issue of shares pursuant to:								
– exercise of share options		149,167	418,651	—	—	—	—	567,818
Currency translation differences		—	—	(1,348)	—	—	—	(1,348)
Net profit for the year		—	—	—	1,266,988	—	—	1,266,988
Transfer to statutory reserves		—	—	228,707	(228,707)	—	—	—
Buy-back of shares		—	—	—	—	—	(431,481)	(431,481)
Transfer to proposed dividends		—	—	—	(946,037)	946,037	—	—
Dividends paid	36	—	—	—	—	(1,449,037)	—	(1,449,037)
Dividends proposed	36	—	—	—	(1,172,012)	1,172,012	—	—
At 31 December 2004		3,355,767	1,347,084	2,614,989	682,324	1,172,012	(601,441)	8,570,735
		Note 24		Note 26	Note 27		Note 25	

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

		Non-distributable Reserves			Distributable Reserves			
Group	Note	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Proposed Dividends RM'000	Treasury Shares RM'000	Total RM'000
At 1 January 2003								
– as previously stated		2,314,527	676,448	1,780,499	1,919,001	299,987	—	6,990,462
– prior year adjustments	44	—	—	—	(28,934)	—	—	(28,934)
As restated		2,314,527	676,448	1,780,499	1,890,067	299,987	—	6,961,528
Issue of shares pursuant to:								
– exercise of share options		60,145	150,087	—	—	—	—	210,232
– share exchange		202,599	733,408	—	—	—	—	936,007
– bonus issue		629,329	(629,329)	—	—	—	—	—
Cost incurred for the issuance of shares		—	(2,181)	—	—	—	—	(2,181)
Currency translation differences		—	—	7,970	—	—	—	7,970
Net profit for the year		—	—	—	974,186	—	—	974,186
Transfer to statutory reserves		—	—	611,161	(611,161)	—	—	—
Buy-back of shares		—	—	—	—	—	(169,960)	(169,960)
Exchange equalisation reserves transferred to retained profits		—	—	(12,000)	12,000	—	—	—
Dividends paid	36	—	—	—	—	(299,987)	—	(299,987)
Dividends proposed	36	—	—	—	(503,000)	503,000	—	—
At 31 December 2003		3,206,600	928,433	2,387,630	1,762,092	503,000	(169,960)	8,617,795
		Note 24		Note 26	Note 27		Note 25	

The accompanying notes form an integral part of the financial statements

Bank	Note	Non-distributable Reserves			Distributable Reserves		Treasury Shares RM'000	Total RM'000
		Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Proposed Dividends RM'000		
At 1 January 2004								
– as previously stated		3,206,600	928,433	1,842,160	1,216,707	503,000	(169,960)	7,526,940
– prior year adjustments	44	—	—	—	(44,389)	—	—	(44,389)
As restated		3,206,600	928,433	1,842,160	1,172,318	503,000	(169,960)	7,482,551
Issue of shares pursuant to:								
– exercise of share options		149,167	418,651	—	—	—	—	567,818
Net profit for the year		—	—	—	2,237,637	—	—	2,237,637
Transfer to statutory reserves		—	—	559,409	(559,409)	—	—	—
Buy-back of shares		—	—	—	—	—	(431,481)	(431,481)
Transfer to proposed dividends		—	—	—	(946,037)	946,037	—	—
Dividends paid	36	—	—	—	—	(1,449,037)	—	(1,449,037)
Dividends proposed	36	—	—	—	(1,172,012)	1,172,012	—	—
At 31 December 2004		3,355,767	1,347,084	2,401,569	732,497	1,172,012	(601,441)	8,407,488
		Note 24		Note 26	Note 27		Note 25	
At 1 January 2003								
– as previously stated		2,314,527	676,448	1,329,164	1,182,712	299,987	—	5,802,838
– prior year adjustments	44	—	—	—	(22,450)	—	—	(22,450)
As restated		2,314,527	676,448	1,329,164	1,160,262	299,987	—	5,780,388
Issue of shares pursuant to:								
– exercise of share options		60,145	150,087	—	—	—	—	210,232
– share exchange		202,599	733,408	—	—	—	—	936,007
– bonus issue		629,329	(629,329)	—	—	—	—	—
Cost incurred for the issuance of shares		—	(2,181)	—	—	—	—	(2,181)
Net profit for the year		—	—	—	1,028,052	—	—	1,028,052
Transfer to statutory reserves		—	—	524,996	(524,996)	—	—	—
Buy-back of shares		—	—	—	—	—	(169,960)	(169,960)
Exchange equalisation reserves transferred to retained profits		—	—	(12,000)	12,000	—	—	—
Dividends paid	36	—	—	—	—	(299,987)	—	(299,987)
Dividends proposed	36	—	—	—	(503,000)	503,000	—	—
At 31 December 2003		3,206,600	928,433	1,842,160	1,172,318	503,000	(169,960)	7,482,551
		Note 24		Note 26	Note 27		Note 25	

The accompanying notes form an integral part of the financial statements

Cash Flow Statements for the year ended 31 December 2004

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax expense and zakat	1,848,201	1,414,863	2,915,137	1,378,731
Adjustments for:				
Share of results of associated companies	(3,813)	(4,083)	—	—
Depreciation of property and equipment	90,901	84,629	65,917	55,922
Impairment losses on property and equipment	8,946	9,157	—	—
Amortisation of goodwill/intangible asset	45,710	40,364	27,425	19,656
Negative goodwill recognised	—	(45,625)	—	—
Net (gain)/loss on disposal of property and equipment	(118)	297	5	285
Net gain on disposal of foreclosed properties	(99)	(138)	(99)	(138)
Allowance for bad and doubtful debts and financing	423,103	623,081	525,265	236,319
Write back of allowance for bad and doubtful debts and financing	(69,267)	(118,783)	(24,811)	(81,004)
Net interest income suspended	36,405	58,428	24,287	35,166
Gain on sale of investment securities	(20,248)	(21,649)	(61,999)	(16,453)
Amortisation of premium less accretion of discount	13,460	12,878	13,662	12,818
Accretion of cost relating to the issuance of the subordinated notes	781	—	781	—
Net allowance/(write back of allowance) for diminution in value of investment securities	43,723	(11,085)	2,863	(1,003)
Short-term accumulating compensated absences	1,598	2,299	1,598	1,437
Pension cost charged - defined benefit plan	12,681	5,736	9,869	3,917
Profit Equalisation Reserves	1,862	19,017	8,862	12,017
Dividends from investment securities	(40,125)	(26,391)	(34,624)	(20,363)
Dividends from subsidiary companies	—	—	(2,023,593)	(695,592)
Dividends from associated companies	—	—	(2,466)	(1,707)
Allowance for diminution in value of investment in a subsidiary company	—	—	30	100
Gain on deemed disposal of a subsidiary company	—	(11,278)	—	—
Property and equipment written off	3,104	1,194	1,757	—
(Surplus)/deficit on revaluation of investment properties	(5,355)	337	—	—
Operating profit before working capital changes	2,391,450	2,033,248	1,449,866	940,108



	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<hr/>				
(Increase)/Decrease in operating assets/liabilities:				
Deposits and placements with banks and other financial institutions	(641,224)	2,252,658	4,779,377	(2,484,129)
Securities purchased under resale agreements	(1,495,438)	—	(978,552)	—
Dealing securities	(5,723,849)	2,257,943	(2,328,638)	1,287,401
Loans, advances and financing	(10,569,345)	(8,598,324)	(8,942,769)	(4,979,015)
Other assets	(17,432)	(161,883)	(26,487)	(45,728)
Statutory deposits with Central Banks	(358,115)	(277,232)	(299,220)	(110,880)
Deposits from customers	22,029,045	2,231,052	18,245,307	6,049,368
Deposits and placements of banks and other financial institutions	1,179,147	85,325	(19,336,042)	3,625,745
Obligations on securities sold under repurchase agreements	2,832,869	(393,859)	2,566,325	(211,167)
Bills and acceptances payable	49,904	75,870	49,767	74,734
Recourse obligations on loans sold to Cagamas	(138,374)	(498,814)	(13,585)	26,120
Other liabilities	79,051	307,689	32,506	195,774
<hr/>				
Cash generated from/(used in) operations	9,617,689	(686,327)	(4,802,145)	4,368,331
Income tax expense and zakat paid	(406,233)	(430,359)	(428,061)	(210,499)
Pension cost paid – defined benefit plan	(19,837)	(16,240)	(17,025)	(14,421)
<hr/>				
Net cash generated from/(used in) operating activities	9,191,619	(1,132,926)	(5,247,231)	4,143,411
<hr/>				
Cash flows from investing activities				
Purchase of property and equipment	(102,355)	(129,395)	(87,486)	(83,993)
Proceeds from disposal of property and equipment	240	12,633	101	12,274
Proceeds from disposal of foreclosed properties	6,192	3,518	6,192	3,518
Net sale/(Net purchases) of investment securities	2,588,772	(278,120)	3,207,946	(520,069)
Additional investment in subsidiary companies	(22,689)	(127,917)	(11,482)	(81,746)
Purchase of share broking license	(28,000)	—	—	—
Dividends received from associated companies	2,618	1,852	2,466	1,666
Dividends received from investment securities	40,125	26,391	34,624	20,363

Cash Flow Statements

	Note	Group		Bank	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash received from capital reduction exercise at subsidiary companies		—	—	862,928	—
Acquisition of finance company business, net of cash acquired	47	—	—	7,322,733	—
Dividends received from subsidiary companies		—	—	1,988,823	570,099
Funds from subscription of shares by minority interests		—	99,383	—	—
Net cash generated from/(used in) investing activities		2,484,903	(391,655)	13,326,845	(77,888)
Cash flows from financing activities					
Proceeds from issuance of shares		567,818	210,232	567,818	210,232
Dividends paid to shareholders of the Bank		(1,143,658)	(299,987)	(1,143,658)	(299,987)
Dividends paid to minority interests		(291,289)	(178,051)	—	—
Share issuance expenses		—	(2,181)	—	(2,181)
Buy-back of shares		(431,481)	(169,960)	(431,481)	(169,960)
Net proceeds from issuance of subordinated notes		1,322,233	—	1,322,233	—
Net cash generated from/(used in) in financing activities		23,623	(439,947)	314,912	(261,896)
Net increase/(decrease) in cash and cash equivalents		11,700,145	(1,964,528)	8,394,526	3,803,627
Cash and cash equivalents at beginning of year		7,970,828	9,932,135	11,498,710	7,695,083
Exchange differences on translation of opening balances		(968)	3,221	—	—
Cash and cash equivalents at end of year	3	19,670,005	7,970,828	19,893,236	11,498,710

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

Notes to the Financial Statements – 31 December 2004

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 and finance company businesses 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 except for the finance company business of the Bank's wholly-owned subsidiary being transferred and merged with the commercial banking business of the Bank.

The financial statements were approved and authorised for issue by the Board of Directors on 17 January 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Bank are consistent with those adopted in the previous years except for the adoption of the following:

- (i) the 3-month classification for non-performing loans from the previous 6-month classification which has been adopted retrospectively; and
- (ii) the change in policy of assigning of collateral values to certain categories of non-performing loans which has been adopted retrospectively.

The effects of adopting the above retrospectively on the Group's and the Bank's retained profits are reflected as prior year adjustments in the Statement of Changes In Equity and is disclosed in Note 44 to the financial statements.

(a) Basis of Accounting

The financial statements of the Group and the Bank have been prepared on the historical cost basis except as disclosed in the notes to the financial statements and are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 negative goodwill as appropriate.

Intragroup transactions, 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) Investment in Subsidiary Companies

Investment 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) Investment in 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 but not control 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 negative goodwill is accounted for in accordance with the policy as referred to in Note 2(e).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill/Intangible Asset

Goodwill 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.

Goodwill and purchased goodwill are amortised over an estimated useful life of not more than twenty years and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Negative goodwill represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition. Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised in the income statement.

The intangible asset represents cost of the dealer licence of a local stock broking company acquired by the stock broking subsidiary pursuant to the stock broking industry consolidation and is amortised on a straight line basis over its estimated useful life of not more than twenty years and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

(f) 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.

(g) 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 Issues, 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 dates. Other non-guaranteed private debt securities are stated at lower of cost and market value determined on a portfolio basis.

Quoted investments 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 when such diminution in value is other than temporary.

Debt converted securities are stated at lower of cost and market value determined on an individual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(j).

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 fitting	10.0% – 33.3%
Computer equipment and software	20.0% – 33.3%
Motor vehicles	20.0%

(j) Impairment of Assets

The carrying amount of the Group's assets, other than financial assets (other than investment in subsidiary and associated companies) and deferred tax assets, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of Assets (continued)

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 external 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 been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

(k) Foreclosed Properties

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

(l) Bills and Acceptances Payable

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

(m) Repurchase Agreements

Securities purchased under resale agreements are securities which the Group and the Bank commit to resell at future dates and are reflected as an asset on the balance sheet.

Obligations on securities sold under repurchase agreements are obligations which the Group and the Bank commit to repurchase at future dates and are reflected as a liability on the balance sheet.

(n) 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.

(o) 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. Other liabilities are stated at cost.

(p) Profit Equalisation Reserves ("PER")

PER is the amount appropriated out of the total Islamic Banking gross income in order to maintain a certain level of return to depositors which is as stipulated by Bank Negara Malaysia's Circular on "Framework of Rate of Return". PER is deducted from the total Islamic Banking gross income in deriving the net distributable gross income. The amount appropriated is shared by the depositors and the Group/Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(r) Treasury Shares

When the Bank buys back its own shares, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Shares bought back are held as treasury shares and presented as a deduction from the shareholders' equity.

(s) 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 and finance operations.

(t) 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 three (3) months from first day of default or after maturity date. Credit card holders are deemed non-performing when the credit card holder fails to settle its minimum monthly repayments 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.

Prior to this year, customers' accounts, other than trade bills, bankers' acceptances and trust receipts, were deemed to be non-performing when repayments were in arrears for more than six (6) months. This change in accounting policy has been accounted for retrospectively and the effect of this change is disclosed in Note 44.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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.

(v) Recognition of Interest, Financing and Related Expenses

Interest expense and attributable profit (on activities relating to Islamic Banking business) on deposits and borrowings of the Group and the Bank are recognised on an accrual basis.

Handling fees paid to motor vehicle dealers for hire purchase loans are expensed off to income statement in the period in which the handling fees are incurred in accordance with Bank Negara Malaysia Circular dated 4 July 2003.

(w) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Allowance for Bad and Doubtful Debts and Financing (continued)

Previously, values assigned to collateral held for non-performing loans secured by properties were taken to be the realisable values, being the force sale value provided by independent parties/valuers.

In the current financial year, the Group had changed its policy of assigning of collateral values for non-performing loans which are secured by properties to as follows:-

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

Additional specific allowance are made on any shortfall arising from the change in policy of assigning of collateral values for non-performing loans secured by properties. The portion of non-performing loans where no realisable value has been assigned will be written-off.

The Directors are of the view that such treatment will reflect a more prudent management of the loans, advances and financing. Notwithstanding the prudent treatment adopted, the Group will still continue to pursue every possible effort to recover these non-performing loans that had been written-off.

The effects of the change in method have been accounted for retrospectively and these effects are disclosed in Note 44.

(x) Employee Benefits

(i) Short-Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Overseas subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Employee Benefits (continued)

(iii) Defined Benefit Plan

The Bank and certain subsidiary companies contribute to a fully funded defined benefit plan approved by the Inland Revenue Board known as the Public Bank Group Officers' Retirement Benefits Fund (the "Fund") for its eligible employees. The obligations under the Fund are determined based on actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years are estimated. The benefit is calculated using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when cumulative unrecognised actuarial gains or losses for the Fund exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Where there are any improvements in benefits for the Fund, past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iv) Equity Compensation Benefits

The employees' share option scheme allows the Group employees, except the employees of JCG Holdings Limited and its subsidiary companies and Cambodian Public Bank Limited, to acquire shares of the Bank. When the granted options are exercised, equity is increased by the amount of the proceeds received.

(y) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Foreign Currency (continued)

(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 reserves.

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

	2004	2003
1 USD	RM3.8000	RM3.8000
1 HKD	RM0.4887	RM0.4895

(z) Interest Rates 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.

(aa) Foreign Exchange Related Contracts

Outstanding foreign 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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(bb) 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.

(cc) Income Taxes

Tax on profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that at the time of transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

(dd) 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.

3. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	649,260	661,516	563,819	598,469
Money at call and deposit placements maturing within one month	19,020,745	7,309,312	19,329,417	10,900,241
	19,670,005	7,970,828	19,893,236	11,498,710

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Licensed banks	107,444	362,447	76,000	282,000
Licensed finance companies	65,336	72,399	—	5,357,220
Licensed merchant banks	36,029	6,239	200,000	561,347
Central Banks	819,500	209,000	675,100	—
Other financial institutions	432,000	169,000	622,027	131,941
	1,460,309	819,085	1,573,127	6,332,508

A fixed deposit of RM100,000 (2003 – RM100,000) included in the Group balance favouring 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 totalling RM2,444,000 (2003 – RM2,447,000) have been pledged to certain banks by a foreign subsidiary company for facilities obtained.

5. DEALING SECURITIES

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	598,600	115,816	598,600	115,816
Cagamas bonds	1,178,587	247,846	1,178,587	247,846
Private debt securities	1,708,036	71,187	273,379	19,652
Negotiable instruments of deposit	2,982,363	383,800	2,982,363	2,393,366
Khazanah Bonds	46,953	—	46,953	—
Malaysian Government Investment Certificates	60,710	—	60,710	—
Bank Negara Malaysia Negotiable notes	1,335	—	1,335	—
Bank Negara Malaysia Bills	—	85,137	—	85,137
	6,576,584	903,786	5,141,927	2,861,817
Trust units	18,865	15,091	—	—
	6,595,449	918,877	5,141,927	2,861,817
Premium/(Discounts)	50,142	2,865	50,543	2,865
	6,645,591	921,742	5,192,470	2,864,682



5. DEALING SECURITIES (continued)

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Market value:				
Malaysian Government Securities	644,872	118,861	644,872	118,861
Cagamas bonds	1,189,403	247,891	1,189,403	247,891
Private debt securities	1,783,452	71,191	273,420	19,656
Negotiable instruments of deposit	2,982,871	384,045	2,982,871	2,393,659
Khazanah Bonds	46,953	—	46,953	—
Malaysian Government Investment Certificates	55,798	—	55,798	—
Bank Negara Malaysia Negotiable notes	1,335	—	1,335	—
Bank Negara Malaysia Bills	—	85,140	—	85,140
Trust units	19,616	15,897	—	—

6. INVESTMENT SECURITIES

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government Treasury Bills	—	119,973	—	119,973
Malaysian Government Securities	—	368,209	—	366,198
Malaysian Government Investment Certificates	—	25,000	—	25,000
Cagamas bonds	—	873,071	—	873,071
Cagamas Mudharabah bonds	127,503	127,480	127,503	127,480
Cagamas notes	—	326,413	—	326,413
Danaharta bonds	—	5,726	—	—
Negotiable instruments of deposit	502,993	134,083	281,366	80,081
Bank Negara Malaysia Bills	—	308,289	—	308,289
Bank Negara Malaysia Negotiable notes	—	29,984	—	29,984
Other government bonds	—	5,064	—	5,064
	630,496	2,323,292	408,869	2,261,553

6. INVESTMENT SECURITIES (continued)

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Quoted securities:				
Shares and convertible loan stocks in Malaysia	84,394	88,324	84,394	53,208
Shares outside Malaysia	35,228	33,684	—	—
Bonds trust units in Malaysia	1,102,117	771,112	1,009,178	702,544
	1,221,739	893,120	1,093,572	755,752
Unquoted securities:				
Shares	110,361	110,500	109,124	96,385
Private debt securities	584,056	1,800,760	221,126	1,418,301
	694,417	1,911,260	330,250	1,514,686
Total investment securities, at cost	2,546,652	5,127,672	1,832,691	4,531,991
(Discount)/Premium	(124)	31,332	(124)	29,804
Allowance for diminution in value:				
Quoted shares and convertible loan stocks				
– in Malaysia	(33,545)	(28,719)	(33,545)	(27,746)
– outside Malaysia	(17,274)	(19,809)	—	—
Quoted bonds trust units	(907)	(1,507)	(907)	(907)
Unquoted securities				
– in Malaysia	(6,893)	(6,100)	(6,463)	(5,700)
– outside Malaysia	(2,750)	(2,500)	(2,750)	(2,500)
– private debt securities	(48,937)	(38,440)	(48,831)	(38,209)
General allowance	(3,374)	(3,374)	—	—
	(113,680)	(100,449)	(92,496)	(75,062)
	2,432,848	5,058,555	1,740,071	4,486,733



6. INVESTMENT SECURITIES (continued)

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

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	280,442	1,701,630	58,815	1,620,631
One year to three years	348,684	567,897	348,684	589,168
Three years to five years	1,370	53,765	1,370	51,754
Over five years	—	—	—	—
	630,496	2,323,292	408,869	2,261,553

Market value:

Money market instruments:

Malaysian Government Treasury Bills	—	119,986	—	119,986
Malaysian Government Securities	—	377,591	—	375,558
Malaysian Government Investment Certificates	—	23,419	—	23,419
Cagamas bonds	—	871,449	—	871,449
Cagamas Mudharabah bonds	127,503	127,480	127,503	127,480
Cagamas notes	—	326,577	—	326,577
Danaharta bonds	—	7,293	—	—
Negotiable instruments of deposit	504,891	134,686	283,123	81,723
Bank Negara Malaysia Bills	—	308,327	—	308,327
Bank Negara Malaysia Negotiable notes	—	29,984	—	29,984
Other government bonds	—	5,964	—	5,964

Quoted securities:

Shares and convertible loan stocks in Malaysia	36,264	51,557	36,264	28,947
Shares outside Malaysia	17,954	13,878	—	—
Bonds trust units in Malaysia	1,108,566	769,727	1,015,368	701,637

7. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Overdrafts	6,386,314	5,995,447	6,286,051	5,993,738
Term loans	32,050,473	24,561,940	30,296,904	20,395,843
Credit card receivables	479,816	404,450	479,604	402,456
Bills receivables	74,461	65,910	73,336	64,724
Trust receipts	318,386	343,882	310,900	324,263
Claims on customers under acceptance credits	1,443,472	1,195,917	1,442,264	1,195,917
Lease, factored and confirming receivables	84,737	37,621	43,176	76
Hire purchase	19,582,366	17,336,876	19,493,316	198,651
*Staff loans	639,079	618,230	613,589	417,132
	61,059,104	50,560,273	59,039,140	28,992,800
Unearned interest and income	(4,025,116)	(3,632,141)	(4,021,191)	(974,367)
Gross loans, advances and financing	57,033,988	46,928,132	55,017,949	28,018,433
Allowance for bad and doubtful debts and financing:				
– general	(895,833)	(826,892)	(821,318)	(445,439)
– specific	(297,891)	(376,989)	(220,579)	(173,728)
Interest/Income-in-suspense	(121,535)	(184,626)	(119,940)	(133,153)
Net loans, advances and financing	55,718,729	45,539,625	53,856,112	27,266,113

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM1,376,952 (2003 – RM2,271,032) and Nil (2003 – Nil), respectively.

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

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Maturity within one year	14,013,008	12,530,197	12,943,713	10,937,027
One year to three years	5,779,484	4,892,521	5,246,715	1,789,967
Three years to five years	8,111,062	6,030,611	8,027,971	1,089,214
Over five years	29,130,434	23,474,803	28,799,550	14,202,225
	57,033,988	46,928,132	55,017,949	28,018,433

7. LOANS, ADVANCES AND FINANCING (continued)

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

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Agriculture	596,602	590,442	595,639	507,975
Mining and quarrying	36,635	30,845	34,276	22,346
Manufacturing	2,861,509	2,513,805	2,777,902	2,045,902
Electricity, gas and water	34,618	26,924	27,507	19,099
Construction	1,981,310	1,873,237	1,884,738	1,234,334
Real estate	1,801,475	1,470,732	1,719,769	1,443,356
Purchase of landed properties				
(of which: – residential	14,064,291	10,480,976	14,028,627	8,593,713
– non-residential)	6,800,358	4,608,991	6,800,358	4,472,230
General commerce	5,452,799	4,960,485	5,267,263	3,432,484
Transport, storage and communication	533,962	554,192	518,778	356,762
Finance, insurance and business services	2,767,831	2,255,831	2,877,891	1,962,965
Purchase of securities	542,675	604,728	539,674	489,172
Purchase of transport vehicles	14,193,588	12,228,900	13,966,985	267,260
Consumption credit	4,502,390	3,695,261	3,156,762	2,484,364
Others	863,945	1,032,783	821,780	686,471
	57,033,988	46,928,132	55,017,949	28,018,433

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

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January, as previously stated	1,421,706	1,661,726	784,518	987,740
Prior year adjustments (Note a)	543,975	378,199	349,397	229,568
As restated	1,965,681	2,039,925	1,133,915	1,217,308
Non-performing during the year	1,918,361	1,200,532	1,661,428	670,750
Reclassified as performing	(1,486,936)	(322,114)	(1,425,022)	(306,657)
Recoveries	(308,716)	(280,535)	(225,226)	(172,716)
Amount written off	(451,866)	(667,788)	(234,642)	(269,242)
Loans converted to investment securities	(4,574)	(5,531)	(4,574)	(5,531)
Amount vested over from Public Finance Berhad	—	—	619,876	—
Exchange differences	(200)	1,191	—	3
At 31 December	1,631,750	1,965,680	1,525,755	1,133,915

Net NPL as % of gross loans, advances and financing less specific allowance and interest/income-in-suspense

2.14% 3.03% 2.17% 2.98%

Note a: These NPLs relate to the effect of the adoption of the 3-month classification for non-performing loans instead of the 6-month classification in previous years.

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	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
General allowance				
At 1 January	826,892	695,870	445,439	366,502
Allowance made during the year	108,878	130,537	375,887	78,917
Amount written back	(39,781)	—	—	—
Exchange differences	(156)	485	(8)	20
At 31 December	895,833	826,892	821,318	445,439
As % of gross loans, advances and financing less specific allowance and interest/income-in-suspense	1.58%	1.78%	1.50%	1.61%
Specific allowance				
At 1 January, as previously stated	315,137	459,304	124,524	230,707
Prior year adjustments (Note 44)	61,852	26,411	49,204	22,657
As restated	376,989	485,715	173,728	253,364
Allowance made during the year	354,006	492,544	149,378	157,402
Amount written back in respect of recoveries	(69,267)	(118,783)	(24,811)	(81,004)
Amount written off	(363,248)	(481,357)	(157,353)	(154,630)
Amount transferred to allowance for diminution in value of investments	(500)	(1,401)	(500)	(1,401)
Amount vested over from Public Finance Berhad	—	—	80,137	—
Exchange differences	(89)	271	—	(3)
At 31 December	297,891	376,989	220,579	173,728



7. LOANS, ADVANCES AND FINANCING (continued)

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest/Income-in-suspense				
At 1 January, as previously stated	166,079	300,495	120,706	205,839
Prior year adjustments (Note 44)	18,547	13,775	12,447	8,523
As restated	184,626	314,270	133,153	214,362
Interest/Income suspended during the year	115,792	119,531	97,062	83,714
Amount transferred to allowance for diminution in value of investments	(4,331)	(2,000)	(4,331)	(2,000)
Amount written back in respect of recoveries	(79,387)	(61,103)	(72,775)	(48,548)
Amount written off	(95,165)	(186,136)	(83,767)	(114,371)
Amount vested over from Public Finance Berhad	—	—	50,598	—
Exchange differences	—	64	—	(4)
At 31 December	121,535	184,626	119,940	133,153

8. OTHER ASSETS

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest/Income receivable	45,539	15,721	37,028	8,048
Other debtors, deposits and prepayments	301,806	424,366	353,025	414,561
* Foreclosed properties	98,080	58,975	97,816	55,409
Taxi licenses	14,490	15,574	—	—
# Amount due from clients @	12,386	15,773	—	—
# Outstanding contracts on clients' accounts	206,254	136,807	—	—
Amount due from subsidiary companies	—	—	227,345	78,604
Dividend receivable from subsidiary companies	—	—	150,108	94,516
	678,555	667,216	865,322	651,138
* Stated net of allowance for impairment in value	10,418	5,010	10,418	5,010
@ Stated net of allowance for bad debts	13,120	29,363	—	—

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	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
*Statutory deposits with Bank Negara Malaysia	1,828,596	1,473,141	1,823,000	870,680
#Statutory deposits with National Bank of Cambodia	40,660	38,000	—	—
	1,869,256	1,511,141	1,823,000	870,680

* 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 as set percentages of the Cambodian Public Bank Limited's issued share capital and its deposits from customers as required by the National Bank of Cambodia.

10. DEFERRED TAX

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
At 1 January, restated	248,764	186,835	116,455	82,377
Amount vested over from Public Finance Berhad	—	—	(1,616)	—
Recognised in income statement (net) (Note 34)	31,710	61,929	108,647	34,078
Exchange differences	(12)	—	—	—
At 31 December	280,462	248,764	223,486	116,455



10. DEFERRED TAX (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the balance sheet after appropriate offsetting are as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	283,542	251,844	223,486	116,455
Deferred tax liabilities, net	(3,080)	(3,080)	—	—
	280,462	248,764	223,486	116,455

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Allowance for Loan Loss	Tax Losses	Other Temporary Differences	Total
Deferred tax assets of the Group	RM'000	RM'000	RM'000	RM'000
At 1 January 2003				
– as previously stated	198,368	32,463	14,359	245,190
– prior year adjustments (Note 44)	7,395	—	—	7,395
As restated	205,763	32,463	14,359	252,585
Recognised in income statement	48,400	1,836	7,770	58,006
At 31 December 2003	254,163	34,299	22,129	310,591
Recognised in income statement	35,758	(103)	(4,195)	31,460
Exchange differences	—	—	(12)	(12)
At 31 December 2004	289,921	34,196	17,922	342,039

10. DEFERRED TAX (continued)

Deferred tax liabilities of the Group	Excess of Capital Allowances Over Depreciation RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2003	51,076	14,674	65,750
Recognised in income statement	5,251	(9,174)	(3,923)
At 31 December 2003	56,327	5,500	61,827
Recognised in income statement	(584)	334	(250)
At 31 December 2004	55,743	5,834	61,577

Deferred tax assets of the Bank	Allowance for Loan Loss RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2003			
– as previously stated	114,022	11,187	125,209
– prior year adjustments (Note 44)	6,344	—	6,344
As restated	120,366	11,187	131,553
Recognised in income statement	30,149	3,968	34,117
At 31 December 2003	150,515	15,155	165,670
Recognised in income statement	112,932	(1,246)	111,686
At 31 December 2004	263,447	13,909	277,356



10. DEFERRED TAX (continued)

Deferred tax liabilities of the Bank	Excess of Capital Allowances Over Depreciation RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2003	42,417	6,759	49,176
Recognised in income statement	5,461	(5,422)	39
At 31 December 2003	47,878	1,337	49,215
Amount vested over from Public Finance Berhad	1,154	462	1,616
Recognised in income statement	—	3,039	3,039
At 31 December 2004	49,032	4,838	53,870

Deferred tax assets have not been recognised on the following item as it is not probable that the respective subsidiary companies will generate sufficient future taxable profits available against which it can be utilised:

	Group	
	2004 RM'000	2003 RM'000
Unutilised tax losses	136,277	145,730

Subject to the agreement by relevant tax authorities, the Group has tax losses carried forward of RM259,495,000 (2003 – RM264,273,000) which give rise to the recognised and unrecognised deferred tax assets in respect of the above unutilised tax losses.

