



PUBLIC BANK
(6463-H)

2011 annual report

PUBLIC BANK BERHAD (6463-H)

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(6463-H)

Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur

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2011 Annual Report



CORPORATE PHILOSOPHY

PUBLIC BANK CARES ...

For Its Customers

- By providing the most courteous and efficient service in every aspect of its business
- By being innovative in the development of new banking products and services

For Its Employees

- By promoting the well-being of its staff through attractive remuneration and fringe benefits
- By promoting good staff morale through proper staff training and development and provision of opportunities for career advancement

For Its Shareholders

- By forging ahead and consolidating its position as a stable and progressive financial institution
- By generating profits and a fair return on their investment

For the Community It Serves

- By assuming its role as a socially responsible corporate citizen in a tangible manner
- By adhering closely to national policies and objectives thereby contributing towards the progress of the nation

... **WITH INTEGRITY**

rationale



This year's theme '**Excellence and Beyond**' is aptly portrayed via a graphic rendition of a telescopic lens, clearly illustrating Public Bank's innovative approach to business philosophies that focus on the realms of possibilities beyond the ordinary.

In line with this year's theme, Public Bank has gone beyond expectations to being the most profitable, efficient and respected financial institution in the country and we will continue to sustain our legacy of high growth, strong leadership and value creation for our shareholders. It's been an exciting journey thus far, and we look forward to even more success in the future.

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Excellence &
Beyond

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CORPORATE MISSION

“To sustain the position of being the most efficient, profitable and respected premier financial institution in Malaysia.”



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting of Public Bank Berhad (PBB or Company) (6463-H) will be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 19 March 2012 at 11.00 a.m. for the following purposes:

As Ordinary Business

- | | |
|--|------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. | Ordinary Resolution 1 |
| 2. To re-elect the following Directors who retire by rotation pursuant to Article 111 of the Company's Articles of Association: | |
| i. Tan Sri Dato' Sri Tay Ah Lek | Ordinary Resolution 2 |
| ii. Quah Poh Keat | Ordinary Resolution 3 |
| 3. To re-elect Tang Wing Chew who retires pursuant to Article 109 of the Company's Articles of Association. | Ordinary Resolution 4 |
| 4. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965: | |
| i. "THAT Tan Sri Dato' Sri Dr. Teh Hong Piow, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 5 |
| ii. "THAT Tan Sri Datuk Seri Utama Thong Yaw Hong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 6 |
| iii. "THAT Dato' Sri Lee Kong Lam, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 7 |
| 5. To approve the payment of Directors' fees of RM1,755,100 for the financial year ended 31 December 2011. | Ordinary Resolution 8 |
| 6. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Directors to fix the Auditors' remuneration. | Ordinary Resolution 9 |

By Order of the Board

Dato' Chia Lee Kee
MAICSA 7008270
Company Secretary

Kuala Lumpur
23 February 2012

Notice of Annual General Meeting

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 12 March 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 46th AGM.
2. 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 this 46th AGM.
3. A Member entitled to attend, speak and vote at this 46th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.
4. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at this 46th AGM 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 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

Where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
6. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before this 46th AGM.

FINANCIAL CALENDAR

Financial Year 2011

ANNOUNCEMENT OF CONSOLIDATED RESULTS

8 April 2011 (Monday)

Unaudited results for 1st quarter ended 31 March 2011

DIVIDENDS

25 July 2011 (Monday)

Unaudited results for 2nd quarter and half-year ended 30 June 2011

1st Interim Single Tier Dividend of 20%

Notice : 25 July 2011 (Monday)
Entitlement : 9 August 2011 (Tuesday)
Payment : 17 August 2011 (Wednesday)

17 October 2011 (Monday)

Unaudited results for 3rd quarter ended 30 September 2011

2nd Interim Single Tier Dividend of 28%

Notice : 30 January 2012 (Monday)
Entitlement : 17 February 2012 (Friday)
Payment : 27 February 2012 (Monday)

30 January 2012 (Monday)

Audited results for 4th quarter and financial year ended 31 December 2011

ANNUAL GENERAL MEETING

23 FEBRUARY 2012

(Thursday)

NOTICE OF ANNUAL GENERAL MEETING

19 MARCH 2012

(Monday)

46TH ANNUAL GENERAL MEETING

FINANCIAL HIGHLIGHTS

RM4.61b
Profit Before Tax

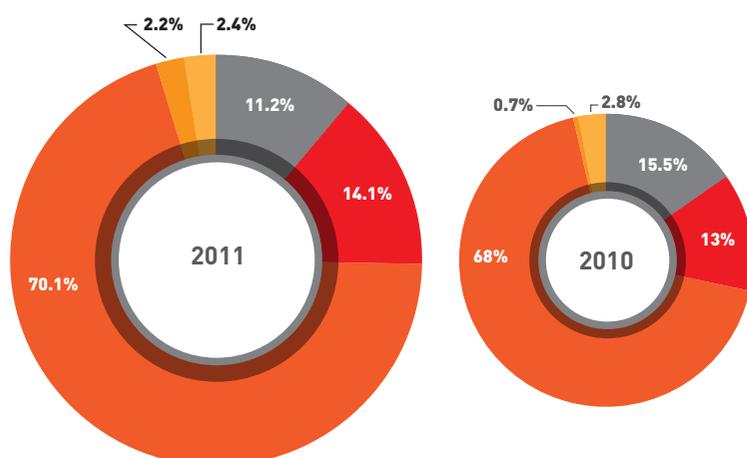
	Group		Bank	
	2011	2010	2011	2010
Profitability (RM'Million)				
Operating revenue	12,756	11,036	9,436	8,166
Operating profit	5,200	4,738	4,367	4,072
Profit before tax expense and zakat	4,611	4,086	4,085	3,678
Net profit attributable to equity holders of the Bank	3,484	3,048	3,269	2,932
Key Balance Sheet Data (RM'Million)				
Total assets	249,411	226,329	205,433	186,410
Loans, advances and financing	174,804	153,983	142,256	125,062
Deposits from customers	200,371	176,872	159,384	140,789
Shareholders' equity	14,863	13,033	13,910	12,303
Financial Ratios (%)				
Profitability Ratios				
Net interest margin on average interest bearing assets ¹	3.3	3.4	3.0	3.1
Net return on equity ²	26.8	27.1	26.9	27.7
Return on average assets	1.9	1.8	2.1	2.0
Return on average risk-weighted assets	3.0	3.1	3.3	3.3
Capital Adequacy Ratios				
Tier I capital ratio	10.7	10.7	12.9	13.2
Risk-weighted capital ratio	15.9	14.4	15.9	14.1
Asset Quality Ratio				
Gross impaired loans ratio	0.9	1.1	0.8	1.1

¹ Excluding negotiable instruments of deposit and money market deposits which are on-lent to interbank.

² Based on equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.

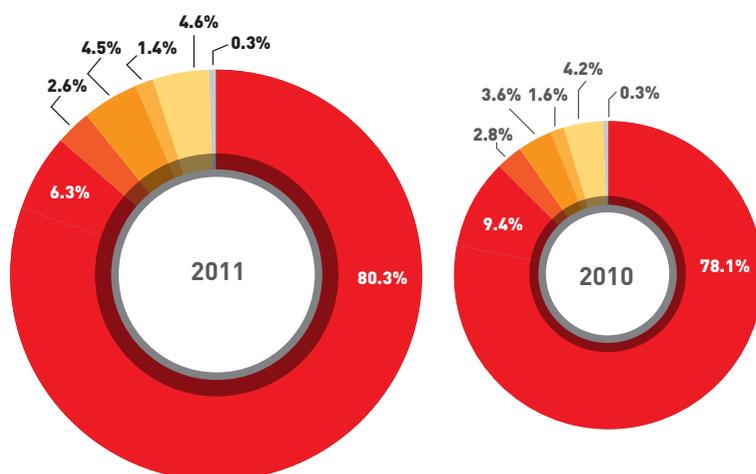
SIMPLIFIED GROUP BALANCE SHEET

Assets



2011	2010
11.2% ■ Cash and balances with banks and reverse repurchase agreements	15.5% ■
14.1% ■ Portfolio of financial investments	13.0% ■
70.1% ■ Loans, advances and financing	68.0% ■
2.2% ■ Statutory deposits with Central Banks	0.7% ■
2.4% ■ Other assets (including intangible assets)	2.8% ■

Liabilities & Equity



2011	2010
80.3% ■ Deposits from customers	78.1% ■
6.3% ■ Deposits from banks	9.4% ■
2.6% ■ Bills and acceptances payable and other liabilities	2.8% ■
4.5% ■ Debt securities issued and other borrowed funds	3.6% ■
1.4% ■ Share capital	1.6% ■
4.6% ■ Reserves	4.2% ■
0.3% ■ Non-controlling interests	0.3% ■

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' SRI DR. TEH HONG PIOW

Non-Executive Chairman

PSM, SSAP, SPMJ, SIMP, SSIJ, DSAP, DPMJ,
Datuk Kurnia Sentosa Pahang, JP
Hon LLD (M'sia), FIBM (M'sia), EFMIM (M'sia), FCIB (UK),
FCIS (Aust), FCMI (UK), FICM (UK), FInstAM (UK)

TAN SRI DATUK SERI UTAMA THONG YAW HONG

Independent Non-Executive Co-Chairman

PSM, SUMW, SIMP, DSAP, DIMP, JMN, SMP, JBS, AMN
BA (Econs Hons), MPA (Harvard), AMP (Harvard),
D.Econ (Hon)

TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

PSM, SSAP, PJN, DIMP, KMN
MBA (Henley), FIBM (M'sia), EFMIM (M'sia), FCPA (Aust), F Fin (Aust)

DATO' SRI LEE KONG LAM

Executive Director

SSAP, DIMP
CA (M'sia), FCPA (Aust), FCIB (UK)

DATO' YEOH CHIN KEE

Non-Independent Non-Executive Director

DIMP
FCPA (Aust), F Fin (Aust)

DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR

Independent Non-Executive Director

DIMP
ACA (England & Wales), CA (M'sia), FIBM (M'sia)

QUAH POH KEAT

Independent Non-Executive Director

FCCA (UK), CA (M'sia), CPA (M'sia), ACMA (UK),
Fellow MIT (M'sia)

TANG WING CHEW

Independent Non-Executive Director

BA (Hons)

Company Secretary

DATO' CHIA LEE KEE

DIMP
MAICSA 7008270
Tel : 603-2176 6341
E-mail: pbbcosec@publicbank.com.my

Registered Office

27th Floor, Menara Public Bank
146 Jalan Ampang, 50450 Kuala Lumpur, Malaysia
Tel : 603-2176 6341, 2163 8888
Fax : 603-2163 9917

Share Registrar

TRICOR INVESTOR SERVICES SDN BHD

Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel : 603-2264 3883
Fax : 603-2282 1886
E-mail: is.enquiry@my.tricorglobal.com

Auditors

MESSRS KPMG

Chartered Accountants

Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-7721 3388
Fax : 603-7721 3399

Head Office

Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel : 603-2176 6000, 2176 6666
2163 8888, 2163 8899
Fax : 603-2163 9917

Website

www.publicbank.com.my

Investor Relations

Tel : 603-2176 6293
E-mail: ir@publicbank.com.my

AGM Helpdesk

Tel : 603-2176 6454, 2176 6455
Fax : 603-2163 9917
E-mail: pbbcosec@publicbank.com.my

Stock Exchange Listing

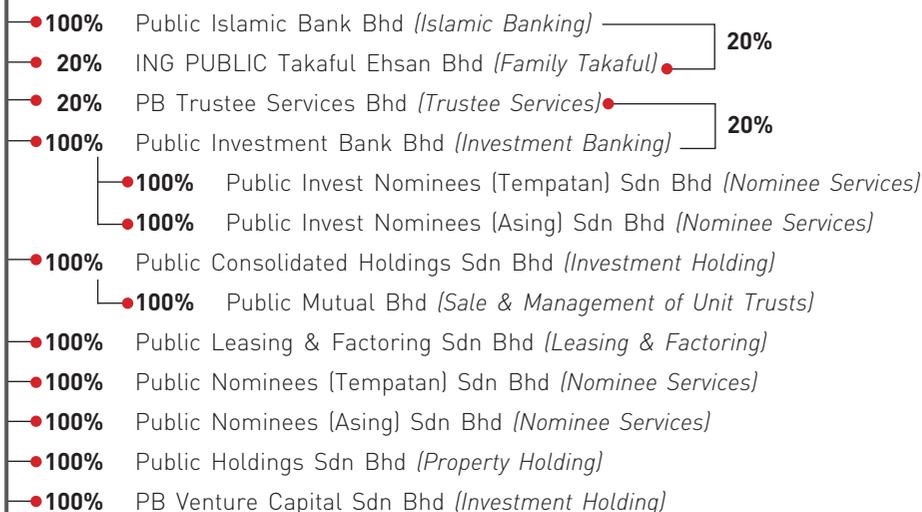
Main Market of Bursa Malaysia Securities Berhad
(Listed since 6 April 1967)

GROUP CORPORATE STRUCTURE

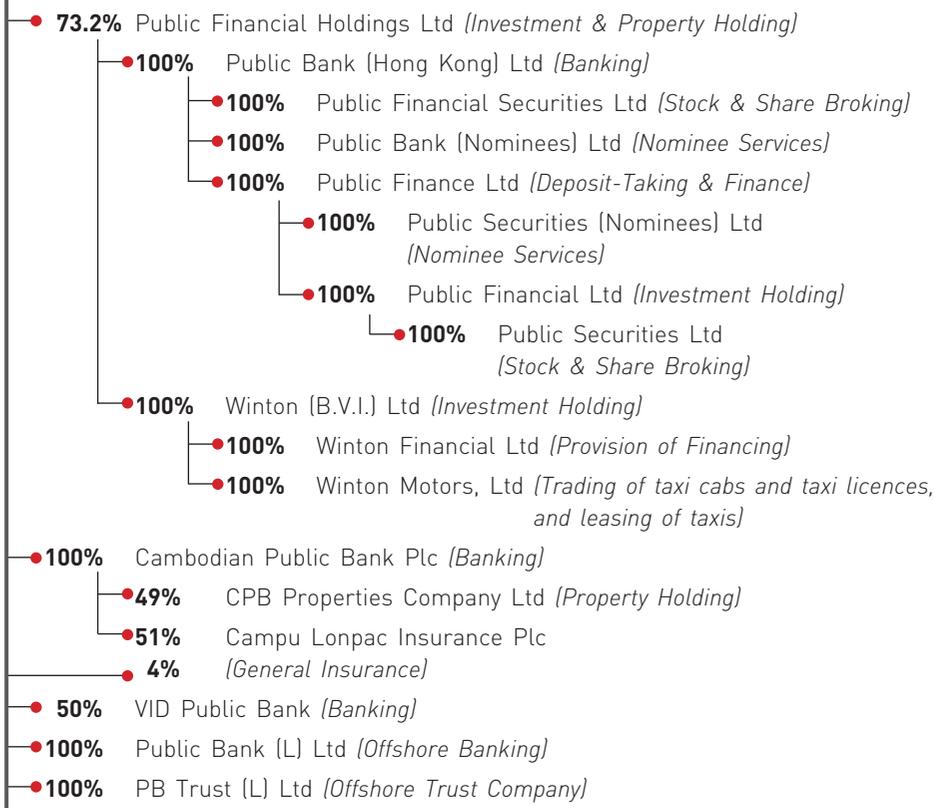
as at 23 February 2012



Malaysian Companies



Overseas and Offshore Companies



Notes:

- The companies reflected above are operating subsidiaries/associated companies.
- The full list of companies under the Public Bank Group is set out in Notes 13 and 14 to the Financial Statements on pages 96 to 100 in the Financial Statements section of this Annual Report.



ice distinction

Our superior customer service allows us to meet the demands of our customers in a highly competitive financial environment. A deep understanding of our customers and local conditions lets us serve and build lasting relationships. And we will do everything possible to further cement customer loyalty and grow our market share to stay ahead of the competition.

