

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS
AUDITED BALANCE SHEETS AS AT 31 DECEMBER 2004

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

The condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2003.

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(Incorporated in Malaysia)
CONDENSED FINANCIAL STATEMENTS
AUDITED BALANCE SHEETS AS AT 31 DECEMBER 2004

	Group		Bank	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
SHAREHOLDERS' EQUITY				
Share capital	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	(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	19,780,677	14,246,374	19,535,337	13,248,734
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	13.9%	17.5%	13.8%	15.0%
Risk-Weighted Capital Ratio	17.9%	19.3%	15.3%	15.0%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	11.8%	16.4%	11.6%	13.4%
Risk-Weighted Capital Ratio	15.8%	18.2%	13.1%	13.4%
NET TANGIBLE ASSETS PER SHARE (RM)	2.38	2.46	2.36	2.25

The condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2003.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
AUDITED INCOME STATEMENTS
FOR THE 4th QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	4th Quarter ended		Year ended	
	31 December 2004 RM'000	31 December 2003 RM'000	31 December 2004 RM'000	31 December 2003 RM'000
Group				
Operating revenue	1,425,030	1,111,689	5,045,340	4,318,113
Interest income	1,038,792	852,622	3,815,892	3,349,840
Interest expense	(434,429)	(319,070)	(1,494,564)	(1,257,926)
Net interest income	604,363	533,552	2,321,328	2,091,914
Net income from Islamic Banking operations:				
Net financing income	95,026	85,609	374,468	291,714
Other Islamic banking income	1,766	1,506	5,916	4,697
	701,155	620,667	2,701,712	2,388,325
Non-interest income	196,079	167,910	723,494	633,102
Net income	897,234	788,577	3,425,206	3,021,427
Staff costs and overheads	(343,774)	(288,256)	(1,309,784)	(1,171,492)
Operating profit	553,460	500,321	2,115,422	1,849,935
Allowance for losses on loans, advances and financing	(46,612)	(100,194)	(271,034)	(439,155)
	506,848	400,127	1,844,388	1,410,780
Share of results in associated companies	1,112	997	3,813	4,083
Profit before tax expense and zakat	507,960	401,124	1,848,201	1,414,863
Tax expense and zakat	(143,773)	(88,726)	(508,611)	(356,129)
Profit after tax expense	364,187	312,398	1,339,590	1,058,734
Minority interests	(25,248)	(27,126)	(72,602)	(84,548)
Net profit for the period/year	338,939	285,272	1,266,988	974,186
Earnings per RM1.00 share:				
- basic (sen)	10.5	9.0	39.4	32.0
- diluted (sen)	10.3	8.8	38.7	31.2

The condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2003.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
AUDITED INCOME STATEMENTS
FOR THE 4th QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	4th Quarter ended		Year Ended	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Operating revenue	1,215,175	696,982	3,668,892	2,556,186
Interest income	920,543	562,551	2,931,504	2,097,575
Interest expense	(424,553)	(281,525)	(1,441,136)	(1,026,480)
Net interest income	495,990	281,026	1,490,368	1,071,095
Net income from Islamic Banking operations:				
Net financing income	95,026	29,288	219,768	93,640
Other Islamic banking income	1,766	1,380	5,864	4,306
	592,782	311,694	1,716,000	1,169,041
Non-interest income	595,509	406,041	2,483,155	1,021,691
Net income	1,188,291	717,735	4,199,155	2,190,732
Staff costs and overheads	(251,622)	(191,374)	(830,322)	(692,658)
Operating profit	936,669	526,361	3,368,833	1,498,074
Allowance for losses on loans, advances and financing	(72,747)	(37,112)	(453,696)	(119,343)
Profit before tax expense and zakat	863,922	489,249	2,915,137	1,378,731
Tax expense and zakat	(209,958)	(110,748)	(677,500)	(350,679)
Net profit for the period/year	653,964	378,501	2,237,637	1,028,052
Earnings per RM1.00 share:				
- basic (sen)	20.2	11.9	69.5	33.8
- diluted (sen)	19.9	11.6	68.3	33.0

The condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2003.