11. INVESTMENT IN SUBSIDIARY COMPANIES

Bank	2004		2003	
	Cost RM'000	Market Value RM'000	Cost RM'000	Market Value RM'000
Quoted shares				
– in Hong Kong	466,607	1,551,209	455,277	1,380,323
– in Malaysia	203,069	*	203,069	*
– in Malaysia	—	—	1,436,805	**
Unquoted shares	669,676	1,551,209	2,095,151	1,380,323
	706,910	—	879,122	—
Less: Allowance for diminution in value	1,376,586	1,551,209	2,974,273	1,380,323
	(430)	—	(400)	—
	1,376,156	1,551,209	2,973,873	1,380,323

* No market value had been disclosed as this relates to the net investment in HHB Holdings Berhad which remained under suspension pending the completion of the proposed corporate exercise as set out in Note 50(c).

** No market value had been disclosed for 2003 as this relates to the net investment in Public Finance Berhad (“PFB”) which remained under suspension following the privatisation of PFB on 13 June 2003. On 14 October 2004, the entire issued and paid-up capital in PFB was delisted from the Official List of Bursa Malaysia Securities Berhad. Further information on this is set out in Note 50(b).

Details of the subsidiary companies are as follows:

Name	Principal Activities	Effective Interest		Issued and Paid-up Share Capital	
		2004	2003	2004	2003
		%	%		
Local subsidiary companies					
Public Finance Berhad#	Dormant	100.0	100.0	RM60,000,000	RM359,394,000
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



11. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name	Principal Activities	Effective Interest		Issued and Paid-up Share Capital	
		2004 %	2003 %	2004	2003
Local subsidiary companies					
Public Leasing & Factoring Sdn. Bhd.	Leasing and factoring	100.0	100.0	RM10,000,000	RM10,000,000
PB International Factors Sdn. Bhd.	Factoring	100.0	55.0	RM10,000,000	RM10,000,000
+Public Consolidated Holdings Sdn. Bhd.	Investment holding	100.0	100.0	RM50,000,000	RM250,000,000
+PB Securities Sdn. Bhd.	Stock and share broking	100.0	100.0	RM350,000,000	RM350,000,000
+PB Futures Sdn. Bhd.	In voluntary liquidation	100.0	100.0	RM9,500,000	RM9,500,000
+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	Sale of trust units and management of unit trusts	90.0	90.0	RM6,000,000	RM6,000,000
+Business Premium Sdn. Bhd.	Investment holding	100.0	100.0	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.	Dormant	100.0	100.0	RM150,000	RM150,000
PB Trust (L) Ltd.	Trustee services	100.0	100.0	USD40,000	USD40,000
PB Venture Capital Sdn. Bhd.	Investment holding	100.0	100.0	RM1,010,000	RM1,010,000

11. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name	Principal Activities	Effective Interest		Issued and Paid-up Share Capital	
		2004 %	2003 %	2004	2003
Local subsidiary companies					
+Public Merchant Bank Berhad	Merchant banking	100.0	100.0	RM127,717,000	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	RM10,000	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
Overseas subsidiary companies					
++Cambodian Public Bank Limited	Banking	100.0	100.0	USD20,000,000	USD20,000,000
+JCG Holdings Limited*	Investment holding	66.0	65.3	HKD70,775,841	HKD70,775,841
+JCG Finance Company, Limited	Deposit-taking and finance	66.0	65.3	HKD258,800,000	HKD258,800,000
+Funds Fit Limited	Investment holding	66.0	65.3	HKD10,100,000	HKD10,100,000
+JCG Securities Limited	Stock and share broking	66.0	65.3	HKD10,000,000	HKD10,000,000

11. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name	Principal Activities	Effective	Interest	Issued and	
		2004	2003	Paid-up	Share Capital
		%	%	2004	2003
Overseas subsidiary companies					
+JCG Nominees Limited	Nominees services	66.0	65.3	HKD10,000	HKD10,000
+Winton Holdings (Bermuda) Limited	Investment holding	66.0	65.3	HKD33,394,993	HKD33,394,993
+Eternal Success Company Limited	Property holding	66.0	65.3	HKD20	HKD20
+Winsure Company, Limited	Dormant	63.9	63.3	HKD1,600,000	HKD1,600,000
+Winton (B.V.I.) Limited	Investment and property holding	66.0	65.3	HKD61,773	HKD61,773
+Winton Financial Limited	Provision of financing for licensed public vehicles and provision of personal and short-term loans	66.0	65.3	HKD4,000,010	HKD4,000,010
+Winton Financial (Factoring) Limited	Dormant	66.0	65.3	HKD1,000,000	HKD1,000,000
+Winton Investment Company (China) Limited	Investment holding, trading of taxi, cabs and taxi licenses and leasing of taxis	—	65.3	—	HKD1,000,000
+Winton Motors, Limited	Trading of taxi cabs and taxi licenses and leasing of taxis	66.0	65.3	HKD78,000	HKD78,000

11. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name	Principal Activities	Effective Interest		Issued and Paid-up Share Capital	
		2004 %	2003 %	2004	2003
Overseas subsidiary companies					
+Winton Motors Trading Company Limited	Dormant	66.0	65.3	HKD2	HKD2
+Winton Trading Company Limited	Trading of taxi cabs and taxi licenses and leasing of taxis	66.0	65.3	HKD20	HKD20

The entire issued and paid-up capital of the company was delisted from the Official List of Bursa Malaysia Securities Berhad on 14 October 2004 as set out in Note 50(b).

* Shares quoted on the Stock Exchange of Hong Kong Limited.

+ Subsidiary companies not audited by KPMG.

++ Subsidiary company audited by KPMG Cambodia.

All the local 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.

12. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unquoted shares, at cost	28,505	33,344	28,465	28,465
Share of post acquisition results	17,431	20,972	—	—
Less: Allowance for diminution in value	—	(6,878)	—	—
	45,936	47,438	28,465	28,465
Represented by:				
Group's share of net assets	45,936	47,438	—	—



12. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Details of the associated companies, all of which are unquoted are as follows:

Name	Principal Activities	Place of Incorporation	Effective Interest		Issued and Paid-up Share Capital	
			2004 %	2003 %	2004 '000	2003 '000
PB Trustee Services Berhad	Trustee services	Malaysia	40.0	40.0	RM525	RM525
VID Public Bank	Banking	Socialist Republic of Vietnam	50.0	50.0	USD20,000	USD20,000
CPB Properties Company Ltd.	Property holding	Cambodia	49.0	49.0	USD8	USD8
ZKW Enterprise (Group) Co., Ltd., Zhuhai Special Economic Zone	Investment holding, general trading and automobil repairs centre	The People's Republic of China	—	26.1	—	HKD23,365 and RMB19,289

13. INVESTMENT PROPERTIES

	2004 RM'000	Group 2003 RM'000
At valuation		
At 1 January	28,111	29,274
(Loss)/Gain on exchange taken to exchange equalisation reserves	(44)	134
	28,067	29,408
Reclassified from/(to) long term leasehold land	144	(640)
Reclassified from/(to) leasehold buildings	28	(320)
Revaluation surplus/(deficit)	5,355	(337)
At 31 December	33,594	28,111

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

No investment properties were pledged as security for banking facilities granted to subsidiary companies at the balance sheet date. Certain of the above investment properties with an aggregate carrying amount of RM11,259,000 were pledged to secure banking facilities granted to certain subsidiary companies at the end of last financial year.

14. GOODWILL/INTANGIBLE ASSET

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Goodwill				
Cost				
At 1 January	902,392	521,378	393,129	393,129
Arising from vesting over of the net assets of a subsidiary company	—	—	427,025	—
Arising from acquisition of additional shares in subsidiary companies	10,805	—	—	—
Arising from privatisation of subsidiary company	—	384,376	—	—
Realisation of goodwill on deemed disposal	—	(3,362)	—	—
At 31 December	913,197	902,392	820,154	393,129
Accumulated amortisation				
At 1 January	84,088	43,724	54,373	34,717
Amortisation for the year	45,360	40,364	27,425	19,656
At 31 December	129,448	84,088	81,798	54,373
Net book value	783,749	818,304	738,356	338,756
Intangible Asset				
At 1 January	—	—	—	—
Purchase of share broking license	28,000	—	—	—
At 31 December	28,000	—	—	—
Accumulated amortisation				
At 1 January	—	—	—	—
Amortisation for the year	350	—	—	—
At 31 December	350	—	—	—
Net book value	27,650	—	—	—
Total net book value of goodwill/intangible asset	811,399	818,304	738,356	338,756



15. PROPERTY AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost										
At 1 January 2004	115,181	126,520	396,258	129,676	194,154	334,223	512,680	20,339	2,711	1,831,742
Additions	688	521	2,340	3,374	20,465	25,873	48,202	892	—	102,355
Disposals	—	—	—	—	(523)	(3,661)	(1,031)	(847)	—	(6,062)
Transfers	1,020	(181)	(986)	(90)	(4,455)	4,421	—	—	—	(271)
Write-offs	—	—	—	—	(6,424)	(5,932)	(26,517)	(18)	—	(38,891)
Exchange differences	—	(184)	—	(89)	(49)	2	(93)	(16)	—	(429)
At 31 December 2004	116,889	126,676	397,612	132,871	203,168	354,926	533,241	20,350	2,711	1,888,444
Depreciation and impairment losses										
Accumulated depreciation	—	10,516	67,245	20,646	115,072	227,256	420,867	15,790	—	877,392
Accumulated impairment losses	—	—	10,999	—	—	—	—	—	—	10,999
At 1 January 2004	—	10,516	78,244	20,646	115,072	227,256	420,867	15,790	—	888,391
Depreciation charge for the year	—	1,343	7,873	2,877	15,401	26,059	35,676	1,672	—	90,901
Impairment losses for the year	—	5,964	—	2,982	—	—	—	—	—	8,946
Disposals	—	—	—	—	(510)	(3,596)	(998)	(836)	—	(5,940)
Transfers	—	(37)	34	(62)	—	(34)	—	—	—	(99)
Write-offs	—	—	—	—	(4,197)	(5,125)	(26,447)	(18)	—	(35,787)
Exchange differences	—	(12)	—	(16)	(47)	(33)	(36)	(16)	—	(160)
Accumulated depreciation	—	11,810	75,152	23,445	125,719	244,527	429,062	16,592	—	926,307
Accumulated impairment losses	—	5,964	10,999	2,982	—	—	—	—	—	19,945
At 31 December 2004	—	17,774	86,151	26,427	125,719	244,527	429,062	16,592	—	946,252

15. PROPERTY AND EQUIPMENT (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Net book value										
At 31 December 2004	116,889	108,902	311,461	106,444	77,449	110,399	104,179	3,758	2,711	942,192
At 31 December 2003	115,181	116,004	318,014	109,030	79,082	106,967	91,813	4,549	2,711	943,351
For the year ended 31 December 2003										
Depreciation charge	—	1,299	7,722	2,884	14,666	25,437	31,065	1,556	—	84,629
Impairment losses	—	—	9,157	—	—	—	—	—	—	9,157

The additions for the year in respect of renovations include accrued restoration cost of RM900,000 (2003: RM150,000). No leasehold land and buildings of the Group were pledged to secure banking facilities to the Group at the balance sheet date. Certain of the above leasehold land and buildings situated in Hong Kong SAR with an aggregate carrying amount of approximately RM21,681,000 were pledged to secure banking facilities granted to certain subsidiary companies at the end of last financial year.

Bank	Freehold land RM'000	Long term leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost										
At 1 January 2004	80,894	306	261,340	1,400	143,400	201,309	445,677	12,715	2,711	1,149,752
Vested over from										
Public Finance Berhad	198	—	293	—	15,013	27,173	24,806	3,496	—	70,979
Additions	—	—	—	—	17,942	23,457	45,609	478	—	87,486
Disposals	—	—	—	—	(22)	(2,131)	(131)	(68)	—	(2,352)
Transfers	—	—	—	—	(4,455)	4,455	—	—	—	—
Write-offs	—	—	—	—	(4,556)	(1,220)	(14,018)	(6)	—	(19,800)
Exchange differences	—	—	—	—	(19)	13	(75)	(14)	—	(95)
At 31 December 2004	81,092	306	261,633	1,400	167,303	253,056	501,868	16,601	2,711	1,285,970



15. PROPERTY AND EQUIPMENT (continued)

Bank	Freehold land RM'000	Long term leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Renovations RM'000	Office equipment, furniture & fittings RM'000	Computer equipment & software RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Depreciation										
At 1 January 2004	—	36	41,898	1,080	72,734	130,198	359,806	9,842	—	615,594
Vested over from Public Finance Berhad	—	—	180	—	12,902	20,618	21,500	2,522	—	57,722
Depreciation charge for the year	—	1	5,227	47	10,389	16,429	32,811	1,013	—	65,917
Disposals	—	—	—	—	(22)	(2,032)	(125)	(67)	—	(2,246)
Transfers	—	—	—	—	—	—	—	—	—	—
Write-offs	—	—	—	—	(2,899)	(1,186)	(13,952)	(6)	—	(18,043)
Exchange differences	—	—	—	—	(18)	(24)	(18)	(15)	—	(75)
At 31 December 2004	—	37	47,305	1,127	93,086	164,003	400,022	13,289	—	718,869
Net book value										
At 31 December 2004	81,092	269	214,328	273	74,217	89,053	101,846	3,312	2,711	567,101
At 31 December 2003	80,894	270	219,442	320	70,666	71,111	85,871	2,873	2,711	534,158
For the year ended 31 December 2003										
Depreciation charge	—	1	5,225	47	8,107	14,644	27,081	817	—	55,922

The additions for the year in respect of renovations include accrued restoration cost of RM900,000 (2003: RM150,000).

16. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Demand deposits	8,682,720	7,357,983	8,570,697	7,337,300
Savings deposits	11,498,368	9,687,716	11,328,835	8,255,300
Fixed deposits	39,315,447	32,372,972	35,880,955	24,544,815
Negotiable instruments of deposit	12,481,507	530,000	12,218,267	737,567
Other deposits	268,261	268,587	266,885	245,747
	72,246,303	50,217,258	68,265,639	41,120,729

The maturity structure of fixed deposits and negotiable instruments of deposit are as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Due within six months	43,631,038	25,740,986	39,689,051	19,757,168
Six months to one year	8,012,524	6,629,388	8,263,733	5,093,440
One year to three years	141,046	523,668	134,093	425,125
Three years to five years	12,346	8,930	12,345	6,649
	51,796,954	32,902,972	48,099,222	25,282,382

The deposits are sourced from the following type of customers:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Federal and state governments	258,528	367,299	258,528	229,709
Local government and statutory authorities	554,184	677,465	554,184	423,851
Business enterprises	18,356,782	9,219,604	16,072,496	8,345,493
Individuals	41,668,674	36,608,062	40,903,032	28,781,441
Foreign customers	1,199,966	365,294	1,050,029	526,141
Others	10,208,169	2,979,534	9,427,370	2,814,094
	72,246,303	50,217,258	68,265,639	41,120,729



17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,146,857	582,541	769,850	539,229
Licensed finance companies	240,000	39,700	240,000	4,743,220
Licensed merchant banks	104,000	85,500	44,878	116,455
Other financial institutions	1,467,624	1,071,593	3,711,002	1,229,678
	2,958,481	1,779,334	4,765,730	6,628,582

18. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represents the Bank's own bills and acceptances rediscounted and outstanding in the market.

19. RECOURSE OBLIGATIONS ON LOANS SOLD TO CAGAMAS

This represents the proceeds received from housing loans (excluding Islamic financing) sold directly to Cagamas Berhad with recourse to the Bank. Under this agreement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy-back any loans which are regarded as defective based on prudential criteria set by Cagamas Berhad.

20. OTHER LIABILITIES

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Interest/Profit payable	422,185	322,418	407,063	242,911
Other creditors and accruals	545,956	584,201	268,535	298,774
Employee benefits (Note 21(a))	5,741	12,897	5,741	12,897
Accrued restoration cost	8,589	10,870	7,665	6,765
Profit Equalisation Reserves	28,393	26,531	28,393	19,531
Outstanding contracts on clients' accounts	202,621	188,632	—	—
Special dividend payable to shareholders	305,379	—	305,379	—
Amount due to subsidiary companies	—	—	292,988	252,443
	1,518,864	1,145,549	1,315,764	833,321

20. OTHER LIABILITIES (continued)

The outstanding contracts on clients' accounts are in respect of the stock broking activities of a subsidiary company.

The special dividend payable to shareholders represent the balance of the unrepresented dividend warrants in respect of the special dividend of 40.0%, less 28% tax per share, which was payable on 30 December 2004.

21. EMPLOYEE BENEFITS

(a) Defined Benefit Plan

The Bank and certain subsidiary companies contribute to a fully funded defined benefit scheme known as Public Bank Group Officers' Retirement Benefits Fund ("the Fund") for its eligible employees. Contributions to the Fund are made to a separately administered fund. Under the Fund, eligible employees are entitled to one month of the final/last drawn salary for each completed year of service with the Group upon attainment of the retirement age of 55. For employees who leave before the attainment of the retirement age, the retirement benefit will be computed based on the scale rate stipulated in the rules of the Fund.

The amounts recognised in the balance sheets are determined as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Present value of funded obligations	188,072	171,703	128,848	117,634
Fair value of fund assets	(292,812)	(197,964)	(200,605)	(135,626)
	(104,740)	(26,261)	(71,757)	(17,992)
Unrecognised actuarial gains	110,481	39,158	77,498	30,889
Net liability	5,741	12,897	5,741	12,897

Fund assets include ordinary shares issued by the Bank with a fair value of RM309,560,000 (2003 – RM102,520,000). Fund assets also include properties occupied by the Group and the Bank of RM124,201,000 (2003 – RM106,574,000) and RM119,966,000 (2003 – RM97,157,000) respectively.



21. EMPLOYEE BENEFITS (continued)

(a) Defined Benefit Plan (continued)

The amounts recognised in the income statements are as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Current service cost	13,067	12,327	8,952	8,445
Interest cost	12,020	10,771	8,234	7,379
Expected return on fund assets	(12,406)	(26,653)	(7,317)	(18,260)
Transition obligation recognised	—	9,291	—	6,353
Amount included under “personnel costs”	12,681	5,736	9,869	3,917
Expected return on fund assets	12,406	26,653	7,317	18,260
Actuarial gain on fund assets	69,881	44,635	47,876	30,580
Actual return on fund assets	82,287	71,288	55,193	48,840

Movements in the net liability recognised in the balance sheets are as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Net liability at 1 January	12,897	23,401	12,897	23,401
Contributions	(14,338)	(9,987)	(11,526)	(8,168)
Benefits paid	(5,499)	(6,253)	(5,499)	(6,253)
Expense recognised in the income statement	12,681	5,736	9,869	3,917
Net liability at 31 December	5,741	12,897	5,741	12,897

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	Group and Bank	
	2004	2003
Discount rate	7.00%	7.00%
Expected return on fund assets	8.00%	8.00%
Expected rate of salary increases	6.00%	6.00%

21. EMPLOYEE BENEFITS (continued)

(b) Equity Compensation Benefits

Public Bank Berhad Group Employees' 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 (before share consolidation) at an option price of RM1.66 was made to eligible employees. The initial expiry date of the PBB ESOS of 25 February 2003 was extended at the following Extraordinary General Meetings ("EGM") of the Bank:

EGM Date	Expiry Date	
	From	To
20 May 2002	25 February 2003	25 February 2005
20 April 2004	25 February 2005	25 February 2006

The Bank had on 20 April 2004 obtained its shareholders' approval to amend, inter alia, certain bye-laws of the PBB ESOS ("Bye-Laws") to align the Bye-Laws with amendments to the Securities Commission's Policies and Guidelines on Issue/Offer of Securities and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to employee share option schemes. The amendments to the Bye-Laws include, inter alia, participation of non-executive directors in the PBB ESOS, and increase in the maximum number of ordinary shares of RM1.00 each in the Bank available for the PBB ESOS from ten percent (10%) to fifteen percent (15%) of the total number of issued and paid-up ordinary shares of the Bank at any point of time during the duration of the PBB ESOS.

Other salient features of the PBB ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the PBB ESOS, may from time to time grant options to Directors and employees of the Group to subscribe for new ordinary shares of RM1.00 each in the Bank;
- (ii) The eligibility of a Director or employee of the Group to participate in the PBB ESOS shall be at the discretion of the PBB ESOS Committee, who shall take into consideration factors such as years of service and performance track record;
- (iii) The total number of shares to be issued under the PBB ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of the Bank at any point of time during the tenure of the PBB ESOS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than ten percent (10%) of the shares available under the PBB ESOS shall be allocated to any individual director or eligible employee who, either singly or collectively through persons connected, holds twenty percent (20%) or more in the issued and paid-up capital of the Bank and no option shall be granted for less than 1,000 shares;



21. EMPLOYEE BENEFITS (continued)

(b) Equity Compensation Benefits (continued)

- (iv) The option exercise price for each ordinary share of RM1.00 each shall be at a discount of not more than ten percent (10%) of the five (5)-day weighted average market price of PBB shares quoted as “Local” on the Main Board of the Bursa Securities and as shown in the Daily Official List issued by the Bursa Securities at the time the option is granted;
- (v) 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
- (vi) All new ordinary shares issued upon exercise of the options granted under the PBB ESOS will rank pari passu in all respects with the existing ordinary shares of the Bank.

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

	Granted on 10.4.1998	Granted on 6.6.2002	Granted on 16.6.2003	Granted on 22.12.2003	Granted on 21.5.2004
Option price at date of granting of options	RM1.66	RM2.78	RM2.13	RM2.30	RM2.46
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	—	—	—
1 for 4 bonus issue on 16 July 2003	RM0.82	RM1.78	RM1.70	—	—
Share consolidation on 2 June 2004	RM1.64	RM3.56	RM3.40	RM4.60	RM4.92

Following the completion of the consolidation and division of the Bank’s share capital into ordinary shares of par value of RM1.00 each from ordinary shares of par value of RM0.50 each (“Share Consolidation”) on 2 June 2004, all the unexercised options are also consolidated into number of share options of RM1.00 each from number of share options of RM0.50 each.

The movements in the number of options to subscribe for new ordinary shares of RM1.00 each of the PBB ESOS (“PBB Share Options”) are as follows:

Option price (adjusted)	Number of PBB Share Options					
	RM1.64 '000	RM3.56 '000	RM3.40 '000	RM4.60 '000	RM4.92 '000	Total '000
At 1 January 2004	916	120,194	9,698	35,264	—	166,072
Granted during the year	—	—	—	—	50,769	50,769
Exercised during the year	(760)	(106,497)	(8,126)	(20,008)	(13,776)	(149,167)
Lapsed due to resignation	(3)	(270)	(39)	(171)	(42)	(525)
At 31 December 2004	153	13,427	1,533	15,085	36,951	67,149

21. EMPLOYEE BENEFITS (continued)

(b) Equity Compensation Benefits (continued)

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

Details of PBB Share Options of RM1.00 each granted during the year are as follows:

Option Price	Number of PBB Share Options	
	2004 '000	2003 '000
RM3.40	—	20,130
RM4.60	—	35,264
RM4.92	50,769	—
	50,769	55,394

Details of PBB Share Options of RM1.00 each exercised during the year and the fair value, at exercise date, of shares issued are as follows:

Exercise Date	Option Price/Number of PBB Share Options of RM1.00 Each						Fair Value of Shares Issued
	RM1.64	RM3.56	RM3.40	RM4.60	RM4.92	Total	
January 2004	4,547	1,680,345	198,375	—	—	1,883,267	RM5.70
February 2004	—	457,313	26,500	—	—	483,813	RM6.20
March 2004	413,648	66,722,692	4,190,475	6,099,500	—	77,426,315	RM5.96 – RM6.08
April 2004	10,500	5,800,074	560,375	799,000	—	7,169,949	RM6.08 – RM6.16
August 2004	70,427	13,397,643	1,476,000	4,672,500	4,303,000	23,919,570	RM6.25 – RM6.30
September 2004	8,125	2,050,787	251,600	742,900	958,000	4,011,412	RM6.30
October 2004	33,767	3,235,374	339,300	1,714,700	1,053,500	6,376,641	RM6.35 – RM6.45
November 2004	219,256	11,971,635	942,975	5,374,263	6,996,500	25,504,629	RM6.85 – RM6.90
December 2004	—	1,183,077	140,300	604,124	464,500	2,392,001	RM7.10
	760,270	106,498,940	8,125,900	20,006,987	13,775,500	149,167,597	

Considerations

received (RM)	1,246,843	379,136,226	27,628,060	92,032,140	67,775,460	567,818,729
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22. SUBORDINATED NOTES

	Group and Bank	
	2004	2003
	RM'000	RM'000
Subordinated notes	1,330,000	—
Less: Transaction costs	(3,990)	—
: Discount on issuance	(3,777)	—
	1,322,233	—
Accretion during the year	781	—
	1,323,014	—

On 22 June 2004, the Bank issued USD350 million in aggregate principal amount of Subordinated Notes (“the Notes”) due 2014 callable with step-up in 2009. The Notes bear interest at the rate of 5.625% per annum from (and including) 22 June 2004 to (but excluding) 22 September 2009 and, thereafter, at a rate per annum equal to the interest rate of five year US treasury notes plus 3.10%. The interest is payable semi-annually in arrears on 22 March and 22 September in each year commencing on 22 March 2005. The Notes were issued at a price of 99.716 percent of the principal amount of the Notes. The Notes will, subject to the prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or on 22 September 2009 at their principal amount plus accrued interest (if applicable).

The Notes constitute unsecured liabilities of the Bank, and are subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier II capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

23. PROVISION FOR TAX EXPENSE AND ZAKAT

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Tax expense	233,135	115,275	154,337	94,402
Zakat	35	60	35	60
	233,170	115,335	154,372	94,462

24. SHARE CAPITAL

Group and Bank	Number of Ordinary Shares of RM1.00 Each		Amount	
	2004 '000	2003 '000	2004 RM'000	2003 RM'000
Authorised:				
Ordinary shares of RM1.00 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At 1 January	3,206,600	2,314,527	3,206,600	2,314,527
Issued pursuant to the exercise of share options	149,167	60,145	149,167	60,145
Issued pursuant to share exchange	—	202,599	—	202,599
Bonus issue	—	629,329	—	629,329
At 31 December	3,355,767	3,206,600	3,355,767	3,206,600

The number of ordinary shares for 2003 have been adjusted to take into account the consolidation and division of the Bank's share capital into ordinary shares of par value of RM1.00 each from par value of RM0.50, which was completed on 2 June 2004.

25. TREASURY SHARES

The amount relates to the acquisition cost of treasury shares.

On 20 April 2004, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year, the Bank bought back from the open market, 56,628,800 of its issued ordinary shares of RM1.00 each ("PBB Shares") listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") at an average buy-back price of RM6.15 per share and 12,456,850 PBB Shares listed and quoted as "Foreign" on the Main Board of Bursa Securities at an average buy-back price of RM6.61 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year, including transaction costs, was RM431,480,591 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.



25. TREASURY SHARES (continued)

Of the total 3,355,767,324 (2003 – 3,206,599,727) issued and paid-up PBB Shares as at 31 December 2004, 100,177,400 (2003 – 31,091,750) PBB Shares are held as treasury shares by the Bank. As at 31 December 2004, the number of outstanding PBB Shares in issue and paid-up is therefore 3,255,589,924 (2003 – 3,175,507,977) ordinary shares of RM1.00 each.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends and participation in other distribution.

26. OTHER RESERVES

Group	Statutory Reserves RM'000	Capital Reserves RM'000	Exchange Equalisation Reserves RM'000	Total RM'000
At 1 January 2003	1,593,223	79,943	107,333	1,780,499
Currency translation differences	—	—	7,970	7,970
Transfer from income statement	611,161	—	—	611,161
Transfer to retained profits	—	—	(12,000)	(12,000)
At 31 December 2003	2,204,384	79,943	103,303	2,387,630
Currency translation differences	—	—	(1,348)	(1,348)
Transfer from income statement	228,707	—	—	228,707
At 31 December 2004	2,433,091	79,943	101,955	2,614,989

Bank	Statutory Reserves RM'000	Exchange Equalisation Reserves RM'000	Total RM'000
At 1 January 2003	1,317,164	12,000	1,329,164
Transfer from income statement	524,996	—	524,996
Transfer to retained profits	—	(12,000)	(12,000)
At 31 December 2003	1,842,160	—	1,842,160
Transfer from income statement	559,409	—	559,409
At 31 December 2004	2,401,569	—	2,401,569

26. 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 reserves 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.

27. RETAINED PROFITS

As at 31 December 2004, the Bank has tax exempt profits available for distribution of approximately RM284,000,000 (2003 – RM243,000,000), subject to agreement by Inland Revenue Board.

Subject to agreement by the Inland Revenue Board, the Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt account to frank the payment of dividends out of the Bank's entire retained profits as at 31 December 2004.