CORPORATE PROFILE

ABOUT US

A 45-Year Journey of Growth

The Public Bank journey began in 1966, when its Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow established Public Bank and conceived it as a bank for the public.

From a one branch beginning, the Public Bank Group has grown into a premier banking group in Malaysia, with overseas market presence in Cambodia, Vietnam, Laos, Hong Kong, China and Sri Lanka.

From providing retail and commercial banking services at its inception, the Public Bank Group has developed into a full service financial services group providing a wide range of services covering, amongst others, personal banking, commercial banking, Islamic banking, investment banking, share broking, trustee services, nominee services, sales and management of unit trust funds, bancassurance and general insurance products.

With a total of 401 branches and over 17,500 employees, the Public Bank Group serves the financial needs of over eight million customers from all walks of life in Malaysia and in other countries in which the Group operates.

The 45-year journey of growth has made Public Bank Group the third largest banking group in Malaysia by asset size, with total assets of RM249 billion as at the end of 2011. Among banking groups in Southeast Asia, the Group ranked number six by asset size as at the end of September 2011. Listed on the Main Board of Bursa Malaysia in 1967, Public Bank is the largest non-government-linked corporation in Malaysia by market capitalisation, which stood at RM47 billion as at the end of 2011.

Throughout its existence, the Public Bank Group has sought to deliver excellence in providing banking services to its customers, resulting in the strongly visible PB Brand. Today, the PB Brand is synonymous with superior customer service, prudent management, strong corporate governance, strong asset quality and sustainable profitability. The 45 years of unbroken profit track record of the Group reflects these qualities.

Focused and Consistent Growth Strategy

The Public Bank Group adopts a focused and consistent growth strategy, which is to pursue organic growth in the retail banking business focusing on the broad-based retail consumers and small- and medium-sized enterprises ("SMEs"), and strives to further increase its leadership in the retail banking market.

Growth in the retail banking business is consistently focused on retail lending, deposit-taking and fee-based businesses.

To drive business growth and increase its market share in retail banking, the Public Bank Group leverages on its well-established customer service infrastructures, processes and practices to deliver prompt and consistent service to meet the needs of its customers.





OVER **17,500**
EMPLOYEES



ABOUT US

Core Business Growth

In the retail lending business, the Public Bank Group continues to seek loan growth from residential mortgages, passenger vehicle financing and lending to SMEs. In an intensely competitive market where loan products are highly commoditised, the Group actively competes in the market for business growth and increased market share by differentiating itself through its highly efficient customer service delivery standards. As at the end of November 2011, Public Bank continued to lead in residential mortgages, passenger vehicle financing and commercial property financing in Malaysia, with market shares of 18.1%, 25.8% and 33.0% respectively.

Over the years, the Public Bank Group has been building a strong franchise in the deposit-taking business. Customer deposits have been growing steadily both in terms of the deposit customer base and the amount of deposits placed with the Group. As at the end of December 2011, total deposits from customers of Public Bank in Malaysia recorded a growth rate of 14.7%, which is above the domestic banking industry's annualised growth rate of 11.8%. This reflects the high level of customer confidence in Public Bank in safeguarding their funds.

Public Islamic Bank, a wholly-owned subsidiary of Public Bank, started its full fledged Islamic banking business in 2008. It will continue to focus on Islamic consumer financing and retail commercial financing to SMEs.

The Public Bank Group is intensifying its effort to grow fee-based businesses. Public Mutual, a wholly-owned subsidiary of Public Bank, contributes a significant proportion of the non interest income of the Group. Public Mutual is the dominant player in the private sector fund management industry in Malaysia with a leading market share of 44.3% as at the end of 2011 due to its superior fund performance, strong distribution capabilities and strong brand.

Multiple Delivery Channels

The Public Bank Group further expanded its multiple delivery channels to better serve its large customer base of individuals and business enterprises. As at the end of 2011, Public Bank had 252 branches in Malaysia, supported by 529 Automated Teller Machines, 506 Cheque Deposit Machines and 496 Cash Deposit Terminals. The Group has also enhanced its internet banking and mobile banking services. The Group will continue to tap on its large sales and marketing force and strategic alliance with key partners to deliver high value products and services to its customers.

Regional Player

The Public Bank Group remains committed to serving the financial needs of customers in the region in which the Group has a presence. The Group expanded its regional network to 120 branches in 2011, with 83 branches in Hong Kong, 3 branches in China, 23 branches in Cambodia, 7 branches in Vietnam, 3 branches in Laos, a branch in Sri Lanka and 3 representative offices in Shanghai, Shenyang and Taipei.

Strong Financial Ratings

For its consistent record of prudent management, robust risk management, excellent corporate governance, strong and consistent financial performance, superior asset quality and healthy capitalisation, the Public Bank Group continues to be accorded strong credit and financial ratings. Moody's Investor Service reaffirmed Public Bank's long-term deposit rating of A3 and short-term deposit rating of P-1 with stable outlook. Standard & Poor's reaffirmed Public Bank's A- long-term rating and A-2 short-term counterparty credit rating with stable outlook. Rating Agency Malaysia reaffirmed the Bank's long-term rating of AAA, the highest accorded by Rating Agency Malaysia, and its short-term rating of P1.

Corporate Profile



Awards and Accolades

Public Bank and Public Mutual continued to garner international and national awards of excellence in 2011, many of which were repeat best bank awards and excellence in corporate governance by national and international publications. These were in recognition of the Public Bank Group's sustainable financial performance and excellence in the key areas expected of a banking institution by its stakeholders.

Public Bank's Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, continues to be honoured with awards of excellence for his sterling leadership and extraordinary achievements, as well as enormous contributions to the Public Bank Group and to the banking industry in Malaysia and in the region.

Corporate Social Responsibility

The Public Bank Group remains committed to its corporate social responsibility ("CSR") in the areas of nation building, enhancement of the market place and promotion of the work place. The Group supports the community through programmes such as education, graduate employment, professional development and environmental conservation as well as in support of the underprivileged. The Group believes that the fulfillment of its corporate social responsibilities will further enhance its corporate image, reputation, goodwill and the PB Brand.

The Public Bank Group's CSR at the work place includes initiatives to enhance the core competencies of the staff, so as to further raise their contribution, productivity and efficiency.

Our Commitment

In spite of its success, the Public Bank Group will never rest on its laurels. Given the increasingly challenging economic environment, the Group will continue to strive harder to deliver value to its stakeholders. To its customers, the Group will continue to provide competitive financial products and services to meet increasingly sophisticated customer demand. To its shareholders and investors, the Group will continue to enhance shareholder value with its strong financial performance. To its staff, the Group will continue to invest in human capital development initiatives to enhance core competencies and productivity.

CORPORATE MILESTONES

FROM 1966

↘ **1966**

On 6 August 1966, Public Bank first opened its doors for business at No. 4 Jalan Gereja, Kuala Lumpur with 62 pioneer staff



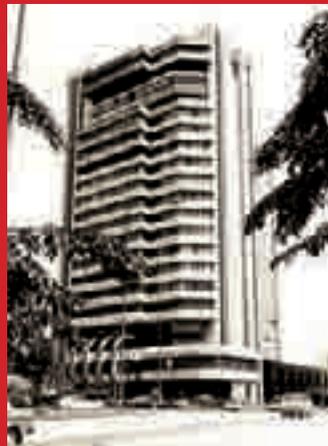
↘ **1967**

Official opening of Public Bank on 4 April 1967 by Malaysia's first Prime Minister, the late Y.T.M. Tunku Abdul Rahman



↘ **1978**

Public Bank moved to Bangunan Public Bank, the first Head Office building owned by the Bank



1996 ↙

Public Bank moved to Menara Public Bank, its present landmark Head Office building in the heart of Kuala Lumpur's central business district



2007

Establishment of Campu Lonpac Insurance Plc, a 55% subsidiary of Public Bank Group, to provide general insurance business in Cambodia



2008

Public Islamic Bank Berhad, a wholly-owned subsidiary, commenced business on 1 November 2008 upon the completion of the transfer of the Islamic banking business of Public Bank to Public Islamic Bank Berhad



2010

Public Islamic Bank Berhad, a wholly-owned subsidiary, opened its first full-fledged Islamic branch offering Shariah-compliant products



2011

ING PUBLIC Takaful Ehsan Berhad, the joint venture Takaful company set up by Public Bank and Public Islamic Bank Berhad jointly with ING Management Holdings (Malaysia) Sdn Bhd was launched on 5th April 2011



Corporate Milestones from 1966

1966

- On 6 August 1966, Public Bank first opened its doors for business at No. 4 Jalan Gereja, Kuala Lumpur with 62 pioneer staff
- Public Finance Berhad, then Public Bank's wholly-owned finance company subsidiary, commenced business on 24 September 1966
- The start of an expanding network of Public Bank with the opening of Public Bank's Malacca Branch on 15 September 1966 and Ipoh Branch on 7 January 1967, a domestic network that stands at 251 branches today
- 1st five months of business yielded a profit of RM71,562, the start of an unbroken profitability track record of 45 years

1967

- Official opening of Public Bank on 4 April 1967 by Malaysia's first Prime Minister, the late Y.T.M. Tunku Abdul Rahman
- On 6 April 1967, Public Bank was listed on Bursa Malaysia Securities Berhad (then known as the Kuala Lumpur Stock Exchange)

1969

- 1st RM1 million annual pre-tax profit

1970

- Public Bank paid its 1st dividend of 3.5% per ordinary share of RM1.00 each, the start of an unbroken stream of dividends paid by Public Bank to 2011

1978

- Public Bank moved to Bangunan Public Bank, the first Head Office building owned by the Bank

1980

- 1st RM10 million annual pre-tax profit with RM21 million pre-tax profit achieved for the year
- Total assets surpassed RM1 billion for the 1st time

1987

- Completed the acquisition of PB Securities Sdn Bhd (then known as GP Securities Sdn Bhd) on 1 October 1987, marking the Public Bank Group's entry into stockbroking business

1990

- Acquisition of Public Finance Limited (then known as JCG Finance Company, Limited) in Hong Kong
- Establishment of a wholly-owned off-shore banking subsidiary, Public Bank (L) Ltd, in the Federal Territory of Labuan
- 1st RM100 million annual pre-tax profit with RM128 million pre-tax profit in the year

1991

- Listing of Public Financial Holdings Limited (then known as JCG Holdings Limited) on The Stock Exchange of Hong Kong Limited
- Total assets surpassed RM10 billion for the 1st time

1992

- Listing of Public Finance Berhad (the former finance company subsidiary of Public Bank) on Bursa Malaysia Securities Berhad (then known as the Kuala Lumpur Stock Exchange) on 15 July 1992
- VID Public Bank, Public Bank's 50:50 joint venture bank with Bank for Investment and Development of Vietnam commenced business in Hanoi, Vietnam on 18 May 1992
- Establishment of Cambodian Public Bank Plc, presently a wholly-owned subsidiary in Cambodia, on 25 May 1992 and branches in Vientiane, Laos and Colombo, Sri Lanka

1993

- Commencement of Islamic Banking service with the launch of "Skim Perbankan Tanpa Faedah" and the setting-up of Public Bank's Islamic Banking Unit
- Acquisition of 55% interest in Public Mutual Berhad (then known as Kuala Lumpur Mutual Fund Berhad) on 26 May 1993

1996

- Public Bank moved to Menara Public Bank, its present landmark Head Office building in the heart of Kuala Lumpur's central business district

1998

- Paid-up capital of Public Bank reached RM1 billion

Corporate Milestones from 1966

2000

- Acquisition of Public Merchant Bank Berhad (then known as Sime Merchant Bank Berhad) on 25 October 2000 expanded the Group's business into merchant banking
- 1st RM1 billion annual pre-tax profit with RM1.25 billion pre-tax profit in the year

2001

- Completed the acquisition of Hock Hua Bank Berhad on 31 March 2001

2002

- Paid-up capital of Public Bank reached RM2 billion

2003

- Public Bank started buying back its own shares, the first bank in Malaysia to do so
- Completed the privatisation of Public Finance Berhad on 13 June 2003
- Paid-up capital of Public Bank reached RM3 billion

2004

- 1st issue of subordinated debt of USD350 million
- Completed the merger of the finance company business of Public Finance Berhad with the commercial banking business of Public Bank on 4 September 2004

2005

- Pre-tax profit surpassed RM2 billion for the 1st time
- Total assets surpassed RM100 billion for the 1st time

2006

- 1st Malaysian bank to issue innovative hybrid Tier-1 capital securities in both the international market in US Dollars of USD200 million and in the domestic market in Ringgit of RM1.2 billion
- Acquisition of Public Bank (Hong Kong) Limited (formerly known as Asia Commercial Bank Limited) in Hong Kong for HKD4.5 billion
- Public Mutual Berhad, the largest private sector unit trust management company in Malaysia, became a wholly-owned subsidiary on 12 July 2006
- Public Investment Bank Berhad, a wholly-owned subsidiary, was established on 18 December 2006 upon completion of the merger of the merchant banking business of Public Merchant Bank Berhad with the stockbroking business of PB Securities Sdn Bhd