PUBLIC BANK BERHAD
(6463 - H)
CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

Group	Note	Non-distributable Reserves			Distributable Reserves	Proposed Dividends	Treasury Shares	Total
		Share Capital	Share Premium	Other Reserves	Retained Profits			
		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	8,675,681	
- prior year adjustments	B14	-	-	-	(57,886)	-	(57,886)	
As restated		3,206,600	928,433	2,387,630	1,762,092	503,000	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		-	-	-	-	(1,449,037)	(1,449,037)	
Dividends proposed		-	-	-	(1,172,012)	1,172,012	-	
At 31 December 2004		3,355,767	1,347,084	2,614,989	682,324	1,172,012	8,570,735	

The condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2003.

PUBLIC BANK BERHAD
(6463 - H)
CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

Group	Note	Non-distributable Reserves			Distributable Reserves	Proposed Dividends	Treasury Shares	Total
		Share Capital	Share Premium	Other Reserves	Retained Profits			
		RM'000	RM'000	RM'000	RM'000	RM'000	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	B14	-	-	-	(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		-	-	-	-	(299,987)	(299,987)	
Dividends proposed		-	-	-	(503,000)	503,000	-	
At 31 December 2003		3,206,600	928,433	2,387,630	1,762,092	503,000	8,617,795	

The condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2003.

PUBLIC BANK BERHAD
(6463 - H)
CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	Non-distributable Reserves		Distributable Reserves	Proposed Dividends	Treasury Shares	Total
		Share Capital	Share Premium	Other Reserves			
<u>Bank</u>		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2004							
- as previously stated		3,206,600	928,433	1,842,160	503,000	(169,960)	7,526,940
- prior year adjustments	B14	-	-	-	-	-	(44,389)
As restated		3,206,600	928,433	1,842,160	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	-	-
Dividends paid		-	-	-	(1,449,037)	-	(1,449,037)
Dividends proposed		-	-	-	1,172,012	-	1,172,012
At 31 December 2004		3,355,767	1,347,084	2,401,569	1,172,012	(601,441)	8,407,488

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PUBLIC BANK BERHAD
(6463 - H)
CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

<u>Bank</u>	Note	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		Proposed Dividends	Treasury Shares	Total
		Share Capital	Share Premium	Other Reserves	Retained Profits	RM'000			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	B14	-	-	-	(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 shares		-	-	-	-	-	(169,960)	-	(169,960)
Exchange equalisation reserves transferred to retained profits		-	-	(12,000)	12,000	-	-	-	-
Dividends paid		-	-	-	-	(299,987)	-	-	(299,987)
Dividends proposed		-	-	-	(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

The condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2003.

PUBLIC BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	The Group		The Bank	
	31 December 2004 RM'000	31 December 2003 RM'000	31 December 2004 RM'000	31 December 2003 RM'000
Profit before tax expense and zakat	1,848,201	1,414,863	2,915,137	1,378,731
Adjustments for non-cash items	470,439	618,385	(1,465,271)	(438,623)
Operating profit before changes in working capital	2,318,640	2,033,248	1,449,866	940,108
Changes in working capital				
Net changes in operating assets	(18,732,593)	(4,526,839)	(7,796,289)	(6,332,351)
Net changes in operating liabilities	26,031,642	1,807,264	1,544,278	9,760,574
Pension cost paid - defined benefit plan	(19,837)	(16,240)	(17,025)	(14,421)
Tax expense and zakat paid	(406,233)	(430,359)	(428,061)	(210,499)
Net cash generated from/(used in) operating activities	9,191,619	(1,132,926)	(5,247,231)	4,143,411
Net cash generated from/(used in) investing activities	2,484,903	(391,655)	13,326,845	(77,888)
Net cash (used in)/generated from financing activities	23,623	(439,947)	314,912	(261,896)
	2,508,526	(831,602)	13,641,757	(339,784)
Net change in cash and cash equivalents	11,700,145	(1,964,528)	8,394,526	3,803,627
Cash and cash equivalents at beginning of the year	7,970,828	9,932,135	11,498,710	7,695,083
Exchange differences on translation of opening balance	(968)	3,221	-	-
Cash and cash equivalents at end of the year	19,670,005	7,970,828	19,893,236	11,498,710

Note: Included in the net cash generated from investing activities of the Bank is an amount of RM7,848,027,000 arising from the transfer of the finance company business, net of cash acquired.

The condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2003.

PUBLIC BANK BERHAD
(6463 - H)
CONDENSED FINANCIAL STATEMENTS

Part A - Explanatory Notes Pursuant to MASB 26

A1. Basis of Preparation

The condensed financial statements for the quarter and the financial year ended 31 December 2004 have been prepared in accordance with Accounting Standard MASB 26 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad. The audited condensed financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 31 December 2003.

The accounting policies and methods of computation applied in the audited condensed financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the following:

- (i) the 3-month classification for non-performing loans instead of the 6-month classification in previous years; and
- (ii) the change in the method of assigning of collateral values to certain categories of non-performing loans.

The adoption of these have resulted in changes in accounting policies which have been applied retrospectively in this condensed financial statements and is disclosed in Note B14.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2003 was not qualified.

A3. Comments About Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the financial quarter and the financial year ended 31 December 2004.

A4. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the financial quarter and the financial year ended 31 December 2004.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported that have a material effect in the financial quarter and the financial year ended 31 December 2004 other than as disclosed in Note B14.

A6. Debt and Equity Securities

Save as disclosed below, there were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank ("PBB"):

(a) Share Consolidation

On 2 June 2004, PBB 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.

(b) Issuance of Shares

During the financial year ended 31 December 2004, the issued and paid-up share capital of the Bank was increased from 3,206,599,727 ordinary shares of RM1.00 each 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:

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

(c) 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 ended 31 December 2004, 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 Malaysia") 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 Malaysia 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 ended 31 December 2004, 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. As at 31 December 2004, the total shares bought back, all of which are held as treasury shares, amounted to 100,177,400 PBB Shares. None of the treasury shares held were resold or cancelled during the financial year ended 31 December 2004.

A6. Debt and Equity Securities (continued)

(d) Subordinated Notes

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 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

A7. Dividends Paid

During the financial year ended 31 December 2004 the Bank paid the following dividends:

- (a) A final dividend of 22%, less 28% tax in respect of the financial year ended 31 December 2003 amounting to RM511.4 million was paid on 11 May 2004; and
- (b) A special dividend of 40%, less 28% tax in respect of the financial year ended 31 December 2004 amounting to RM937.6 million was paid on 30 December 2004.

A8a. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets

<u>By Business Segments</u>	4th Quarter ended		Year ended		
	31 December 2004		31 December 2004		
	Operating Revenue	Profit Before Tax Expense	Operating Revenue	Profit Before Tax Expense	Total Assets
	RM'000	RM'000	RM'000	RM'000	RM'000
Retail operations	1,099,424	427,161	4,276,314	1,545,816	53,772,127
Treasury and capital market operations	319,023	98,778	936,344	243,731	27,243,495
Corporate lending	67,654	20,142	230,242	108,044	5,888,106
Investment banking	23,095	4,920	90,046	16,944	2,852,410
Share broking and fund management	64,921	25,540	228,472	97,981	638,859
Others	1,287	1,823	3,940	9,320	219,062
	1,575,404	578,364	5,765,358	2,021,836	90,614,059
Inter-segment elimination	(150,374)	-	(720,018)	-	-
	1,425,030	578,364	5,045,340	2,021,836	90,614,059
Unallocated expenses	-	(59,737)	-	(131,738)	-
Amortisation of goodwill/ intangible asset	-	(11,779)	-	(45,710)	-
Share of results in associated companies	-	1,112	-	3,813	-
Goodwill/intangible asset	-	-	-	-	811,399
Unallocated assets	-	-	-	-	616,000
Investment in associated companies	-	-	-	-	45,936
	1,425,030	507,960	5,045,340	1,848,201	92,087,394

A8a. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets
(continued)