28. INTEREST INCOME

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing	3,146,247	2,885,313	2,162,982	1,537,959
Money at call and deposit placements with financial institutions	459,111	258,359	593,165	370,543
Dealing securities	91,155	105,908	89,566	105,402
Investment securities	143,479	155,845	111,739	128,053
Others	19,052	11,482	9,636	3,256
	3,859,044	3,416,907	2,967,088	2,145,213
Amortisation of premium less accretion of discount	(13,460)	(12,878)	(13,662)	(12,818)
Net interest/income suspended	(29,692)	(54,189)	(21,922)	(34,820)
	3,815,892	3,349,840	2,931,504	2,097,575



29. INTEREST EXPENSE

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	56,789	35,774	224,933	137,684
Deposits from customers	1,377,649	1,164,643	1,187,577	883,555
Loans sold to Cagamas	18,288	38,527	8,455	5,143
Subordinated notes	20,101	—	20,101	—
Others	21,737	18,982	70	98
	1,494,564	1,257,926	1,441,136	1,026,480

30. NON-INTEREST INCOME

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commissions	89,651	72,866	84,750	65,074
Service charges and fees	165,786	151,999	100,770	82,682
Guarantee fees	19,532	20,098	16,042	15,881
Processing fees	2,318	2,250	621	470
Commitment fees	29,273	29,149	28,999	25,773
Unit trust management fees	116,227	96,210	—	—
Net brokerage and commissions from stock broking activities	23,160	20,943	—	—
Other fee income	43,061	17,647	15,131	9,255
	489,008	411,162	246,313	199,135

30. NON-INTEREST INCOME (continued)

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
(b) Investment and dealing income:				
Net gains from sale of dealing securities	22,060	271	19,834	257
Net gains from sale of investment securities	20,248	21,649	61,999	16,453
Gross dividends from:				
Dealing securities:				
– quoted in Malaysia	545	515	—	—
– quoted outside Malaysia	—	240	—	—
Investment securities:				
– quoted in Malaysia	33,865	14,953	33,716	11,510
– quoted outside Malaysia	2,101	517	—	—
– unquoted	4,159	10,921	908	8,853
	82,978	49,066	116,457	37,073
(c) Gross dividend income from investment in subsidiary and associated companies:				
Associated companies	—	—	2,466	1,707
Subsidiary companies:				
– quoted in Malaysia	—	—	1,165,155	455,350
– quoted outside Malaysia	—	—	496,842	82,462
– unquoted in Malaysia	—	—	361,596	102,680
– unquoted outside Malaysia	—	—	—	55,100
	—	—	2,026,059	697,299
Write back of allowance/(Allowance) for diminution in value of:				
– investment and dealing securities	(43,723)	11,085	(2,863)	1,003
– investment in subsidiary companies	—	—	(30)	(100)
	(43,723)	11,085	(2,893)	903
	(43,723)	11,085	2,023,166	698,202



30. NON-INTEREST INCOME (continued)

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
(d) Other income:				
Foreign exchange profit/(loss)				
– realised	72,883	73,773	72,472	70,979
– unrealised	6,554	(4,424)	6,239	(4,424)
Rental income	6,745	6,999	2,753	3,073
(Loss)/Gain on disposal of property and equipment (net)	118	(297)	(5)	(285)
Gain on disposal of foreclosed properties	99	138	99	138
Gain on sale of trust units	87,575	55,179	—	—
Lease income and factoring charges	2,314	2,335	—	—
Others *	18,943	28,086	15,661	17,800
	195,231	161,789	97,219	87,281
Total Non-Interest Income	723,494	633,102	2,483,155	1,021,691

* Included in the 2003 balance is an amount of RM11,278,000 arising from the dilution of interest in a subsidiary company due to the issuance of shares under the subsidiary company's employees' share option scheme.

31. STAFF COSTS AND OVERHEADS

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Personnel costs	688,203	627,609	480,845	389,567
Establishment costs	260,832	258,673	194,685	170,183
Marketing expenses	203,446	177,177	40,395	37,619
Administration and general expenses	157,303	108,033	114,397	95,289
	1,309,784	1,171,492	830,322	692,658

31. STAFF COSTS AND OVERHEADS (continued)

(a) Included in the staff costs and overheads are the following statutory disclosures:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Amortisation of goodwill/intangible asset	45,710	40,364	27,425	19,656
Auditors' remuneration:				
– statutory audit fees	1,579	1,627	522	515
– non-audit services	445	442	274	74
(Surplus)/deficit on revaluation of investment properties	(5,355)	337	—	—
Depreciation of property and equipment	90,901	84,629	65,917	55,922
Directors' remuneration (Note 32)	14,323	13,084	8,710	7,865
Impairment losses of property and equipment	8,946	9,157	—	—
Negative goodwill recognised	—	(45,625)	—	—
Pension costs				
– defined contribution plan	64,951	61,959	47,248	39,281
– defined benefit plan	12,681	5,736	9,869	3,917
Rental of premises	49,702	54,376	62,996	60,471

Included in the statutory audit fees of the Bank are fees paid to accounting firms other than the Bank's auditors amounting to RM127,000 (2003 – RM109,500).

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 RM775,000 (2003 – RM831,000) and RM69,000 (2003 – RM97,000) respectively.

(b) Employees

The number of persons employed by the Group and the Bank (excluding Directors) as at the end of the financial year was 12,659 (2003 – 12,530) and 11,463 (2003 – 8,222) respectively.



32. DIRECTORS' REMUNERATION

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Bank:				
Executive Directors:				
Fees	482	451	150	120
Salary and other remuneration, including meeting allowances	1,930	1,917	1,879	1,856
Bonuses	2,307	1,291	2,207	1,291
Benefits-in-kind				
– arising from exercise of share options	3,819	2,424	3,819	2,424
– others	52	60	52	60
	8,590	6,143	8,107	5,751
Non-Executive Directors:				
Fees	1,478	1,344	575	460
Other remuneration	4,352	4,735	3,899	4,138
Bonuses	480	—	—	—
Benefits-in-kind				
– arising from exercise of share options	17,904	2,640	17,904	—
– others	65	58	65	58
	24,279	8,777	22,443	4,656
Past Director:				
Benefits-in-kind	15	15	15	15
	15	15	15	15
Directors of subsidiary companies:				
Executive Directors:				
Fees	121	151	—	—
Salary and other remuneration, including meeting allowances	2,086	2,134	—	—
Bonuses	977	928	—	—
Benefits-in-kind				
– arising from exercise of share options	1,406	—	—	—
– others	139	127	—	—
	4,729	3,340	—	—

32. DIRECTORS' REMUNERATION (continued)

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-Executive Directors:				
Fees	110	133	—	—
Benefits-in-kind				
– arising from exercise of share options	330	—	—	—
	440	133	—	—
Grand Total	38,053	18,408	30,565	10,422
Total (excluding benefits-in-kind)	14,323	13,084	8,710	7,865

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 amounting to RM5,184,383 (2003 – RM3,367,106).

The number of Directors of the Bank whose total remuneration including benefits-in-kind for the financial year which fall within the required disclosure bands is as follows:

	Number of Directors	
	2004	2003
Executive Directors		
RM2,350,001 – RM2,400,000	—	1
RM2,900,001 – RM2,950,000 (a)	1	—
RM3,350,001 – RM3,400,000	—	1
RM5,150,001 – RM5,200,000 (b)	1	—
<i>Of which relating to benefits-in-kind from the exercise of share options</i>		
RM900,001 – RM950,000	—	1
RM1,000,001 – RM1,050,000 (a)	1	—
RM1,550,001 – RM1,600,000	—	1
RM2,800,001 – RM2,850,000 (b)	1	—



32. DIRECTORS' REMUNERATION (continued)

		Number of Directors	
		2004	2003
Non-Executive Directors			
RM100,001 – RM150,000		1	5
RM250,001 – RM300,000	(c)	1	—
RM350,001 – RM400,000		—	1
RM3,650,001 – RM3,700,000		—	1
RM850,001 – RM900,000	(d)	2	—
RM1,000,001 – RM1,050,000	(e)	1	—
RM1,150,001 – RM1,200,000	(f)	1	—
RM18,000,001 – RM18,050,000	(g)	1	—
<i>Of which relating to benefits-in-kind from the exercise of share options</i>			
RM100,001 – RM150,000	(c)	1	—
RM650,001 – RM700,000	(e)	1	—
RM700,001 – RM750,000	(d)	2	—
RM1,000,001 – RM1,050,000	(f)	1	—
RM14,600,001 – RM14,650,000	(g)	1	—

33. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Allowance for bad and doubtful debts and financing:				
– general allowance (net)	69,097	130,537	375,887	78,917
– specific allowance	354,006	492,544	149,378	157,402
– specific allowance written back	(69,267)	(118,783)	(24,811)	(81,004)
Net write back of allowance in share broking activities	(688)	(3,687)	—	—
Bad debts and financing written off	1,131	1,144	1,105	1,144
Bad debts and financing recovered	(83,245)	(62,600)	(47,863)	(37,116)
	271,034	439,155	453,696	119,343

34. TAX EXPENSE AND ZAKAT

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	502,696	401,418	785,191	385,190
Overseas income tax	39,835	20,468	881	280
	542,531	421,886	786,072	385,470
(Over)/Under provision in prior years				
– Malaysian income tax	(4,145)	(4,102)	—	—
– Overseas income tax	836	(857)	—	(773)
	539,222	416,927	786,072	384,697
Share of tax expense of associated companies	1,024	1,039	—	—
	540,246	417,966	786,072	384,697
Deferred tax expense				
– Origination and reversal of temporary differences (Note 10)	(31,710)	(61,929)	(108,647)	(34,078)
Tax expense	508,536	356,037	677,425	350,619
Zakat	75	92	75	60
	508,611	356,129	677,500	350,679

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003 – 28%) on the estimated chargeable profit for the year. Tax in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



34. TAX EXPENSE AND ZAKAT (continued)

A reconciliation of income tax expense applicable to profit before tax expense at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

		2004		2003
	%	RM'000	%	RM'000
Group				
Profit before tax expense		1,848,201		1,414,863
Income tax using Malaysian tax rate of 28% (2003 – 28%)	28.0	517,496	28.0	396,162
Effects of different tax rates in foreign jurisdictions	(1.4)	(27,067)	(1.5)	(20,844)
Income not subject to tax	(0.9)	(17,251)	(1.7)	(23,768)
Effects of utilisation of unrecognised tax losses	(0.7)	(12,166)	(0.9)	(13,236)
Expenses not deductible for tax purposes	2.8	50,833	1.6	22,682
	27.8	511,845	25.5	360,996
Over provision in prior years	(0.2)	(3,309)	(0.4)	(4,959)
Tax expense for the year	27.6	508,536	25.2	356,037
Bank				
Profit before tax expense		2,915,137		1,378,731
Income tax using Malaysian tax rate of 28% (2003 – 28%)	28.0	816,238	28.0	386,045
Income not subject to tax	(5.3)	(154,329)	(3.4)	(47,545)
Expenses not deductible for tax purposes	0.5	15,516	0.9	12,892
	23.2	677,425	25.5	351,392
Over provision in prior years	—	—	(0.1)	(773)
Tax expense for the year	23.2	677,425	25.4	350,619

35. EARNINGS PER SHARE (EPS)

(a) Basic Earnings Per Share

The calculation of the basic earnings per share is based on the net profit for the financial year divided by the weighted average number of ordinary shares of RM1.00 in issued during the financial year excluding the weighted average treasury shares held by the Bank. The weighted average number of ordinary shares used in the previous financial year's EPS calculation have been adjusted for the effects of the share consolidation which was completed during the financial year for comparability purposes. The comparatives' net profit for the year have been restated as a result of change in accounting policies as set out in Note 44.

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Net profit for the year (RM'000)	1,266,988	974,186	2,237,637	1,028,052
'000				
Number of ordinary shares at beginning of the year	3,175,508	2,314,527	3,175,508	2,314,527
Effects of shares options exercised during the year	84,173	11,898	84,173	11,898
Effects of shares issued pursuant to share exchange	—	112,123	—	112,123
Effects of bonus issue	—	606,700	—	606,700
Effects of shares bought back and held as treasury shares	(42,127)	(344)	(42,127)	(344)
Weighted average number of ordinary shares in issue	3,217,554	3,044,904	3,217,554	3,044,904
Basic earnings per share (sen)	39.4	32.0	69.5	33.8



35. EARNINGS PER SHARE (EPS) (continued)

(b) Diluted Earnings Per Share

The calculation of the diluted earnings per share is based on the net profit for the year divided by the adjusted weighted average number of ordinary shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme which is as set out as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
'000				
Weighted average number of ordinary shares	3,217,554	3,044,904	3,217,554	3,044,904
Effects of share options	56,735	72,660	56,735	72,660
Adjusted weighted average number of ordinary shares in issue or issuable	3,274,289	3,117,564	3,274,289	3,117,564
Diluted earnings per share (sen)	38.7	31.2	68.3	33.0

36. DIVIDENDS

	Group and Bank	
	2004	2003
	RM'000	RM'000
Dividends paid:		
Special dividend of 40.0%, (2003 – Nil) less 28% tax in respect of financial year ended 31 December 2004	937,610	—
Final dividend of 22.0%, less 28% tax in respect of financial year ended 31 December 2003	511,427	—
Final dividend of 18.0%, less 28% tax in respect of financial year ended 31 December 2002	—	299,987
	1,449,037	299,987

36. DIVIDENDS (continued)

A proposed special and a final dividend in respect of financial year ended 31 December 2004 of 15%, less 28% tax and 35%, less 28% tax, respectively amounting to approximately RM1,172.0 million based on the outstanding issued and paid-up capital of 3,255,589,924 ordinary shares of RM1.00 each, excluding treasury shares held by the Bank 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 recognise this proposed dividend as a liability. Such dividend, if approved by the shareholders, will be excluded from shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2005.

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

	Gross per share		Net per share	
	2004	2003	2004	2003
	Sen	Sen	Sen	Sen
<hr/>				
Dividends per RM1.00 share:				
Proposed:				
Special dividend of 15.0%, less 28% tax	15.0	—	10.8	—
Final dividend of 35.0%, less 28% tax	35.0	—	25.2	—
Final dividend of 22.0%, less 28% tax	—	22.0	—	15.8
Paid:				
Special dividend of 40.0%, less 28% tax	40.0	—	28.8	—
Total	90.0	22.0	64.8	15.8
<hr/>				

37. RELATED PARTY TRANSACTIONS

Controlling related parties of the Bank are as follows:

- (i) Its subsidiary companies as disclosed in Note 11 to the financial statements; and
- (ii) A Director and substantial shareholder of the Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow.



37. RELATED PARTY TRANSACTIONS (continued)

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

	Bank	
	2004	2003
	RM'000	RM'000
Income:		
Interest on loans, advances and financing	354,554	292,508
Dividend income	2,023,593	695,592
Rental income for computer time	—	36,788
Staff training recharged	2,987	3,884
Overhead expenses recharged	24,655	9,353
Commission income	4,587	2,721
Commitment fees and bank charges received	421	483
Rental income from premises	1,986	1,848
	2,412,783	1,043,177
Expenditure:		
Interest on deposits	185,175	108,031
Rental of premises	27,488	27,079
Brokerage commission	2,009	715
Corporate advisory fees	385	535
Commission on loans	2,638	4,883
Others	1,446	1,508
	219,141	142,751
Amount due from subsidiary companies:		
Interbank loans	2,997,455	12,366,247
Loans, advances and financing	207,787	187,664
Negotiable instruments of deposit	—	2,033,871
Demand deposits	—	44,410
Dividend receivable	150,108	94,516
Rental deposits	34,906	34,139
Interest receivable	3,273	22,002
Others	189,166	22,463
	3,582,695	14,805,312

37. RELATED PARTY TRANSACTIONS (continued)

	2004 RM'000	Bank 2003 RM'000
Amount due to subsidiary companies:		
Demand deposits	80,413	181,219
Short-term deposits	352,112	888,859
Interbank borrowings	2,340,159	4,899,756
Interest payable	3,309	2,854
Others*	289,679	249,589
	3,065,672	6,222,277

* This amount is mainly the balance 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.

- (b) The significant transactions of the Bank and its subsidiary companies with the Directors of the Bank or with companies, excluding Lonpac Insurance Berhad in which certain Directors have substantial interest are as follows:

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Expenditure:				
Interest paid on placements and deposits				
– to Directors of the Bank	11,610	7,105	11,396	5,861
– to companies in which certain Directors of the Bank have interest	900	876	839	708



37. 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	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Income:				
Commission income	11,669	10,062	11,579	5,547
Rental	1,703	1,364	159	12
Corporate advisory fees	69	30	—	—
Expenditure:				
Insurance premium	15,381	13,556	13,724	11,564
Interest expense	1,133	1,674	1,111	1,005
Dividend paid	33,905	7,874	33,905	7,874
Rental	294	—	294	—

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

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Expenditure/(Income):				
Contribution to the Fund	14,338	9,987	11,526	8,168
Rental	8,880	8,204	8,857	7,760
Dividend paid	23,611	20,030	23,565	88
Brokerage income	(596)	(567)	—	—

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.

38. 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.

The risk-weighted exposures of the Group and the Bank as at the end of financial year are as follows:

Group	2004		2003	
	Notional RM'000	Credit Equivalent RM'000	Notional RM'000	Credit Equivalent RM'000
Direct credit substitutes	864,582	864,582	877,307	877,307
Certain transaction-related contingent items	356,632	178,316	330,415	165,208
Short-term self-liquidating trade-related contingencies	549,886	109,977	509,270	101,854
Forward assets purchased	—	—	59,167	59,167
Obligations under underwriting agreements	45,850	22,925	30,000	15,000
Irrevocable commitments to extend credit:				
– maturity exceeding one year	4,086,615	2,043,308	2,992,405	1,496,202
– maturity not exceeding one year	8,342,491	—	6,845,794	—
Forward placements	—	—	38,490	—
Foreign exchange related contracts:				
– less than one year	3,445,413	50,731	1,144,020	17,603
– one year to less than five years	381,201	24,457	381,802	32,239
Interest rate related contracts:				
– less than one year	70,798	177	19,000	48
– one year to less than five years	638,209	19,918	190,000	4,180
– five years and above	999,000	73,076	828,704	53,671
	19,780,677	3,387,467	14,246,374	2,822,479



38. COMMITMENTS AND CONTINGENCIES (continued)

Bank	2004		2003	
	Notional RM'000	Credit Equivalent RM'000	Notional RM'000	Credit Equivalent RM'000
Direct credit substitutes	861,544	861,544	864,323	864,323
Certain transaction-related contingent items	348,568	174,284	323,830	161,915
Short-term self-liquidating trade-related contingencies	474,999	95,000	447,197	89,439
Forward assets purchased	—	—	59,167	59,167
Obligations under underwriting agreements	30,000	15,000	20,000	10,000
Irrevocable commitments to extend credit:				
– maturity exceeding one year	4,085,883	2,042,942	2,236,504	1,118,252
– maturity not exceeding one year	8,218,756	—	6,753,187	—
Foreign exchange related contracts:				
– less than one year	3,445,413	50,731	1,144,020	17,603
– one year to less than five years	381,201	24,457	381,802	32,239
Interest rate related contracts:				
– less than one year	70,798	177	19,000	48
– one year to less than five years	638,175	19,915	190,000	4,180
– five years and above	980,000	71,936	809,704	52,341
	19,535,337	3,355,986	13,248,734	2,409,507

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

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

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Foreign exchange related contracts				
– Forward contracts	895,707	314,888	895,707	314,888
– Cross currency interest rate swaps	2,930,907	1,210,934	2,930,907	1,210,934
Interest rate related contracts				
– Swaps	1,708,007	1,037,704	1,688,973	1,018,704
	5,534,621	2,563,526	5,515,587	2,544,526

38. COMMITMENTS AND CONTINGENCIES (continued)

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

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 2004, the amount of contracts which were not hedged in the Group and in the Bank and, hence, exposed to market risk was RM1,377,179,000 (2003 – RM162,071,000) and RM1,377,179,000 (2003 – RM162,071,000) respectively.

Credit Risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group or the Bank has a gain in a contract. As at 31 December 2004, the amounts of credit risk in the Group and in the Bank, measured in terms of the cost to replace the profitable contracts, was RM11,502,000 (2003 – RM7,659,000) and RM11,502,000 (2003 – RM7,659,000) 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.

39. 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

Operational risk is the potential loss which would result from inadequate or failed internal processes, people and systems and 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 processes.

39. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(b) Credit Risk

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

The primary exposure to credit risk arises through its loans, advances and financing. The amount of credit exposure in this area is represented by the carrying amounts of the assets in the balance sheet. The lending activities are guided by the Credit Policy which has been established to ensure that the overall objectives in the area of lending are achieved i.e. 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 known as the Credit Risk Rating.

Credit exposure also arises from financial transactions with counter parties 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 counter party limits.

The credit exposure arising from off-balance sheet activities i.e. commitments and contingencies are explained in Note 38.

(c) Market Risk

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

Market risk arising from trading activities is controlled by mark-to-market of 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.

(iii) Equity Risk

Equity risk refers to the adverse movements in the price of equities on the equity positions taken from time to time. Equity positions are monitored against predetermined cut-loss limits.

39. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(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.

40. 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 tables indicate the effective interest rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

Group 2004	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	19,121,121	—	—	—	—	—	548,884	19,670,005	2.68
Deposits and placements with banks and other financial institutions	745	1,243,558	184,800	31,206	—	—	—	1,460,309	2.64
Securities purchased under resale agreements	347,700	1,147,738	—	—	—	—	—	1,495,438	2.79
Dealing securities	1,838,341	534,735	406,963	373,622	2,556,281	948,968	(13,319)	6,645,591	3.49
Investment securities	12,406	112,162	120,226	53,809	802,185	113,381	1,218,679	2,432,848	3.20
Loans, advances and financing									
– performing	24,434,545	2,761,239	3,012,642	5,961,853	15,339,420	3,892,539	—	55,402,238	6.96
– non-performing *	—	—	—	—	—	—	316,491	316,491	—
Other non-interest sensitive balances	—	—	—	—	—	—	4,664,474	4,664,474	—
TOTAL ASSETS	45,754,858	5,799,432	3,724,631	6,420,490	18,697,886	4,954,888	6,735,209	92,087,394	



40. INTEREST RATE RISK (continued)

Group 2004	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 %
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	36,612,072	12,501,026	6,691,772	8,022,790	336,916	5,258	8,076,469	72,246,303	2.63
Deposits and placements of banks and other financial institutions	1,969,618	439,163	431,315	—	—	—	118,385	2,958,481	2.38
Obligations on securities sold under repurchase agreements	3,253,431	5,000	—	—	—	—	—	3,258,431	2.64
Bills and acceptances payable	431,285	74,717	—	—	—	—	754,990	1,260,992	2.85
Recourse obligations on loans sold to Cagamas	291,747	5,674	8,511	15,270	25,011	—	—	346,213	4.00
Subordinated notes	1,323,014	—	—	—	—	—	—	1,323,014	3.44
Other non-interest sensitive balances	—	—	—	—	—	—	1,755,114	1,755,114	—
Total Liabilities	43,881,167	13,025,580	7,131,598	8,038,060	361,927	5,258	10,704,958	83,148,548	
Shareholders' equity	—	—	—	—	—	—	8,570,735	8,570,735	
Minority interests	—	—	—	—	—	—	368,111	368,111	
Total Liabilities and Shareholders' Equity	43,881,167	13,025,580	7,131,598	8,038,060	361,927	5,258	19,643,804	92,087,394	
On-balance sheet									
interest sensitivity gap	1,873,691	(7,226,148)	(3,406,967)	(1,617,570)	18,335,959	4,949,630	(12,908,595)		
Off-balance interest									
sensitivity gap (interest rate swaps)	577,200	902,807	228,000	(70,798)	(638,209)	(999,000)	—		
Total interest sensitivity gap	2,450,891	(6,323,341)	(3,178,967)	(1,688,368)	17,697,750	3,950,630	(12,908,595)		

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

40. INTEREST RATE RISK (continued)

Group 2003	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	7,357,940	—	—	—	—	—	612,888	7,970,828	2.79
Deposits and placements with banks and other financial institutions	2,738	554,478	202,804	50,579	8,486	—	—	819,085	3.10
Dealing securities	10,011	374,210	267,297	161,831	92,410	—	15,983	921,742	3.13
Investment securities	39,057	337,581	977,827	460,383	1,364,301	966,907	912,499	5,058,555	3.10
Loans, advances and financing									
– performing	21,661,355	2,670,289	2,177,551	3,196,923	12,010,627	3,245,707	—	44,962,452	7.49
– non-performing *	—	—	—	—	—	—	577,173	577,173	—
Other non-interest sensitive balances	—	—	—	—	—	—	4,267,405	4,267,405	—
TOTAL ASSETS	29,071,101	3,936,558	3,625,479	3,869,716	13,475,824	4,212,614	6,385,948	64,577,240	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	25,066,845	6,876,635	4,353,373	6,629,679	413,890	8,783	6,868,053	50,217,258	2.97
Deposits and placements of banks and other financial institutions	1,094,344	609,932	—	—	—	—	75,058	1,779,334	2.07
Obligations on securities sold under repurchase agreements	425,562	—	—	—	—	—	—	425,562	2.32
Bills and acceptances payable	355,246	148,676	—	—	—	—	707,166	1,211,088	2.89
Recourse obligations on loans sold to Cagamas	88,431	20,620	24,538	43,432	307,566	—	—	484,587	4.72
Other non-interest sensitive balances	—	—	—	—	—	—	1,263,964	1,263,964	—
Total Liabilities	27,030,428	7,655,863	4,377,911	6,673,111	721,456	8,783	8,914,241	55,381,793	
Shareholders' equity	—	—	—	—	—	—	8,617,795	8,617,795	—
Minority interests	—	—	—	—	—	—	577,652	577,652	—
Total Liabilities and Shareholders' Equity	27,030,428	7,655,863	4,377,911	6,673,111	721,456	8,783	18,109,688	64,577,240	



40. INTEREST RATE RISK (continued)

Group 2003	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 %
On-balance sheet									
interest sensitivity gap	2,040,673	(3,719,305)	(752,432)	(2,803,395)	12,754,368	4,203,831	(11,723,740)		
Off-balance interest									
sensitivity gap									
(interest rate swaps)	266,000	600,704	171,000	(19,000)	(190,000)	(828,704)	—		
Total interest sensitivity gap	2,306,673	(3,118,601)	(581,432)	(2,822,395)	12,564,368	3,375,127	(11,723,740)		

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

Bank 2004	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	19,383,268	—	—	—	—	—	509,968	19,893,236	2.68
Deposits and placements with banks and other financial institutions	—	1,497,127	76,000	—	—	—	—	1,573,127	2.43
Securities purchased under resale agreements	147,393	831,159	—	—	—	—	—	978,552	2.81
Dealing securities	1,829,764	534,735	406,784	298,794	2,122,393	—	—	5,192,470	3.00
Investment securities	12,406	1,119	29,928	53,809	496,710	35,899	1,110,200	1,740,071	3.23
Loans, advances and financing									
– performing	23,918,520	2,492,233	2,760,319	5,621,241	14,853,258	3,846,623	—	53,492,194	6.47
– non-performing *	—	—	—	—	—	—	363,918	363,918	
Other non-interest sensitive balances	—	—	—	—	—	—	5,621,886	5,621,886	
TOTAL ASSETS	45,291,351	5,356,373	3,273,031	5,973,844	17,472,361	3,882,522	7,605,972	88,855,454	

40. INTEREST RATE RISK (continued)

Bank 2004	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 %
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	33,297,789	11,817,049	6,522,672	8,328,859	329,963	5,258	7,964,049	68,265,639	2.67
Deposits and placements of banks and other financial institutions	3,696,546	493,890	471,200	—	—	—	104,094	4,765,730	2.61
Obligations on securities sold under repurchase agreements	3,013,317	5,000	—	—	—	—	—	3,018,317	2.64
Bills and acceptances payable	431,285	74,717	—	—	—	—	752,915	1,258,917	2.85
Recourse obligations on loans sold to Cagamas	291,747	5,674	8,511	15,270	25,011	—	—	346,213	4.00
Subordinated notes	1,323,014	—	—	—	—	—	—	1,323,014	3.44
Other non-interest sensitive balances	—	—	—	—	—	—	1,470,136	1,470,136	
Total Liabilities	42,053,698	12,396,330	7,002,383	8,344,129	354,974	5,258	10,291,194	80,447,966	
Shareholders' equity	—	—	—	—	—	—	8,407,488	8,407,488	
Total Liabilities and Shareholders' Equity	42,053,698	12,396,330	7,002,383	8,344,129	354,974	5,258	18,698,682	88,855,454	
On-balance sheet									
interest sensitivity gap	3,237,653	(7,039,957)	(3,729,352)	(2,370,285)	17,117,387	3,877,264	(11,092,710)		
Off-balance interest									
sensitivity gap (interest rate swaps)	444,200	850,975	57,000	(70,798)	(358,377)	(923,000)	—		
Total interest sensitivity gap	3,681,853	(6,188,982)	(3,672,352)	(2,441,083)	16,759,010	2,954,264	(11,092,710)		

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



40. INTEREST RATE RISK (continued)

Bank 2003	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	10,973,732	—	—	—	—	—	524,978	11,498,710	2.85
Deposits and placements with banks and other financial institutions	—	6,164,508	168,000	—	—	—	—	6,332,508	2.97
Dealing securities	10,011	2,383,776	257,265	161,831	51,799	—	—	2,864,682	2.91
Investment securities	38,818	327,366	861,509	453,022	1,222,852	771,101	812,065	4,486,733	3.10
Loans, advances and financing									
– performing	18,773,085	1,739,492	1,026,171	1,133,895	2,546,779	1,665,096	—	26,884,518	6.40
– non-performing *	—	—	—	—	—	—	381,595	381,595	—
Other non-interest sensitive balances	—	—	—	—	—	—	5,513,525	5,513,525	—
TOTAL ASSETS	29,795,646	10,615,142	2,312,945	1,748,748	3,821,430	2,436,197	7,232,163	57,962,271	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	20,663,284	4,798,689	3,058,621	5,093,526	650,734	8,783	6,847,092	41,120,729	2.71
Deposits and placements of banks and other financial institutions	5,899,503	609,932	45,600	—	—	—	73,547	6,628,582	2.62
Obligations on securities sold under repurchase agreements	451,992	—	—	—	—	—	—	451,992	2.30
Bills and acceptances payable	355,246	148,676	—	—	—	—	705,228	1,209,150	2.89
Recourse obligations on loans sold to Cagamas	83,305	10,313	8,936	11,714	27,216	—	—	141,484	3.74
Other non-interest sensitive balances	—	—	—	—	—	—	927,783	927,783	—
Total Liabilities	27,453,330	5,567,610	3,113,157	5,105,240	677,950	8,783	8,553,650	50,479,720	
Shareholders' equity	—	—	—	—	—	—	7,482,551	7,482,551	—
Total Liabilities and Shareholders' Equity	27,453,330	5,567,610	3,113,157	5,105,240	677,950	8,783	16,036,201	57,962,271	

40. INTEREST RATE RISK (continued)

Bank	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	over 5 years	Non- interest sensitive	Effective interest rate %
2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On-balance sheet								
interest sensitivity gap	2,342,316	5,047,532	(800,212)	(3,356,492)	3,143,480	2,427,414	(8,804,038)	
Off-balance interest								
sensitivity gap								
(interest rate swaps)	266,000	600,704	152,000	(19,000)	(190,000)	(809,704)	—	
Total interest								
sensitivity gap	2,608,316	5,648,236	(648,212)	(3,375,492)	2,953,480	1,617,710	(8,804,038)	

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

41. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities of the Group and the Bank carried on the balance sheet date approximated their fair values except for the followings:

Recognised financial instruments

Group	2004		2003	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets				
Cash and short-term funds	19,670,005	19,670,005	7,970,828	7,970,828
Deposits and placements with banks and other financial institutions	1,460,309	1,460,309	819,085	819,085
Securities purchased under resale agreements	1,495,438	1,495,438	—	—
Dealing securities	6,645,591	6,680,365	921,742	923,025
Investment securities	2,432,848	2,438,220	5,058,555	5,065,629
*Loans, advances and financing	56,614,562	57,400,210	46,366,517	47,457,002



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

Group	2004		2003	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Deposits from customers	72,246,303	72,245,886	50,217,258	50,221,044
Deposits and placements of banks and other financial institutions	2,958,481	2,958,481	1,779,334	1,779,334
Obligations on securities sold under repurchase agreements	3,258,431	3,258,431	425,562	425,562
Bills and acceptances payable	1,260,992	1,260,992	1,211,088	1,211,088
Recourse obligations on loans sold to Cagamas	346,213	346,346	484,587	480,272
Subordinated notes	1,323,014	1,342,408	—	—
Bank				
Financial assets				
Cash and short-term funds	19,893,236	19,893,236	11,498,710	11,498,710
Deposits and placements with banks and other financial institutions	1,573,127	1,573,127	6,332,508	6,332,508
Securities purchased under resale agreements	978,552	978,552	—	—
Dealing securities	5,192,470	5,194,652	2,864,682	2,865,207
Investment securities	1,740,071	1,736,161	4,486,733	4,522,534
*Loans, advances and financing	54,677,430	55,482,229	27,711,552	27,729,946
Financial liabilities				
Deposits from customers	68,265,639	68,265,125	41,120,729	41,139,214
Deposits and placements of banks and other financial institutions	4,765,730	4,765,730	6,628,582	6,628,582
Obligations on securities sold under repurchase agreements	3,018,317	3,018,317	451,992	451,992
Bills and acceptances payable	1,258,917	1,258,917	1,209,150	1,209,150
Recourse obligations on loans sold to Cagamas	346,213	346,346	141,484	140,972
Subordinated notes	1,323,014	1,342,408	—	—

* The general allowance of the Group and the Bank of RM895,833,000 (2003 – RM826,892,000) and RM821,318,000 (2003 – RM445,439,000) respectively, is not included in the carrying amounts.