2007

- Pre-tax profit surpassed RM3 billion for the 1st time
- Total loans, advances and financing exceeded RM100 billion for the 1st time
- Public Bank entered into an exclusive regional strategic alliance agreement with ING Asia/Pacific Limited for the joint development of bancassurance business, Takaful business and various other services between Public Bank and ING in the Asia Pacific region for 10 years
- Establishment of Campu Lonpac Insurance Plc, a 55% subsidiary of Public Bank Group, to provide general insurance business in Cambodia

2008

- Public Islamic Bank Berhad, a wholly-owned subsidiary, commenced business on 1 November 2008 upon the completion of the transfer of the Islamic banking business of Public Bank to Public Islamic Bank Berhad
- Public Bank became the largest banking group in Malaysia by market capitalisation and the 2nd largest listed company on Bursa Malaysia Securities Berhad on 18 July 2008 with a market capitalisation of RM36.03 billion

2009

- Total assets surpassed RM200 billion for the 1st time

2010

- Pre-tax profit surpassed RM4 billion for the 1st time
- Profit after tax surpassed RM3 billion for the 1st time
- Public Bank and Public Islamic Bank Berhad jointly with ING Management Holdings (Malaysia) Sdn Bhd, obtained a Family Takaful licence to carry out family takaful business
- Public Islamic Bank Berhad, a wholly-owned subsidiary, opened its first full-fledged Islamic branch offering Shariah-compliant products

2011

- ING PUBLIC Takaful Ehsan Bhd, the joint venture Takaful company set up by Public Bank and Public Islamic Bank Berhad jointly with ING Management Holdings (Malaysia) Sdn Bhd, was launched on 5 April 2011



CUSTOMER CARE

Customer Service Excellence is Our Commitment

Excellence in customer service is an integral part of the Public Bank Group's strategy and has long been embedded in the Group's customer care culture. Maintaining high standards of customer service, delivering excellent services to customers and exceeding customers' expectation are the cornerstones of the Group's continuous business growth strategy. The Group's corporate tagline - "Excellence is Our Commitment" further inculcates the mindset and promotes the actions of all levels of staff to provide excellent customer service in their dealings with customers.





The Public Bank Group continues to invest significant resources to enhance and sustain the provision of superior customer service geared towards improving greater customer experience and satisfaction. It is this continuous unwavering commitment that has enabled the Public Bank Group to build its franchise and the PB Brand, which has become well-recognised for its superior customer service. This, together with the long-lasting customer relationship built over the years, have enabled the Group to differentiate itself among its peers in the highly competitive market as well as contributed to the Group's business growth and success.

As evidence of the excellent customer service culture which has built long-lasting customer relationships, almost one-third of Public Bank's individual customers have business relationship with the Bank for between 5 and 10 years, about 15% of individual customers have dealt with the Bank for between 10 and 15 years and approximately another 10% have such business relationship spanning over 15 years.

Customer Service Charter as a Guide to High Standard of Customer Service

Public Bank has established a Customer Service Charter which sets out the Bank's commitment to deliver a high standard of customer service. It outlines the types of services the Bank aims to provide and the manner in which customers can contact the Bank to provide feedback on how the Bank can serve its customer better.



The Customer Service Charter sets out the guiding principles for delivering a high standard of customer service to Public Bank's customers. The guiding principles are summarised as follows:

- **Accountability** – The Bank will clearly explain to its customers the financial benefits and the risks involved of the Bank's products and services that the customers are interested in.
- **Fairness** – The Bank will act fairly and reasonably towards its customers in a consistent and ethical manner. Any dispute will be resolved fairly and quickly in accordance with a clear set of procedures.
- **Privacy** – The Bank will treat all customer information as private and confidential and ensure the security of the usage of customer information.
- **Reliability** – The Bank will co-operate with industry players so that customers can enjoy secure and reliable banking and payment systems.
- **Transparency** – The Bank will provide its customers with clear, relevant and timely information about its products and services in order to help customers make informed decisions.

The Customer Service Charter also provides for standards of service which guide the Public Bank staff in providing customer service effectively and efficiently. Many of these standards involve quantitative measures and turnaround time in providing a particular service and banking transaction to customers.



Customer Care



Maintaining Customer Service Quality Standards

At the Public Bank Group, customers are served through various channels and touch points as well as by various levels of staff. In order to ensure consistent and uniform standards of customer service in pursuit of excellence, Public Bank implemented standardised processes under the “Provision of Customer Service at Front Office” and the “Provision of Customer Service in Loan Delivery” since 2000 and 2003 respectively. The quantitative benchmarks set under these two processes include customers’ waiting time to be served over the branch counters and turnaround time for each stage of loan processing. To meet the rapidly changing customer expectation, both processes have been continuously enhanced over the years with best practices. Public Bank has consistently achieved the ISO 9001:2008 certification since their implementation.

Under the “Provision of Customer Service at Front Office” processes, the quantitative benchmark of a 2-minute Standard Waiting Time (“SWT”) at branch counters is set, with the aim of providing prompt and efficient banking services to the customers at the counters leading to a high level of customer satisfaction. A robust and regular monitoring mechanism has been put in place to monitor the performance of the compliance with the 2-minute SWT. Any performance lapses are immediately addressed and rectified. The success of these processes is evidenced from the consistently high rate of achievement where 79% of the customers at the counters were served within the 2-minute SWT in 2011.



The "Provision of Customer Service in Loan Delivery" is extensively supported by the Group's in-house developed electronic Loan Delivery System ("eLDS") which routes loan applications electronically from branches to the relevant approving authorities and measures the Standard Turnaround Time ("STT") of each stage of the process. The eLDS and STT have been continuously improved to deliver faster response time to serve the Group's customers in their loan applications.

Personalised Face-to-Face Customer Service

As an institution that provides financial services, the Public Bank Group places great importance on interacting with its customers, especially personalised face-to-face interaction. It is through such interactions that the staff of the Group serve the customers and deliver superior customer service to meet their needs.

Customer Care

Public Bank has implemented the "Service Ambassadors" initiative since 2007. Under this initiative, the Bank has appointed over 500 Customer Service Representatives ("CSRs") across its branch network to provide face-to-face service to the Bank's customers who walk into the branches, to assist customers on all inquiries on banking matters, attend to customers' feedback and complaints and provide prompt resolutions to customer issues. These CSRs are trained to serve the customers to achieve a high level of customer satisfaction and to gather customer feedback for business and service improvement.

Besides the CSRs, Public Bank has close to 1,400 well-trained Sales and Marketing Executives, Personal Financial Executives, Bancassurance Sales Executives, Share Investment Executives, Merchant Sales Executives and Red Carpet Banking Executives across its 252 branches to meet and service customers who have varying needs for financial services from the Bank.

The Public Bank Group's Branch Managers are also tasked to know, serve and build relationship with the key customers of their branches. They are responsible for the overall customer service standards and customer satisfaction of their respective branch.

Using Technology to Deliver Customer Service

Providing customers with easy access to services at their convenience is another dimension of customer service as increasingly sophisticated customers are demanding for services to be made available whenever they need them. Therefore, apart from the face-to-face customer service provided during the normal branch business hours, the Public Bank Group has been investing in self service technologies that enable the delivery of customer service at the convenience of customers.

Over the years, Public Bank has expanded its self service channels such as the Automated Teller Machines, Cheque Deposit Machines and Cash Deposit Terminals to 1,531 machines located in branches and at off-branch sites nationwide to serve its large customer base. The Bank has taken steps to ensure maximum availability or up-time of these machines for customer convenience. The internet banking and mobile banking channels have been continuously enhanced with additional functions for greater customer convenience.

With the use of telecommunication facilities, customer service is also provided through Public Bank's customer service helplines where customers can call our customer service personnel for any inquiries, complaints and to obtain solutions to their banking issues. There are dedicated helplines covering all spectrum of services that Public Bank provides. Some of these helplines operate extended hours to serve customers at their convenience.

Prompt Complaint Resolution System

The Public Bank Group continues to put in place an efficient customer complaint resolution system to address customer complaints as part of its customer care commitment. Public Bank has set a maximum number of days for all customer complaints to be acknowledged and resolved. As a benchmark, most customer complaints have been resolved within 10 days.

Listening to the Customer

Customer Service Focus Group ("CSFG") remains active at branches to ensure superior delivery standards. To increase customer retention and acquisition, CSFG has launched a campaign called "Living Our Service Values Campaign", which inculcates in branch staff the desired 7 behaviours, including the practice of Greeting, Using name, Eye contact, Smiling and Thanking you ("G.U.E.S.T.") through role plays. The Public Bank Group continues to enhance its customer service delivery standards by gaining customer feedback through customer survey and mystery customers.

A Customer Caring Bank

As a caring corporate citizen, and in line with the Government's policy of advocating care for the underprivileged and senior citizens, the Public Bank Group continues to provide Special Care Counters at all branches for senior citizens, expectant mothers and the physically disadvantaged. These customers will have priority over the other customers and will be served immediately irrespective of the queue length, time of arrival or the nature of the transaction performed.

MEDIA HIGHLIGHTS 2011

Public Bank 4Q earnings beat estimates

Strong 11% loan growth in 2011

By Kheng Jia Han

Amount of interest earned by the financial group amounted to a higher rate of 11.84%.

Public Bank's quarterly earnings from 4QFY10-4QFY11



标叔生日快乐! 大众银行第一（以月14日）岁生日庆祝活动由标叔主持。图中为标叔（右）与大众银行董事局成员（左）合影。标叔在台上致词时，一众女董事献花，气氛温馨。标叔在台上致词时，一众女董事献花，气氛温馨。标叔在台上致词时，一众女董事献花，气氛温馨。



Public Bank's Teh Hong Piow turns 81

Public Bank's Chairman and Managing Director, Teh Hong Piow, celebrated his 81st birthday on Monday (14th December) at a birthday dinner held at the Grand Hyatt Hotel. The dinner was attended by the bank's senior management and staff. Teh Hong Piow, who has led the bank since 2008, expressed his appreciation for the support and dedication of the bank's employees. He also shared his thoughts on the bank's future and the challenges it faces in the current economic environment.



《一門成功的課》 分享成功秘訣



A birthday serenade for Teh at Public Bank AGM

Public Bank's Chairman and Managing Director, Teh Hong Piow, was the guest of honor at the bank's Annual General Meeting (AGM) held on Monday (14th December) at the Grand Hyatt Hotel. The AGM was a special occasion as it coincided with Teh Hong Piow's 81st birthday. The bank's senior management and staff presented Teh Hong Piow with a birthday cake and a song. Teh Hong Piow expressed his appreciation for the support and dedication of the bank's employees and shareholders. He also shared his thoughts on the bank's future and the challenges it faces in the current economic environment.

大眾銀行 次季賺8.8億

半年淨利揚20%

PBB posts **highernet** profit of RM899m for Q3

Public Bank Q1 net profit up **21%** to RM827m

Shows satisfactory performance this year as it pursues organic growth

Public Bank (PBB) has reported a 21% increase in its first quarter net profit to RM827 million, as it continues to pursue organic growth.



The bank's performance is attributed to its strong organic growth and effective risk management. The bank's assets under management (AUM) have increased significantly, contributing to its overall growth.

Public Bank's strong performance is a result of its focus on organic growth and effective risk management.

Highernet

Public Bank's strong performance is a result of its focus on organic growth and effective risk management.

大眾銀行 營業額近百億 首三季淨賺26億

Bukti strategi pertumbuhan organik berkesan Laba Public Bank tertinggi

KUALA LUMPUR - Public Bank (PBB) mencatatkan keuntungan bersih tertinggi sepanjang sejarah pada suku pertama tahun ini.

Keuntungan bersih bank itu meningkat 21 peratus kepada RM827 juta, berbanding RM684 juta pada suku pertama tahun lalu.

PBB berkata, prestasi cemerlang ini adalah hasil daripada pelaksanaan strategi pertumbuhan organik yang berkesan.



Public Bank 3Q net profit up 15%

Public Bank profit rises 15% as economy grows



即使巴塞尔 III 资本要求较高 大众银行维持 50% 派息率



Public Bank maintains a 50% dividend payout ratio despite higher capital requirements under Basel III. The bank's strong performance is a testament to its organic growth strategy.

Public Bank 3Q net profit up 15%

Public Bank maintains 50% dividend payout ratio



growth

Onwards from our humble beginnings, we have inextricably linked Public Bank's growth to the growth of Malaysia and the world. Our expanding network along with our understanding of a global market has kept us on target and focused on delivering exceptional value and beyond.