	4th Quarter ended 31 December 2003		Year ended 31 December 2003		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
Retail operations	995,363	320,103	3,819,238	1,130,933	43,913,264
Treasury and capital market operations	172,622	45,813	672,375	184,640	12,943,443
Corporate lending	49,667	12,090	212,524	99,354	3,676,590
Investment banking	19,559	3,753	72,342	16,018	1,826,153
Share broking and fund management	52,812	32,135	173,020	82,164	501,097
Others	948	(5,022)	3,739	1,978	219,059
	<u>1,290,971</u>	<u>408,872</u>	<u>4,953,238</u>	<u>1,515,087</u>	<u>63,079,606</u>
Inter-segment elimination	(179,282)	-	(635,125)	-	-
	<u>1,111,689</u>	<u>408,872</u>	<u>4,318,113</u>	<u>1,515,087</u>	<u>63,079,606</u>
Unallocated expenses	-	(36,288)	-	(109,568)	-
Amortisation of goodwill/ intangible asset	-	(11,315)	-	(40,364)	-
Negative goodwill recognised	-	38,858	-	45,625	-
Share of results in associated companies	-	997	-	4,083	-
Goodwill/intangible asset	-	-	-	-	818,304
Unallocated assets	-	-	-	-	631,892
Investment in associated companies	-	-	-	-	47,438
	<u>1,111,689</u>	<u>401,124</u>	<u>4,318,113</u>	<u>1,414,863</u>	<u>64,577,240</u>

Inter-segment pricing is determined on a negotiated basis.

A8a. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets
(continued)

<u>By Geographical Locations</u> <u>Segments 31 December 2004</u>	4th Quarter ended		Year ended		Total Assets RM'000
	Operating Revenue RM'000	Profit Before Tax Expense RM'000	Operating Revenue RM'000	Profit Before Tax Expense RM'000	
Malaysia	1,305,565	422,950	4,589,695	1,599,998	89,534,882
Outside Malaysia	119,465	85,010	455,645	248,203	2,552,512
	<u>1,425,030</u>	<u>507,960</u>	<u>5,045,340</u>	<u>1,848,201</u>	<u>92,087,394</u>
 <u>31 December 2003</u>					
Malaysia	1,014,671	319,847	3,880,470	1,232,651	62,262,580
Outside Malaysia	97,018	81,277	437,643	182,212	2,314,660
	<u>1,111,689</u>	<u>401,124</u>	<u>4,318,113</u>	<u>1,414,863</u>	<u>64,577,240</u>

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

A8b. Segment Information on Gross Loans, Advances and Financing Analysed by Economic Purposes

	Group		Bank	
	31 December 2004 RM'000	31 December 2003 RM'000	31 December 2004 RM'000	31 December 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	20,864,649	15,089,967	20,828,985	13,065,943
(of which: - residential	<u>14,064,291</u>	<u>10,480,976</u>	<u>14,028,627</u>	<u>8,593,713</u>
- non-residential)	<u>6,800,358</u>	<u>4,608,991</u>	<u>6,800,358</u>	<u>4,472,230</u>
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
Total	<u>57,033,988</u>	<u>46,928,132</u>	<u>55,017,949</u>	<u>28,018,433</u>

A8b. Segment Information on Gross Loans, Advances and Financing Analysed by Economic**Purposes** (continued)

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

	Group		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	RM'000	RM'000	RM'000	RM'000
Opening balance, 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
Closing balance	1,631,750	1,965,680	1,525,755	1,133,915
Net NPL as a % 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.

Allowance for losses on loans, advances and financing

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

	Group		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	RM'000	RM'000	RM'000	RM'000
<u>General Allowance</u>				
Opening balance	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
Closing balance	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%

A8b. Segment Information on Gross Loans, Advances and Financing Analysed by Economic Purposes (continued)

	Group		Bank	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	RM'000	RM'000	RM'000	RM'000
<u>Specific Allowance</u>				
Opening balance, as previously stated	315,137	459,304	124,524	230,707
Prior year adjustments (Note B14)	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)
Closing balance	297,891	376,989	220,579	173,728

	Group		Bank	
	31 December 2,004	31 December 2,003	31 December 2,004	31 December 2,003
	RM'000	RM'000	RM'000	RM'000
<u>Interest/Income-in-suspense</u>				
Opening balance, as previously stated	166,079	300,495	120,706	205,839
Prior year adjustments (Note B14)	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)
Closing balance	121,535	184,626	119,940	133,153

A9. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The valuations of certain land and buildings of the Group have been brought forward without amendment from the previous audited annual financial statements for the year ended 31 December 2003.

A10. Subsequent Events

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

A11. Changes in the Composition of Group

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") and the acquisition by the Bank of the entire finance company business of PFB.

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 Malaysia") 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 Malaysia.