41. 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 Banks and Other Financial Institutions** – The fair values of deposits and placements with remaining maturities less than one year are estimated to approximate their carrying amounts. 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 for placements of similar remaining maturities at balance sheet date.
- (c) **Dealing and Investment Securities** – The fair values are estimated 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 are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the expected future cash flows are discounted using the prevailing market rates for similar instruments at 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 amounts. 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 instalment 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 amounts, net of interest/income-in-suspense and specific allowance for bad and doubtful debts and financing.
- (e) **Deposits and Placements from Customers, of Banks and Other Financial Institutions** – The fair values of deposit liabilities payable on demand (demand and savings deposits) or deposits with remaining maturities of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on discounted cash flows using prevailing rates offered for deposits of similar remaining maturities. The fair values of Islamic deposits are deemed to approximate their carrying amounts as profit rates are determined at the end of their holding periods based on the profit generated from the assets invested. For negotiable instruments of deposit, 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 instruments of deposit are estimated using discounted cash flow technique.
- (f) **Subordinated Notes** – The fair value of the subordinated notes is estimated based on quoted market prices of the subordinated notes net of the gains or losses arising from the mark-to-market of the interest rate swap contracts used to hedge the subordinated notes.
- (g) **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.
- (h) **Recourse Obligations on Loans Sold to Cagamas** – The fair values for recourse obligation on loans sold to Cagamas are determined based on the discounted cash flows of future instalments at prevailing Cagamas rates at balance sheet date.



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

Unrecognised financial instruments

The fair values of unrecognised financial instruments comprising of interest rate swaps contracts used to hedge the investment securities and subordinated notes are included in the fair values of the investment securities and subordinated notes.

42. 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	9,709	1,889
Between one and five years	4,003	1,021
More than five years	202	—
	13,914	2,910

43. CAPITAL AND OTHER COMMITMENTS

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Capital expenditure:				
Authorised and contracted for	20,035	23,060	15,921	21,880
Authorised but not contracted for	8,262	17,212	1,176	5,446
	28,297	40,272	17,097	27,326
Uncalled share capital of:				
Associated company	60	60	30	30
Subsidiary company	—	—	—	150
	28,357	40,332	17,127	27,506

44. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

Changes in Accounting Policies

During the financial year, the Group and the Bank adopted the 3-month classification for non-performing loans instead of the 6-month classification in previous years and the change in method of assigning of collateral values to certain categories of non-performing loans in the current year's financial statements. The adoption of these have resulted in changes in accounting policies which has been applied retrospectively and accordingly, comparatives have been restated.

Prior Year Adjustments

The change in accounting policies described above were applied retrospectively and has the following impact on retained profits and results:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Effects on retained profits:				
At 1 January, as previously stated	1,819,978	1,919,001	1,216,707	1,182,712
Effects of adopting the 3-month classification for non-performing loans	(13,354)	(9,918)	(8,962)	(6,137)
Effects of change in method of assigning of collateral values to certain non-performing loans	(44,532)	(19,016)	(35,427)	(16,313)
	(57,886)	(28,934)	(44,389)	(22,450)
At 1 January, as restated	1,762,092	1,890,067	1,172,318	1,160,262
Effects on net profit for the year:				
Net profit before changes in accounting policies	1,277,729	1,003,138	2,237,343	1,049,991
Effects of adopting the 3-month classification for non-performing loans	—	(3,436)	—	(2,825)
Effects of change in method of assigning of collateral values to certain non-performing loans	(10,741)	(25,516)	294	(19,114)
	(10,741)	(28,952)	294	(21,939)
Net profit for the year	1,266,988	974,186	2,237,637	1,028,052



44. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (continued)

Comparative Figures

The presentation and classification of items in the current year's financial statements are consistent with the previous financial year except the following comparative figures which have been restated as a result of the change in accounting policies, which are as follows:

	Group		Bank	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
(a) Balance sheets as at 31 December 2003				
Loans, advances and financing	45,539,625	45,620,024	27,266,113	27,327,764
Deferred tax assets	251,844	234,526	116,455	102,678
Provision for tax expense and zakat	115,335	120,530	94,462	97,947
Reserves	5,078,155	5,136,041	3,942,911	3,987,300
(b) Income statements for year ended 31 December 2003				
Operating revenue	4,318,113	4,322,885	2,556,186	2,560,110
Interest income	3,349,840	3,354,215	2,097,575	2,101,499
Allowance for losses on loans, advances and financing	(439,155)	(403,714)	(119,343)	(92,796)
Profit before tax expense and zakat	1,414,863	1,455,076	1,378,731	1,409,202
Tax expenses and zakat	(356,129)	(367,390)	(350,679)	(359,211)
Net profit for the year	974,186	1,003,138	1,028,052	1,049,991

The following comparatives have been restated to conform with current year's presentation:

	Group		Bank	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
(a) Note 6				
Investment securities				
Quoted securities:				
Shares and convertible loan stocks	88,324	60,841	na	na
Private debt securities	—	27,483	na	na
(b) Note 30				
Non-interest income				
Investment and dealing income:				
Gross dividends from investment securities:				
– quoted in Malaysia	14,953	740	11,510	368
– unquoted	10,921	25,134	8,853	19,995

na: denotes not applicable

45. CAPITAL ADEQUACY

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

	Group		Bank	
	2004	2003	2004	2003
Before deducting proposed dividends*:				
Core capital ratio	13.9%	17.5%	13.8%	15.0%
Risk-weighted capital ratio	17.9%	19.3%	15.3%	15.0%
After deducting proposed dividends:				
Core capital ratio	11.8%	16.4%	11.6%	13.4%
Risk-weighted capital ratio	15.8%	18.2%	13.1%	13.4%

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

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Components of Tier I and Tier II capital:				
Tier I capital				
Paid-up share capital	3,355,767	3,206,600	3,355,767	3,206,600
Share premium	1,347,084	928,433	1,347,084	928,433
Other reserves	4,469,325	4,652,722	4,374,863	3,592,048
Treasury shares	(601,441)	(169,960)	(601,441)	(169,960)
Minority interests	368,111	577,652	—	—
Less: Goodwill	(811,399)	(818,304)	(738,356)	(338,756)
Less: Deferred tax assets, net	(283,542)	(251,844)	(223,486)	(116,455)
Total Tier I capital	7,843,905	8,125,299	7,514,431	7,101,910
Tier II capital				
General allowance for bad and doubtful debts	930,994	830,266	862,723	455,059
Subordinated notes	1,323,014	—	1,323,014	—
Total Tier II capital	2,254,008	830,266	2,185,737	455,059
Total capital	10,097,913	8,955,565	9,700,168	7,556,969
Less: Investment in subsidiary companies	—	—	(1,365,364)	(2,963,081)
Capital base	10,097,913	8,955,565	8,334,804	4,593,888



45. CAPITAL ADEQUACY (continued)

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

Group	2004		2003	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
0%	23,189,629	—	10,740,217	—
10%	1,574,190	157,419	1,780,696	178,070
20%	8,705,124	1,741,025	3,873,314	774,663
50%	14,360,910	7,180,455	11,130,562	5,565,281
100%	47,475,174	47,475,174	39,942,543	39,942,543
	95,305,027	56,554,073	67,467,332	46,460,557

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.

Bank	2004		2003	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
0%	20,666,531	—	7,320,720	—
10%	1,543,940	154,394	1,628,159	162,816
20%	9,164,906	1,832,981	17,251,672	3,450,334
50%	14,324,995	7,162,498	9,108,868	4,554,434
100%	45,379,639	45,379,639	22,456,907	22,456,907
	91,080,011	54,529,512	57,766,326	30,624,491

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

46. 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. Inter-segment pricing is determined on a negotiated basis.

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 of Head Office assets, payables and expenses to support the operating business segments.

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-sized 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 the funding needs of large corporate customers which are primarily public listed companies and its related corporations.

(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 Market Operations

The treasury and capital market 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 under 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.



46. SEGMENT INFORMATION (continued)

(a) By Business Segments

2004	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
External revenue	3,787,524	230,242	705,116	90,046	228,472	3,940	—	5,045,340
Revenue from other segments	488,790	—	231,228	—	—	—	(720,018)	—
Total revenue	4,276,314	230,242	936,344	90,046	228,472	3,940	(720,018)	5,045,340
Segment results	1,545,816	108,044	243,731	16,944	97,981	9,320	—	2,021,836
Unallocated expenses								(131,738)
Amortisation of goodwill/ intangible asset								(45,710)
Profit from operations								1,844,388
Share of results of associated companies								3,813
Profit before tax expense								1,848,201
Tax expense and zakat								(508,611)
Minority interests								(72,602)
Net profit for the year								1,266,988
Other information:								
Segment assets	53,772,127	5,888,106	27,243,495	2,852,410	638,859	219,062	—	90,614,059
Investment in associated companies								45,936
Unallocated assets								616,000
Goodwill/intangible asset								811,399
Total assets								92,087,394

46. SEGMENT INFORMATION (continued)

(a) By Business Segments

2004	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
Segment liabilities	50,862,737	6,602,542	22,897,273	1,713,187	353,250	3,190	—	82,432,179
Unallocated liabilities								716,369
Total liabilities								83,148,548
Other segment items:								
Capital expenditure	81,409	4,688	4,459	251	3,526	8,022	—	102,355
Depreciation and impairment losses on property and equipment	66,626	1,266	462	119	5,661	25,713	—	99,847
Amortisation of goodwill/ intangible asset	—	—	—	—	350	45,360	—	45,710
Other non-cash (income)/ expenses	397,208	15,757	(22,724)	—	—	—	—	390,241
2003								
External revenue	3,342,335	212,524	514,153	72,342	173,020	3,739	—	4,318,113
Revenue from other segments	476,903	—	158,222	—	—	—	(635,125)	—
Total revenue	3,819,238	212,524	672,375	72,342	173,020	3,739	(635,125)	4,318,113
Segment results	1,130,933	99,354	184,640	16,018	82,164	1,978	—	1,515,087
Unallocated expenses								(109,568)
Amortisation of goodwill net of negative goodwill recognised								5,261
Profit from operations								1,410,780
Share of profit of associated companies								4,083
Profit before tax expense								1,414,863
Tax expense and zakat								(356,129)
Minority interests								(84,548)
Net profit for the year								974,186



46. SEGMENT INFORMATION (continued)

(a) By Business Segments

	Retail Operations	Corporate Lending	Treasury and Capital Market Operations	Investment Banking	Share Broking and Fund Management	Others	Inter- segment Elimination	Total
2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information:								
Segment assets	43,913,264	3,676,590	12,943,443	1,826,153	501,097	219,059	—	63,079,606
Investment in associated companies								47,438
Unallocated assets								631,892
Goodwill								818,304
Total assets								64,577,240
Segment liabilities	33,449,026	3,759,491	17,203,872	141,838	312,150	6,727	—	54,873,104
Unallocated liabilities								508,689
Total liabilities								55,381,793
Other segment items:								
Capital expenditure	95,928	56	5,863	30	7,107	20,411	—	129,395
Depreciation and impairment losses on property and equipment	51,645	673	301	117	7,255	33,795	—	93,786
Amortisation of goodwill net of negative goodwill recognised	—	—	—	—	—	5,261	—	5,261
Other non-cash (income)/expenses	533,959	19,206	9,561	—	—	—	—	562,726

46. SEGMENT INFORMATION (continued)

(b) By Geographical Locations

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

	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Total Assets RM'000	Total Liabilities RM'000	Capital Expenditure RM'000
2004					
Malaysia	4,589,695	1,599,998	89,534,882	82,086,194	101,020
Overseas	455,645	248,203	2,552,512	1,062,354	1,335
Total	5,045,340	1,848,201	92,087,394	83,148,548	102,355
2003					
Malaysia	3,880,470	1,232,651	62,262,580	54,287,255	112,476
Overseas	437,643	182,212	2,314,660	1,094,538	16,919
Total	4,318,113	1,414,863	64,577,240	55,381,793	129,395

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



47. SUMMARY OF EFFECTS OF THE NET ASSETS TRANSFERRED FROM THE FINANCE COMPANY BUSINESS OF PUBLIC FINANCE BERHAD TO THE BANK

The value of the assets and liabilities of the finance company business of Public Finance Berhad which were transferred to the Bank as a result of merging of operations as described in Note 50(b) are as follows:

	RM'000
Cash and short-term funds	9,418,452
Deposits and placements with banks and other financial institutions	19,996
Investment securities	414,960
Loans, advances and financing	18,217,161
Other assets	89,592
Statutory deposits with Bank Negara Malaysia	653,100
Property and equipment	13,257
Deposits from customers	(8,899,603)
Deposits and placements of banks and other financial institutions	(17,473,190)
Recourse obligations on loans sold to Cagamas	(218,314)
Other liabilities	(138,076)
Deferred tax liabilities	(1,616)
Net assets acquired	2,095,719
Less: Cash and short-term funds	(9,418,452)
Net cash used in acquiring the net assets of the finance company business	(7,322,733)

48. CURRENCY

All amounts are in Ringgit Malaysia unless otherwise stated.

49. RATING STATEMENT

As at 31 December 2004, the Bank was accorded the following ratings:

Agencies	Date accorded/Reaffirmed	Ratings
Rating Agency Malaysia Berhad	7 July 2004 (Affirmed) 7 July 2004 (Affirmed)	Long-Term Rating : AAA Short-Term Rating : P1
Moody's Investors Services	16 December 2004 (Upgraded) 16 December 2004 (Upgraded) 4 June 2004 (Upgraded) 10 June 2004 (Assigned)	Long-Term Deposits Rating : A3 Short-Term Deposits Rating : Prime 1 Financial Strength : C Subordinated notes : Baa1
Standard & Poor's	7 June 2004 (Assigned) 7 June 2004 (Assigned) 10 June 2004 (Assigned)	Long-Term Rating : A – Short-Term Rating : A – 2 Subordinated notes : BBB+
Fitch IBCA Limited	27 June 2000 (Upgraded) 22 July 2003 (Revision Rating)	Individual Rating : B/C Support Rating : 2

50. SIGNIFICANT EVENTS

- (a) On 2 June 2004, the Bank completed the consolidation and division of its entire share capital into ordinary shares of par value of RM1.00 each from ordinary shares of par value of RM0.50 each;
- (b) Pursuant to the Vesting Order obtained by the Bank and Public Finance Berhad ("PFB"), and the granting of a licence to the Bank by Y.A.B. Minister of Finance to carry on finance company business with effect from 4 September 2004, the merger of the finance company business of PFB with the commercial banking business of the Bank was completed on 4 September 2004 by way of disposal by PFB of its entire finance company business to the Bank ("Disposal of PFB Business").

The consideration for the Disposal of PFB Business was based on the net tangible asset value of the entire finance company business of PFB as at 4 September 2004 and was satisfied wholly in cash.

The completion of the Disposal of PFB Business has resulted in PFB's assets being wholly represented by cash. Practice Note 10/2001 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") states that a listed issuer whose assets on a consolidated basis consist of seventy percent (70%) or more of cash and/or short term investments would be deemed as having an inadequate level of operations pursuant to Paragraph 8.16 of the Listing Requirements of Bursa Securities.

On 14 October 2004, the entire issued and paid-up capital of PFB was delisted from the Official List of Bursa Securities pursuant to paragraph 16.09(c) (on De-listing by the Exchange) of the Listing Requirements of Bursa Securities.



50. SIGNIFICANT EVENTS (continued)

- (c) On 23 September 2004, HHB Holdings Berhad (“HHB”), a wholly owned subsidiary of PBB had entered into a Restructuring Agreement with PBB and Magna Segmen Sdn Bhd (“MSSB”) to undertake the following proposals:
- (i) the proposed capital reduction whereby the existing issued and paid-up share capital of HHB will be reduced to RM1,000 comprising 1,000 ordinary shares of RM1.00 each (“HHB Sale Shares”) and the share premium account of HHB will be cancelled in its entirety (“Proposed Capital Reduction”);
 - (ii) the proposed sub-division of the share capital of HHB whereby the ordinary shares of RM1.00 each in HHB after the completion of the Proposed Capital Reduction will be sub-divided into ordinary shares of RM0.25 each (“New HHB Shares”) (“Proposed Share Sub-division”);
 - (iii) the proposed acquisition of the entire issued and paid-up share capital of Sandakan Power Corporation Sdn Bhd (“SPC”) and SPC Energy Services Sdn Bhd (“SPCE”) by HHB from Bumiplus Sdn Bhd (“BSB”), Elmar (Malaysia) Sdn Bhd (“EMSB”) and MSSB for a total consideration of RM123,000,000 (“Proposed Acquisitions”);
 - (iv) the proposed offer for sale by MSSB of up to 58,000,000 New HHB Shares to the Malaysian Public and/or investors to be identified (“Proposed Offer for Sale”);
 - (v) the proposed public issue of 16,000,000 New HHB Shares to the Malaysian Public (“Proposed Public Issue”); and
 - (vi) the proposed listing of the New HHB Shares on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Proposed Listing”).

Upon the completion of the Proposed Capital Reduction, PBB being the sole shareholder of HHB, will dispose of its entire shareholding in HHB to MSSB (“Proposed Sale and Purchase of HHB Sale Shares”).

The Proposed Capital Reduction, Proposed Sale and Purchase of HHB Sale Shares, Proposed Share Sub-division, Proposed Acquisitions, Proposed Offer for Sale, Proposed Public Issue and Proposed Listing are collectively referred to as the “Proposals”.

Upon the completion of the Proposed Acquisitions, HHB will have a level of operations that is adequate to warrant continued trading and listing of HHB on the Main Board of Bursa Securities and HHB would comply with the requirements of Paragraph 8.16 (on “Level of operations”) of the Listing Requirements of Bursa Securities. The Proposed Offer for Sale and Proposed Public Issue are undertaken to ensure that HHB would comply with the requirements of Paragraph 8.15 (on “Compliance with shareholding spread requirement”) of the Listing Requirements of Bursa Securities. The completion of the Proposals would facilitate the lifting of suspension of the trading of shares in HHB on the Main Board of Bursa Securities and ensure that the listing status of HHB is maintained.

50. SIGNIFICANT EVENTS (continued)

The Proposals are conditional upon the following being obtained:

- (i) the approval of Securities Commission;
- (ii) the approval of the Foreign Investment Committee;
- (iii) the confirmation of the High Court of Malaya for the Capital Reduction;
- (iv) the receipt of the written approval of the Minister of Energy, Water and Communications by SPC or MSSB for MSSB, BSB and EMSB to dispose 10,000,000 ordinary shares of RM1.00 each in SPC, 10,000 ordinary shares of RM1.00 each in SPCE, and 8,023,000 Class B preference shares of RM1.00 each in SPC (collectively, "SPC Sale Shares") to HHB (if required);
- (v) the approval of the Ministry of International Trade and Industry for the recognition of Bumiputera shareholders pursuant to National Development Policy requirements;
- (vi) the receipt of the consent from the holders of the outstanding redeemable, secured fixed serial bonds and the discount commercial paper issued by MSSB of RM70,000,000 ("MSSB Debtholders") and from the holders of the outstanding secured serial bonds issued by SPC of RM30,000,000 ("SPC Debtholders") for the sale of the SPC Sale Shares to HHB;
- (vii) the receipt of the consent of MSSB Debtholders for the bank guarantee facility of RM13,500,000 ("BG") to be granted to MSSB and for the charge of the shares in MSSB held by MSSB's shareholders to a financial institution for the BG;
- (viii) the approval of the shareholder of HHB for the Proposals;
- (ix) the respective approvals of the shareholders of BSB, EMSB and MSSB for the proposed disposal of SPC Sale Shares;
- (x) the approval-in-principle of Bursa Securities for the listing and quotation of the New HHB Shares to be issued pursuant to the Proposals and the conversion of the 50,000,000 Redeemable Convertible Preference Shares of RM0.10 each to be issued by HHB on the Official List of Bursa Securities; and
- (xi) any other relevant authorities, if required.

As at the date of this report, none of the above approvals have been obtained.

The Proposed Capital Reduction and Proposed Sale and Purchase of HHB Sale Shares are inter-conditional. The Proposed Share Sub-division, Proposed Acquisitions, Proposed Offer for Sale, Proposed Public Issue and Proposed Listing are conditional upon the Proposed Capital Reduction and Proposed Sale and Purchase of HHB Sale Shares. The Proposed Offer for Sale, Proposed Public Issue and Proposed Listing are conditional upon the Proposed Acquisitions and Proposed Share Sub-division.

51. SUBSEQUENT EVENTS

There were no material events subsequent to the balance sheet date that requires disclosure or adjustments to the financial statements.



52. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2004 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 as at 31 December 2004

		Group		Bank	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
ASSETS					
Cash and short-term funds	(a)	204,385	316,052	204,385	1,286,815
Deposits and placements with banks and other financial institutions		—	—	—	450,000
Investment securities	(b)	127,503	157,464	127,503	157,464
Loans, advances and financing	(c)	6,179,167	5,805,126	6,179,167	1,392,133
Other assets	(d)	1,580,488	13,734	1,580,517	3,925
Statutory deposits with Bank Negara Malaysia		78,700	187,086	78,700	30,676
Deferred tax assets	(e)	38,273	35,212	38,273	12,957
Property and equipment		52	47	52	47
Total Assets		8,208,568	6,514,721	8,208,597	3,334,017
LIABILITIES AND ISLAMIC BANKING FUNDS					
Deposits from customers	(f)	3,491,355	3,036,984	3,491,355	2,430,443
Deposits and placements of banks and other financial institutions	(g)	3,585,613	2,152,368	3,585,613	103,358
Bills and acceptances payable		29,830	27,408	29,830	27,408
Other liabilities	(h)	40,737	119,775	40,737	96,474
Provision for tax expense and zakat	(j)	34,012	28,518	34,012	15,943
Total Liabilities		7,181,547	5,365,053	7,181,547	2,673,626
Islamic Banking Funds		1,027,021	1,149,668	1,027,050	660,391
Total Liabilities and Islamic Banking Funds		8,208,568	6,514,721	8,208,597	3,334,017
COMMITMENTS AND CONTINGENCIES					
	(o)	145,575	379,820	145,575	203,790

The accompanying notes form an integral part of the financial statements

52. ISLAMIC BANKING BUSINESS (continued)

Income Statements for the financial year ended 31 December 2004

		Group		Bank	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income from Islamic Banking business	(k)	380,384	296,411	225,632	97,946
Staff costs and overheads	(l)	(58,783)	(71,359)	(38,884)	(26,109)
Net income		321,601	225,052	186,748	71,837
Allowance for losses on loans and financing	(m)	(36,543)	(58,105)	(94,299)	(13,589)
Profit before tax expense and zakat		285,058	166,947	92,449	58,248
Tax expense and zakat	(n)	(80,051)	(44,852)	(25,797)	(14,381)
Profit after tax expense and zakat		205,007	122,095	66,652	43,867

The accompanying notes form an integral part of the financial statements



52. ISLAMIC BANKING BUSINESS (continued)

Statement of Changes in Islamic Banking Funds

		Capital Funds RM'000	Group Retained Profits RM'000	Total RM'000	Capital Funds RM'000	Bank Retained Profits RM'000	Total RM'000
Note							
At 1 January 2003							
As previously stated		324,140	203,858	527,998	24,133	92,391	116,524
Prior year adjustment	52(t)	—	(425)	(425)	—	—	—
		324,140	203,433	527,573	24,133	92,391	116,524
Funds allocated from Head Office		500,000	—	500,000	500,000	—	500,000
Net profit for the year (restated)		—	122,095	122,095	—	43,867	43,867
At 31 December 2003		824,140	325,528	1,149,668	524,133	136,258	660,391
Net profit for the year		—	205,007	205,007	—	66,652	66,652
Capital funds vested over from Public Finance Berhad		—	—	—	300,007	—	300,007
Retained profits transferred to Head Office		—	(327,654)	(327,654)	—	—	—
At 31 December 2004		824,140	202,881	1,027,021	824,140	202,910	1,027,050

The accompanying notes form an integral part of the financial statements

52. ISLAMIC BANKING BUSINESS (continued)

Cash Flow Statements for the year ended 31 December 2004

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax expense and zakat	285,058	166,947	92,449	58,248
Adjustments for:				
Depreciation	21	17	21	17
Allowance for bad and doubtful debts and financing	41,929	59,754	96,017	13,791
Write back of allowance for bad and doubtful debts and financing	(2,467)	(1,342)	(384)	(202)
Net interest income suspended	4,105	2,339	2,366	346
Gains from sale of investment securities	(3)	(172)	(3)	(172)
Dividends from investment securities	(4,557)	(4,108)	(4,557)	(4,107)
Profit Equalisation Reserves	1,862	19,017	8,862	12,017
Operating profit before working capital changes	325,948	242,452	194,771	79,938
(Increase)/Decrease in operating assets/liabilities:				
Deposits and placements with banks and other financial institutions	—	—	450,555	300,000
Loans, advances and financing	(417,608)	(2,206,527)	(485,191)	(521,740)
Statutory deposits with Bank Negara Malaysia	108,386	(58,422)	123,866	3,824
Other assets	(1,914,891)	21,729	(1,171,366)	30,141
Deposits from customers	454,371	(920,249)	529,150	(36,279)
Deposits and placements of banks and other financial institutions	1,433,245	1,981,780	(347,535)	103,320
Bills and acceptances payable	2,423	13,526	2,423	13,526
Other liabilities	(80,901)	73,565	(75,956)	73,159
Cash (used in)/generated from operations	(89,027)	(852,146)	(779,283)	45,889
Tax expense and zakat paid	(57,136)	(59,607)	(33,044)	(20,793)
Net cash (used in)/generated from operating activities	(146,163)	(911,753)	(812,327)	25,096



52. ISLAMIC BANKING BUSINESS (continued)

Cash Flow Statements for the year ended 31 December 2004

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Purchase of property and equipment	(25)	(10)	(25)	(10)
Dividends received from investment securities	4,557	4,108	4,557	4,107
Net sale of investment securities	29,964	62,132	29,964	7,229
Acquisition of finance company business, net of cash acquired	—	—	(304,599)	—
Net cash generated from/(used in) investing activities	34,496	66,230	(270,103)	11,326
Cash flows from financing activities				
Funds allocated from Head Office	—	500,000	—	500,000
Net cash generated from financing activities	—	500,000	—	500,000
Net (decrease)/increase in cash and cash equivalents	(111,667)	(345,523)	(1,082,430)	536,422
Cash and cash equivalents at beginning of year	316,052	661,575	1,286,815	750,393
Cash and cash equivalents at end of year	204,385	316,052	204,385	1,286,815

52. ISLAMIC BANKING BUSINESS (continued)

SUMMARY OF EFFECTS OF THE NET ASSETS TRANSFERRED FROM THE ISLAMIC FINANCING BUSINESS OF PUBLIC FINANCE BERHAD TO THE BANK

	RM'000
Cash and short-term funds	23,055
Deposits and placements with banks and other financial institutions	555
Loans, advances and financing	4,399,842
Other assets	405,228
Statutory deposits with Bank Negara Malaysia	171,890
Deposits from customers	(531,762)
Deposits and placements of banks and other financial institutions	(3,829,790)
Other liabilities	(11,357)
Capital funds	(300,007)
Net assets acquired	327,654
Less: Cash and short-term funds	(23,055)
Net cash used in acquiring the net assets of the Islamic financing business	304,599



52. ISLAMIC BANKING BUSINESS (continued)

Notes to the Financial Statements for the financial year ended 31 December 2004

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
(a) Cash and Short-Term Funds				
Cash and balances with banks and other financial institutions	55,066	80,152	55,066	70,915
Money at call and deposit placements maturing within one month	149,319	235,900	149,319	1,215,900
	204,385	316,052	204,385	1,286,815
(b) Investment Securities				
Money market instruments:				
Cagamas Mudharabah bonds	127,503	127,480	127,503	127,480
Bank Negara Malaysia Bills	—	29,984	—	29,984
	127,503	157,464	127,503	157,464
Market value:				
Cagamas Mudharabah bonds	127,503	127,480	127,503	127,480
Bank Negara Malaysia Bills	—	29,984	—	29,984

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

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	—	29,984	—	29,984
One year to three years	126,132	75,726	126,132	75,726
Three to five years	1,371	51,754	1,371	51,754
	127,503	157,464	127,503	157,464