FIVE YEAR GROUP FINANCIAL SUMMARY

RM4.61b
Profit Before Tax

0.9%
Gross Impaired Loans

Year Ended 31 December **2011** **2010** **2009** **2008** **2007**

Operating Results (RM'Million)

Operating profit	5,200	4,738	4,015	3,948	3,418
Profit before tax expense and zakat	4,611	4,086	3,321	3,379	3,004
Net profit attributable to equity holders of the Bank	3,484	3,048	2,517	2,581	2,124

Key Balance Sheet Data (RM'Million)

Total assets	249,411	226,329	217,136	196,163	174,155
Loans, advances and financing	174,804	153,983	135,336	118,386	99,328
Total liabilities	233,850	212,644	205,421	185,934	164,177
Deposits from customers	200,371	176,872	170,892	151,185	126,028
Core customer deposits	157,297	143,639	127,623	111,204	95,039
Paid-up capital	3,532	3,532	3,532	3,532	3,528
Shareholders' equity	14,863	13,033	11,023	9,537	9,342
Commitments and contingencies	70,847	69,206	61,435	52,867	40,807

Share Information and Valuation

Share Information

Per share (sen)					
Basic earnings	99.5	87.2	73.3	76.9	63.3
Diluted earnings	99.5	87.2	73.3	76.9	62.9
Net dividend					
– Cash dividend	48.0	45.5	41.3	41.0	55.3
– Share dividend	–	–	1 for 68	1 for 35	–
Net assets	424.4	372.1	319.4	284.2	278.7
Share price as at 31 December (RM)					
– Local	13.38	13.02	11.30	8.85	11.00
– Foreign	13.20	13.00	11.26	8.75	11.00
Market capitalisation (RM Million)	47,066	45,964	39,868	31,152	38,807

Valuations (Local Share)

Net dividend yield (%)	3.6	3.5	3.7	4.6	5.0
Net dividend yield (including share dividend) (%)	3.6	3.5	5.1	7.5	5.0
Dividend payout ratio (%)	48.3	52.3	56.6	53.2	87.4
Dividend payout ratio (including share dividend) (%)	48.3	52.3	79.3	84.8	87.4
Price to earnings multiple (times)	13.4	14.9	15.4	11.5	17.4
Price to book multiple (times)	3.2	3.5	3.5	3.1	3.9

Five Year Group Financial Summary

+13.3%
Customer Deposits

+13.5%
Gross Loans

Year Ended 31 December	2011	2010	2009	2008	2007
Financial Ratios (%)					
Profitability Ratios					
Net interest margin on average interest bearing assets ¹	3.3	3.4	3.2	3.2	3.2
Net return on equity ²	26.8	27.1	26.1	30.4	26.3
Return on average assets	1.9	1.8	1.6	1.8	1.9
Return on average risk-weighted assets	3.0	3.1	2.8	3.2	3.3
Cost/income ratio	29.8	30.7	32.6	31.2	33.1
Asset Quality Ratios					
Net loan to deposit ratio	87.2	87.1	79.2	78.3	78.8
Gross impaired loans ratio ³	0.9	1.1	1.4	1.0	1.4
Loan loss coverage	188.9	143.5	120.3 [^]	159.7	119.5
Capital Adequacy Ratios					
Tier I capital ratio	10.7	10.7	10.5	8.3	9.1
Risk-weighted capital ratio	15.9	14.4	14.6	13.7	13.6
Capital base (RM'Million)	25,940	20,274	18,221	15,775	13,478
Tier 1 – equity capital	13,475	11,159	9,161	8,157	7,627
– debt capital	3,916	3,896	3,964	1,440	1,346
Tier 2 – loan impairment reserves	2,456	2,165	2,052	1,760	1,523
– debt capital	6,138	3,102	3,218	4,419	2,982
Others	(45)	(48)	(174)	(1)	–
Productivity Ratios					
No. of employees	17,511	17,369	17,169	16,160	14,287
Gross loan per employee (RM'000)	10,148	9,013	8,015	7,467	7,098
Deposits per employee (RM'000)	11,443	10,183	9,953	9,356	8,821
Profit before tax per employee (RM'000)	263	235	193	209	210
Market Share (%)					
Domestic market share					
Loans, advances and financing	16.3	16.3	15.9	14.8	14.4
Deposits from customers	14.7	14.8	16.3	15.5	14.8
Core customer deposits	16.3	16.3	15.4	14.7	13.7

¹ Excluding negotiable instruments of deposit and money market deposits which are on-lent to interbank.

² Based on equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.

³ FYE 2009 to 2011 are based on a more stringent criteria on classification of impaired loans under FRS 139. FYE 2007 to 2008 are based on 3 months classification under old GP3.

[^] Restated after adoption of FRS 139.

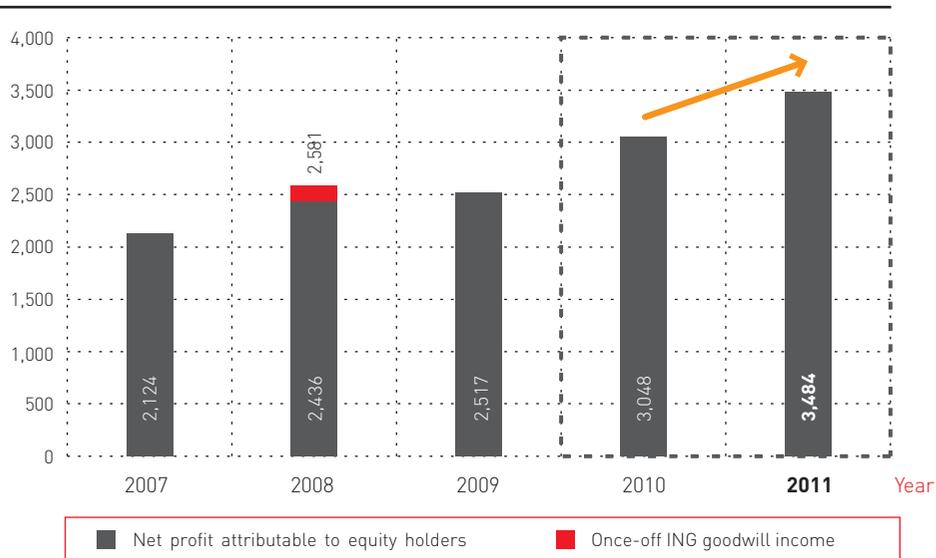
SUMMARY OF FIVE-YEAR GROUP GROWTH

Delivering Sterling Performance Despite Ongoing Economic Volatility

Sustainable Profit Growth

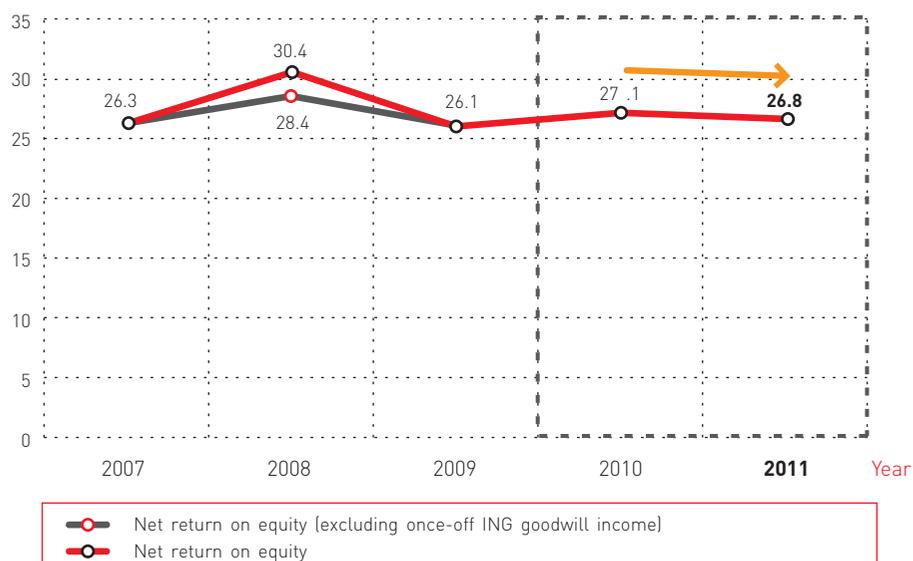
Strong Financial Performance

RM Million



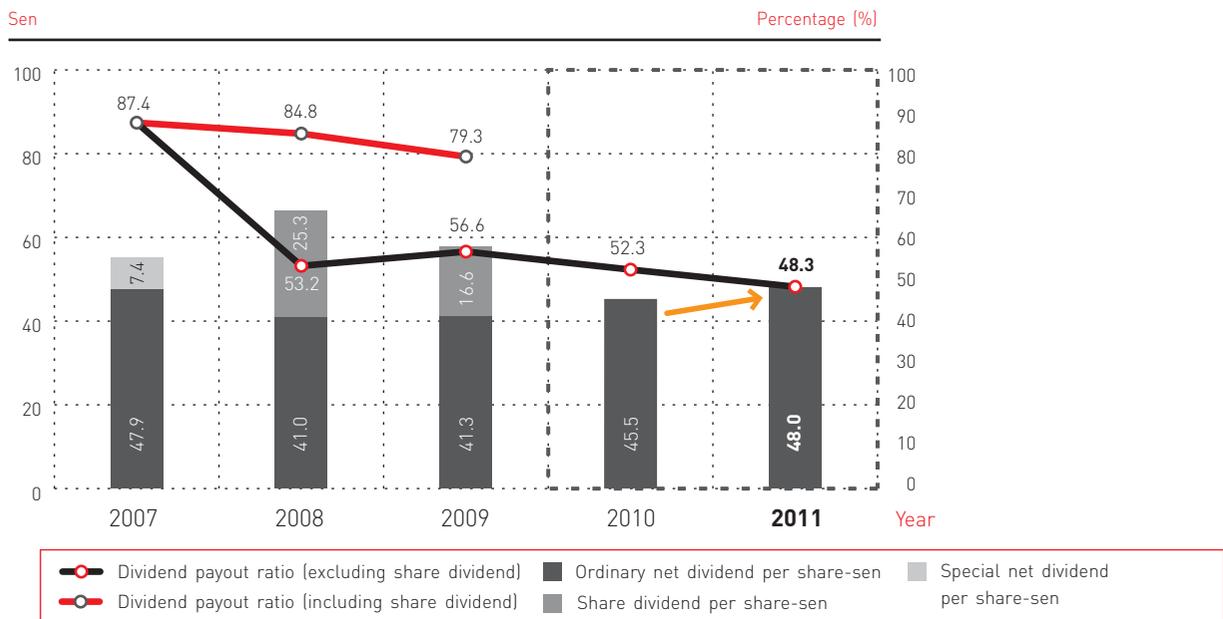
Delivering Attractive Shareholder Return

Percentage (%)

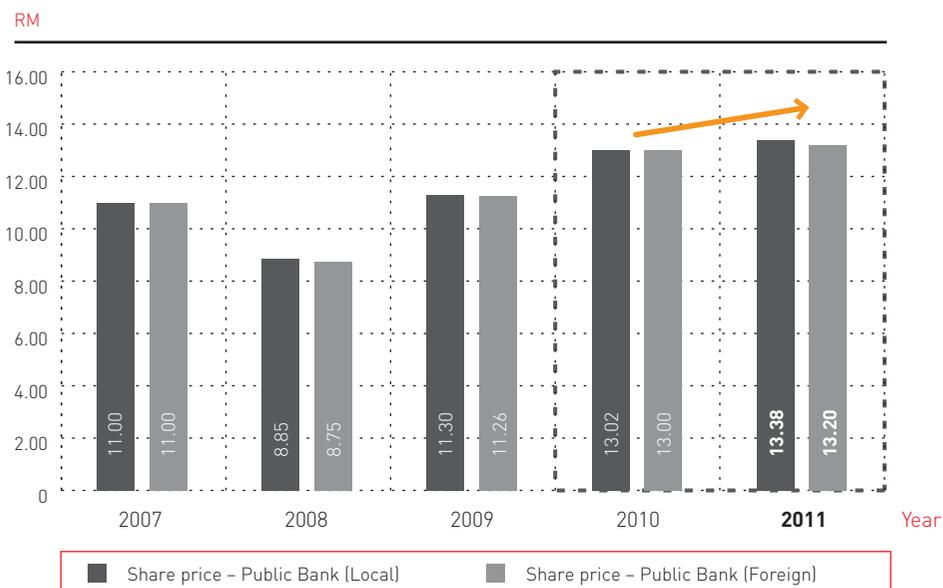


Summary of Five-Year Group Growth

Healthy Dividend Payout

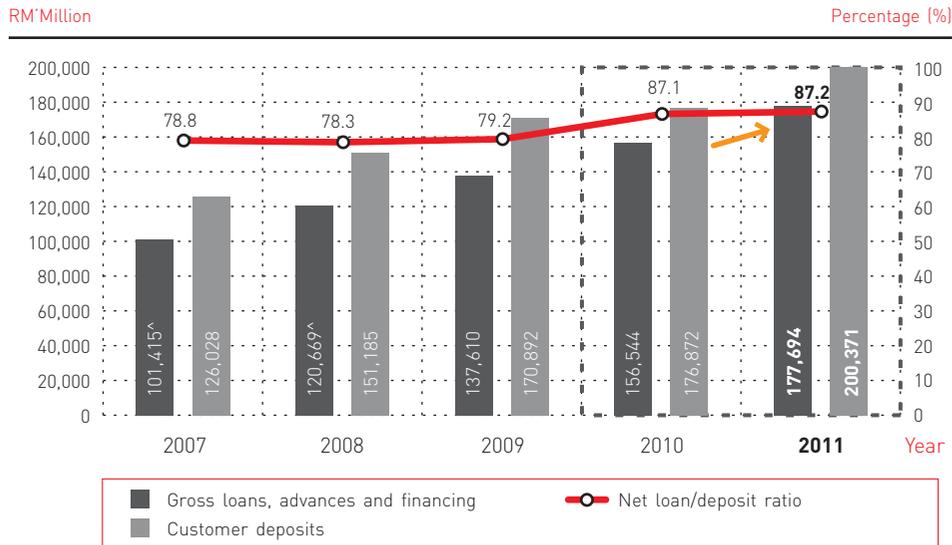


Resilient Share Price



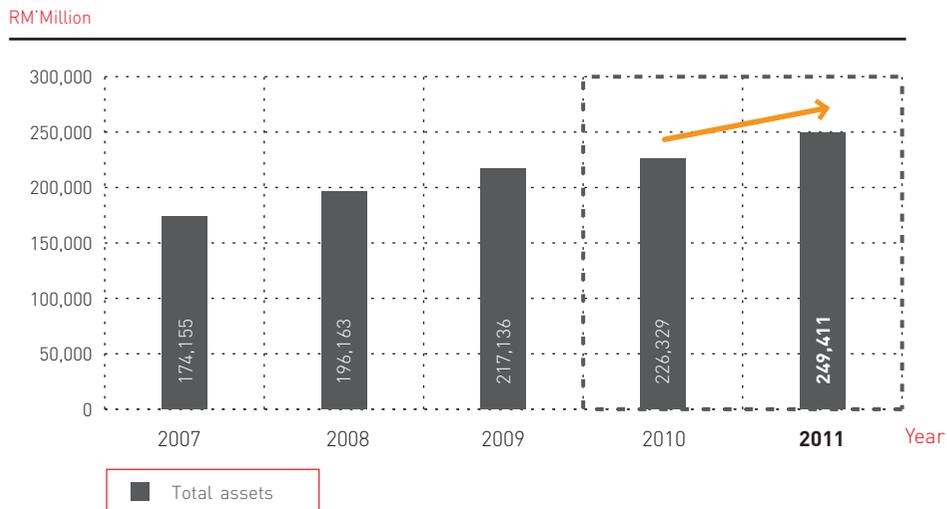
Strong Balance Sheet Growth

Healthy Loans and Customer Deposits Growth with Stable Loan/Deposit Ratio



[^] Including Islamic financing sold to Cagamas

Steady Asset Growth

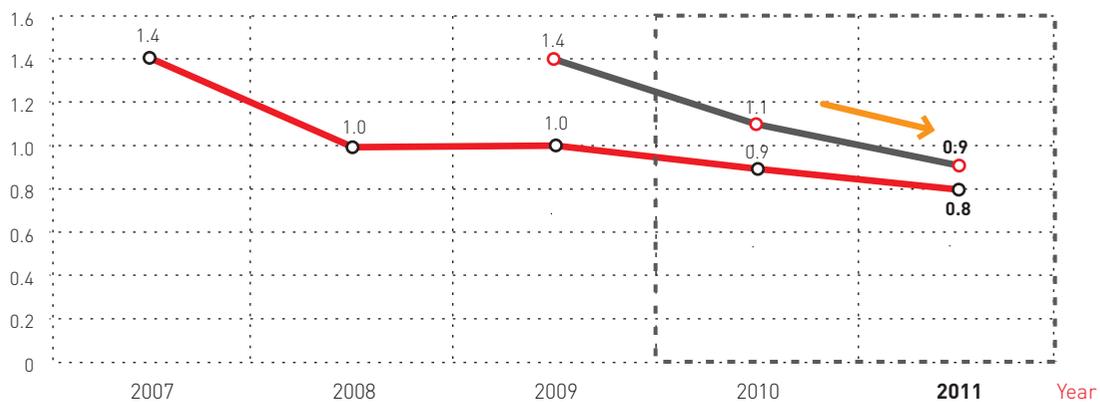


Summary of Five-Year Group Growth

Superior Asset Quality

Improving Gross Impaired Loans Ratio

Percentage (%)