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

A12. Commitments and Contingencies

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

The risk-weighted exposures of the Group and the Bank as at the following dates are as follows:

	As at 31 December 2004		As at 31 December 2003	
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000
<u>Group</u>				
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

A12. Commitments and Contingencies (continued)

	As at 31 December 2004		As at 31 December 2003	
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000
<u>Bank</u>				
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 credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

A13. Off-Balance Sheet Financial Instruments

Details of financial instruments with off-balance sheet risk as at 31 December 2004:

Value of contracts classified by remaining period to maturity / next repricing date (whichever is earlier).

Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	895,707	375,405	377,890	111,003	30,939	470	-
- futures	-	-	-	-	-	-	-
- swap	2,930,907	846,716	1,212,789	490,200	-	381,202	-
- options	-	-	-	-	-	-	-
Sub total	3,826,614	1,222,121	1,590,679	601,203	30,939	381,672	-
Interest rate related contracts							
- swap	1,708,007	577,200	902,807	228,000	-	-	-
Total	5,534,621	1,799,321	2,493,486	829,203	30,939	381,672	-

Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
Foreign exchange related contracts							
- forward	895,707	375,405	377,890	111,003	30,939	470	-
- futures	-	-	-	-	-	-	-
- swap	2,930,907	846,716	1,212,789	490,200	-	381,202	-
- options	-	-	-	-	-	-	-
Sub total	3,826,614	1,222,121	1,590,679	601,203	30,939	381,672	-
Interest rate related contracts							
- swap	1,688,973	577,200	902,773	209,000	-	-	-
Total	5,515,587	1,799,321	2,493,452	810,203	30,939	381,672	-

The Group and the Bank do not have any transaction in respect of equity and commodity related contracts. Foreign exchange and interest rate related contracts are subject to market and credit risk.

A13. Off-Balance Sheet Financial Instruments (continued)

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts 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 the Bank and, hence, exposed to market risk was RM1,377,179,000 (31 December 2003 : RM162,071,000).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2004, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM11,502,000 (31 December 2003 : RM7,659,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related Accounting Policies

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 the in period/year they arise.

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

B1. Performance Review

The Group's pre-tax profit for the financial year ended 31 December 2004 of RM1,848.2 million was RM433.3 million or 31% higher than that of the previous corresponding year of RM1,414.9 million. Profit attributable to shareholders improved by 30% to RM1,267.0 million. The significant improvement in earnings was primarily due to higher net interest income, including net income from Islamic Banking operations, which improved by RM313.4 million or 13%, higher non-interest income of RM90.4 million and lower allowance for losses on loans, advances and financing of RM168.1 million. The increases were partially offset by higher overhead expenses of RM138.3 million.

The growth in the Group's net interest income was driven by strong loans growth of RM10.1 billion or 22% to RM57.0 billion at the end of December 2004. The growth in loans came mainly from financing of small-and medium-size enterprises ("SMEs"), residential mortgages and vehicle hire purchase financing. As at 31 December 2004, the Group's net non-performing loans ratio ("NPL") stood at 2.1% as compared to 3.0% at the end of 2003.

For the financial year ended 31 December 2004, the overseas operations of the Group recorded a 36% improvement in pre-tax profit to RM248.2 million from the previous corresponding year. This was mainly due to lower allowance for losses on loans, advances and financing.

For the 4th quarter ended 31 December 2004, the Group registered a pre-tax profit of RM508.0 million, an improvement of RM106.8 million or 27% compared to the previous corresponding quarter. This was achieved on the back of strong loans growth in financing to SMEs, vehicle hire purchase financing and residential mortgages. Earnings attributable to shareholders grew by 19% to RM339.0 million for the same period.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM508.0 million for the quarter ended 31 December 2004 is RM48.0 million higher compared to the preceding 3rd quarter ended 30 September 2004.