52. ISLAMIC BANKING BUSINESS (continued)

(c) Loans, Advances and Financing

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Al-Qardhassan (overdraft)	9,737	1,075	9,737	1,075
Al-Bai Bithaman Ajil (deferred payment sale)	2,967,890	2,294,467	2,967,890	2,179,282
Al-Ijarah Thamma Al-Bai' (leasing)	5,194,013	5,386,256	5,194,013	46,892
Bai-Al-Einah	194,553	161,203	194,553	161,203
Unearned income	8,366,193 (2,048,460)	7,843,001 (1,919,932)	8,366,193 (2,048,460)	2,388,452 (965,374)
Gross loans, advances and financing	6,317,733	5,923,069	6,317,733	1,423,078
Allowance for bad and doubtful debts and financing:				
– general	(107,295)	(99,224)	(107,295)	(26,744)
– specific	(26,070)	(15,337)	(26,070)	(3,164)
Income-in-suspense	(5,201)	(3,382)	(5,201)	(1,037)
Net loans, advances and financing	6,179,167	5,805,126	6,179,167	1,392,133

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

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	137,376	65,579	137,376	33,688
One year to three years	663,157	558,222	663,157	110,122
Three years to five years	1,817,186	1,403,408	1,817,186	154,326
Over five years	3,700,014	3,895,860	3,700,014	1,124,942
	6,317,733	5,923,069	6,317,733	1,423,078



52. ISLAMIC BANKING BUSINESS (continued)

(c) Loans, Advances and Financing (continued)

(ii) Gross loans, advances and financing analysed by economic purposes are as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Agriculture	10,091	11,059	10,091	1,988
Mining and quarrying	536	712	536	—
Manufacturing	105,881	72,522	105,881	22,268
Construction	112,975	124,450	112,975	16,991
Real estate	76,443	64,788	76,443	62,815
Purchase of landed properties				
(of which: – residential	1,136,379	881,301	1,136,379	822,290
– non-residential	333,512	248,307	333,512	247,347
General commerce	239,585	260,377	239,585	40,064
Transport, storage and communication	24,464	26,137	24,464	1,488
Finance, insurance and business services	73,065	75,530	73,065	4,558
Purchase of securities	1,990	2,506	1,990	1,631
Purchase of transport vehicles	3,925,378	3,911,638	3,925,378	788
Others	277,434	243,742	277,434	200,850
	6,317,733	5,923,069	6,317,733	1,423,078

(iii) Gross loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Bank financial institutions	—	49	—	49
Non-bank financial institutions	3,443	3,165	3,443	—
Business enterprises	71,703	87,553	71,703	49,898
Other entities	6,230	5,484	6,230	5,202
Small-and medium-sized industries	724,256	673,211	724,256	186,555
Local government and statutory authorities	1,491	1,905	1,491	1,846
Individuals	5,499,181	5,138,256	5,499,181	1,177,141
Foreign customers	11,429	13,446	11,429	2,387
	6,317,733	5,923,069	6,317,733	1,423,078

52. ISLAMIC BANKING BUSINESS (continued)

(c) Loans, Advances and Financing (continued)

(iv) Movements in non-performing loans, advances and financing ("NPL") including income receivable are as follows:

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	56,351	28,936	22,104	12,336
Prior year adjustment (Note 52(t))	35,593	20,750	—	—
As restated	91,944	49,686	22,104	12,336
Non-performing during the year	271,413	79,247	233,787	25,489
Amount vested over from Public Finance Berhad	—	—	82,818	—
Reclassified as performing	(160,396)	(12,741)	(157,754)	(11,622)
Recoveries	(24,330)	(8,995)	(14,813)	(3,703)
Amount written off	(22,892)	(15,253)	(10,403)	(396)
At 31 December	155,739	91,944	155,739	22,104
Net NPL as % of gross loan, advances and financing less specific allowance and income-in-suspense	1.97%	1.24%	1.97%	1.26%

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

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
General allowance				
At 1 January	99,224	62,860	26,744	15,094
Allowance made during the year	8,071	36,364	80,551	11,650
At 31 December	107,295	99,224	107,295	26,744
As % of gross loans, advances and financing less specific allowance and income-in-suspense	1.71%	1.68%	1.71%	1.88%



52. ISLAMIC BANKING BUSINESS (continued)

(c) Loans, Advances and Financing (continued)

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Specific allowance				
At 1 January	15,337	7,353	3,164	1,513
Allowance made during the year	33,858	23,390	15,466	2,141
Amount vested over from Public Finance Berhad	—	—	17,006	—
Amount written back	(2,467)	(1,342)	(384)	(202)
Amount written off	(20,658)	(14,064)	(9,182)	(288)
At 31 December	26,070	15,337	26,070	3,164
Income-in-suspense				
At 1 January	2,394	1,638	1,037	794
Prior year adjustment (Note 52(t))	988	590	—	—
As restated	3,382	2,228	1,037	794
Income suspended during the year	6,954	3,414	5,130	1,317
Amount vested over from Public Finance Berhad	—	—	3,072	—
Amount written back in respect of recoveries	(2,849)	(1,075)	(2,764)	(971)
Amount written off	(2,286)	(1,185)	(1,274)	(103)
At 31 December	5,201	3,382	5,201	1,037

52. ISLAMIC BANKING BUSINESS (continued)

(d) Other Assets

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income receivable	352	18	352	3,713
Other debtors, deposits and prepayments	1,245	13,716	1,274	212
Amount due from Head Office	1,578,891	—	1,578,891	—
	1,580,488	13,734	1,580,517	3,925

(e) Deferred Tax Assets

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	35,212	17,600	12,957	4,226
Recognised in income statement (Note 52(n))	3,061	17,612	25,316	8,731
At 31 December	38,273	35,212	38,273	12,957

The components and movements in deferred tax assets during the financial year are as follows:

	Allowance for Loan Loss RM'000	Other Temporary Differences RM'000	Total RM'000
Deferred tax assets of the Group			
At 1 January 2003	17,600	—	17,600
Recognised in income statement	10,183	7,429	17,612
At 31 December 2003	27,783	7,429	35,212
Recognised in income statement	753	2,308	3,061
At 31 December 2004	28,536	9,737	38,273



52. ISLAMIC BANKING BUSINESS (continued)

(e) Deferred Tax Assets (continued)

Deferred tax assets of the Bank	Allowance for Loan Loss RM'000	Other Temporary Differences RM'000	Total RM'000
At 1 January 2003	4,226	—	4,226
Recognised in income statement	3,262	5,469	8,731
At 31 December 2003	7,488	5,469	12,957
Recognised in income statement	21,048	4,268	25,316
At 31 December 2004	28,536	9,737	38,273

(f) Deposits From Customers

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Al-Mudharabah General Investment deposits	817,802	1,047,516	817,802	591,147
Al-Wadiah Savings deposits	1,727,501	1,247,302	1,727,501	1,074,635
Al-Wadiah Demand deposits	946,052	742,166	946,052	764,661
	3,491,355	3,036,984	3,491,355	2,430,443

The maturity structure of Al-Mudharabah General Investment deposits are as follows:

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due within six months	641,484	799,037	641,484	376,935
Six months to one year	151,126	232,377	151,126	207,081
One year to three years	16,818	9,751	16,818	2,489
Three years to five years	8,374	6,351	8,374	4,642
	817,802	1,047,516	817,802	591,147

52. ISLAMIC BANKING BUSINESS (continued)

(f) Deposits From Customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Federal and state governments	182,340	265,183	182,340	187,835
Local government and statutory authorities	262,733	319,270	262,733	174,767
Business enterprises	709,691	595,325	709,691	449,187
Individuals	1,972,028	1,472,229	1,972,028	1,261,862
Foreign customers	49,028	32,937	49,028	31,500
Others	315,535	352,040	315,535	325,292
	3,491,355	3,036,984	3,491,355	2,430,443

(g) Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Licensed banks	3,585,613	2,139,298	3,585,613	103,358
Licensed finance companies	—	13,070	—	—
	3,585,613	2,152,368	3,585,613	103,358

(h) Other Liabilities

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Income payable	11,137	13,169	11,137	6,001
Other liabilities	1,207	32,651	1,207	30,559
Profit Equalisation Reserves (Note 52 (i))	28,393	26,531	28,393	19,531
Amount due to Head Office	—	47,424	—	40,383
	40,737	119,775	40,737	96,474



52. ISLAMIC BANKING BUSINESS (continued)

(i) The movements in Profit Equalisation Reserves are as follows:

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	26,531	7,514	19,531	7,514
Amount arising during the year	6,268	19,107	13,268	12,107
Amount written back	(4,406)	(90)	(4,406)	(90)
At 31 December	28,393	26,531	28,393	19,531

(j) Provision for Tax Expense and Zakat

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax expense	33,977	28,458	33,977	15,883
Zakat	35	60	35	60
	34,012	28,518	34,012	15,943

(k) Income from the Islamic Banking Business

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income derived from investment of depositors' funds	427,573	361,629	226,786	129,099
Income attributable to depositors:				
– customers	(40,562)	(60,054)	(30,831)	(35,981)
– banks and financial institutions	(87,778)	(40,069)	(16,974)	(688)
	299,233	261,506	178,981	92,430
Profit Equalisation Reserves	(1,862)	(19,017)	(8,862)	(12,017)
Income attributable to the Group/Bank	297,371	242,489	170,119	80,413
Income derived from Islamic Banking Fund	83,013	53,922	55,513	17,533
	380,384	296,411	225,632	97,946

52. ISLAMIC BANKING BUSINESS (continued)

(k) Income from the Islamic Banking Business (continued)

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

	Group		Bank	
	Depositors' Funds RM'000	IBF RM'000	Depositors' Funds RM'000	IBF RM'000
2004				
Income from financing	394,934	69,953	194,164	42,507
Income from placements with financial institutions	28,873	6,319	28,856	6,317
Investment and dealing income:				
– profit received from investment securities	25	6	25	6
– gains from sale of investment securities	2	1	2	1
– gross dividends from investment securities	3,739	818	3,739	818
	427,573	77,097	226,786	49,649
Fee income:				
– commission	—	1,024	—	1,024
– service charges and fees	—	4,600	—	4,600
– other fee income	—	292	—	240
	—	5,916	—	5,864
	427,573	83,013	226,786	55,513
2003				
Income from financing	351,556	45,965	94,309	9,982
Income from placements with financial institutions	4,510	2,737	29,313	2,734
Investment and dealing income:				
– profit received from investment securities	1,648	158	1,563	146
– gains from sale of investment securities	157	15	157	15
– gross dividends from investment securities	3,758	350	3,757	350
	361,629	49,225	129,099	13,227
Fee income:				
– commission	—	358	—	315
– service charges and fees	—	3,728	—	3,698
– other fee income	—	611	—	293
	—	4,697	—	4,306
	361,629	53,922	129,099	17,533



52. ISLAMIC BANKING BUSINESS (continued)

(l) Staff Costs and Overheads

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Personnel costs	35,718	33,958	23,010	15,403
Establishment cost	12,819	10,138	12,236	8,281
Marketing expenses	8,101	23,732	2,004	740
Administration and general expenses	2,145	3,531	1,634	1,685
	58,783	71,359	38,884	26,109

(m) Allowance for Losses on Loans and Financing

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Allowance for bad and doubtful debts and financing:				
– general allowance	8,071	36,364	80,551	11,650
– specific allowance	33,858	23,390	15,466	2,141
– specific allowance written back	(2,467)	(1,342)	(384)	(202)
Bad debts and financing recovered	(2,945)	(307)	(1,360)	—
Bad debts written off	26	—	26	—
	36,543	58,105	94,299	13,589

(n) Tax Expense and Zakat

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Malaysian income tax	83,037	62,372	51,038	23,052
Deferred tax expense				
– Origination and reversal of temporary differences (Note 52(e))	(3,061)	(17,612)	(25,316)	(8,731)
Tax expense	79,976	44,760	25,722	14,321
Zakat	75	92	75	60
	80,051	44,852	25,797	14,381

52. ISLAMIC BANKING BUSINESS (continued)

(o) 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 results of these transactions. The commitment and contingencies are not secured against the Group's and the Bank's assets.

The risk-weighted exposures of the Group and the Bank as at the end of financial year are as follows:

	2004		2003	
	Notional	Credit Equivalent	Notional	Credit Equivalent
	RM'000	RM'000	RM'000	RM'000
Group				
Irrevocable commitments to extend credit:				
– maturity exceeding one year	137,922	68,961	375,358	187,679
– maturity not exceeding one year	7,653	—	4,462	—
	145,575	68,961	379,820	187,679
Bank				
Irrevocable commitments to extend credit:				
– maturity exceeding one year	137,922	68,961	199,328	99,664
– maturity not exceeding one year	7,653	—	4,462	—
	145,575	68,961	203,790	99,664

(p) Capital Adequacy

The capital adequacy ratios under the Islamic Banking business as at 31 December are as follows:

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Core capital ratio	13.4%	19.6%	13.4%	45.4%
Risk-weighted capital ratio	14.8%	21.3%	14.8%	47.2%



52. ISLAMIC BANKING BUSINESS (continued)

(p) Capital Adequacy (continued)

	Group		Bank	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Components of Tier I and Tier II capital:				
Tier I capital				
Capital funds	824,140	824,140	824,140	524,133
Retained profits	202,881	325,528	202,910	136,258
Less: Deferred tax assets	(38,273)	(35,212)	(38,273)	(12,957)
Total Tier I capital	988,748	1,114,456	988,777	647,434
Tier II capital				
General allowance for bad and doubtful debts	107,295	99,224	107,295	26,744
Total Tier II capital	107,295	99,224	107,295	26,744
Capital base	1,096,043	1,213,680	1,096,072	674,178

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

	2004		2003	
	Notional	Risk-weighted	Notional	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Group				
0%	99,376	—	222,436	—
10%	127,503	12,750	127,480	12,748
20%	189,565	37,913	312,927	62,585
50%	1,166,228	583,114	966,554	483,277
100%	6,763,907	6,763,907	5,137,041	5,137,041
	8,346,579	7,397,684	6,766,438	5,695,651

52. ISLAMIC BANKING BUSINESS (continued)

(p) Capital Adequacy (continued)

	2004		2003	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
Bank				
0%	99,376	—	62,915	—
10%	127,503	12,750	127,480	12,748
20%	189,565	37,913	1,740,468	348,094
50%	1,166,228	583,114	900,540	450,270
100%	6,763,907	6,763,907	616,064	616,064
	8,346,579	7,397,684	3,447,467	1,427,176

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 2002 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.

(q) Yield/Profit Rate Risk

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

Group	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	over 5 years	Non- yield/profit sensitive	Total	Effective profit rate %
2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS									
Cash and short-term funds	203,170	—	—	—	—	—	1,215	204,385	2.89
Investment securities	—	—	—	—	127,503	—	—	127,503	3.45
Loans, advances and financing									
– performing	174,125	181,895	272,236	535,991	3,188,867	1,808,880	—	6,161,994	6.98
– non-performing *	—	—	—	—	—	—	17,173	17,173	
Other non-profit sensitive balances	—	—	—	—	—	—	1,697,513	1,697,513	
TOTAL ASSETS	377,295	181,895	272,236	535,991	3,316,370	1,808,880	1,715,901	8,208,568	



52. ISLAMIC BANKING BUSINESS (continued)

(q) Yield/Profit Rate Risk (continued)

Group	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	over 5 years	Non- yield/profit sensitive	Total	Effective profit rate %
2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
LIABILITIES AND ISLAMIC BANKING FUNDS									
Deposits from customers	2,165,864	149,540	227,540	151,123	25,191	—	772,097	3,491,355	1.44
Deposits and placements of banks and other financial institutions	3,585,400	—	—	—	—	—	213	3,585,613	2.79
Other non-profit sensitive balances	—	—	—	—	—	—	104,579	104,579	
Total Liabilities	5,751,264	149,540	227,540	151,123	25,191	—	876,889	7,181,547	
Islamic Banking Funds							1,027,021	1,027,021	
Total Liabilities and Islamic Banking Funds	5,751,264	149,540	227,540	151,123	25,191	—	1,903,910	8,208,568	
On-balance sheet profit sensitivity gap	(5,373,969)	32,355	44,696	384,868	3,291,179	1,808,880	(188,009)		
Off-balance sheet profit sensitivity gap	—	—	—	—	—	—	—		
Total profit sensitivity gap	(5,373,969)	32,355	44,696	384,868	3,291,179	1,808,880	(188,009)		

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

52. ISLAMIC BANKING BUSINESS (continued)

(q) Yield/Profit Rate Risk (continued)

Group 2003	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- yield/profit sensitive RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	304,411	—	—	—	—	—	11,641	316,052	2.72
Investment securities	29,984	—	—	—	127,480	—	—	157,464	3.36
Loans, advances and financing									
– performing	148,550	167,371	250,776	494,743	3,175,636	1,594,049	—	5,831,125	7.89
– non-performing *	—	—	—	—	—	—	(25,999)	(25,999)	—
Other non-profit sensitive balances	—	—	—	—	—	—	236,079	236,079	—
TOTAL ASSETS	482,945	167,371	250,776	494,743	3,303,116	1,594,049	221,721	6,514,721	
LIABILITIES AND ISLAMIC BANKING FUNDS									
Deposits from customers	1,690,461	274,045	219,743	232,379	16,102	—	604,254	3,036,984	2.03
Deposits and placements of banks and other financial institutions	1,150,137	1,002,220	—	—	—	—	11	2,152,368	2.90
Other non-profit sensitive balances	—	—	—	—	—	—	175,701	175,701	—
Total Liabilities	2,840,598	1,276,265	219,743	232,379	16,102	—	779,966	5,365,053	
Islamic Banking Funds	—	—	—	—	—	—	1,149,668	1,149,668	
Total Liabilities and Islamic Banking Funds	2,840,598	1,276,265	219,743	232,379	16,102	—	1,929,634	6,514,721	
On-balance sheet profit sensitivity gap	(2,357,653)	(1,108,894)	31,033	262,364	3,287,014	1,594,049	(1,707,913)		
Off-balance sheet profit sensitivity gap	—	—	—	—	—	—	—		
Total profit sensitivity gap	(2,357,653)	(1,108,894)	31,033	262,364	3,287,014	1,594,049	(1,707,913)		

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



52. ISLAMIC BANKING BUSINESS (continued)

(q) Yield/Profit Rate Risk (continued)

Bank 2004	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- yield/profit sensitive RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	203,170	—	—	—	—	—	1,215	204,385	2.89
Investment securities	—	—	—	—	127,503	—	—	127,503	3.45
Loans, advances and financing									
– performing	174,125	181,895	272,236	535,991	3,188,867	1,808,880	—	6,161,994	6.98
– non-performing *	—	—	—	—	—	—	17,173	17,173	
Other non-profit sensitive balances	—	—	—	—	—	—	1,697,542	1,697,542	
TOTAL ASSETS	377,295	181,895	272,236	535,991	3,316,370	1,808,880	1,715,930	8,208,597	
LIABILITIES AND ISLAMIC BANKING FUNDS									
Deposits from customers	2,165,864	149,540	227,540	151,123	25,191	—	772,097	3,491,355	1.44
Deposits and placements of banks and other financial institutions	3,585,400	—	—	—	—	—	213	3,585,613	2.79
Other non-profit sensitive balances	—	—	—	—	—	—	104,579	104,579	
Total Liabilities	5,751,264	149,540	227,540	151,123	25,191	—	876,889	7,181,547	
Islamic Banking Funds							1,027,050	1,027,050	
Total Liabilities and Islamic Banking Funds	5,751,264	149,540	227,540	151,123	25,191	—	1,903,939	8,208,597	
On-balance sheet profit sensitivity gap	(5,373,969)	32,355	44,696	384,868	3,291,179	1,808,880	(188,009)		
Off-balance sheet profit sensitivity gap	—	—	—	—	—	—	—		
Total profit sensitivity gap	(5,373,969)	32,355	44,696	384,868	3,291,179	1,808,880	(188,009)		

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

52. ISLAMIC BANKING BUSINESS (continued)

(q) Yield/Profit Rate Risk (continued)

Bank	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	over 5 years	Non- yield/profit sensitive	Total	Effective profit rate %
2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS									
Cash and short-term funds	1,284,411	—	—	—	—	—	2,404	1,286,815	2.88
Deposits and placements with banks and other financial institutions	—	450,000	—	—	—	—	—	450,000	2.93
Investment securities	29,984	—	—	—	127,480	—	—	157,464	3.36
Loans, advances and financing									
– performing	10,132	12,599	19,182	39,407	338,602	981,052	—	1,400,974	8.36
– non-performing *	—	—	—	—	—	—	(8,841)	(8,841)	—
Other non-profit sensitive balances	—	—	—	—	—	—	47,605	47,605	—
TOTAL ASSETS	1,324,527	462,599	19,182	39,407	466,082	981,052	41,168	3,334,017	
LIABILITIES AND ISLAMIC BANKING FUNDS									
Deposits from customers	1,379,375	106,462	103,644	207,082	7,131	—	626,749	2,430,443	1.82
Deposits and placements of banks and other financial institutions	103,347	—	—	—	—	—	11	103,358	2.71
Other non-profit sensitive balances	—	—	—	—	—	—	139,825	139,825	—
Total Liabilities	1,482,722	106,462	103,644	207,082	7,131	—	766,585	2,673,626	
Islamic Banking Funds	—	—	—	—	—	—	660,391	660,391	—
Total Liabilities and Islamic Banking Funds	1,482,722	106,462	103,644	207,082	7,131	—	1,426,976	3,334,017	



52. ISLAMIC BANKING BUSINESS (continued)

(q) Yield/Profit Rate Risk (continued)

Bank	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	over 5 years	Non- yield/profit sensitive	Effective profit rate
2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
On-balance sheet								
profit sensitivity gap	(158,195)	356,137	(84,462)	(167,675)	458,951	981,052	(1,385,808)	
Off-balance sheet								
profit sensitivity gap	—	—	—	—	—	—	—	
Total profit sensitivity gap	(158,195)	356,137	(84,462)	(167,675)	458,951	981,052	(1,385,808)	

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

(r) Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities of the Group and the Bank carried on the balance sheet date approximated their fair values except for the followings:

Recognised financial instruments

	2004		2003	
Group	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets				
Cash and short-term funds	204,385	204,385	316,052	316,052
Investment securities	127,503	127,503	157,464	157,464
*Loans, advances and financing	6,286,462	6,385,294	5,904,350	6,311,208
Financial liabilities				
Deposits from customers	3,491,355	3,491,355	3,036,984	3,036,984
Deposits and placements of banks and other financial institutions	3,585,613	3,585,613	2,152,368	2,152,368
Bills and acceptances payable	29,830	29,830	27,408	27,408

52. ISLAMIC BANKING BUSINESS (continued)

(r) Fair Values of Financial Assets and Liabilities (continued)

Bank	2004		2003	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets				
Cash and short-term funds	204,385	204,385	1,286,815	1,286,815
Deposits and placements with banks and other financial institutions	—	—	450,000	450,000
Investment securities	127,503	127,503	157,464	157,464
*Loans, advances and financing	6,286,462	6,385,294	1,418,877	1,431,326
Financial liabilities				
Deposits from customers	3,491,355	3,491,355	2,430,443	2,430,443
Deposits and placements of banks and other financial institutions	3,585,613	3,585,613	103,358	103,358
Bills and acceptances payable	29,830	29,830	27,408	27,408

* The general allowance of the Group and of the Bank of RM107,295,000 (2003 – RM99,224,000) and RM107,295,000 (2003 – RM26,744,000) respectively is not included in the carrying amounts.

(s) Related Party Transactions

The significant transactions and outstanding balances of the Bank with its subsidiary company are as follows:

	Bank	
	2004	2003
Amount due from		
Interbank loans	—	1,430,000
Profit receivable	—	3,695
	—	1,433,695
Amount due to		
Al-Wadiah Demand deposits	—	22,495

52. ISLAMIC BANKING BUSINESS (continued)

(t) Change in Accounting Policies and Prior Year Adjustments

During the financial year, the Group and the Bank adopted the 3-month classification for non-performing loans instead of the 6-month classification in previous years. The effect of this change is a prior year adjustment to the Group's retained profits as at 31 December 2003 of RM711,000.

(u) Allocation of Income

The method of allocation of income to the types of deposits is based on "The Framework of Rate of Return" issued by Bank Negara Malaysia. This Framework of Rate of Return which is based on the return on assets concept, calculates the income on assets. The return on assets after deducting incidental expenses and allowances for losses on loans and financing are distributed to the depositors using the weighted average method.

(v) Syariah Advisor

The Group and the Bank hold regular meetings with appointed Syariah Panel who provides technical assistance in ensuring the Islamic Banking products and services offered by the Group and the Bank are in compliance with Syariah principles. The Syariah Panel also provides guidance on legal matters on Islamic Banking products and services.

Bursa Securities Listing Requirements Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

(i) Utilisation of Proceeds Raised from Corporate Proposals

On 22 June 2004, Public Bank issued USD350 million in aggregate principal amount of Subordinated Notes ("the Notes") due 2014 callable with step-up in 2009. The Notes bear interest at the rate of 5.625% per annum from (and including) 22 June 2004 to (but excluding) 22 September 2009 and, thereafter, at a rate per annum equal to the interest rate of five year US treasury notes plus 3.10%. The proceeds from the issuance of the Notes has been used for general banking and other corporate purposes.

Disclosed in accordance with Appendix 9C, Part A, item 12 of the Listing Requirements of Bursa Securities.

(ii) Share Buy Back

During the financial year, Public Bank bought back a total of 56,628,800 of its ordinary shares of RM1.00 each ("PBB Shares") which are listed and quoted as "Local" on the Main Board of Bursa Securities ("PBB Local Shares") and 12,456,850 of PBB Shares which are listed and quoted as "Foreign" on the Main Board of Bursa Securities ("PBB Foreign Shares") on the open market. The details of the PBB Shares bought back during the year are as follows:

Monthly Breakdown	No. of PBB									
	PBB Local Share			PBB Foreign Share			Total No. of			
	No. of PBB Local Shares	Average		No. of PBB Foreign Shares	Average		PBB Shares			
	Bought Back & Retained As Treasury Shares	Buy Back Price Per Share (RM)	Cost Per Share RM	Bought Back & Retained As Treasury Shares	Buy Back Price Per Share (RM)	Cost Per Share RM	Bought Back & Retained As Treasury Shares	Buy Back Price Per Share (RM)	Cost Per Share RM	Total Cost (RM)
		Lowest	Highest		Lowest	Highest		Lowest	Highest	
February	21,306,300	5.74	6.08	5.89	12,456,850	6.48	6.80	6.61	33,763,150	208,385,996
August	17,459,800	6.15	6.30	6.27	—	—	—	—	17,459,800	109,665,582
September	17,862,700	6.25	6.40	6.34	—	—	—	—	17,862,700	113,429,013
Total	56,628,800	5.74	6.40	6.15	12,456,850	6.48	6.80	6.61	69,085,650	431,480,591

All the PBB Local Shares and PBB Foreign Shares bought back during the year are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2004, a total of 100,177,400 PBB Shares were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

Disclosed in accordance with Paragraph 12.24, Appendix 12D of the Listing Requirements of Bursa Securities.

(iii) Options, Warrants or Convertible Securities

Public Bank has not issued any options, warrants or convertible securities during the financial year ended 31 December 2004 other than the granting of options under the Public Bank Berhad Employees' Share Option Scheme as disclosed in Note 21(b) to the financial statements.

Disclosed in accordance with Appendix 9C, Part A, item 14 of the Listing Requirements of Bursa Securities.

(iv) 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.

Disclosed in accordance with Appendix 9C, Part A, item 16 of the Listing Requirements of Bursa Securities.

(v) Non-audit Fees

The amount of non-audit fees paid to external auditors by the Group and the Bank for the financial year amounted to RM445,000 and RM274,000 respectively.

Disclosed in accordance with Appendix 9C, Part A, item 17 of the Listing Requirements of Bursa Securities.

(vi) Variation in Results

There was no profit forecast issued by Public Bank and its subsidiary companies during the financial year.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Securities.

(vii) Profit Guarantee

There were no profit guarantees given by Public Bank and its subsidiary companies during the financial year.

Disclosed in accordance with Appendix 9C, Part A, item 19 of the Listing Requirements of Bursa Securities.

(viii) Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by Public Bank and its subsidiary companies involving directors and major shareholders, which subsisted at the end of the financial year ended 31 December 2004 or, if not then subsisting, entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 20 of the Listing Requirements of Bursa Securities.

(ix) Revaluation Policy

The Public Bank Group does not revalue its landed properties classified as Property and Equipment. The revaluation policy on landed properties classified as Investment Properties are as disclosed in Note 2(h) to the financial statements.

Disclosed in accordance with Appendix 9C, Part A, item 23 of the Listing Requirements of Bursa Securities.

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

At an Extraordinary General Meeting on 20 April 2004, Public Bank had obtained a mandate from its shareholders to allow the Public Bank Group to enter into recurrent related party transactions of a revenue or trading nature.

The details of the recurrent related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2004 pursuant to the said shareholders' mandate are as follows:

Companies in the Group involved in Recurrent Transactions	Related Parties	Interested Related Parties	Nature of relationship	Nature of transaction	Value of transactions RM'000
Public Bank Berhad ("PBB"), Public Finance Berhad, Public Holdings Sdn. Bhd., Public Leasing & Factoring Sdn. Bhd., PB International Factors Sdn. Bhd., PB Securities Sdn. Bhd., Public Merchant Bank Berhad, Public Mutual Berhad, PB Properties Sdn. Bhd.	LPI Capital Bhd ("LPI") and Lonpac Insurance Bhd ("LIB").	Tan Sri Dato' Sri Dr. Teh Hong Piow, Dato' Yeoh Chin Kee and Lee Chin Guan.	Tan Sri Dato' Sri Dr. Teh Hong Piow is a Director and a substantial shareholder of PBB and LPI. Dato' Yeoh Chin Kee is a Director and a direct shareholder of PBB and an indirect shareholder of LPI. Lee Chin Guan is a Director of PBB and LPI, and a direct shareholder of PBB and LPI.	Premiums for insurance coverage of the Group by LIB ¹ .	3,430

Note¹ : Comprises insurance premium that do not qualify as exempted transactions as defined under Paragraph 4.1 of Practice Note 14/2002 of the Listing Requirements of Bursa Securities. The types of insurance coverage provided to the Public Bank Group by Lonpac Insurance Berhad include group all benefits personal accident ("ABPA"), group travellers' inconvenience, burglary, group health and safe deposit box.

Disclosed in accordance with Paragraph 10.09(1)(b) and Section 4.1.5 of Practice Note 12/2001 of the Listing Requirements of Bursa Securities.

Malaysian Economy: Broad-Based Recovery with Stronger Private Sector

GROWTH EXCEEDS EXPECTATIONS

Despite high global oil prices and external uncertainties, the Malaysian economy remained resilient in 2004. Growth was more entrenched, supported by the accommodative monetary policy, fiscal expansion, stable ringgit-peg and helped by the upbeat world economy.