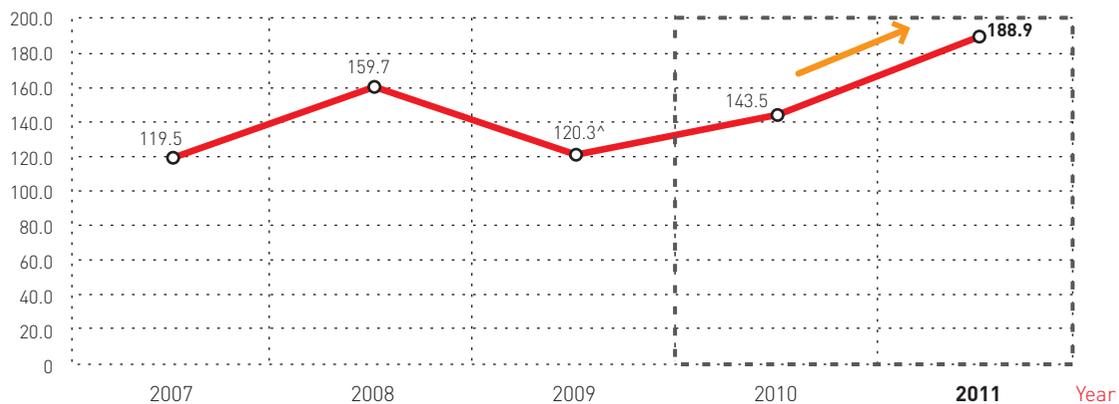
● Gross impaired loans ratio - old GP3*
 ● Gross impaired loans ratio - FRS 139**

* Old GP3 - loans in arrears for 3 months or more

** FRS 139 - loans in arrears for 3 months or more and significant loans in arrears for less than 3 months which show indications of impairment

High Reserves vs Low Impaired Loans

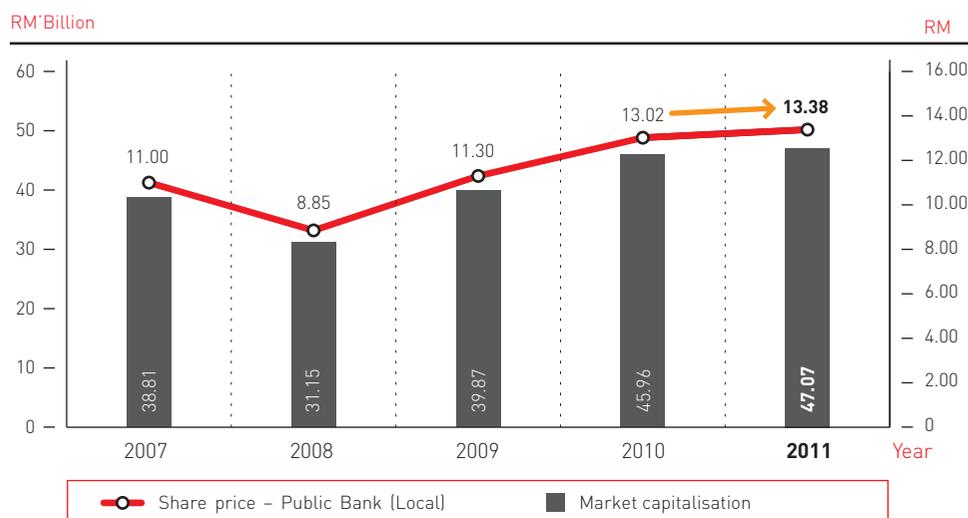
Percentage (%)



● Loan loss coverage

[^] Restated due to the adoption of FRS 139

MARKET CAPITALISATION & RANKING



Public Bank's Ranking by Market Capitalisation on Bursa Malaysia Securities Berhad

Year	2007	2008	2009	2010	2011
Ranking	5th	3rd	5th	4th	5th

KEY INTEREST BEARING ASSETS & LIABILITIES

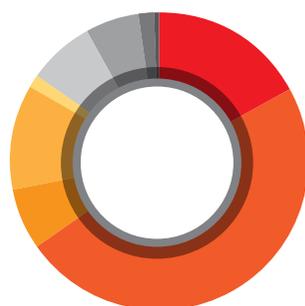
	2011			2010		
	Average Balance RM'Million	Average rate %	Interest RM'Million	Average Balance RM'Million	Average rate %	Interest RM'Million
Interest Earning Assets						
Loans, advances and financing	160,131	5.70	9,120	140,467	5.57	7,830
Balance with banks	29,335	2.67	784	31,268	2.26	708
Financial assets and financial investments	23,685	2.93	693	23,185	2.61	605
Total	213,151	4.97	10,597	194,920	4.69	9,143
Interest Bearing Liabilities						
Deposits from customers	158,544	2.48	3,939	147,251	2.11	3,104
Deposits from banks	24,960	2.54	634	19,016	2.45	466
Recourse obligations on loans sold to Cagamas	14	4.25	1	20	4.22	1
Debt securities issued and other borrowed funds	9,125	3.61	330	7,930	3.34	265
Total	192,643	2.55	4,904	174,217	2.20	3,836

SEGMENTAL ANALYSIS

for the year ended 31 December 2011

2011

Operating Revenue



Domestic

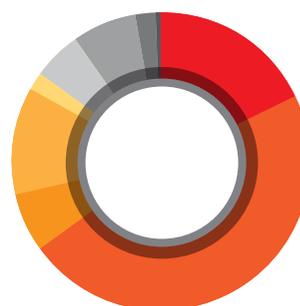
17.2%	■ Hire purchase
48.2%	■ Retail operations
6.8%	■ Corporate lending
11.3%	■ Treasury and capital market operations
1.5%	■ Investment banking
7.0%	■ Fund management
-	■ Others

Overseas

5.9%	■ Hong Kong SAR
1.7%	■ Cambodia
0.4%	■ Other countries

2010

Operating Revenue



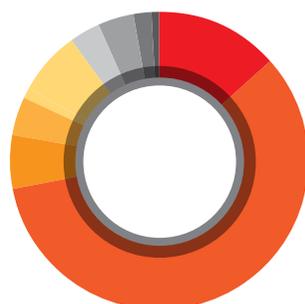
Domestic

17.8%	■ Hire purchase
47.3%	■ Retail operations
6.5%	■ Corporate lending
11.5%	■ Treasury and capital market operations
1.9%	■ Investment banking
5.4%	■ Fund management
-	■ Others

Overseas

7.0%	■ Hong Kong SAR
2.3%	■ Cambodia
0.3%	■ Other countries

Profit Before Tax



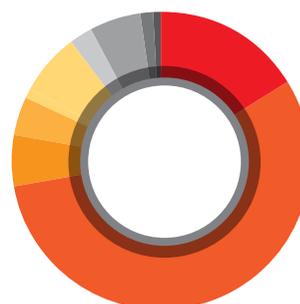
Domestic

13.6%	■ Hire purchase
58.5%	■ Retail operations
5.8%	■ Corporate lending
4.2%	■ Treasury and capital market operations
1.1%	■ Investment banking
7.0%	■ Fund management
3.4%	■ Others

Overseas

3.8%	■ Hong Kong SAR
2.0%	■ Cambodia
0.6%	■ Other countries

Profit Before Tax



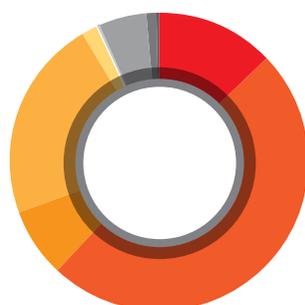
Domestic

16.3%	■ Hire purchase
56.1%	■ Retail operations
5.6%	■ Corporate lending
4.0%	■ Treasury and capital market operations
1.2%	■ Investment banking
6.7%	■ Fund management
2.5%	■ Others

Overseas

5.4%	■ Hong Kong SAR
1.6%	■ Cambodia
0.6%	■ Other countries

Total Assets



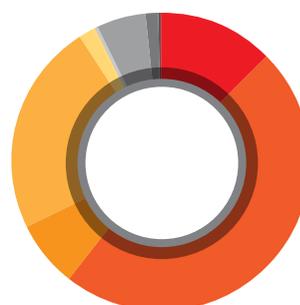
Domestic

12.8%	■ Hire purchase
49.3%	■ Retail operations
7.4%	■ Corporate lending
22.1%	■ Treasury and capital market operations
1.6%	■ Investment banking
0.1%	■ Fund management
0.1%	■ Others

Overseas

5.3%	■ Hong Kong SAR
1.1%	■ Cambodia
0.2%	■ Other countries

Total Assets



Domestic

12.7%	■ Hire purchase
48.1%	■ Retail operations
7.0%	■ Corporate lending
23.2%	■ Treasury and capital market operations
1.7%	■ Investment banking
0.1%	■ Fund management
0.1%	■ Others

Overseas

5.7%	■ Hong Kong SAR
1.2%	■ Cambodia
0.2%	■ Other countries

GROUP QUARTERLY PERFORMANCE

2011

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2011
FINANCIAL PERFORMANCE (RM'Million)					
Operating revenue	2,991.6	3,170.7	3,272.5	3,321.6	12,756.4
Net interest income (including income from Islamic banking business)	1,401.2	1,471.2	1,487.9	1,483.0	5,843.3
Operating profit	1,234.1	1,325.0	1,320.2	1,320.6	5,199.9
Profit before tax expense and zakat	1,097.9	1,162.5	1,186.9	1,163.3	4,610.6
Profit attributable to equity holders of the Bank	827.7	880.3	898.8	877.0	3,483.8
Earnings per share (sen)	23.6	25.1	25.7	25.0	99.5
Net dividend per share (sen)	-	20.0	-	28.0	48.0

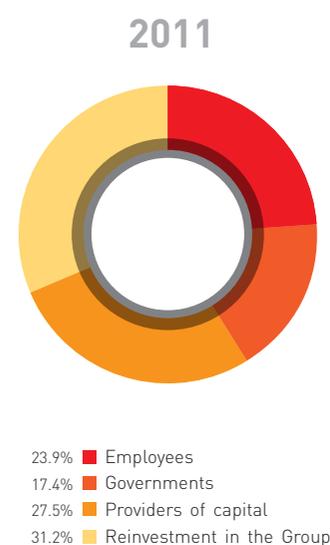
2010

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2010
FINANCIAL PERFORMANCE (RM'Million)					
Operating revenue	2,507.7	2,679.3	2,877.4	2,971.2	11,035.6
Net interest income (including income from Islamic banking business)	1,264.6	1,337.9	1,371.7	1,404.5	5,378.7
Operating profit	1,061.5	1,154.9	1,252.2	1,269.7	4,738.3
Profit before tax expense and zakat	922.5	982.0	1,051.4	1,130.3	4,086.2
Profit attributable to equity holders of the Bank	685.2	734.1	782.7	846.2	3,048.2
Earnings per share (sen)	19.7	21.0	22.3	24.2	87.2
Net dividend per share (sen)	-	18.8	-	26.7	45.5

STATEMENT OF VALUE ADDED

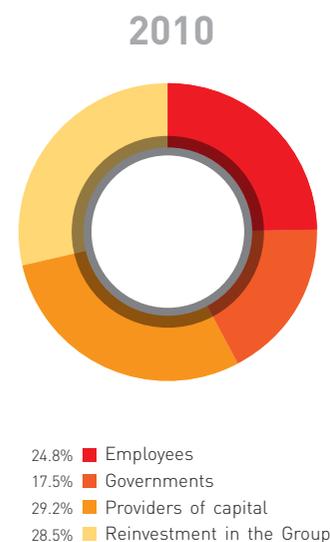
VALUE ADDED IS A MEASURE OF WEALTH CREATED BY THE PUBLIC BANK GROUP THROUGH VARIOUS BUSINESS ACTIVITIES. THE STATEMENT OF VALUE ADDED SHOWS THE TOTAL WEALTH CREATED AND HOW IT WAS DISTRIBUTED TO STAKEHOLDERS, INCLUDING THE GOVERNMENTS, AS WELL AS REINVESTMENT FOR THE REPLACEMENT OF ASSETS AND FURTHER EXPANSION OF THE BUSINESS OF THE GROUP.

	2011 RM'000	2010 RM'000
Value Added		
Net interest income	4,974,931	4,597,420
Net income from Islamic banking business	868,342	781,288
Other operating income	1,565,297	1,459,792
Other operating expenses excluding staff costs and depreciation	(566,948)	(561,956)
Allowance for impairment on loans, advances and financing	(594,061)	(659,566)
Writeback of impairment/(Impairment) on other assets	1,598	(5,188)
Share of results of equity accounted associated companies	3,210	12,686
Value added available for distribution	6,252,369	5,624,476



Distribution of Value Added

To employees:		
Personnel costs	1,495,789	1,392,651
To the Governments:		
Taxation	1,086,609	987,120
To providers of capital:		
Dividends paid to shareholders	1,681,020	1,593,477
Non-controlling interests	40,214	50,853
To reinvest in the Group:		
Depreciation	145,947	145,628
Retained profits	1,802,790	1,454,747
Total distributed	6,252,369	5,624,476





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Public Bank has built its success on a solid foundation of integrity, work ethics, strong corporate governance and effective corporate culture. We will not rest on our laurels but continue to strive harder and commit more resources to sustain our legacy of strong growth and leadership.