B3. Prospects for 2005

The strong economic conditions in Malaysia will continue to provide a supportive environment for growth in the banking system. Going forward, the Public Bank Group will further leverage on its strategic domestic network of 252 branches, its online channels and strong *PB* brand to continue to build on the momentum of its strong loan growth. Barring any unforeseen circumstances, the Group's and the Bank's performance are expected to continue to record satisfactory performance for 2005.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the financial quarter and the financial year ended 31 December 2004 are as follows:

	4th Quarter ended		Year ended	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	149,520	104,723	502,696	401,418
Overseas income tax	5,372	2,244	39,835	20,468
	154,892	106,967	542,531	421,886
(Over)/Under provision in prior period/years				
- Malaysian income tax	(5,084)	(5,620)	(4,145)	(4,102)
- Overseas income tax	855	(773)	836	(857)
	150,663	100,574	539,222	416,927
Share of tax expense in associated company	936	910	1,024	1,039
	151,599	101,484	540,246	417,966
Deferred tax expense				
- Origination and reversal of temporary differences	(7,845)	(12,781)	(31,710)	(61,929)
Tax expense	143,754	88,703	508,536	356,037
Zakat	19	23	75	92
	143,773	88,726	508,611	356,129

The Group's effective tax rate for the financial quarter and the financial year ended 31 December 2004 approximates the statutory tax rate.

B5. Tax Expense and Zakat (continued)

	4th Quarter ended		Year ended	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
Bank	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	214,210	121,562	785,191	385,190
Overseas income tax	581	92	881	280
	<u>214,791</u>	<u>121,654</u>	<u>786,072</u>	<u>385,470</u>
(Over)/Under provision in prior period/years				
- Malaysian income tax	-	-	-	-
- Overseas income tax	-	(773)	-	(773)
	<u>214,791</u>	<u>120,881</u>	<u>786,072</u>	<u>384,697</u>
Deferred tax expense				
- Origination and reversal of temporary differences	(4,852)	(10,148)	(108,647)	(34,078)
Tax expense	<u>209,939</u>	<u>110,733</u>	<u>677,425</u>	<u>350,619</u>
Zakat	19	15	75	60
	<u><u>209,958</u></u>	<u><u>110,748</u></u>	<u><u>677,500</u></u>	<u><u>350,679</u></u>

The Bank's effective tax rate for the financial quarter and the financial year ended 31 December 2004 is lower than the statutory tax rate due to certain dividend income from subsidiary companies which were not subject to tax.

B6. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the financial quarter and the financial year ended 31 December 2004 other than in the ordinary course of business.

B7. Quoted Securities

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

B8. Status of Corporate Proposals Announced but Not Completed

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 of RM125,377,000 comprising 125,377,000 ordinary shares of RM1.00 each 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 of RM77,691,000 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 Malaysia”) (“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 Malaysia and HHB would comply with the requirements of Paragraph 8.16 (on “Level of operations”) of the Listing Requirements of Bursa Malaysia. 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 Malaysia. The completion of the Proposals would facilitate the lifting of suspension of the trading of shares in HHB on the Main Board of Bursa Malaysia and ensure that the listing status of HHB is maintained.

B8. Status of Corporate Proposals Announced but Not Completed (continued)

The Proposals are conditional upon the following being obtained:

- (i) the approval of the Securities Commission;
- (ii) the approval of the Foreign Investment Committee;
- (iii) the confirmation of the High Court of Malaya for the Proposed 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 (“BG”) facility of RM13,500,000 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 Malaysia 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 as part of the consideration for the Proposed Acquisitions on the Official List of Bursa Malaysia; 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.

B9. Deposits and Placements of Customers and Financial Institutions and Debt Securities

	Group		Bank	
	31 December 2004 RM'000	31 December 2003 RM'000	31 December 2004 RM'000	31 December 2003 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	39,162,055	32,177,941	35,734,517	24,450,608
More than one year	153,392	195,031	146,438	94,207
- Negotiable instruments of deposits				
One year or less	12,481,507	530,000	12,218,267	400,000
More than one year	-	-	-	337,567
- Savings deposits	11,498,368	9,687,716	11,328,835	8,255,300
- Demand deposits	8,682,720	7,357,983	8,570,697	7,337,300
- Others	268,261	268,587	266,885	245,747
	72,246,303	50,217,258	68,265,639	41,120,729
Deposits and placements of banks and other financial institutions				
One year or less	2,958,481	1,779,334	4,765,730	6,628,582
More than one year	-	-	-	-
	2,958,481	1,779,334	4,765,730	6,628,582
Subordinated notes	1,323,014	-	1,323,014	-

B10. Off-Balance Sheet Financial Instruments

Please refer to note A13.