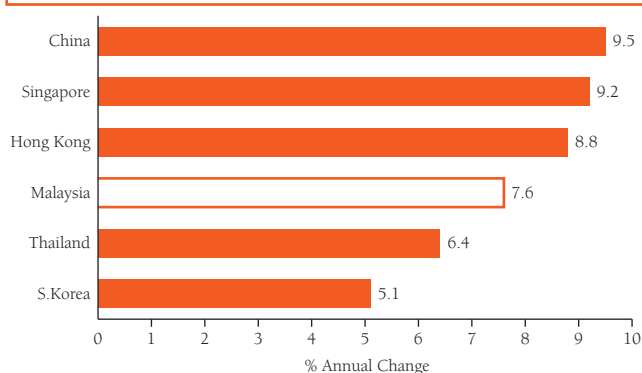
The economy had already registered 7.6% gross domestic product ("GDP") growth for the first three quarters of 2004 compared to 5.3% for 2003. Malaysia's GDP growth was the fourth highest in this region after China (9.5%), Singapore (9.2%), Hong Kong (8.8%), and was ahead of the growth in Thailand (6.4%) and South Korea (5.1%) (Graph 1).

BROAD-BASED EXPANSION

Growth in 2004 was driven by a strong expansion in major sectors (Table 1). In the first three quarters of the year, the manufacturing sector grew by 11.5%. The services sector grew by 6.8%, supported by strong consumption, tourism and trade-related activities.

The agriculture sector grew by 4.3% due to higher production of palm oil and rubber. The mining and quarrying sector expanded by 3.7% due to higher crude oil

Graph 1 GDP Growth of Malaysia and Selected Regional Economies, January-September 2004



Source: Official websites of respective countries

Table 1 Malaysia: GDP Growth by Economic Activity, 2003 and 2004 (at constant 1987 prices)

	% Annual Change	
	2003	2004 Jan-Sep
Real Gross Domestic Product	5.3	7.6
Agriculture	5.7	4.3
Mining and Quarrying	5.9	3.7
Manufacturing	8.3	11.5
Construction	1.9	-1.4
Services	4.4	6.8

Source: Department of Statistics, Malaysia. Quarterly National Product and Expenditure Accounts, Third Quarter 2004

Table 2 Malaysia: GDP by Expenditure Components, 2003 and 2004 (at constant 1987 prices)

	% Annual Change	
	2003	2004 Jan-Sep
Aggregate Domestic Demand	5.9	7.6
Final Consumption Expenditure	7.4	9.6
Public	10.0	7.8
Private	6.6	10.2
Gross Fixed Capital Formation	2.7	3.4
Exports of Goods and Services	6.3	17.8
Imports of Goods and Services	5.0	22.7
GDP	5.3	7.6

Source: Department of Statistics, Malaysia. Quarterly National Product and Expenditure Accounts, Third Quarter 2004

production. However, the construction sector contracted by 1.4% due to lower civil engineering activity.

HIGHER DOMESTIC DEMAND

The private sector further strengthened in 2004 (Table 2). Private consumption grew by 10.2% in the first three quarters of 2004, supported by increased disposable

income. Investment further recovered by 3.4% due to higher capacity utilisation, improved corporate earnings and low interest rates.

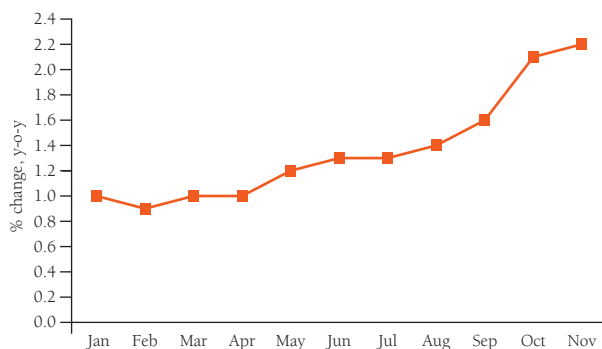
Exports surged by 17.8% for the first three quarters of 2004 due to the stronger demand for electronic products, crude petroleum and palm oil. In line with the drive towards fiscal consolidation, growth in public consumption moderated to 7.8%.

STRONG MACROECONOMIC FUNDAMENTALS

Economic fundamentals remained healthy in 2004. Inflation remained low despite the recent increase in the consumer price index ("CPI") from 1% in January 2004 to 2.2% in November 2004 (Graph 2). The CPI only edged up slightly by 1.3% for the period January-November 2004 from 1.2% in 2003, helped by stringent price controls, adequate supply capacity and increased competition. The unemployment rate remained low at 3.4% at the end of September 2004 (Graph 3).

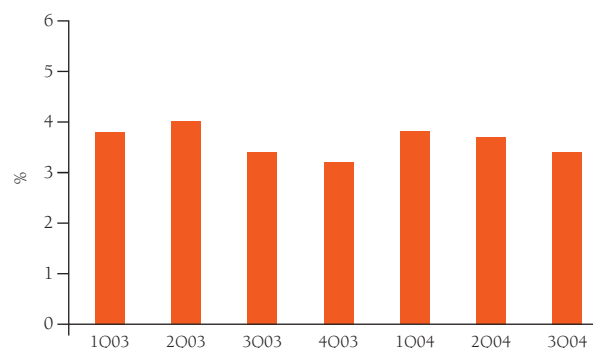
At the end of 2004, the ratio of gross national savings to gross national product ("GNP") was estimated to remain high at 36.5%. The surplus in the current account of the balance of payments was projected to remain high at 14.1%

Graph 2 Malaysia: Consumer Price Index, January-November 2004



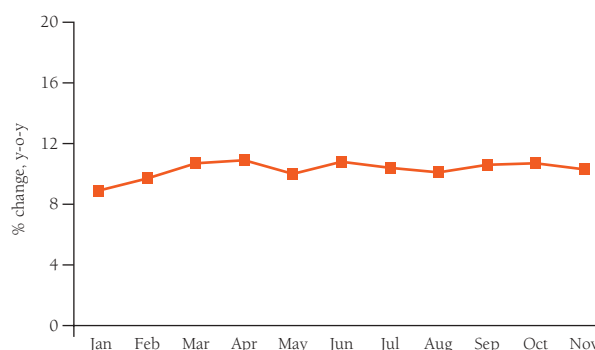
Source: Department of Statistics, Malaysia. Consumer Price Index, various issues

Graph 3 Malaysia: Unemployment Rate, 2003 and 2004



Source: Department of Statistics, Malaysia website

Graph 4 Malaysia: Growth of Broad Money, M3, January-November 2004



Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

of GNP in 2004. External debt also remained stable. International reserves increased from US\$47.7 billion in January 2004 to US\$66.7 billion in December 2004 due to higher repatriation of export earnings and inflows of portfolio and foreign direct investments.

SUSTAINED EXPANSION IN BROAD MONEY

As at the end of November 2004, broad money M3 increased by 10.3% due to higher lending activity and expansionary external operations (Graph 4).

STRONG BANKING SECTOR

Amid the healthy economy, the banking sector remained strong in 2004. The risk-weighted capital ratio of the banking system was at 13.7% at the end of November 2004 and the core capital ratio stood at 10.9% (Table 3), contributed by higher earnings.

The ratio of net non-performing loans to total loans and advances of the banking system declined to 8.1% at the end of November 2004 (Graph 5), while the loan loss coverage of the banking system increased to 202% at the end of November 2004 from 192% at end-2003 (Graph 6).

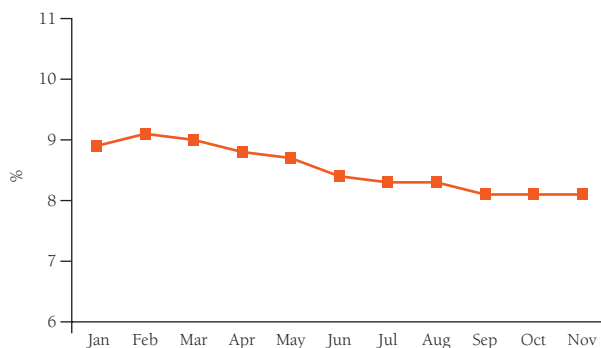
Total loans of the banking system grew by 6.7% at the end of November 2004 as a result of higher loan disbursements

Table 3 Banking System: Risk-Weighted Capital Ratio and Core Capital Ratio, 2003 and 2004

	2003	2004			
		Jan	Mar	Jun	Nov
Risk-Weighted Capital Ratio (%)	13.8	13.9	13.7	14.3	13.7
Core Capital Ratio (%)	11.1	11.2	11.0	11.7	10.9

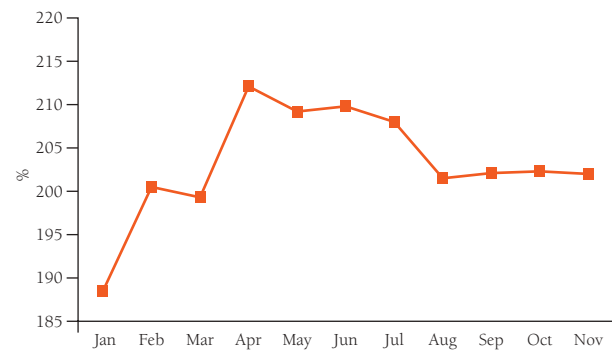
Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

Graph 5 Banking System: Ratio of Net Non-Performing Loans to Total Loans and Advances, January-November 2004



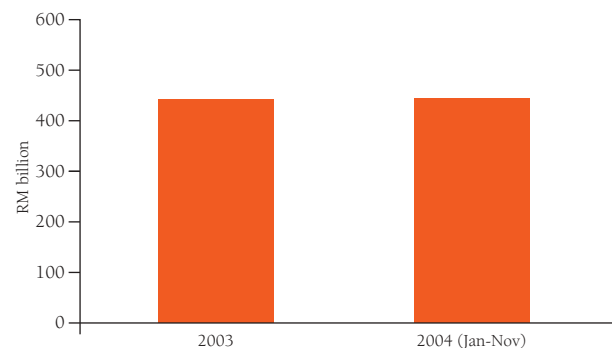
Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

Graph 6 Banking System: Loan Loss Coverage, January-November 2004



Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

Graph 7 Banking System: Loans Disbursed, 2003 and 2004

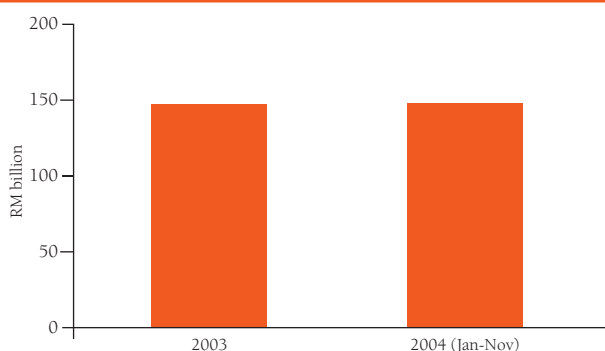


Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

and approvals. For the period January-November 2004, total loans disbursed by the banking system expanded by 11.1% and total loans approved increased by 14.7% (Graphs 7 and 8). The growth in loans disbursed and approved were notable for consumer loans (such as residential mortgages and car financing) and SME loans.

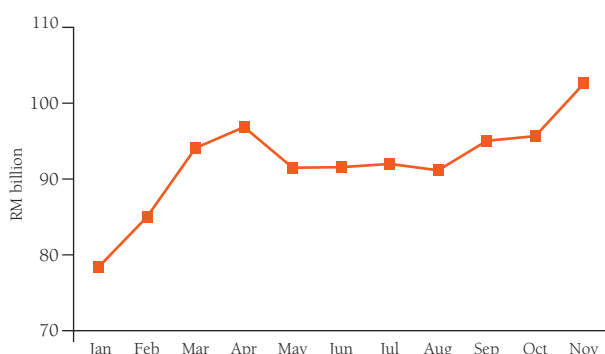
Liquidity in the banking sector remained ample as reflected in the larger increase in the resource gap of the banking system (Graph 9). As at the end of November 2004, growth of total deposits at 10.9% outpaced growth in total loans of 6.7%.

Graph 8 Banking System: Loans Approved, 2003 and 2004



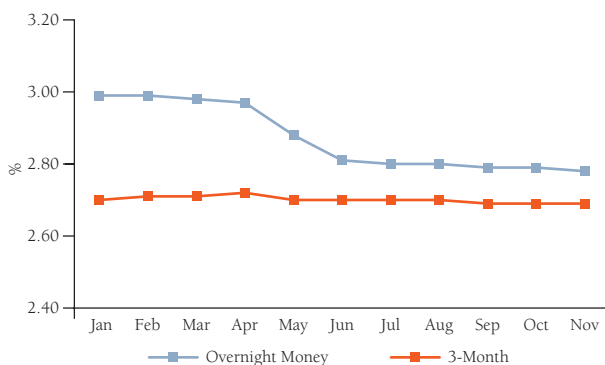
Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

Graph 9 Banking System: Resource Gap, January-November 2004



Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

Graph 10 Malaysia: Weighted Average Interbank Rates, January-November 2004



Source: Bank Negara Malaysia. Monthly Statistical Bulletin, November 2004

Because of the ample liquidity, key interbank interest rates continued to remain low in 2004. During January-November 2004, the rate for the overnight money was around 2.7% and the rate for three-month money was between 2.80% and 2.89% (Graph 10).

OUTLOOK FOR 2005

The rate of growth of the Malaysian economy is expected to moderate slightly in 2005 due to the expected slower growth in the global economy. For 2005, growth in the world economy is likely to trend down to 3.2% – 4.3% due to higher oil prices, higher global interest rates and moderation in the US economy.

The Malaysian Government projects that the economy will grow by 6% for 2005 based on sustained domestic demand. Growth in domestic-oriented manufacturing industries and services sector is expected to remain robust. Export growth may lose some momentum due to the projected slower world economy.

Malaysia's economic fundamentals are also expected to remain strong. Unemployment and inflation are expected to remain low. Furthermore, global inflation is likely to remain well contained, despite higher global oil prices.

Malaysia's external position is also expected to remain strong. The surplus in the current account of the balance of payments is projected to stay large at around 14% of GNP. As a result, the international reserves will remain high.

The Government will continue to support the economy with a small fiscal deficit of around 3.8% of GDP. In addition, monetary policy is expected to remain accommodative to support growth.

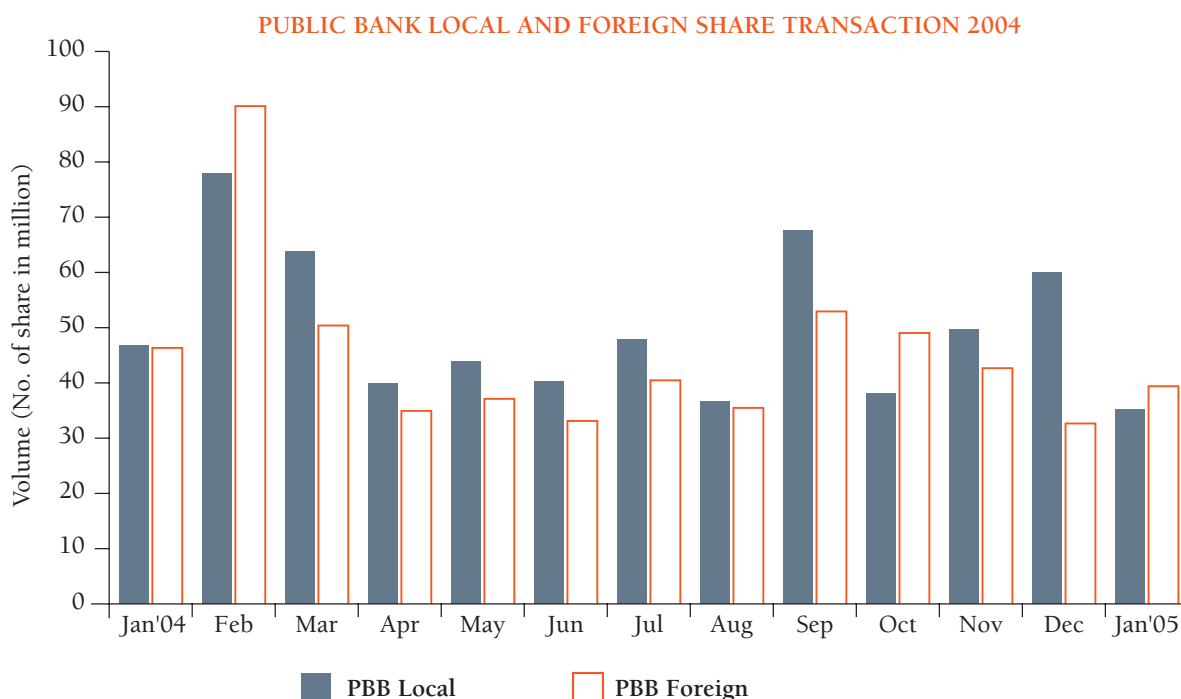
Notwithstanding the positive growth outlook, there are some downside risks in the global economy due to the large global imbalances. These risks include slower-than-expected growth in the US, Europe, Japan and China, higher global oil prices, rapid rise in global interest rates and a sharper-than-expected moderation in the global electronics industry.

Investor Information

Bursa Malaysia Securities Berhad started 2004 on a positive note. The bullish sentiment was due to the brighter economic outlook arising from improved economic data released and other positive developments including the news that Malaysia was back on the investment list of the California Public Employee Retirement Scheme (“CalPERS”). The Kuala Lumpur Composite Index (“KLCI”) advanced to a high of 908.96 points on 22 March 2004, one day following the general elections held on 21 March 2004. Thereafter, the performance of the Malaysian stock market became increasingly lackluster as investors turned cautious, undermined by negative external developments such as the outbreak of avian flu in the ASEAN region, sharp losses in the US and other major stock markets, increased geopolitical uncertainties in the Middle-East and unsettling violence in Iraq. The start of the US interest rate increase cycle, doubts over the Chinese Government’s ability to cool an overheating economy and achieve a soft landing and high crude oil prices further dampened investors’ sentiment. The weight of negative factors eventually led the KLCI to its lowest level for 2004 at 781.05 points on 17 May 2004.

The KLCI started to rise in the month of July 2004. The run-up was due to expectations of higher GDP growth in 2004 and portfolio re-balancing of foreign funds favouring Malaysian stocks. However, lack of follow through buying and fears that surging crude oil prices will cloud global growth prospects caused the market to consolidate and remain range-bound towards the end of July and August 2004. The KLCI started to move up again in the beginning of September 2004 following Malaysia’s stronger than expected second quarter GDP growth of 8% and encouraging measures in the 2005 Budget. However, the surge in crude oil prices to its all time high in late September 2004 and profit taking activities curbed further gains of the KLCI in October 2004.

The KLCI rallied again in late October 2004 on speculation of a ringgit re-peg, a sharp drop in crude oil prices and improved third quarter corporate earnings. The strong performance of regional equity markets also help to strengthen the upward trend. The KLCI rallied to a four year high of 919.97 points on 2 December 2004, before closing 2004 at 907.43 points. For the year as a whole, the KLCI gained 113.49 points or 14.3%.

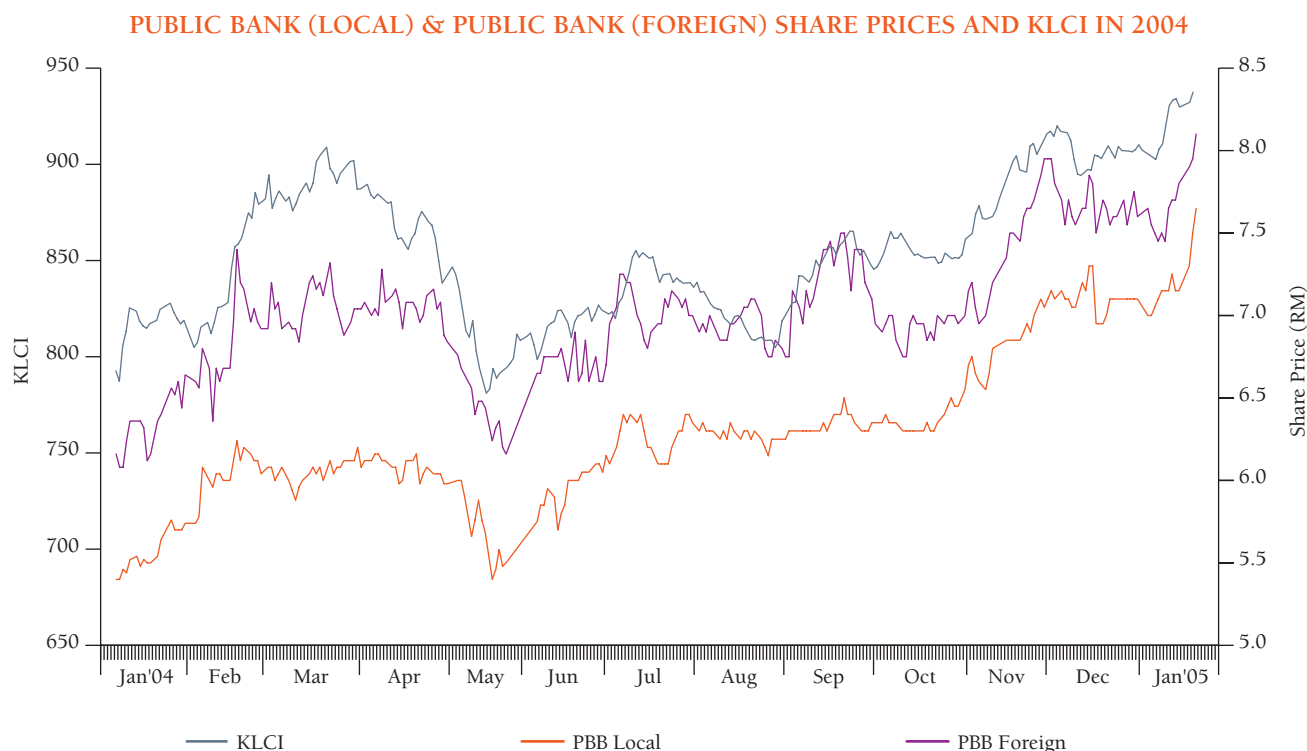


Public Bank's share prices outperformed the KLCI during the year. Public Bank (Local) share price rose from RM2.83 as at 31 December 2003 to a high of RM3.12 in February 2004 and thereafter consolidated within a broad trading range of RM3.00 to RM3.10. As for Public Bank (Foreign) shares, the share price rose from RM3.10 as at 31 December 2003 to a high of RM3.70 in February 2004 and thereafter consolidated within a broad trading range of RM3.20 to RM3.60. Public Bank shares started to fall in May 2004 in line with the general decline of the KLCI component stocks due to weak stock market conditions.

On 24 May 2004, the trading in Public Bank (Local) shares and Public Bank (Foreign) shares were suspended to facilitate the implementation of the consolidation of two RM0.50 shares into one RM1.00 share. Public Bank's shares were re-quoted on 8 June 2004 at the opening price of RM5.60 for Public Bank (Local) shares and RM6.65 for Public Bank (Foreign) shares. Both Public Bank (Local)

share and Public Bank (Foreign) share prices rose steadily to highs of RM7.30 and RM7.95 respectively. The rise was also partly due to the announcement of a special dividend of 40.0% less 28.0% income tax on 25 October 2004. Public Bank (Local) share and Public Bank (Foreign) share prices closed at RM7.10 and RM7.60 respectively on 31 December 2004.

Public Bank (Local) share and Public Bank (Foreign) share prices continued its upward momentum from the end of 2004 to close higher at RM7.50 and RM7.95 respectively when the KLCI reached its 4½ years high of 937.56 on 18 January 2005. On the same day, Public Bank announced its financial results for 2004 together with a proposed final and special dividend of 35% less 28% tax and 15% less 28% tax respectively. The market responded favourably to the Public Bank Group's sterling performance with Public Bank (Local) share and Public Bank (Foreign) share prices rising to highs of RM7.70 and RM8.15 respectively.



Analysis of Shareholdings as at 25 January 2005

Authorised Share Capital : RM5,000,000,000
Issued and Paid-up Share Capital : RM3,355,767,324 comprising 3,355,767,324 ordinary shares of RM1.00 each
Class of Shares : Ordinary shares of RM1.00 each
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	4,382	4.51	228	0.24	141,649	*1	8,415	*1
100 – 1,000	18,132	18.66	1,021	1.05	11,789,972	0.36	595,334	0.02
1,001 – 10,000	45,792	47.12	7,768	7.99	167,984,112	5.16	34,054,177	1.04
10,001 – 100,000	12,775	13.15	4,777	4.92	328,855,959	10.10	134,121,901	4.12
100,001 – 162,779,496 (less than 5% of issued shares*2)	1,174	1.21	1,118	1.15	1,190,005,412	36.56	1,021,609,313	31.38
162,779,497 (5% of issued shares*2) and above	2	*1	—	—	366,423,680	11.26	—	—
Total	82,257	84.65	14,912	15.35	2,065,200,784*2	63.44*2	1,190,389,140*2	36.56*2

Notes:

*1 Less than 0.01%.

*2 Excluding a total of 100,177,400 Public Bank ("PBB") shares bought-back by PBB and retained as treasury shares as at 25 January 2005.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND ITS RELATED CORPORATIONS

The Directors' direct and indirect interests in shares in the Company and its related corporations are as follows based on the Register of Directors' Shareholdings:

Shares held in the Company

	Direct Interests		Indirect Interests	
	No. of Shares Held	% of Issued Shares *5	No. of Shares Held	% of Issued Shares *5
Tan Sri Dato' Sri Dr. Teh Hong Piow	781,250	0.02	799,668,596 *1	24.56
Tan Sri Dato' Thong Yaw Hong	1,368,750	0.04	771,875 *2	0.02
Datuk Tay Ah Lek	5,822,609	0.18	139,482 *1	*4
Dato' Lee Kong Lam	561,171	0.02	800,000 *3	0.02
Dato' Yeoh Chin Kee	250,000	0.01	25,000 *3	*4
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah	1,750,000	0.05	—	—
Dato' Dr. Haji Mohamed Ishak bin Haji Mohamed Ariff	1,250,000	0.04	—	—
Lee Chin Guan	1,250,000	0.04	—	—

Notes:

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

*2 Deemed to have interests 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 interests in PBB shares held by person connected as defined per Section 122A of the Companies Act, 1965.

*4 Less than 0.01%.

*5 Excluding a total of 100,177,400 PBB shares bought-back by PBB and retained as treasury shares as at 25 January 2005.

Share Options Held Under the Public Bank Berhad Employees' Share Option Scheme

	No. of Share Options Held	Option Price (RM)
Tan Sri Dato' Sri Dr. Teh Hong Piow	20,743,000	4.92
Tan Sri Dato' Thong Yaw Hong	1,400,000	4.92
Datuk Tay Ah Lek	2,312,500	3.56
	2,000,000	4.60
	5,000,000	4.92
Dato' Lee Kong Lam	93,750	3.56
	250,000	4.60
	3,250,000	4.92
Dato' Yeoh Chin Kee	2,000,000	4.92
Haji Abdul Aziz bin Omar	1,250,000	4.92

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and indirect interests of 800,449,846 shares in PBB, and pursuant to Section 6A(4)(c) of the Companies Act, 1965, is deemed interested in the shares in all of PBB's subsidiary companies to the extent that PBB has interests.

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares *2	No. of Shares Held	% of Issued Shares *2	No. of Shares Held	% of Issued Shares *2
Tan Sri Dato' Sri Dr. Teh Hong Piow	781,250	0.02	799,668,596 *1	24.56	800,449,846	24.58
Sekuriti Pejal Sdn Bhd	201,394,686	6.19	51,920,856 *1	1.59	253,315,542	7.78
Consolidated Teh Holdings Sdn Bhd	79,479,687	2.44	165,711,639 *1	5.09	245,191,326	7.53
Employees Provident Fund Board	190,062,586	5.84	—	—	190,062,586	5.84

Notes:

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

*2 Excluding a total of 100,177,400 PBB shares bought-back by PBB and retained as treasury shares as at 25 January 2005.



TOP THIRTY SECURITIES ACCOUNT HOLDERS

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

Name	No. of Shares Held	% of Issued Shares *
1. Employees Provident Fund Board	165,028,994	5.07
2. Sekuriti Pejal Sdn Berhad	103,724,186	3.19
3. Sekuriti Pejal Sdn Berhad	97,670,500	3.00
4. Kepunyaan Chintamani Sdn Bhd	67,919,531	2.09
5. Consolidated Teh Holdings Sdn Berhad	58,770,687	1.81
6. Selected Securities Sdn Bhd	49,580,000	1.52
7. Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	41,795,299	1.28
8. Valuecap Sdn Bhd	40,850,200	1.25
9. Selected Holdings Sdn Berhad	37,684,000	1.16
10. Kayakita Corporation Sdn Bhd	33,660,437	1.03
11. Kepunyaan Perindustrian Sdn Berhad	31,751,233	0.98
12. HSBC Nominees (Asing) Sdn Bhd – Emerging Markets Growth Fund	29,403,400	0.90
13. Tasec Nominees (Tempatan) Sdn Bhd – Public Bank Group Officers' Retirement Benefits Fund	27,255,350	0.84
14. Tong Meng Industries Limited	26,946,921	0.83
15. Selected Securities Sdn Bhd	26,536,562	0.82
16. Kayakita Corporation Sdn Bhd	26,364,500	0.81
17. LPI Capital Bhd	25,739,578	0.79
18. Selected Holdings Sdn Berhad	24,914,046	0.77
19. Securities Holdings Sdn Berhad	22,776,156	0.70
20. HSBC Nominees (Asing) Sdn Bhd – Stichting Pensioenfond ABP	20,176,903	0.62
21. Luhur Management Sdn Bhd	19,348,015	0.59
22. HSBC Nominees (Asing) Sdn Bhd – TNTC for Government of Singapore Investment Corporation Pte Ltd	18,794,580	0.58
23. HSBC Nominees (Asing) Sdn Bhd – Saudi Arabian Monetary Agency	18,548,000	0.57
24. HSBC Nominees (Asing) Sdn Bhd – HSBC BK PLC for Prudential Assurance Company Ltd	16,609,362	0.51
25. Cartaban Nominees (Asing) Sdn Bhd – State Street Luxembourg Fund QMII for Aberdeen Global Asian Equity Fund	14,750,000	0.45
26. Consolidated Teh Holdings Sdn Berhad	14,171,500	0.44
27. Lonpac Insurance Bhd	14,128,125	0.43
28. HSBC Nominees (Asing) Sdn Bhd – Abu Dhabi Investment Authority	13,697,814	0.42
29. HSBC Nominees (Asing) Sdn Bhd – Pictet and Cie for VKF Investment Ltd	13,132,096	0.40
30. Cartaban Nominees (Asing) Sdn Bhd – State Street London Fund 28G2 for BP Pension Trustees Limited	12,500,000	0.38
Total	1,114,227,975	34.23

Note:

* Excluding a total of 100,177,400 PBB shares bought-back by PBB and retained as treasury shares as at 25 January 2005.