AWARDS & ACCOLADES

GUIDED BY ITS CORPORATE MISSION "TO SUSTAIN THE POSITION OF BEING THE MOST EFFICIENT, PROFITABLE AND RESPECTED PREMIER FINANCIAL INSTITUTION IN MALAYSIA", PUBLIC BANK CONTINUES ITS RELENTLESS PURSUIT OF EXCELLENCE IN ALL ASPECTS OF THE PUBLIC BANK GROUP'S BUSINESSES AND OPERATIONS. THE SUCCESS OF THE GROUP'S QUEST FOR BANKING EXCELLENCE IS EVIDENT IN THE NUMEROUS AWARDS AND ACCOLADES ACCORDED TO PUBLIC BANK IN 2011, MANY OF WHICH ARE FOR A NUMBER OF CONSECUTIVE YEARS. THESE AWARDS BESIDE ENHANCING THE GROUP'S REPUTATION AND BRANDING AS A PROFITABLE, STRONG AND RELIABLE FINANCIAL INSTITUTION, ALSO MOTIVATES THE GROUP TO CONTINUE WITH ITS COMMITMENT TO EXCELLENCE.



- ▲ Dr. KK Johan, President of Asia Pacific Brands Foundation presenting Tan Sri Dato' Sri Dr. Teh Hong Piow with The BrandLaureate – Tun Dr. Mahathir Mohamad Man of The Year 2010-2011 Award at the award presentation ceremony on 23 March 2011.



- ▲ Y.B. Senator Datuk Seri Idris Jala, Minister in the Prime Minister's Department presenting the Edge Billion Ringgit Club's Most Profitable Company for finance sector 2011 to Managing Director, Tan Sri Dato' Sri Tay Ah Lek on 13 July 2011.

Awards & Accolades



Tan Sri Dato' Sri Dr. Teh Hong Piow receiving The BrandLaureate Brand Icon Leadership Awards 2011 by the Asia Pacific Brands Foundation (APBF) from Dr. KK Johan, President of APBF on 8 December 2011. ▲



◀ Managing Director, Tan Sri Dato' Sri Tay Ah Lek receiving the Gold Award for Overall Excellence for Most Outstanding Annual Report at the National Annual Corporate Report Award 2011 from Y.B. Dato' Sri Ismail Sabri bin Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism on 15 November 2011.

2011 AWARDS & ACHIEVEMENTS



Inaugural Alpha Southeast Asia's Institutional Investor Corporate Awards 2011

➤ **Ranked Top 3** Companies in the following categories:

- Most Organised Investor Relations
- Most Consistent Dividend Policy
- Strongest Adherence to Corporate Governance

Ranked 2nd in the Total Dividend Yield category in the *Alpha Southeast Asia* Top 10 Largest Dividend Players in Southeast Asia (2006 – 2010)

Best Bank in Malaysia by *Alpha Southeast Asia*
2011, 2010, 2009, 2007

Best SME Bank in Malaysia by *Alpha Southeast Asia*
2011, 2010



Asiamoney Corporate Governance Poll for Malaysia 2011:

➤ **Ranked No. 1** in Best for Disclosure and Transparency

➤ **Ranked No. 2**

- Best Overall for Corporate Governance
- Best for Responsibilities of Management and the Board of Directors

➤ **Ranked No. 3**

- Best for Shareholders' Rights and Equitable Treatment
- Best Investor Relations

Asia Pacific Brands Foundation BrandLaureate Awards

- Best Brands in Financial Services (Banking)
2011, 2010, 2009, 2008, 2007, 2006

Malaysia Retail Bank of the Year by *Asian Banking & Finance*
2011, 2009, 2007



Putra Brand Awards 2011 by *Association of Accredited Advertising Agents Malaysia*

- Bronze Award for Finance Category

Asia Pacific Most Supportive Partner 2010 by *Bank Central Asia, Indonesia*

Top SMI Supporter Award Commercial Banks category by *Credit Guarantee Corporation* 2010, 2009, 2008, 2007, 2005

1st Asian Excellence Recognition Awards 2011 by *Corporate Governance Asia*

- Best Corporate Social Responsibility
- Best Investor Relations by a Malaysian Company

Corporate Governance Asia Recognition Award 2011

by *Corporate Governance Asia*
2011, 2010, 2009, 2008, 2006, 2005

EUR 2010 Straight-Through Processing Excellence Award by *Deutsche Bank 2011*

Best Asian Bank by *FinanceAsia* 2011, 2010, 2008

Best Domestic Bank in Malaysia

by *The Asset*
2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002



FinanceAsia's "Asia's Best Managed Companies 2011" poll:

➤ **Ranked No. 1**

- Best Managed Company 2011, 2010, 2009, 2008, 2007
- Best Corporate Governance 2011, 2010, 2009, 2008, 2007
- Most Committed to a Strong Dividend Policy 2011, 2010, 2008, 2007
- Best Corporate Social Responsibility 2011, 2010, 2009

➤ **Ranked No. 2**

- Best Investor Relations 2011, 2010, 2009, 2007





Best Bank in Malaysia by *FinanceAsia*
2011, 2010, 2009, 2008, 2007, 2006, 2005,
2004, 2003, 2002, 2001, 2000, 1999

**Automotive Finance Company of the Year
2011** by *Frost & Sullivan*
2011, 2010, 2009, 2007

Ranked 3rd in the **KPMG Shareholder
Value Award 2011** for the Financial
Service Category

**Best Foreign Exchange Provider for
Malaysia** in the Global Finance World's
Best Foreign Exchange Providers
2012, 2011, 2010, 2009, 2007

**Malaysia Service to Care Champion 2011
Award** for Conventional Banking category
by *MarkPlus Inc.*

**Malaysian Business – CIMA Enterprise
Governance Awards 2011**

- Overall Winner
2011, 2010, 2009, 2008
- Best Return to Shareholders
2011, 2010, 2009, 2008

Corporate Governance Index Awards 2011
by *Minority Shareholder Watchdog Group*

- Top Overall Award
2011, 2010
- Distinction Award
2011, 2010
- Industry Excellence Award for
Finance Sector
2011, 2010, 2008
- *Best Conduct of AGM Award*
2011, 2010, 2009



National Annual Corporate Report Awards (NACRA)

by Bursa Malaysia Berhad, Malaysian Institute of Accountants
and the Malaysian Institute of Certified Public Accountants

- Overall Excellence Award for Most Outstanding Annual
Report of the Year – Gold Award
2011, 2006
- Overall Excellence Award for Most Outstanding Annual
Report of the Year – Platinum Award
2010, 2009, 2008, 2007
- Industry Excellence Award for Listed on Main Market in
the Finance Sector Companies
2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002,
2001, 2000, 1999, 1998, 1997
- Best Annual Report in Bahasa Malaysia – Platinum Award
2011, 2009, 2008, 2007
- Best Annual Report in Bahasa Malaysia – Gold Award
2010



2011 Awards & Achievements

Reader's Digest Trusted Brands Gold Award for the Bank category in Malaysia
2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004

Best Automobile Lending Award by *The Asian Banker*
2011, 2009

The Asset Platinum Award by The Asset for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations
2011, 2010, 2009

The Bank of New York Mellon Straight Through Processing Award 2011

Bank of the Year for Malaysia by *The Banker*
2011, 2009, 2008, 2005, 2001

The Edge Billion Ringgit Club Corporate Awards 2011

- Most Profitable Company in the Finance Sector

Best Banking Group in Malaysia 2011 by *World Finance*
2011, 2010, 2009

Ranked 2nd in Total Assets in the **Yazhou Zhoukan 2011 Top 10 Malaysian Banks**



Chairman's Awards 2011

The BrandLaureate Premier Brand Icon Leadership Award 2011 by *Asia Pacific Brands Foundation*

The BrandLaureate – Tun Dr. Mahathir Mohamad Man of The Year 2010-2011 by *Asia Pacific Brands Foundation*

Asia's Best CEO (Investor Relations) in the 1st Asian Excellence Recognition Awards 2011 by *Corporate Governance Asia*

2nd Asian Corporate Director Recognition Award 2011 by *Corporate Governance Asia*



PAST AWARDS

- Best Domestic Bank in Malaysia by Asiamoney 2008, 2007, 2004, 2003, 2002, 2001, 1999
- Asiamoney Corporate Governance Poll:
 - Best Overall for Corporate Governance in Malaysia 2009, 2008
 - Overall Best Company in Malaysia 2008
 - Best for Disclosure and Transparency in Malaysia 2009, 2008, 2007, 2006, 2005
 - Best for Shareholders' Rights and Equitable Treatment in Malaysia 2009, 2008
 - Best for Responsibilities of Management and the Board of Directors in Malaysia 2008
- Asiamoney's Poll of Polls: Best Overall Company in Malaysia for Corporate Governance 2004 – 2008
- Asiamoney Awards for Best Managed Companies
 - Malaysia's Best Managed Company Large-Cap Corporate of the Year 2008, 2007
 - Malaysia's Overall Best Managed Company 2004
 - The 5th Malaysia Best Managed Companies 1999
 - Top 10 Best Managed Companies 1997
- Asiamoney Award For The Best Company Overall For Investor Relations In Malaysia 2001
- The Strongest Bank in Malaysia and Fourth Strongest Bank in Asia 2001 by Asiamoney
- Asia Pacific Brands Foundation BrandLaureate Awards 2009
 - Societe Award: Best Brand Philanthropy and Humanity
- Asia Pacific Super Excellent Brand 2008 Award by Asia Entrepreneur Alliance Worldwide
- Management Awards of Asia for Financial Management Category 1996 by Asian Institute of Management
- Putra Brand Awards 2010 by Association of Accredited Advertising Agents Malaysia
 - Silver Award for Finance Category
- Association of Accredited Advertising Agents Malaysia and The Edge
 - Ranked As Malaysia's Most Valuable Brand 2009
 - Ranked 2 in Top 30 Malaysia's Most Valuable Brands 2008, 2007
- Banking Institution Language Award for Commercial Bank Category 2009 by Dewan Bahasa dan Pustaka
- Anugerah Citra Wangsa Malaysia Incentive Award for Financial Institution by Dewan Bahasa dan Pustaka 2007
- Anugerah Citra Wangsa Malaysia For The Private Sector Annual Report by Dewan Bahasa dan Pustaka 2007, 2006, 2000
- Anugerah Citra Wangsa Malaysia Merit Award for Annual Report in Bahasa Malaysia by Dewan Bahasa dan Pustaka 2005, 2003
- Anugerah Citra Wangsa Malaysia Special Jury's Award For Annual Report in Bahasa Malaysia by Dewan Bahasa dan Pustaka 2002, 2001
- Federal Territory Kuala Lumpur 2007 Building Beautification & Illumination Competition by Dewan Bandaraya Kuala Lumpur
 - Champion, Bank Category
 - Datuk Bandar Trophy for Bank Category
- 'Beautiful Compound' For Private Sector Complex/Building Category 1994 by Dewan Bandaraya Kuala Lumpur
- Best Bank In Malaysia 2001 by Emerging Markets Investor Magazine
- 8th Asia Pacific International Honesty Enterprise Keris Award 2010 by Entrepreneur Development Association
- Best Bank in Malaysia by Euromoney 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 1999, 1998, 1993
- Euromoney Best Managed and Governed Companies – Asia Poll
 - Ranked No. 1 in Best Corporate Governance for Malaysia 2010, 2008
 - Ranked 1st in Most Convincing and Coherent Strategy 2007
 - Ranked 2nd in Best Corporate Governance 2007

Past Awards

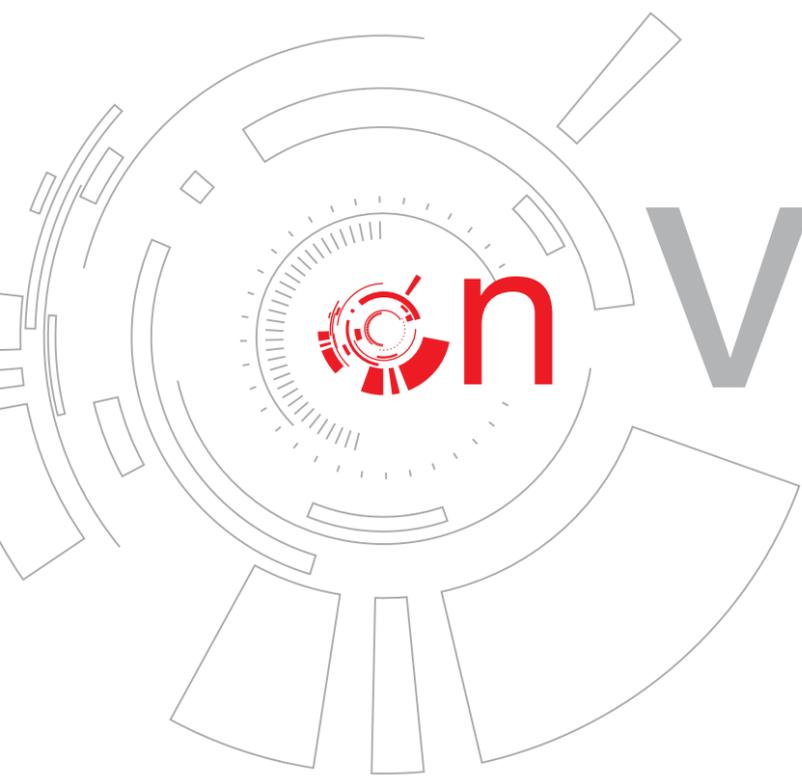
- Ranked No. 2 in the Far Eastern Economic Review 200: Asia's Leading Companies Award
2003, 2002, 2001, 2000
- FIABCI's Award Of Distinction For The Best Commercial Development Building 1999
- FinanceAsia's 6th Annual Asia's Best Companies 2006 Poll:
 - 3rd in Best Managed Company
 - 3rd in Best Corporate Governance
 - 2nd in Best Commitment to Strong Dividends
- Asia's Best Managed Companies by FinanceAsia
2005, 2004
- FinanceAsia Deal Of The Month – Public Bank's USD200 Million Hybrid Tier-1 Offering
2006
- FinanceAsia Best Bank Capital Deal Of The Year – Public Bank's USD200 Million Hybrid Tier-1 Offering
2006
- Financial Insights Innovation Awards 2007 for Operational Processes
- Best Bank in Malaysia by Global Finance
2004, 2003, 2002, 2000
- Best Emerging Market Bank in Malaysia by Global Finance
2010, 2009
- Best Investor Relations 2004 by Institutional Investor Research Group
- Anugerah Kristal 2004 Consumer Public Relations Category:
PB Manchester United MasterCard by Institute of Public Relations Malaysia
- Certificate of Excellence for Investor Relations 2009 by Investor Relations Magazine
- Best Investor Relations in the Singapore Market by a Malaysian Company 2007 by Investor Relations Magazine
- 'Highly Commended' Award for Best Investor Relations in the Singapore Market by a Malaysian Company 2006 by Investor Relations Magazine
- JP Morgan Chase Quality Recognition Award for achieving Best-in-Class Straight Through Processing rates in the payment transfer operations
 - Elite Quality Recognition Award for MT103
2010, 2009, 2008, 2007, 2006
 - Elite Quality Recognition Award for MT202
2010, 2008, 2006
 - Best-in-Class STP Rate Certificate for MT103
2010
 - Best-in Class STP Rate Certificate for MT202
2010
 - Best-in Class Book Transfer Rate Certificate
2010
- KLSE Corporate Excellence Awards by Kuala Lumpur Stock Exchange Berhad
2003, 2002, 2001, 2000
- KLSE Corporate Award for Best Corporate Disclosure in Annual Report by Kuala Lumpur Stock Exchange Berhad
2003
- KLSE Corporate Sectoral Award for the Finance and Closed-End Fund Sector by Kuala Lumpur Stock Exchange Berhad
2001, 2000
- Malaysian Business – CIMA Enterprise Governance Awards
 - Corporate Social Responsibility
2010, 2009, 2008
- Malaysian Business Corporate Social Responsibility Awards 2007
 - Overall Winner
 - Best Innovation in Corporate Social Responsibility Awards
- Malaysian Business Corporate Governance Award
 - Malaysian Business Corporate Governance Merit Award
2006, 2005, 2004, 2003, 2002
 - Malaysian Business Corporate Social Responsibility Award
2005
- Malaysian Corporate Report Award (MACPA)
 - Gold Award For The Most Outstanding Annual Report
1990
 - Best Corporate Information
1990, 1989, 1988
 - Silver Award for The Most Outstanding Annual Report
1984
- MarkPlus Inc. Best of Malaysia Branded Service Champion 2009 Award for Local Consumer Banking Category
- National Creative & Innovation Award 2004 by Malaysia Design Technology Centre
- 'Partenaire de Valeuris' (Valued Partner) Award 2006 by Malaysian Institute of Management