B11. Changes in Material Litigation

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

B12. Dividends Payable

- (a) (i) For the financial year ended 31 December 2004, the Directors have recommended a proposed final dividend of 35%, less 28% tax and a special dividend of 15%, less 28% tax;
- (ii) Amount per share : 50.0 sen less 28% tax;
- (iii) Previous corresponding period : 22.0 sen per share less 28% tax;
- (iv) Payment date : to be announced at a later date; and
- (v) The date of entitlement to dividend: to be announced at a later date.
- (b) The total dividend for the current financial year : 90 sen less 28% tax.

B13. Earning Per Share (EPS)**Basic**

The calculation of the basic earnings per share is based on the net profit for the financial quarter and the financial year divided by the weighted average number of ordinary shares of RM1.00 each in issued during the quarter and the financial year, excluding the weighted average treasury shares held by the Bank. The weighted average number of ordinary shares used in the previous corresponding period have been adjusted for the effects of the share consolidation which was completed during the financial year for comparability purposes.

	4th Quarter ended		Year ended	
	31 December	31 December	31 December	31 December
	2004	2003	2004	2003
Net profit for the period (RM'000)	338,939	285,272	1,266,988	974,186
Weighted average number of PBB Shares ('000)	3,238,375	3,184,477	3,217,554	3,044,904
Basic earnings per share (sen)	10.5	9.0	39.4	32.0

Diluted

The calculation of the diluted earnings per share is based on the net profit for the financial quarter and the financial year, divided by the adjusted weighted average number of PBB 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.

	4th Quarter ended		Year ended	
	31 December	31 December	31 December	31 December
	2004	2003	2004	2003
<i>Weighted average number of PBB Shares ('000)</i>				
Weighted average number of PBB Shares	3,238,375	3,184,477	3,217,554	3,044,904
Effects of share options	40,246	65,217	56,735	72,660
Adjusted weighted average number of ordinary shares in issue or issuable	3,278,621	3,249,694	3,274,289	3,117,564
Diluted earnings per share (sen)	10.3	8.8	38.7	31.2

B14. Change 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 the previous years and the change in the method of assigning of collateral values to certain 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.

(b) Prior Year Adjustments

The changes 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

B14. Change in Accounting Policies and Prior Year Adjustments (continued)

	4th Quarter Ended		Year Ended	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<u>The Group</u>				
Effects on net profit for the period/year:				
Net profit before changes in accounting policies	335,808	288,357	1,277,729	1,003,138
Effects of adopting the 3-month classification for non-performing loans	-	(632)	-	(3,436)
Effects of change in method of assigning of collateral values to certain non-performing loans	3,131	(2,453)	(10,741)	(25,516)
	3,131	(3,085)	(10,741)	(28,952)
At 1 January, as restated	338,939	285,272	1,266,988	974,186
<u>The Bank</u>				
Effects on net profit for the period/year:				
Net profit before changes in accounting policies	650,833	381,947	2,237,343	1,049,991
Effects of adopting the 3-month classification for non-performing loans	-	(384)	-	(2,825)
Effects of change in method of assigning of collateral values to certain non-performing loans	3,131	(3,062)	294	(19,114)
	3,131	(3,446)	294	(21,939)
At 1 January, as restated	653,964	378,501	2,237,637	1,028,052

B14. Change in Accounting Policies and Prior Year Adjustments (continued)**(c) Comparative Figures**

The following comparative figures have been restated for the effects of adopting the above change in accounting policies:

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(i) Balance sheet 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
(ii) Income statement for the 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 expense and zakat	(356,129)	(367,390)	(350,679)	(359,211)
Profit after tax expense and zakat	974,186	1,003,138	1,028,052	1,049,991
Income statement for the 4th quarter ended 31 December 2003				
Operating revenue	1,111,689	1,112,567	696,982	697,515
Interest income	852,622	853,501	562,551	563,085
Allowance for losses on loans, advances and financing	(100,194)	(96,789)	(37,112)	(32,862)
Profit before tax expense and zakat	401,124	405,408	489,249	494,034
Tax expense and zakat	(88,726)	(89,925)	(110,748)	(112,087)
Profit after tax expense and zakat	285,272	288,357	378,501	381,947