Authorised and Issued Share Capital

AUTHORISED SHARE CAPITAL

The authorised share capital as at 25 January 2005 is RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 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 25 January 2005 is RM3,355,767,324 comprising 3,355,767,324 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
Up to 30.08.1966	16,000,000	Cash	16,000,000
15.11.1978	4,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	20,000,000
22.07.1981	5,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	25,000,000
07.01.1982	10,000,000	Capitalisation of capital reserve account and general reserve account (Bonus Issue 2:5)	35,000,000
11.02.1982	35,000,000	Rights Issue 1:1 at RM2.00 per share	70,000,000
22.06.1983	42,000,000	Capitalisation of share premium account and general reserve account (Bonus Issue 3:5)	112,000,000
22.08.1983	56,000,000*	Rights Issue 1:2 at RM2.00 per share	168,000,000
05.07.1984	42,000,000*	Capitalisation of share premium account and general reserve account (Bonus Issue 1:4)	210,000,000
05.02.1988	42,000,000*	Capitalisation of share premium account and general reserve account (Bonus Issue 1:5)	252,000,000
03.08.1988	105,000,000*	Rights Issue 1:2 at RM1.60 per share	357,000,000
11.10.1989	218,500*	Exercise of share options under Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS") at option price of RM3.80 per share	357,218,500
02.05.1990	1,237,500*	Exercise of share options under PBB ESOS at option price of RM3.80 per share	358,456,000
15.06.1990	119,485,333*	Capitalisation of share premium account and general reserve account (Bonus Issue 1:3)	477,941,333
06.08.1990	71,691,200*	Rights Issue 1:5 at RM2.20 per share	549,632,533
08.10.1990	138,500*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	549,771,033
12.04.1991	3,828,850*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,599,883
24.09.1991	334,300*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,934,183

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
25.03.1992	114,700*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	554,048,883
15.04.1993	1,038,701*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	555,087,584
01.10.1993	9,912,337*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	564,999,921
20.04.1994	3,434,479*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	568,434,400
05.10.1994	1,113,000*	Exercise of share options under PBB ESOS at option price of RM7.84 per share	569,547,400
27.12.1994	50,000,000*	Issue and private placement of 50,000,000 new shares as follows: – 35,000,000 PBB local shares at RM8.28 per share – 15,000,000 PBB foreign shares at RM10.62 per share	619,547,400
18.04.1996	25,500*	Exercise of share options under PBB ESOS at option price of RM7.84 per share	619,572,900
07.08.1996	206,524,300*	Capitalisation of share premium account (Bonus Issue 1:3)	826,097,200
25.10.1996	143,541*	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,240,741
12.05.1997	358,850*	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,599,591
06.01.1998	165,319,918*	Capitalisation of share premium account (Bonus Issue 1:5)	991,919,509
09.03.1998	165,319,918*	Rights Issue 1:5 at RM2.00 per PBB local share and at RM2.28 per PBB foreign share	1,157,239,427
11.02.1999	8,007,750*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,165,247,177
11.05.1999	35,500*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,165,282,677
19.05.1999	4,736,865*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,170,019,542
07.06.1999	1,077,950*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,171,097,492
02.07.1999	12,063,250*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,183,160,742
08.12.2000	11,899,125*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,195,059,867
15.02.2001	1,662,500*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,196,722,367
31.03.2001	213,140,892*	New PBB local shares issued in exchange for 125,377,000 ordinary shares of RM1.00 each in Hock Hua Bank Bhd (“HHB”) pursuant to terms of merger of PBB and HHB	1,409,863,259
23.04.2001	422,958,977*	Capitalisation of share premium account and retained profits (Bonus Issue 3:10)	1,832,822,236

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
11.12.2001	996,387*	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,833,818,623
12.03.2002	1,025,363*	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,834,843,986
12.07.2002	458,710,996*	Capitalisation of share premium account (Bonus Issue 1:4)	2,293,554,982
13.09.2002	13,570,954*	Exercise of share options under PBB ESOS as follows: – 1,488,329 shares at option price of RM2.04 per share – 12,082,625 shares at option price of RM4.44 per share	2,307,125,936
08.10.2002	7,153,442*	Exercise of share options under PBB ESOS as follows: – 412,567 shares at option price of RM2.04 per share – 6,740,875 shares at option price of RM4.44 per share	2,314,279,378
12.12.2002	247,675*	Exercise of share options under PBB ESOS as follows: – 130,050 shares at option price of RM2.04 per share – 117,625 shares at option price of RM4.44 per share	2,314,527,053
14.03.2003	153,158*	Exercise of share options under PBB ESOS as follows: – 112,408 shares at option price of RM2.04 per share – 40,750 shares at option price of RM4.44 per share	2,314,680,211
09.04.2003	37,907*	Exercise of share options under PBB ESOS at option price of RM2.04 per share	2,314,718,118
13.06.2003	202,598,923*	New PBB local shares issued in exchange for 135,065,949 ordinary shares of RM1.00 each in Public Finance Bhd (“PFB”) pursuant to terms of privatisation of PFB	2,517,317,041
16.07.2003	629,329,261*	Capitalisation of share premium account (Bonus Issue 1:4)	3,146,646,302
14.08.2003	8,337,798*	Exercise of share options under PBB ESOS as follows: – 250,423 shares at option price of RM1.64 per share – 8,087,375 shares at option price of RM3.56 per share	3,154,984,100
05.09.2003	2,804,031*	Exercise of share options under PBB ESOS as follows: – 75,156 shares at option price of RM1.64 per share – 2,728,875 shares at option price of RM3.56 per share	3,157,788,131
08.09.2003	2,902,623*	Exercise of share options under PBB ESOS as follows: – 67,856 shares at option price of RM1.64 per share – 1,595,142 shares at option price of RM3.56 per share – 1,239,625 shares at option price of RM3.40 per share	3,160,690,754
12.09.2003	7,001,644*	Exercise of share options under PBB ESOS as follows: – 54,489 shares at option price of RM1.64 per share – 4,948,530 shares at option price of RM3.56 per share – 1,998,625 shares at option price of RM3.40 per share	3,167,692,398
24.09.2003	1,216,063*	Exercise of share options under PBB ESOS as follows: – 6,250 shares at option price of RM1.64 per share – 915,688 shares at option price of RM3.56 per share – 294,125 shares at option price of RM3.40 per share	3,168,908,461
15.10.2003	3,518,818*	Exercise of share options under PBB ESOS as follows: – 15,169 shares at option price of RM1.64 per share – 2,515,399 shares at option price of RM3.56 per share – 988,250 shares at option price of RM3.40 per share	3,172,427,279



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
27.10.2003	2,054,251*	Exercise of share options under PBB ESOS as follows: – 3,313 shares at option price of RM1.64 per share – 1,457,938 shares at option price of RM3.56 per share – 593,000 shares at option price of RM3.40 per share	3,174,481,530
29.10.2003	6,748,111*	Exercise of share options under PBB ESOS as follows: – 32,993 shares at option price of RM1.64 per share – 3,781,268 shares at option price of RM3.56 per share – 2,933,850 shares at option price of RM3.40 per share	3,181,229,641
06.11.2003	4,913,239*	Exercise of share options under PBB ESOS as follows: – 39,115 shares at option price of RM1.64 per share – 3,806,374 shares at option price of RM3.56 per share – 1,067,750 shares at option price of RM3.40 per share	3,186,142,880
13.11.2003	1,202,135*	Exercise of share options under PBB ESOS as follows: – 5,040 shares at option price of RM1.64 per share – 961,220 shares at option price of RM3.56 per share – 235,875 shares at option price of RM3.40 per share	3,187,345,015
18.11.2003	455,750*	Exercise of share options under PBB ESOS as follows: – 406,250 shares at option price of RM3.56 per share – 49,500 shares at option price of RM3.40 per share	3,187,800,765
21.11.2003	5,801,710*	Exercise of share options under PBB ESOS as follows: – 33,297 shares at option price of RM1.64 per share – 2,989,788 shares at option price of RM3.56 per share – 2,778,625 shares at option price of RM3.40 per share	3,193,602,475
01.12.2003	1,417,894*	Exercise of share options under PBB ESOS as follows: – 16,324 shares at option price of RM1.64 per share – 1,062,070 shares at option price of RM3.56 per share – 339,500 shares at option price of RM3.40 per share	3,195,020,369
04.12.2003	68,000*	Exercise of share options under PBB ESOS at option price of RM3.56 per share	3,195,088,369
22.12.2003	2,297,250*	Exercise of share options under PBB ESOS as follows: – 13,484 shares at option price of RM1.64 per share – 1,889,391 shares at option price of RM3.56 per share – 394,375 shares at option price of RM3.40 per share	3,197,385,619
26.12.2003	9,214,108*	Exercise of share options under PBB ESOS as follows: – 20,525 shares at option price of RM1.64 per share – 6,642,458 shares at option price of RM3.56 per share – 2,551,125 shares at option price of RM3.40 per share	3,206,599,727
27.01.2004	1,883,267*	Exercise of share options under PBB ESOS as follows: – 4,547 shares at option price of RM1.64 per share – 1,680,345 shares at option price of RM3.56 per share – 198,375 shares at option price of RM3.40 per share	3,208,482,994
20.02.2004	483,813*	Exercise of share options under PBB ESOS as follows: – 457,313 shares at option price of RM3.56 per share – 26,500 shares at option price of RM3.40 per share	3,208,966,807
01.03.2004	1,024,066*	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
03.03.2004	13,717,282*	Exercise of share options under PBB ESOS as follows: – 38,231 shares at option price of RM1.64 per share – 10,718,176 shares at option price of RM3.56 per share – 1,647,375 shares at option price of RM3.40 per share – 1,313,500 shares at option price of RM4.60 per share	3,223,708,155
05.03.2004	28,660,157*	Exercise of share options under PBB ESOS as follows: – 253,907 shares at option price of RM1.64 per share – 28,406,250 shares at option price of RM3.56 per share	3,252,368,312
11.03.2004	13,177,700*	Exercise of share options under PBB ESOS as follows: – 36,366 shares at option price of RM1.64 per share – 10,361,459 shares at option price of RM3.56 per share – 940,875 shares at option price of RM3.40 per share – 1,839,000 shares at option price of RM4.60 per share	3,265,546,012
17.03.2004	12,271,286*	Exercise of share options under PBB ESOS as follows: – 46,892 shares at option price of RM1.64 per share – 10,183,769 shares at option price of RM3.56 per share – 597,125 shares at option price of RM3.40 per share – 1,443,500 shares at option price of RM4.60 per share	3,277,817,298
23.03.2004	8,575,825*	Exercise of share options under PBB ESOS as follows: – 38,252 shares at option price of RM1.64 per share – 6,166,723 shares at option price of RM3.56 per share – 867,350 shares at option price of RM3.40 per share – 1,503,500 shares at option price of RM4.60 per share	3,286,393,123
06.04.2004	1,919,157*	Exercise of share options under PBB ESOS as follows: – 1,703,532 shares at option price of RM3.56 per share – 69,625 shares at option price of RM3.40 per share – 146,000 shares at option price of RM4.60 per share	3,288,312,280
13.04.2004	4,016,890*	Exercise of share options under PBB ESOS as follows: – 3,078,890 shares at option price of RM3.56 per share – 405,000 shares at option price of RM3.40 per share – 533,000 shares at option price of RM4.60 per share	3,292,329,170
16.04.2004	1,233,902*	Exercise of share options under PBB ESOS as follows: – 10,500 shares at option price of RM1.64 per share – 1,017,652 shares at option price of RM3.56 per share – 85,750 shares at option price of RM3.40 per share – 120,000 shares at option price of RM4.60 per share	3,293,563,072
17.08.2004	11,152,166	Exercise of share options under PBB ESOS as follows: – 13,349 shares at option price of RM1.64 per share – 6,270,567 shares at option price of RM3.56 per share – 857,550 shares at option price of RM3.40 per share – 2,299,700 shares at option price of RM4.60 per share – 1,711,000 shares at option price of RM4.92 per share	3,304,715,238
30.08.2004	12,767,404	Exercise of share options under PBB ESOS as follows: – 57,078 shares at option price of RM1.64 per share – 7,127,076 shares at option price of RM3.56 per share – 618,450 shares at option price of RM3.40 per share – 2,372,800 shares at option price of RM4.60 per share – 2,592,000 shares at option price of RM4.92 per share	3,317,482,642

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
09.09.2004	1,649,681	Exercise of share options under PBB ESOS as follows: – 908,831 shares at option price of RM3.56 per share – 67,350 shares at option price of RM3.40 per share – 260,500 shares at option price of RM4.60 per share – 413,000 shares at option price of RM4.92 per share	3,319,132,323
27.09.2004	623,819	Exercise of share options under PBB ESOS as follows: – 8,125 shares at option price of RM1.64 per share – 344,819 shares at option price of RM3.56 per share – 63,375 shares at option price of RM3.40 per share – 136,000 shares at option price of RM4.60 per share – 71,500 shares at option price of RM4.92 per share	3,319,756,142
28.09.2004	1,737,912	Exercise of share options under PBB ESOS as follows: – 795,637 shares at option price of RM3.56 per share – 120,875 shares at option price of RM3.40 per share – 347,900 shares at option price of RM4.60 per share – 473,500 shares at option price of RM4.92 per share	3,321,494,054
04.10.2004	4,621,593	Exercise of share options under PBB ESOS as follows: – 33,767 shares at option price of RM1.64 per share – 2,569,876 shares at option price of RM3.56 per share – 267,650 shares at option price of RM3.40 per share – 1,187,300 shares at option price of RM4.60 per share – 563,000 shares at option price of RM4.92 per share	3,326,115,647
26.10.2004	1,755,048	Exercise of share options under PBB ESOS as follows: – 665,498 shares at option price of RM3.56 per share – 71,650 shares at option price of RM3.40 per share – 527,400 shares at option price of RM4.60 per share – 490,500 shares at option price of RM4.92 per share	3,327,870,695
19.11.2004	4,569,277	Exercise of share options under PBB ESOS as follows: – 187,546 shares at option price of RM1.64 per share – 2,491,856 shares at option price of RM3.56 per share – 289,375 shares at option price of RM3.40 per share – 1,212,000 shares at option price of RM4.60 per share – 388,500 shares at option price of RM4.92 per share	3,332,439,972
25.11.2004	20,935,350	Exercise of share options under PBB ESOS as follows: – 31,710 shares at option price of RM1.64 per share – 9,479,777 shares at option price of RM3.56 per share – 653,600 shares at option price of RM3.40 per share – 4,162,263 shares at option price of RM4.60 per share – 6,608,000 shares at option price of RM4.92 per share	3,353,375,322
03.12.2004	2,392,002	Exercise of share options under PBB ESOS as follows: – 1,183,077 shares at option price of RM3.56 per share – 140,300 shares at option price of RM3.40 per share – 604,125 shares at option price of RM4.60 per share – 464,500 shares at option price of RM4.92 per share	3,355,767,324

* The number of shares allotted has been adjusted to reflect the consolidation of PBB shares from par value of RM0.50 to par value of RM1.00 on 2 June 2004.

List of Properties Owned by Public Bank Group as at 31 December 2004

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	—	10 Years	46,436	2-1-1995	294,899
3 Jalan Central 96000 Sibu Sarawak Malaysia	5-storey shop lot (L/B)	Public Bank's Jalan Central Branch	Leasehold 60 years	12 Years (8-11-2016)	48 Years	1,392))))	77
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	780 Years (4-8-2784)	38 Years	1,308) 31-3-2001*))))))))) 464
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	777 Years (2-8-2781)	65 Years	198))))))
150 Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia	5-storey shop lot (L/B)	Public Bank's Bintang Walk Branch	Freehold	—	33 Years	680	31-3-2001*	213
Parcels 2.18, 3.18 & 4.18 Merdeka Plaza 93000 Kuching Sarawak Malaysia	3 units of office space (ML)	Vacant	Leasehold 60 years	51 Years (27-8-2055)	—	1,197	31-3-2001*	2,711
7 & 9 Jalan Dato' Maharajalela 30000 Ipoh Perak Darul Ridzuan Malaysia	4½-storey office building (L/B)	Public Bank's Ipoh Main Office	Freehold	—	33 Years	1,339	4-1-1967#	309



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)
Public Mutual Berhad								
Lot No: B045/B and Lot No: B045/C/1-3 to C/6-1 Sri Damansara Business Park Persiaran Industri Bandar Sri Damansara 52200 Kuala Lumpur Malaysia	5-storey commercial building (ML)	Public Mutual's Head Office	Freehold	—	7 Years	3,319	Block B 12-6-1995 Block C 20-6-1997	5,078
11 Jalan Bangsar Utama 3 Bangsar Utama 59000 Kuala Lumpur Malaysia	4-storey shop lot (L/B)	Public Mutual's Bangsar Branch	Leasehold 99 years	81 Years (3-12-2085)	16 Years	1,795	2-2-1990	1,336
2nd Floor TB 323 (Lot 20) Block 38 Fajar Complex Jalan Haji Karim 91000 Tawau Sabah Malaysia	2nd floor of a 3-storey shop lot (S/L)	Public Mutual's Tawau Branch	Leasehold 999 years	891 Years (31-12-2895)	34 Years	153	19-3-1992	88
Lot 205 & 206 Section 49 Jalan Tunku Rahman 93100 Kuching Sarawak Malaysia	2 lots of 4-storey office building (L/B)	Public Mutual's Kuching Branch	Leasehold 999 years	Lot 205 769 Years (31-12-2773) Lot 206 769 Years (5-5-2773)	24 Years	365	14-2-2003	2,111
Public Holdings Sdn. Bhd.								
87 Lebuh Bishop 10200 Pulau Pinang Malaysia	2-storey shop lot (L/B)	Public Bank's Penang Branch	Freehold	—	82 Years	2,836	20-5-1994	476
60 – 68 Jalan Laksamana 75000 Melaka Malaysia	3-storey office building (L/B)	Public Bank's Melaka Branch	Leasehold 99 years	62 Years (14-7-2066)	34 Years	4,128	20-5-1994	947

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)
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 Division; PB Securities Sdn. Bhd.'s business premises; office space rented to a related party	Freehold	—	27 Years	18,277	9-12-1977	22,607
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	74 Years (5-4-2078)	22 Years	1,070	10-11-1992	597
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	—	22 Years	870	10-4-1986	579
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	—	33 Years	2,410	1-8-1990	2,875
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 and a related party	Freehold	—	10 Years	36,222	12-8-1991	49,652
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	92 Years (2-9-2096)	7 Years	31,669	3-9-1997	43,153



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)
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	Freehold	—	10 Years	2,515	25-11-2002	5,994
1 & 3 Jalan MJ/2 Taman Majlis Jaya Jalan Sungai Chua 43000 Kajang Selangor Darul Ehsan Malaysia	Two 3-storey shop lots (L/B)	Public Bank's Sungai Chua Branch	Leasehold 60 years	50 Years (19-12-2054)	8 Years	1,351	2-5-2003	2,278
66, 68 & 70 Jalan Burhanuddin Helmi Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia	Three 3-storey shop lots (L/B)	Public Bank's Taman Tun Dr Ismail Branch	Freehold	—	22 Years	1,526	15-7-2003	6,061
31, 33 & 35 Jalan Persiaran Perling Taman Perling 81200 Johor Bahru Johor Darul Takzim Malaysia	Three 3-storey shop lots (L/B)	Public Bank's Taman Perling Branch	Freehold	—	19 Years	1,135	22-1-2003	1,989
45, 47 & 49 Jalan 2/3A Off KM12 Pusat Bandar Utara Selayang 68100 Batu Caves Kuala Lumpur Malaysia	Three 4-storey shop lots (L/B)	Public Bank's Selayang Branch	Leasehold	82 years (2086)	10 years	1,609	3-10-2003	2,579
48 & 50 Jalan 6/116B Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Malaysia	Two ground and mezzanine floors of 4½-storey shop office/ apartment (ML)	Public Bank's Jalan Kuchai Lama Branch	Leasehold	77 years (2081)	14 Years	495	7-11-2003	1,196

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)
85, 87 & 89 Jalan Selat Taman Selat 12000 Butterworth Pulau Pinang Malaysia	Three 4-storey shop lots (L/B)	Public Bank's Butterworth Branch	Freehold	—	21 Years	2,012	14-7-2003	2,329
PB Properties Sdn. Bhd.								
33 & 35 Jalan Pantai Jerjak 13 Sungai Nibong 11900 Pulau Pinang Malaysia	Two 2-storey shop lots (L/B)	Public Bank's Sg. Nibong Branch	Freehold	—	24 Years	483	15-12-1986	462
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	—	24 Years	389	10-12-1987	231
Wisma Public Bank 15 Jalan Pulau 96000 Sibu Sarawak Malaysia	13-storey office building (L/B)	Public Bank's Jalan Pulau Branch	Leasehold 60 years	55 Years (24-2-2059)	10 Years	12,737	29-8-1988	11,604
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	—	21 Years	353	23-6-1989	172
28 China Street 98000 Miri Sarawak Malaysia	4-storey shop lot (L/B)	Public Bank's China Street Branch	Leasehold 60 years	47 Years (7-7-2051)	15 Years	1,159	10-8-1989	1,457
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 99 years	80 Years (24-2-2084)	14 Years	719	2-5-1991	588



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	—	9 Years	383	4-10-1996	339
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	—	65 Years	815	15-7-1991	698
36 Jalan Kampong Nyabor 96000 Sibu Sarawak Malaysia	5-storey shop lot (L/B)	Store room of Public Bank's Jalan Central Branch	Leasehold 60 years	24 Years (31-12-2028)	36 Years	797	20-4-1992	503
Lot 1 Block B-8 Jalan Arusap 89000 Keningau Sabah Malaysia	3-storey shop lot (L/B)	Rented to third party	Leasehold 999 years	920 Years (27-4-2924)	12 Years	558	8-1-1993	525
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	47 Years (3-9-2051)	10 Years	632	21-11-1995	578
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	911 Years (31-12-2915)	9 Years	870	26-12-1996	1,312
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	—	17 Years	10,395	27-8-2003	25,560

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)
4223 Jalan Bagan Luar 12000 Butterworth Pulau Pinang Malaysia	3-storey shop lot (L/B)	Public Mutual's Butterworth Branch	Freehold	—	39 Years	542	6-10-1997	1,082
20-26 Jalan Hang Lekiu 50100 Kuala Lumpur Malaysia	4-storey office building (L/B)	Public Bank's Jalan Hang Lekiu Branch	Freehold	—	7 Years	1,551	27-8-1998	3,208
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	—	10 Years	866	26-9-1998	1,513
37 Jalan Pantai Jerjak 13 Sungai Nibong 11900 Pulau Pinang Malaysia	2-storey (L/B)	Public Bank's Sungai Nibong Branch	Freehold	—	24 Years	242	27-2-2004	609

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	54 Years (26-4-2058)	9 Years	303	6-7-1996	176



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)
JCG Finance Co., Ltd./Winton Holdings (Bermuda) Ltd. Group								
Shop 7 Ground Floor Mei Hang Building 15/17, 21/25, 29/33, 37/41 & 45 Kai Man Path Tuen Mun New Territories Hong Kong	A shop unit on the ground floor of a 5-storey composite building	JCG Finance Co., Ltd.'s Tuen Mun Branch	Leasehold 149 years	43 Years (30-6-2047)	31 Years	84	30-6-1980	1,794
Shop A Ground Floor Kong Kai Building 184 Aberdeen Main Road Aberdeen Hong Kong	A shop unit on the ground floor of a 22-storey residential building built on a 2-storey commercial podium	JCG Finance Co., Ltd.'s Aberdeen Branch	Leasehold 999 years	855 Years (26-12-2859)	15 Years	68	9-3-1990	3,629
Ground Floor Yue Yee Mansion 92 Shung Ling Street San Po Kong Kowloon Hong Kong	Ground floor of a 7-storey Chinese tenement building	JCG Finance Co., Ltd.'s San Po Kong Branch	Leasehold 149 years	43 Years (30-6-2047)	40 Years	94	9-6-1990	2,783
Flat F 29th Floor Pine Mansion Harbour View Gardens 26 Taikoo Wan Road Taikoo Shing Quarry Bay Hong Kong	A residential unit of a 30-storey residential building	Leased to Public Bank Berhad	Leasehold 999 years	895 Years (18-4-2899)	21 Years	91	3-10-1990	5,104
Units 1003-1005 10th Floor Fortress Tower 250 King's Road North Point Hong Kong	3 office units on the 10th floor of a 20-storey office building built on a 4-storey commercial podium	JCG Group IT Centre	Leasehold 150 years	122 Years (26-8-2126)	21 Years	293	18-3-1992	8,127

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)
Apartment A 14th Floor Tower II Regent on The Park 9A Kennedy Road Wanchai Hong Kong	A residential unit on the 14th floor of a 34-storey residential building	Residential quarters for staff of JCG Group	Leasehold 150 years	126 Years (19-10-2130)	19 Years	253	5-3-1993	9,274
Ground Floor & Open Yard Golden Dragon Mansion 751 Nathan Road Mongkok Kowloon Hong Kong	Ground floor of a 14-storey composite building	JCG Finance Co., Ltd.'s Prince Edward Road Branch	Leasehold 150 years	75 Years (18-8-2079)	34 Years	130	24-5-1993	13,973
11th Floor Wing On House 71 Des Voeux Road Central Central Hong Kong	11th floor of a 31-storey office building built on a 2-storey podium	Office of JCG Group. A portion is leased to Public Bank Berhad, Hong Kong branch as office	Leasehold 999 years	898 Years (14-8-2902)	37 Years	1,464	11-6-1993	84,811
Shop B Ground Floor and Office B 1st to 17th Floor JCG Building 16 Mongkok Road Mongkok Kowloon Hong Kong	A shop unit on ground floor and all B units for 1st to 17th floors of an 18-storey commercial building with shops and offices	JCG Finance Co., Ltd.'s Mongkok Branch; storeroom of JCG Group; office space leased to third parties; few floors are vacant	Leasehold 150 years	46 Years (27-5-2050)	17 Years	2,215	30-6-1994 (R)	96,797
Flat F 24th Floor Ngan Sing Mansion Sing Fai Terrace 1 Tai Fung Avenue Taikoo Shing Quarry Bay Hong Kong	A residential unit of a 26-storey residential building built on a podium	Leased to a member of JCG Group as staff quarters	Leasehold 999 years	895 Years (18-4-2899)	20 Years	76	1-8-1995	4,313



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)
Ground Floor Ruby Commercial Building 480 Nathan Road Yau Ma Tei Kowloon Hong Kong	Ground floor of a 16-storey commercial building	JCG Finance Co., Ltd.'s Nathan Road Branch	Leasehold 150 years	63 Years (22-10-2067)	22 Years	110	14-1-2000	11,234
Shop Nos. 51 to 53 1st Floor Harbour Crystal Centre 100 Granville Road Tsimshatsui Kowloon Hong Kong	3 commercial units on the 1st floor of a 16-storey commercial building	JCG Finance Co., Ltd.'s Tsimshatsui Branch	Leasehold 150 years	124 Years (10-12-2128)	22 Years	131	1-11-2000	2,561
Ground Floor Section B Lot No. 3704 DD120 Yuen Long New Territories Hong Kong	Ground floor of a 5-storey composite building	JCG Finance Co., Ltd.'s Yuen Long Branch	Leasehold 149 years	43 Years (30-6-2047)	47 Years	102	23-4-2001	15,982
Ground Floor Wing On House 71 Des Voeux Road Central Central Hong Kong	Ground floor of a 31-storey office building built on a 2-storey podium	Leased to Public Bank Berhad, Hong Kong branch for business	Leasehold 999 years	898 Years (14-8-2902)	37 Years	113	15-10-2003	32,412
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 workshop units on the ground floor and a unit on the 9th floor of a 12-storey industrial building with 9th to 11th floor designated for workers' quarters	Portion of workshops on ground floor and whole flat E at 9th floor are leased to third parties. Other portion is occupied by JCG Group as office	Leasehold 149 years	43 Years (27-6-2047)	39 Years	Workshop A, B, C 682 Flat 68	24-7-1992 (R)	11,764

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)
Workshops E1 and F1 10th Floor Hang Fung Industrial Building Phase 1 2G Hok Yuen Street Hungghom Kowloon Hong Kong	2 workshops on the 10th floor of a 13-storey industrial building	Leased to a member of JCG Group as store room	Leasehold 150 years	43 Years (15-9-2047)	25 Years	962	24-7-1992	2,834
Unit 3 3rd Floor Block F-2 Pearl Island Bungalow 9 Tsing Lung Road Tuen Mun New Territories Hong Kong	A residential unit on the 3rd floor of a 4-storey residential building	Holiday apartment for executives of JCG Group	Leasehold 149 years	43 Years (27-6-2047)	33 Years	32	24-7-1992	46
11th Floor Argyle Centre Phase 1 688 Nathan Road 65 Argyle Street Mongkok Kowloon Hong Kong	Office space on the 11th Floor of a 21-storey commercial building	JCG Group office; office space leased to third parties	Leasehold 150 years	56 Years (18-2-2060)	22 Years	1,465	2-5-1994 (R)	54,800
4th Floor 581 Nathan Road Mongkok Kowloon Hong Kong	4th floor of a 7-storey composite building with shops and domestic flat	Used by JCG Group as store room	Leasehold 150 years	33 Years (25-12-2037)	35 Years	55	14-6-1984	177
2nd Floor 575 A Nathan Road Mongkok Kowloon Hong Kong	2nd floor of an 8-storey composite building with shops and domestic flat	Leased to third parties	Leasehold 150 years	33 Years (25-12-2037)	46 Years	65	9-1-1987 (R)	840

Notes:

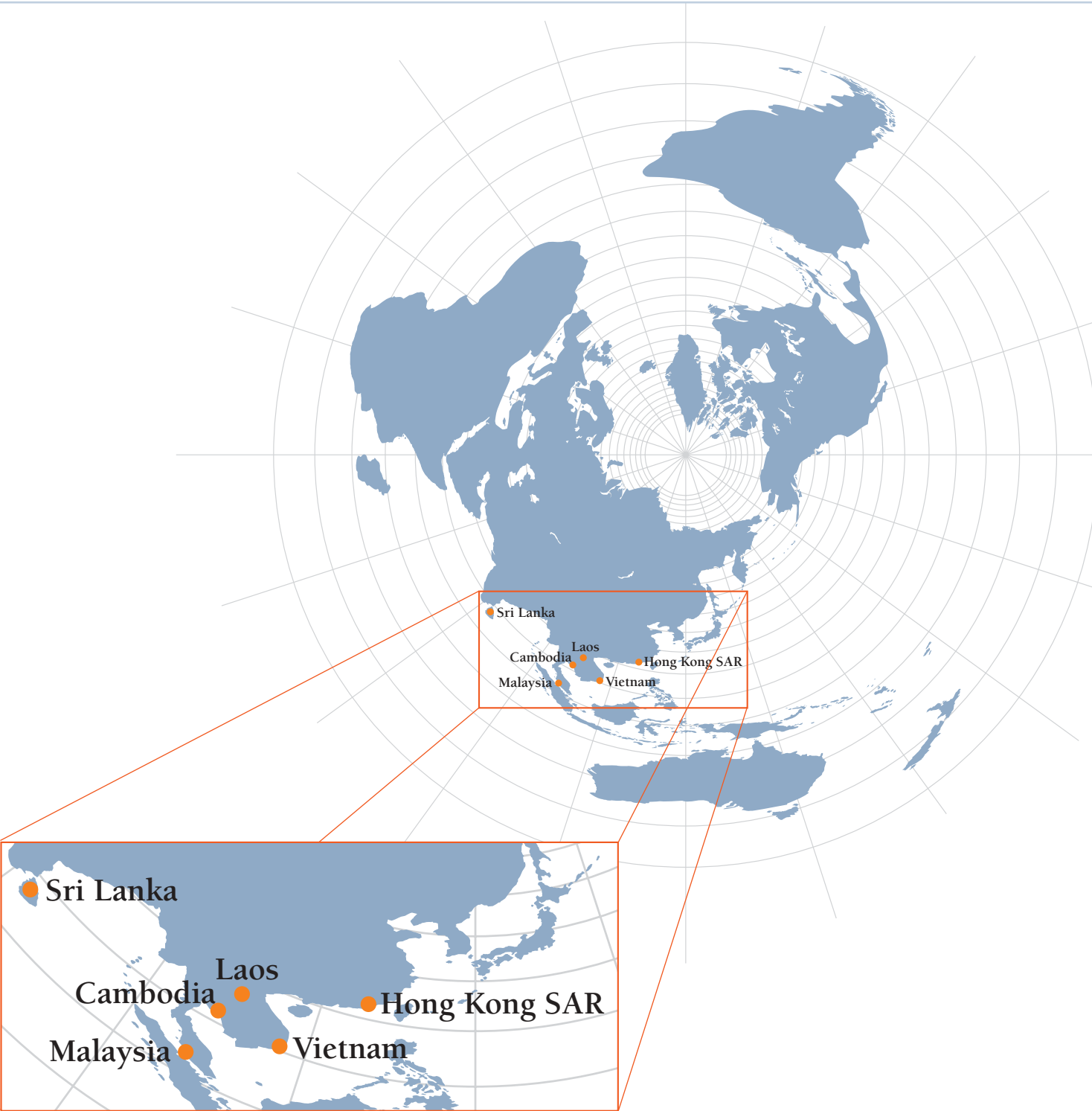
- (L/B) – Land and building
- (ML) – Building with land held under master title, pending issuance of strata land title
- (SL) – Building with strata land title
- (R) – Revaluation was performed as at 15 December 2004

* The acquisition date for all properties vested over from HHB Holdings Berhad is 31 March 2001.