- National Mergers And Acquisitions Award 2007 For The Category Of Cross Border Deal Of The Year For the Acquisition of Asia Commercial Bank Limited 2007 by Malaysian Mergers and Acquisitions Association
- Industry Excellence Award Under The Service Export Excellence For The Financial Category 1994 by Ministry Of International Trade & Industry
- Malaysian Corporate Governance Index Awards by Minority Shareholder Watchdog Group
 - Corporate Governance Hall of Fame Award 2010
 - Overall Excellence Award 2009, 2008
 - Corporate Governance Challenge Trophy 2008
- Corporate Governance Survey by Minority Shareholder Watchdog Group and Nottingham University Business School, Malaysia Campus
 - Ranked No. 1 in Corporate Governance 2007, 2006, 2005
- National Annual Corporate Reports Awards (NACRA)
 - Overall Excellence Award for Most Outstanding Annual Report of the year 2005, 2004, 2003, 2002, 1997, 1990
 - Best Design Annual Report – Platinum Award 2007
- National Annual Corporate Report Awards (NACRA)
 - Commendation Award for Bahasa Malaysia Annual Report 1996, 1995, 1990
 - Commendation Award for Best Accounting Information 1995, 1994, 1989
- RAM Heritage Hall Awards for Evolutionary Award 2010 by RAM Rating Services Bhd
- SIRIM Bank-Wide ISO 9001:2000 Quality Management Systems Certification 2003 for “Provision of Customer Service at the Front Office”
- SIRIM Bank-Wide ISO 9001:2000 Quality Management Systems Certification 2003 for “Provision of Customer Service in Loan Delivery”
- Sahabat SMI Award for 2005 by SMI Association
- Medal “For The Course Of Vietnamese Banking” 2002 by State Bank Of Vietnam
- Technology Business Review Industry Award for Excellence 2006 in Banking and Finance for Local Bank
- Best Retail Bank in Malaysia by The Asian Banker 2009, 2008, 2007, 2005, 2004, 2003, 2001
- The Asian Banker Excellence in Retail Financial Services Awards 2009
 - Best Retail Bank in Asia Pacific
 - Best Deposit Product/Campaign
- The Asian Banker Achievement Award for Commitment to Investors for 2008
- The Asian Banking Awards 2000 for Most Outstanding Customer Service Programme Category
- Best Local Currency Structured Product, Malaysia – PB Asian ACES by The Asset
- Asia’s Best Bank Capital Issue for PBB’s USD200 million Hybrid Tier-1 Offering 2007 by The Asset
- Best Company in Malaysia for Corporate Governance 2007 by The Asset
- The Asset Award for A Leader in Corporate Governance in Malaysia 2003
- The Bank of New York Mellon Award for Outstanding Payment Formatting and Straight Through Rate 2010
- The Edge Billion Ringgit Club Corporate Awards 2010
 - Highest Returns to Shareholders Over Three Years
 - Highest Returns on Equity Over Three Years
- Most Award-Winning Bank Certification by The Malaysian Book of Records 2010
- The Wall Street Journal Asia’s 200 Most Admired Companies Survey:
 - Malaysia’s Overall Most Admired Company 2009
 - 1st in Long Term Vision 2010, 2009
 - 1st in Financial Reputation 2009, 2006
 - 2nd in Corporate Reputation 2009, 2008
 - 2nd in Quality 2009
 - 3rd in Innovation 2009
 - 3rd Most Admired 2008
 - 3rd in Long Term Vision 2008
 - 3rd in Financial Reputation 2008
 - 2nd of Top 10 Malaysian Companies 2006
 - 1st in Financial Soundness 2006
- Ranked No. 2 Yazhou Zhoukan Top 20 Chinese Businesses in Malaysia 2011, 2010

Past Awards

Chairman's Past Awards

- Value Creator: Malaysia's Outstanding CEO in the Inaugural The Edge Billion Ringgit Club Corporate Awards 2010
- Asian Corporate Director Recognition Award 2010 by Corporate Governance Asia
- Asia's Banking Grandmaster 2010 by The Asset
- Best CEO in Malaysia 2009 by FinanceAsia
- Best Strategist Award in the Malaysia Independence Award 1957 by Selangor Petaling Business & Industry Association
- Honourable Medal for National Contribution to Education in Cambodia 2008 by the Government of Cambodia
- FinanceAsia Asian Banker Par Excellence 2008
- The BrandLaureate Brand Personality Award 2007 by Asia Pacific Brands Foundation
- ASEAN Most Astute Banker Award 2007 by The Asset
- The Asia Pacific Lifetime Entrepreneurship Achievement Award 2007 by Enterprise Asia
- The PILA Recognition Award 2007 by Institute of Public Relations Malaysia
- Recognition Award 2007 by National Bank Of Cambodia
- Euromoney Award For Outstanding Contribution To The Development Of Financial Services In Asia 2006
- FinanceAsia Lifetime Achievement Award 2006
- FinanceAsia Asia's 50 Most Influential 1996-2006
- Malaysian Institute Of Management 'MIM Gold Medal Award Of The 'Confrere D'Honneur' (Honoured Companion) 2006
- Technology Business Review Award For Lifetime Achievement In Corporate Excellence, Dedication & Industry 2006
- The Asset Asia's Banker Of High Distinction Award 2006
- Yazhou Zhoukan Top 500 International Chinese Entrepreneurs:
 - 33rd Amongst Top 500 International Chinese Entrepreneurs 2006
 - 1st Amongst Top 10 Malaysian Chinese Entrepreneurs 2006
 - 6th Amongst Top 10 Banking & Finance Entrepreneurs 2006
- The Asian Banker Leadership Achievement Award For Malaysia 2005
- The Most PR Savvy CEO 2004 by Institute of Public Relations Malaysia
- Best CEO In Malaysia 2004 by Asiamoney
- Malaysia's CEO Of The Year Award 1999 by Business Times and American Express
- The Business Achiever Of The Year 1997 by Yazhou Zhoukan
- ASEAN Businessman Of The Year Award 1994 by ASEAN Business Forum
- Asia's Commercial Banker Of The Year 1991 by Asia Money & Finance



visionary leadership

Empowered with visionary leadership at the helm, Public Bank's sterling performance further enhances our reputation as a strong and reliable financial institution. With an impressive growth record and resilience, we are now the third largest banking group in the country. We will continue to excel in all aspects of our business activities to further consolidate our position as a top-tier financial institution with effective strategies and prudent management.

BOARD of DIRECTORS



1. **Tan Sri Datuk Seri Utama Thong Yaw Hong**
Independent Non-Executive Co-Chairman
2. **Tan Sri Dato' Sri Dr. Teh Hong Piow**
Non-Executive Chairman
3. **Tan Sri Dato' Sri Tay Ah Lek**
Managing Director/Chief Executive Officer
4. **Dato' Sri Lee Kong Lam**
Executive Director

5. **Dato' Yeoh Chin Kee**
Non-Independent Non-Executive Director
6. **Quah Poh Keat**
Independent Non-Executive Director
7. **Dato' Haji Abdul Aziz bin Dato' Dr. Omar**
Independent Non-Executive Director
8. **Tang Wing Chew**
Independent Non-Executive Director
9. **Dato' Chia Lee Kee**
Company Secretary



BOARD OF DIRECTORS' PROFILE



TAN SRI DATO' SRI DR. TEH HONG PIOW

Non-Executive Chairman

Tan Sri Dato' Sri Dr. Teh Hong Piow

Non-Executive Chairman

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 81, began his banking career in 1950 and has 62 years experience in the banking and finance industry. He founded Public Bank in 1965 at the age of 35. He was appointed as a Director of Public Bank on 30 December 1965 and had been the Chief Executive Officer of Public Bank since its commencement of business operations in August 1966. He was re-designated as Chairman of Public Bank and Chairman of Public Bank Group with effect from 1 July 2002. He serves as Chairman of the Board Executive Committee and the Group Human Resource Committee.

Tan Sri Teh had won both domestic and international acclaim for his outstanding achievements as a banker and the Chief Executive Officer of a leading financial services group. Awards and accolades that he had received include:

- Asia's Commercial Banker of the Year 1991
- The ASEAN Businessman of the Year 1994
- Malaysia's Business Achiever of the Year 1997
- Malaysia's CEO of the Year 1998
- Best CEO in Malaysia 2004
- The Most PR Savvy CEO 2004
- The Asian Banker Leadership Achievement Award 2005 for Malaysia
- Award for Outstanding Contribution to the Development of Financial Services in Asia 2006
- Lifetime Achievement Award 2006
- Award for Lifetime Achievement in Corporate Excellence, Dedication and Industry 2006
- Asia's Banker of High Distinction Award 2006
- The BrandLaureate Brand Personality Award 2007
- ASEAN Most Astute Banker Award 2007
- Lifetime Entrepreneurship Achievement Award 2007
- The Pila Recognition Award 2007
- Asian Banker Par Excellence Award 2008
- Best CEO in Malaysia 2009
- Asia's Banking Grandmaster 2010
- Asian Corporate Director Recognition Award 2010

- Value Creator: Malaysia's Outstanding CEO 2010
- The BrandLaureate – Tun Dr. Mahathir Mohamad Man of the Year Award 2010-2011
- Asia's Best CEO (Investor Relations) 2011
- Asian Corporate Director Recognition Award 2011
- The BrandLaureate Premier Brand Icon Leadership Award 2011

Tan Sri Teh was awarded the Medal 'For the Course of Vietnamese Banking' by the State Bank of Vietnam in 2002 for his contributions to the Vietnamese banking industry over the past years. Tan Sri Teh was conferred the Recognition Award 2007 by the National Bank of Cambodia in appreciation of his excellent achievement and significant contribution to the banking industry in Cambodia.

In recognition of his contributions to society and the economy, he was conferred the Doctor of Laws (Honorary) from University of Malaya in 1989.

He had served in various capacities in public service bodies in Malaysia; he was a member of the Malaysian Business Council from 1991 to 1993; a member of the National Trust Fund from 1988 to 2001; a founder member of the Advisory Business Council since 2003; and is a member of the IPRM Accreditation Privy Council. He is a Fellow of several institutes which include the Institute of Bankers Malaysia; the Chartered Institute of Bankers, United Kingdom; the Institute of Administrative Management, United Kingdom; the Institute of Chartered Secretaries and Administrators, Australia and the Malaysian Institute of Management.

His directorships in other companies within the Public Bank Group are as Chairman of Public Investment Bank Bhd, Public Mutual Bhd, Public Islamic Bank Bhd, Public Financial Holdings Ltd, Public Bank (Hong Kong) Ltd and Cambodian Public Bank Plc, and several other subsidiaries of Public Bank. His directorships in other public companies are as Chairman of LPI Capital Bhd, Lonpac Insurance Bhd and Tong Meng Industries Ltd.

Tan Sri Teh attended all the 16 Board meetings which were held in the financial year ended 31 December 2011.



TAN SRI DATUK SERI UTAMA THONG YAW HONG

Tan Sri Datuk Seri Utama Thong Yaw Hong

Independent Non-Executive Co-Chairman

Tan Sri Datuk Seri Utama Thong Yaw Hong, aged 81, was appointed as a Director of Public Bank on 23 June 1986 and was made its Chairman in October 1986. He was re-designated as Co-Chairman of Public Bank with effect from 1 July 2002. He serves as Chairman of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

He graduated with a Bachelor of Arts (Hons) degree in Economics from University of Malaya and a Master's degree in Public Administration from Harvard University. He attended the Advanced Management Program at Harvard Business School. In June 1998, he was appointed a Pro-Chancellor of University Putra Malaysia from which he had retired in end June 2006. In September 2006, he was conferred the Doctor of Economics (Honorary) from University Putra Malaysia.

He has had a distinguished career with the Government of Malaysia, primarily in the fields of socio-economic development planning and finance. He had served in the Economic Planning Unit in the Prime Minister's Department since 1957 and became its Director-General from 1971 to 1978 and served as Secretary-General, Ministry of Finance from 1979 until his retirement in 1986.