The acquisition date for a property vested over from Public Finance Berhad is 4 September 2004.

JCG Finance Co., Ltd./Winton Holdings (Bermuda) Ltd. Group hold the land portion of all properties by means of leases, in Hong Kong SAR.

International Network



- Cambodia
- Hong Kong SAR

- Laos
- Malaysia

- Sri Lanka
- Vietnam

Group Corporate Directory



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59100 Kuala Lumpur
Tel : 03-22828929, 03-22828930
Fax : 03-22828917

• Bintang Walk

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

• Bukit Damansara

36-40 Medan Setia 2
Plaza Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-20954278, 03-20954922
Fax : 03-20949403, 03-20943844,
03-20956417 (RCB)

• Changkat Thambi Dollah

85 & 87 Changkat Thambi Dollah
Off Jalan Pudu
55100 Kuala Lumpur
Tel : 03-21454492, 03-21454498
Fax : 03-21454462, 03-21415266

• 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 4½
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 Pasar

44 & 46 Jalan Pasar
55100 Kuala Lumpur
Tel : 03-21429160, 03-21429144
Fax : 03-21429916

• Jalan Raja Chulan

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

• 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

- **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
- **Jalan Tun Sambanthan**
 122 Jalan Tun Sambanthan
 50470 Kuala Lumpur
 Tel : 03-22736494, 03-22736495
 Fax : 03-22736513
- **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**
 17, 19 & 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 : 03-40234467, 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
- **Salak South**
 31 & 33 Jalan 3/108C
 Taman Sungai Besi, Salak South
 57100 Kuala Lumpur
 Tel : 03-79805190, 03-79802921
 Fax : 03-79805230
- **Segambut**
 75 & 77 Jalan Segambut Pusat
 51200 Kuala Lumpur
 Tel : 03-62527052, 03-62527054
 Fax : 03-62527057, 03-62526620
- **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, 267 & 269
 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 Connaught**
 80 & 82 Jalan Cerdas
 Taman Connaught Cheras
 56000 Kuala Lumpur
 Tel : 03-91017152, 03-91023649
 Fax : 03-91023645
- **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

- **Taman Midah**

2 Jalan Midah 3
Taman Midah
56000 Kuala Lumpur
Tel : 03-91300533, 03-91300234
Fax : 03-91309226

- **Taman Tun Dr. Ismail**

66, 68 & 70
Jalan Burhanuddin Helmi
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel : 03-77294672, 03-77299440
Fax : 03-77298754

- **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

- **Bukit Pasir**

31 Taman Bahagia
Jalan Panchor, Bukit Pasir
84300 Muar, Johor
Tel : 06-9856878, 06-9857261
Fax : 06-9856811

- **Chaah**

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

- **Endau**

811 & 812 Jalan Aman
Taman Bahagia
86900 Endau, Johor
Tel : 07-7944051, 07-7944155
Fax : 07-7944086

- **Jalan Abdullah**

74 & 76 Jalan Abdullah
84000 Muar, Johor
Tel : 06-9518753, 06-9518760
Fax : 06-9519550

- **Johor Bahru**

Level 1, 2 & 12
Public Bank Tower
19 Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Tel : 07-2241733
Fax : 07-2223813 (Level 1),
07-2241527 (Level 2),
07-2221988 (Level 12)

- **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 Tun Habab
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**

1 & 3 Jalan Suria 3
Bandar Seri Alam
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, 07-7993912

- **Muar**

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

• **Parit Raja**

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

• **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, 07-6877844,
 07-6878424

• **Segamat**

62H & 62I Jalan Genuang
 85000 Segamat, Johor
 Tel : 07-9313930, 07-9313900
 Fax : 07-9310854

• **Simpang Renggam**

29 Jalan Kijang
 Taman Mohd Yassin
 86200 Simpang Renggam, Johor
 Tel : 07-7550511, 07-7550512
 Fax : 07-7550513

• **Skudai**

2 & 4 Jalan Nakhoda 12
 Taman Ungku Tun Aminah
 81300 Skudai, Johor
 Tel : 07-5570007, 07-5570008
 Fax : 07-5560303

• **Tangkak**

125 Jalan Muar
 84900 Tangkak, Johor
 Tel : 06-9782123, 06-9782124
 Fax : 06-9783733

• **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**

29, 31, 33 & 35 Jalan Rosmerah 2/10
 Taman Johor Jaya
 81100 Johor Bahru, Johor
 Tel : 07-3513128, 07-3523128
 Fax : 07-3547113

• **Taman Munsyi Ibrahim**

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

• **Taman Perling**

31, 33 & 35 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 : 07-3316521, 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

• **Jalan Kota**

1559 Jalan Kota
 05000 Alor Setar, Kedah
 Tel : 04-7317661
 Fax : 04-7317716

• **Jitra**

9 & 10 Kompleks Jitra
 06000 Jitra, Kedah
 Tel : 04-9174926, 04-9174927
 Fax : 04-9174931

- **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 Jalan Pandak Mayah 4
Pusat Bandar Kuah
07000 Pulau 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

- **Gua Musang**

42 Jalan Besar
18300 Gua Musang, Kelantan
Tel : 09-9122600, 09-9122602
Fax : 09-9122603

- **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

- **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

- **Batu Berendam**

46 & 48 Jalan Mutiara Melaka 2
Mutiara Melaka, Batu Berendam
75350 Melaka
Tel : 06-3176204, 06-3176205
Fax : 06-3176203

- **Jalan Munshi Abdullah**

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

- **Masjid Tanah**

Lot 367 & 368
Kompleks Perniagaan
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**

566, 567 & 568 Jalan Merdeka
Taman Melaka Raya
75000 Melaka
Tel : 06-2817527, 06-2817528
Fax : 06-2818806

- **Tengkera**

300, 300A, 300B & 300-1
Jalan Ong Kim Wee
75300 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 Pilah**
 564 Jalan Perpatah
 72000 Kuala Pilah
 Negeri Sembilan
 Tel : 06-4812277, 06-4812299
 Fax : 06-4815544
- **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, 06-6474708
- **Rasah**
 1281, 1282 & 1283 Jalan Rasah
 70300 Seremban, Negeri Sembilan
 Tel : 06-7620623
 Fax : 06-7637622

- **Seremban**
 44-46 Jalan Dato' Lee Fong Yee
 70000 Seremban, Negeri Sembilan
 Tel : 06-7630661, 06-7630662
 Fax : 06-7634500
- **Taman Rasah Jaya**
 687 & 688 Jalan RJ 1/6
 Taman Rasah Jaya
 70300 Seremban, Negeri Sembilan
 Tel : 06-6315443, 06-6314754
 Fax : 06-6315249
- **Tampin**
 4707 & 4708 Jalan Besar
 73000 Tampin, Negeri Sembilan
 Tel : 06-4412511, 06-4412512
 Fax : 06-4414814

Pahang

- **Benta**
 21 & 22 Rumahkedai LKNP
 27300 Benta, Pahang
 Tel : 09-3238622, 09-3238621
 Fax : 09-3238614
- **Bentong**
 25-27 Jalan Chui Yin
 28700 Bentong, Pahang
 Tel : 09-2225653, 09-2225659
 Fax : 09-2225663
- **Bureau De Change**
 Resorts Hotel, Genting Highlands
 7th Floor, Resorts Hotel
 Genting Highlands Resort
 69000 Genting Highlands, Pahang
 Tel : 03-61011237
 Fax : 03-61011257
- **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
- **Jalan Beserah**
 B-350 Jalan Beserah
 25300 Kuantan, Pahang
 Tel : 09-5678461, 09-5688088
 Fax : 09-5686366
- **Jerantut**
 K-20 & K-21 Jalan Tahan
 Bandar Baru
 27000 Jerantut, Pahang
 Tel : 09-2661917, 09-2662351
 Fax : 09-2661875
- **Kemayan**
 15-A Jalan Besar
 28350 Kemayan, Pahang
 Tel : 09-2409824, 09-2409866
 Fax : 09-2409825
- **Kuala Lipis**
 5G & 5H Jalan Pekeliling
 27200 Kuala Lipis, Pahang
 Tel : 09-3122077
 Fax : 09-3123588
- **Kuantan**
 79-85 Jalan Haji Abdul Aziz
 25000 Kuantan, Pahang
 Tel : 09-5179822, 019-5178288
 Fax : 09-5161519

- **Mentakab**

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

- **Raub**

18 & 19 Bandar Raub Perdana
Jalan Lipis
27600 Raub, Pahang
Tel : 09-3553471, 09-3553502
Fax : 09-3554918

- **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

- **Batu Gajah**

5 & 7 Lebuhraya Dewangsa
31000 Batu Gajah, Perak
Tel : 05-3661664
Fax : 05-3665664

- **Bagan Serai**

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

- **Bidor**

3 Jalan Bidor Raya
35500 Bidor, Perak
Tel : 05-4341257
Fax : 05-4341241

- **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

- **Gunung Rapat**

296 & 298
Jalan Raya Dr. Nazrin Shah
Gunung Rapat
31350 Ipoh, Perak
Tel : 05-3131646, 05-3131649
Fax : 05-3132023

- **Ipoh Garden**

133, 133A–D
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**

46–54 Jalan Yang Kalsom
30250 Ipoh, Perak
Tel : 05-2531998, 05-2531514
Fax : 05-2535528, 05-2558430

- **Jelapang**

291, 293 & 295 Jalan Silibin
30100 Ipoh, Perak
Tel : 05-5264014, 05-5264015
Fax : 05-5264485

- **Kampar**

29 Jalan Idris
31900 Kampar, Perak
Tel : 05-4651044, 05-4652160
Fax : 05-4651400

- **Kamunting**

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

- **Kuala Kangsar**

12 Jalan Daeng Selili
33000 Kuala Kangsar, Perak
Tel : 05-7769895, 05-7769896
Fax : 05-7769892

• **Menglembu**

67–73 Jalan Besar
 31450 Menglembu, Perak
 Tel : 05-2811014, 05-2814978
 Fax : 05-2815015, 05-2815580

• **Pantai Remis**

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

• **Parit Buntar**

135 & 137 Jalan Taiping
 34200 Parit Buntar, Perak
 Tel : 05-7160078, 05-7160079
 Fax : 05-7160077

• **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

• **Taiping**

178 & 180 Jalan Kota
 34000 Taiping, Perak
 Tel : 05-8085070, 05-8085071
 Fax : 05-8077362

• **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**

Wisma Boltex, Jalan Pasar
 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

Pulau Pinang

• **Bandar Baru 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**

85, 87 & 89 Jalan Selat
 Taman Selat
 12000 Butterworth, Pulau Pinang
 Tel : 04-3329837, 04-3329839
 Fax : 04-3329836, 04-3321498

• **Jalan Air Itam**

27A-G-1, 27B-G-1 & 27C-G-1
 Jalan Air Itam
 11500 Air Itam, Pulau Pinang
 Tel : 04-8288591, 04-8288595
 Fax : 04-8288537

• **Jalan Datuk Keramat**

554 & 556 Jalan Datuk Keramat
 10460 Pulau Pinang
 Tel : 04-2274010
 Fax : 04-2291978

• 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

• Jalan Tanjung Tokong

98-G-13A Prima Tanjung
Jalan Fettes
Bandar Tanjung Tokong
11200 Pulau Pinang
Tel : 04-8993715, 04-8993716
Fax : 04-8993717

• 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

• Lebuhraya Macallum

Harbour Trade Centre
2-1-20 & 2-1-30
2 Gat Lebuhraya 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 Lebuhraya Bishop
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

19, 21 & 23 Jalan Keruing
Kawasan Perniagaan Simpang Ampat
14100 Seberang Perai Selatan
Pulau Pinang
Tel : 04-5887000, 04-5887248
Fax : 04-5888080

• Sungai Bakap

10 & 12 Jalan Besar
Taman Gamelan
14200 Sungai Bakap
Seberang Perai Selatan, Pulau Pinang
Tel : 04-5822434, 04-5822432
Fax : 04-5822435

• Sungai Nibong

33, 35 & 37 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

• Donggongan

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

• Inanam

36 & 38 Block F, Lorong Inanam
Inanam New Township Phase 2
88450 Kota Kinabalu, Sabah
Tel : 088-429112, 088-429113
Fax : 088-429987

• **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, 089-882971

• **Lido**

Lot 8, 9 & 10 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, 089-761270

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 Sibul, 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 Sibul, 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 Buangsiol
 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

• **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**

9 & 10 Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong, Selangor
Tel : 03-58821888, 03-58821889
Fax : 03-58821299, 03-58822340

• **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, 03-31878587
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, 03-60282170
Fax : 03-60282173

• **Damansara Jaya**

1, 3 & 5 Jalan SS22/23
Damansara Jaya
47400 Petaling Jaya, Selangor
Tel : 03-77298588
Fax : 03-77288125

• **Damansara Utama**

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

• **Jalan Tapah**

64 & 66 Jalan Tapah
Off Jalan Goh Hock Huat
41400 Kelang, Selangor
Tel : 03-33411372, 03-33414420
Fax : 03-33411353

• **Jalan SK 10/4**

Bangunan MCA Seri Kembangan
1260 Jalan SK 10/4
43300 Seri Kembangan, Selangor
Tel : 03-89488700, 03-89483557
Fax : 03-89485700, 03-89481412

• **Kajang**

10 & 11 Jalan Raja Haroun
43000 Kajang, Selangor
Tel : 03-87368891, 03-87368894
Fax : 03-87365369, 03-87367278

- **Kampung Baru Subang**
 34–36 Jalan Lebuhr Besar
 Kampung Baru Subang
 40150 Shah Alam, Selangor
 Tel : 03-78468986, 03-78468012
 Fax : 03-78463351
- **Kampung Baru Sungai Buloh**
 41G & 43G Jalan Kati EU19/E
 Seksyen U19, Taman Medan Mas
 Kampung Baru Sungai Buloh
 40160 Shah Alam, Selangor
 Tel : 03-61568178, 03-61568179
 Fax : 03-61568176
- **Kapar**
 65 & 67 Lintang Dato' Tahir 1
 42200 Kapar, Selangor
 Tel : 03-32502799
 Fax : 03-32500915
- **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 & 5 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
- **Sabak Bernam**
 Lot 2180 & 2181 Jalan Menteri
 45200 Sabak Bernam, Selangor
 Tel : 03-32162805, 03-32162500
 Fax : 03-32162809
- **Sea Park**
 8 & 10 Jalan 21/12, Sea Park
 46300 Petaling Jaya, Selangor
 Tel : 03-78738931, 03-78738932
 Fax : 03-78744798 (Ground Floor),
 03-78772086 (1st Floor)
- **Section 14**
 12, 14 & 16 Jalan 14/14
 46100 Petaling Jaya, Selangor
 Tel : 03-79582585, 03-79582586
 Fax : 03-79582593
- **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, 03-61852979
- **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**
61-7, 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 & 404 Jalan 1A/1
Bandar Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Tel : 03-61562083, 03-61562056
Fax : 03-61562138
- **Sungai Chua**
1 & 3 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**
22, 24, 26 & 28 Lintang Menalu
Taman Chi Liung
41200 Klang, Selangor
Tel : 03-33718899, 03-33718482
Fax : 03-33720319
- **Taman Eng Ann**
14 & 16 Jalan Kasawari 5
Taman Eng Ann
41150 Klang, Selangor
Tel : 03-33430506, 03-33430507
Fax : 03-33430480
- **Taman Indah**
23 Jalan Kasturi 1
Plaza Kasturi
Off Jalan Balakong, Batu 11
43200 Cheras, Selangor
Tel : 03-90755202, 03-90755211
Fax : 03-90755769
- **Taman Mayang**
21 & 23 Jalan SS 25/23
Taman Plaza
47301 Petaling Jaya, Selangor
Tel : 03-78030124, 03-78039247
Fax : 03-78039447
- **Taman Muda**
36 Jalan Bunga Tanjung 8A
Taman Muda
68000 Ampang, Selangor
Tel : 03-42979335, 03-42969506
Fax : 03-42961810
- **Taman Melawati**
262–265 Jalan Bandar 12
Taman Melawati
53100 Kuala Lumpur
Tel : 03-41052003, 03-41052004
Fax : 03-41052009
- **Taman Selayang Jaya**
11 & 11A Jalan SJ1
Taman Selayang Jaya
68100 Batu Caves, Selangor
Tel : 03-61205099, 03-61382713
Fax : 03-61383723
- **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
- **Ulu Yam Baru**
6 & 7 Jalan Besar Seksyen 1
Ulu Yam Baru
44300 Batang Kali, Selangor
Tel : 03-60752436
Fax : 03-60752693
- **USJ**
3, 5 & 7 Jalan USJ 10/1F
47620 UEP Subang Jaya, Selangor
Tel : 03-56350617, 03-56310776
Fax : 03-56329196

Terengganu

- **Chukai**

KCP1 Kemaman Centre Point
 24000 Kemaman, Terengganu
 Tel : 09-8595962, 09-8594069
 Fax : 09-8594943

- **Kuala Dungun**

K-156 & K-157 Jalan Paka Batu 48
 23000 Kuala Dungun, Terengganu
 Tel : 09-8482511
 Fax : 09-8484549

- **Kuala Terengganu**

1, 1A & 1B Jalan Batas Baru
 20300 Kuala Terengganu
 Terengganu
 Tel : 09-6226998
 Fax : 09-6233409

Overseas Branches/Offices

- **Hong Kong Branch**

Ground Floor & 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
 E-mail : gmgr@publicbank.biz.com.hk
 SWIFT: PBBEHKHH

- **Colombo Branch**

324 Galle Road
 Colombo 03, Sri Lanka
 Tel : 9411-2576289,
 9411-2576290,
 9411-2576291,
 9411-2576292
 Fax : 9411-2573958
 Telex : 23171 PUBLIC CE
 23507 PBBTRY CE
 E-mail : pbbslk@publicbank.slt.lk
 SWIFT: 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 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**

Block B, Sri Damansara Business Park
 Persiaran Industri
 Bandar Sri Damansara
 52200 Kuala Lumpur
 Tel : 03-62796800
 Fax : 03-62779800
 (24 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

- **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 (L) Ltd.**

Level 8(B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory Labuan
Tel : 6087-412336, 6087-411898
Fax : 6087-451193
E-mail : pbtrust@tm.net.my

• **Public Holdings Sdn. Bhd.**

8th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21766000, 03-21766666
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
E-mail : campu@online.com.kh
SWIFT: CPBLKHPP

Associated Companies

• **PB Trustee Services Berhad**

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

• **VID Public Bank**

Hanoi Head Office
7th Floor, Prime Centre Building
53 Quang Trung, Hanoi
Vietnam
Tel : 844-9438999 (General Line)
Fax : 844-9439005
Telex : 412241VPBVT
SWIFT: VIDPVNV5
(5 branches – Hanoi Operations
Centre, Ho Chi Minh City,
Haiphong, Danang, Binhduong)

• **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@online.com.kh
SWIFT: CPBLKHPP

Form of Proxy

Number of shares held	CDS Account No.

“A” I/We _____ NRIC/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 *first proxy to attend and vote for me/us on my/our behalf at the Thirty-Ninth Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 30 March 2005 at 11.00 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/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-Ninth Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 30 March 2005 at 11.00 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”	%
	<u>100%</u>

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 2004 and the Reports of the Directors and Auditors thereon.				
2.	Declaration of final dividend and special dividend.				
3.	Re-election of Dato’ Lee Kong Lam as Director.				
4.	Re-election of Dato’ Yeoh Chin Kee as Director.				
5.	Re-election of Lee Chin Guan as Director.				
6.	Re-appointment of Tan Sri Dato’ Sri Dr. Teh Hong Piow as Director.				
7.	Re-appointment of Tan Sri Dato’ Thong Yaw Hong as Director.				
8.	Approval of payment of Directors’ fees.				
9.	Re-appointment of Messrs KPMG as Auditors and to authorise the Directors to fix the Auditors’ remuneration.				
10.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.				

Signed this _____ day of _____ 2005 _____
Signature of Member/Common Seal

* Delete if inapplicable.

Notes:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 23 March 2005 (“General Meeting Record of Depositors”) shall be eligible to attend the above Meeting.
- 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 securities 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 securities, shall not be entitled to exercise in any manner whatsoever any voting rights in respect of the aforesaid securities 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. A proxy need not be a Member of the Company.
- A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the above Meeting provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing in the credit of the said Securities Account.
- 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.
- 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.

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Please fold here to seal

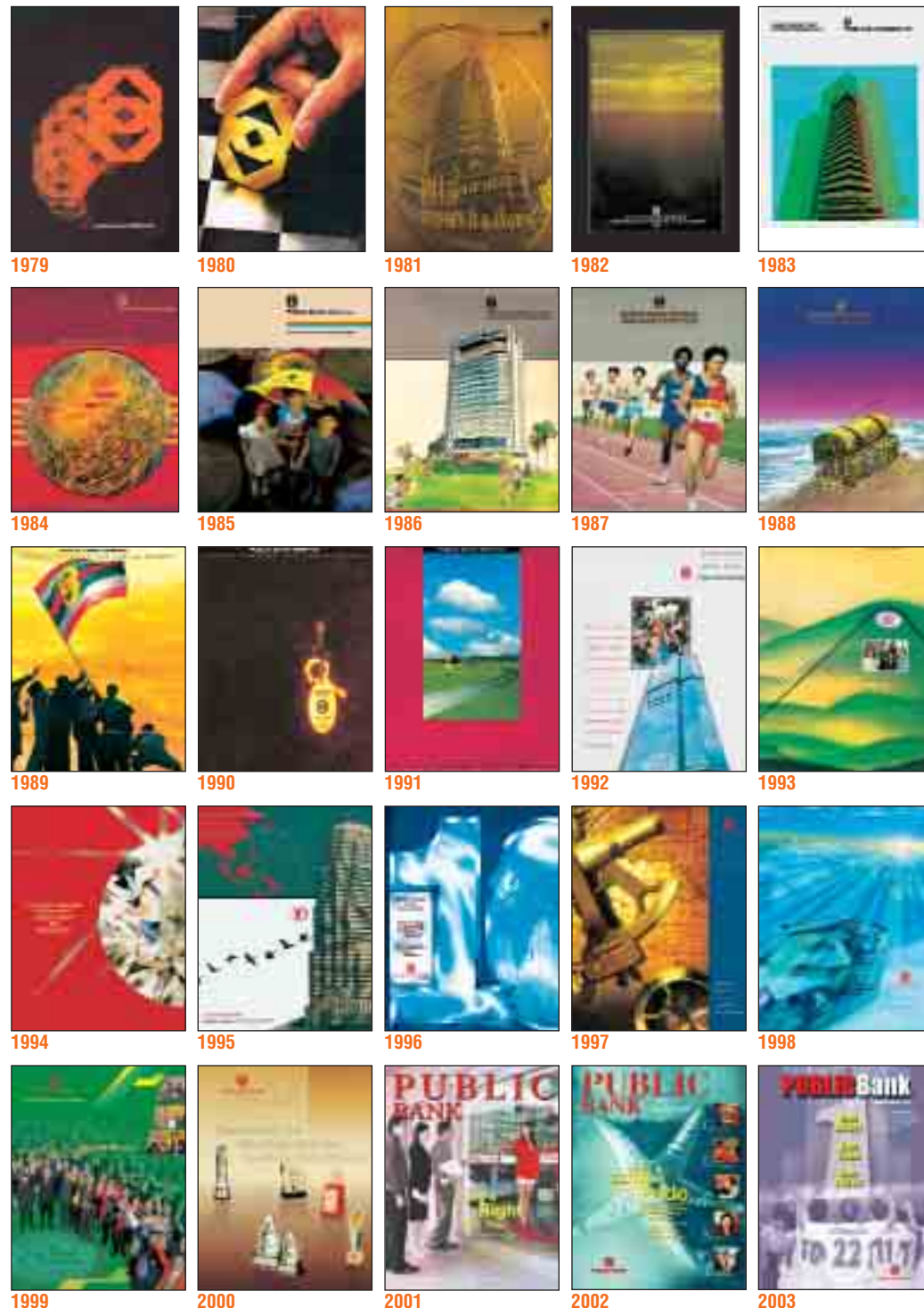
STAMP

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

Please fold here to seal

past 25 years

Public Bank Annual Report



Award Winning Public Bank Annual Reports

- 1985 - MACRA COMMENDATION AWARD**
 - Graphic Presentation
 - Corporate Information
- 1986 - MACRA AWARD**
 - Best Corporate Information
- 1987 - MACRA AWARD**
 - Best Corporate Information
- NARA AWARD**
 - Best Annual Report Finance Sector
- 1988 - MACRA AWARD**
 - Best Overall Annual Report
 - Best Corporate Information
- NARA AWARD**
 - Best Annual Report Finance Sector
- 1989 - NACRA AWARD**
 - Most Outstanding Annual Report
 - Best Annual Report Finance Sector
- NACRA COMMENDATION AWARD**
 - Corporate Information
 - Accounting Information
 - Annual Report in Bahasa Malaysia
- 1990 - NACRA AWARD**
 - Best Accounting Information
- 1991 - NACRA AWARD**
 - Best Accounting Information
- NACRA COMMENDATION AWARD**
 - Corporate Information
- 1994 - NACRA COMMENDATION AWARD**
 - Accounting Information
 - Corporate Information
 - Annual Report in Bahasa Malaysia
- 1995 - NACRA COMMENDATION AWARD**
 - Accounting Information
 - Annual Report in Bahasa Malaysia
- 1996 - NACRA AWARD**
 - Most Outstanding Annual Report
 - Industry Excellence Award Finance Sector
- 1997 - NACRA AWARD**
 - Best Annual Report in Bahasa Malaysia
 - Industry Excellence Award Finance Sector
- 1998 - NACRA AWARD**
 - Industry Excellence Award Finance Sector
- 1999 - NACRA AWARD**
 - Industry Excellence Award Finance Sector
- CITRA AWARD 2000**
 - Main Award
- 2000 - NACRA AWARD**
 - Industry Excellence Award Finance Sector
- CITRA AWARD 2001**
 - Special Jury Award
- 2001 - NACRA AWARD**
 - Most Outstanding Annual Report
 - Industry Excellence Award Finance Sector
- CITRA AWARD 2002**
 - Special Jury Award
- 2002 - NACRA AWARD**
 - Most Outstanding Annual Report
 - Industry Excellence Award Finance Sector
- CITRA AWARD 2003**
 - Merit Award
- 2003 - NACRA AWARD**
 - Most Outstanding Annual Report
 - Industry Excellence Award Finance Sector
 - Best Annual Report in Bahasa Malaysia

KLSE (Kuala Lumpur Stock Exchange) Corporate Excellence Awards

For the fourth consecutive year, Public Bank sets the milestone in corporate excellence. Having always upheld the highest standards of corporate governance and transparency, it is no surprise then that Public Bank has chalked up one triumphant win after another since the inception of the KLSE Corporate Excellence Awards in the year 2000.

Winning this coveted award for the fourth time in a row has undeniably strengthened our resolve to continue being the benchmark for outstanding corporate governance, for many years to come.



• 2000 • 2001 • 2002 • 2003

NACRA (National Annual Corporate Report Awards) Overall Excellence Award for Most Outstanding Annual Report

For the third consecutive year, we have upheld the highest standards of corporate governance and transparency to win the prestigious NACRA Overall Excellence Award for the Most Outstanding Annual Report.

This acknowledgement of exemplary corporate conduct and practices have energised us to a whole new level of confidence and commitment to continue our winning streak, for many more years to come.



• 2001 • 2002 • 2003