Tan Sri Thong also serves as member on the Boards of Trustees of Program Pertukaran Fellowship Perdana Menteri Malaysia, Tun Razak Foundation and the Malaysian Institute of Economic Research, among others. He is a member of the National Economic Council and is also a Senior Member of the Working Group of the Executive Committee for the National Economic Council. He is a Distinguished Fellow of the Institute of Strategic and International Studies (ISIS) Malaysia and is also a Fellow of the Institute of Bankers Malaysia.

His directorships in other companies within the Public Bank Group are as Co-Chairman of Public Investment Bank Bhd, Public Mutual Bhd, Public Financial Holdings Ltd, Public Bank (Hong Kong) Ltd, Cambodian Public Bank Plc and as Chairman of Campu Lonpac Insurance Plc; he is also a Director of Public Islamic Bank Bhd and several other subsidiaries of Public Bank. Other public companies in which he serves are as Chairman of Berjaya Sports Toto Bhd; as Co-Chairman of LPI Capital Bhd and Lonpac Insurance Bhd and as Director of Batu Kawan Bhd, Kuala Lumpur Kepong Bhd, Glenealy Plantations (Malaya) Bhd and Malaysian South-South Corporation Bhd. He is also the Chairman of Malaysia Property Incorporated.

Tan Sri Thong attended all the 16 Board meetings which were held in the financial year ended 31 December 2011.



**TAN SRI DATO' SRI
TAY AH LEK**

Tan Sri Dato' Sri Tay Ah Lek

Managing Director/Chief Executive Officer

Tan Sri Dato' Sri Tay Ah Lek, aged 69, has 51 years experience in the banking and finance industry. He was appointed as an Executive Director of Public Bank on 18 June 1997 and was re-designated as Managing Director/Chief Executive Officer with effect from 1 July 2002. He joined the Public Bank Group as a pioneer staff in 1966. He was the Executive Vice-President of Public Bank from 1995 to 1997 and prior to this appointment, he was the Executive Vice-President of the former Public Finance Berhad. He is a member of the Board Executive Committee. He is the Chairman of the Credit Committee, the IT Steering Committee, the Assets & Liabilities Management Committee and the Share Investment Committee, and is a member of the Group Human Resource Committee.

He holds a Master's degree in Business Administration from Henley, United Kingdom and attended the Advanced Management Program at Harvard Business School. He

is a Fellow of CPA Australia, the Financial Services Institute of Australasia, the Institute of Bankers Malaysia and the Malaysian Institute of Management.

He is presently the Chairman of the Association of Hire Purchase Companies Malaysia and is a Member of the National Payments Advisory Board.

His directorships in other companies in the Public Bank Group include as Director of Public Investment Bank Bhd, Public Mutual Bhd, Public Islamic Bank Bhd, Public Financial Holdings Ltd, Public Bank (Hong Kong) Ltd, Cambodian Public Bank Plc and Public Bank (L) Ltd. His directorships in other public companies are in Cagamas Holdings Bhd, ASEAN Finance Corporation Ltd and Financial Mediation Bureau.

Tan Sri Tay attended all the 16 Board meetings which were held in the financial year ended 31 December 2011.



DATO' SRI LEE KONG LAM

Dato' Sri Lee Kong Lam

Executive Director

Dato' Sri Lee Kong Lam, aged 70, has 44 years experience in the banking and finance industry. He was appointed as an Executive Director of Public Bank on 28 November 2001. He joined Public Bank in November 1996 as General Manager and was subsequently appointed Senior General Manager in 1997 and Executive Vice-President in 1998. He is a member of the Board Executive Committee. He is the Chairman of the Operational Risk Management Committee and the Business Continuity Management Committee; and is a member of the Credit Committee, the IT Steering Committee, the Assets & Liabilities Management Committee, the Share Investment Committee and the Group Human Resource Committee.

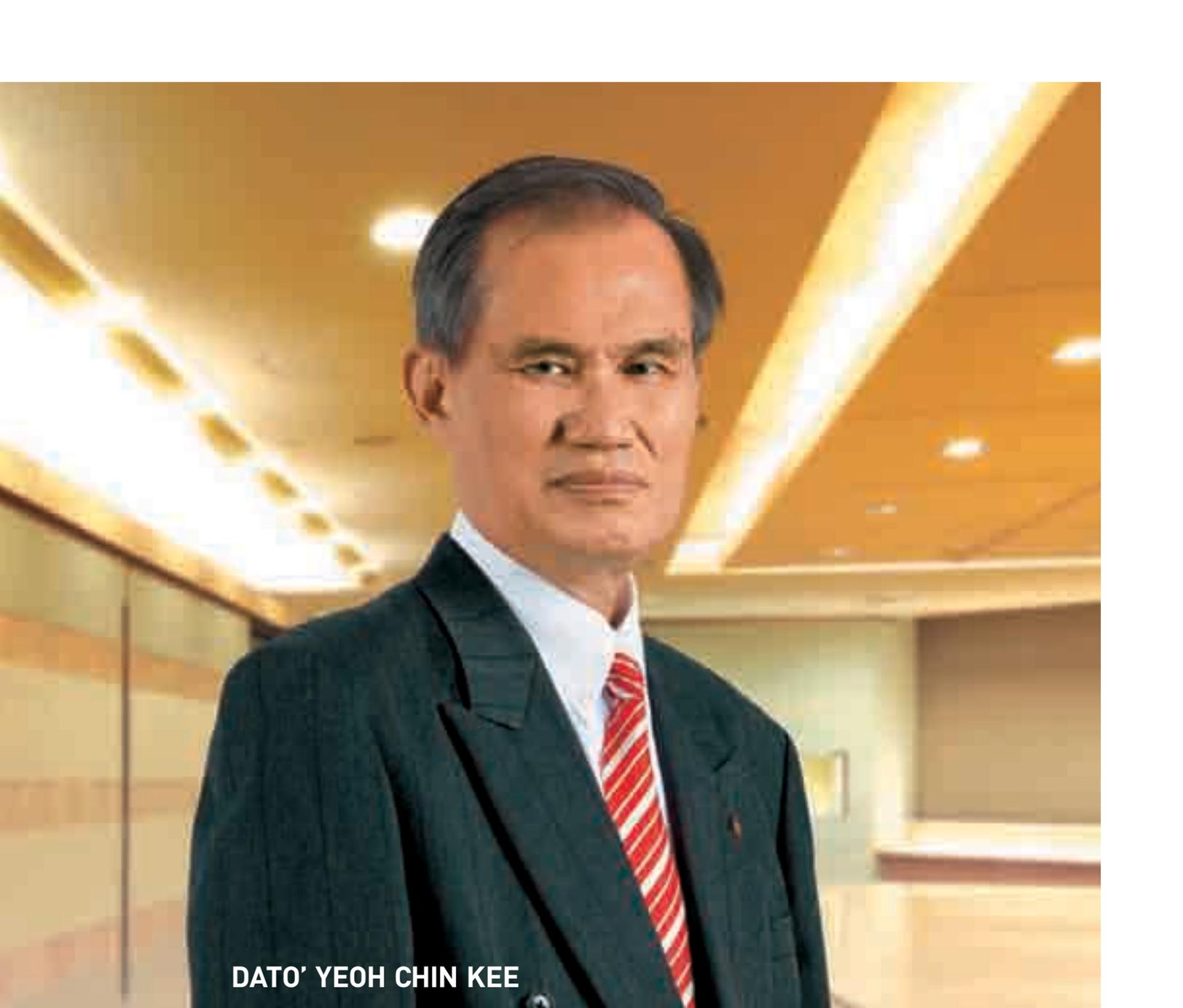
Prior to joining Public Bank, he was with Bank Negara Malaysia (BNM) and was involved primarily in the supervision and examination of banking institutions. He retired in

August 1996 as the Head of BNM's Examination Department and as a member of BNM's Management Committee.

He is a Fellow of CPA Australia and the Chartered Institute of Bankers, United Kingdom; and a Chartered Accountant of the Malaysian Institute of Accountants.

His directorships in other companies within the Public Bank Group are as Director of Public Investment Bank Bhd, Public Mutual Bhd, Public Islamic Bank Bhd, Public Bank (L) Ltd, PB Trust (L) Ltd, Cambodian Public Bank Plc and Campu Lonpac Insurance Plc, and several other subsidiaries of Public Bank.

Dato' Sri Lee attended all the 16 Board meetings which were held in the financial year ended 31 December 2011.

A portrait of Dato' Yeoh Chin Kee, a middle-aged man with dark hair, wearing a dark suit, white shirt, and a red and white striped tie. He is standing in a modern office environment with a glass wall and a ceiling with recessed lighting.

DATO' YEOH CHIN KEE

Dato' Yeoh Chin Kee

Non-Independent Non-Executive Director

Dato' Yeoh Chin Kee, aged 69, began his banking career in 1961 and has 50 years experience in the banking and finance industry. He was appointed as a Director of Public Bank on 9 May 1978. He was the Executive Director of Public Bank from May 1978 to May 1997 and served as an Independent Non-Executive Director from May 1997 to September 2011. He was re-designated as Non-Independent Non-Executive Director with effect from 27 September 2011. He is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. He is the Chairman of the Credit Risk Management Committee.

He is a Fellow of CPA Australia and the Financial Services Institute of Australasia.

His directorships in other companies within the Public Bank Group are as Chairman of Public Bank (L) Ltd and PB Trustee Services Bhd; and as Director of Public Investment Bank Bhd and Public Islamic Bank Bhd. His directorships in other public companies are in LPI Capital Bhd and Lonpac Insurance Bhd.

Dato' Yeoh attended all the 16 Board meetings which were held in the financial year ended 31 December 2011.



**DATO' HAJI ABDUL AZIZ BIN
DATO' DR. OMAR**

Dato' Haji Abdul Aziz bin Dato' Dr. Omar
Independent Non-Executive Director

Dato' Haji Abdul Aziz bin Dato' Dr. Omar, aged 64, was appointed as a Director of Public Bank on 5 January 2000. He is the Co-Chairman of the Audit Committee and Risk Management Committee, and is a member of the Nomination Committee and the Remuneration Committee. He is the Co-Chairman of the Credit Risk Management Committee.

He qualified as a Chartered Accountant from the Institute of Chartered Accountants in England & Wales, and is also a Chartered Accountant of the Malaysian Institute of Accountants.

During his previous banking experiences, he became a Fellow of the Institute of Bankers Malaysia. His 43-year experiences to date also include the areas of audit and accounting, taxation, property, plantation, hotelling, trading and manufacturing, both locally and abroad.

His directorships in other companies within the Public Bank Group are as Co-Chairman of Public Islamic Bank Bhd and as Director of Public Investment Bank Bhd, Public Mutual Bhd, PB Trustee Services Bhd and ING PUBLIC Takaful Ehsan Bhd. His directorships in other public companies are in LPI Capital Bhd and Lonpac Insurance Bhd.

Dato' Haji Abdul Aziz attended all the 16 Board meetings which were held in the financial year ended 31 December 2011.

A portrait of Quah Poh Keat, a middle-aged man with glasses, wearing a dark suit, white shirt, and a red and white striped tie. He is standing in front of a modern building with large glass windows and greenery in the background.

QUAH POH KEAT

Quah Poh Keat

Independent Non-Executive Director

Quah Poh Keat, aged 59, was appointed as a Director of Public Bank on 30 July 2008. He is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

He is a Fellow of the Malaysian Institute of Taxation and the Association of Chartered Certified Accountants; and a Member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

He was a partner of KPMG since October 1982 and appointed Senior Partner (also known as Managing Partner in other practices) in October 2000 until 30 September 2007. He retired from the firm on 31 December 2007.

He is experienced in auditing, tax and insolvency practices and had worked in Malaysia and United Kingdom; his experiences include restructuring, demergers and privatisation.

His directorships in other companies within the Public Bank Group are as Director of Public Investment Bank Bhd, Public Mutual Bhd, Public Islamic Bank Bhd, Public Financial Holdings Ltd, Public Bank (Hong Kong) Ltd, Cambodian Public Bank Plc and Campu Lonpac Insurance Plc and several other subsidiaries of Public Bank. His directorships in other public companies are in LPI Capital Bhd, Lonpac Insurance Bhd, IOI Corporation Bhd and Telekom Malaysia Bhd.

Mr Quah attended all the 16 Board meetings which were held in the financial year ended 31 December 2011.



TANG WING CHEW

Tang Wing Chew

Independent Non-Executive Director

Tang Wing Chew, aged 67, was appointed as a Director of Public Bank on 29 March 2011. He is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

He graduated with a Bachelor of Arts (Hons) degree from the University of Malaya.

He has more than 45 years experience in the financial services industry, ranging from research, management and project studies, training, mergers and integration, and stewardship of financial institutions. He joined Bank Negara Malaysia (BNM) in 1966 as an Assistant Economist in the Economic Research Department. During his 18 years of service with BNM, he also served as Manager (Penang Branch), Principal (BNM Staff Training Centre) and Manager (Operational Planning Division), where he was responsible

for the automation of Kuala Lumpur Interbank Cheque Clearing System in 1984.

He had working experience in two finance companies, where he was the Chief Executive Officer and General Manager (Operations). Mr Tang had also served as an Executive Adviser and the Chief Executive Officer of an insurance company.

At Board level, he also served as an Independent Non-Executive Director in two general insurance companies and in a leasing and credit company.

His directorships in other companies within the Public Bank Group are as Director of Public Investment Bank Bhd and Public Islamic Bank Bhd. His directorship in other public company is in Cagamas Bhd.

Mr Tang attended all the 13 Board meetings held from March 2011 to December 2011, following his appointment as a Director on 29 March 2011.



DATO' CHIA LEE KEE

Dato' Chia Lee Kee

Company Secretary

Dato' Chia Lee Kee was appointed as the Company Secretary of Public Bank on 2 September 1996. She is also the Company Secretary of several Malaysian and overseas subsidiaries, and she oversees the Public Bank Group's company secretarial matters. She is the Secretary of various Board Committees of Public Bank Group.

She heads the Bank's Secretariat Division.

She is a Chartered Secretary (ICSA) and is a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators.

None of the Directors has:

- Any family relationship with any Director and/or major shareholder of Public Bank
- Any conflict of interest with Public Bank
- Any conviction for offences within the past 10 years other than traffic offences

All of the Directors are Malaysians.



PUBLIC BANK
ANNUAL GENERAL MEETING



LETTER to Our STAKEHOLDERS

45th year of unbroken profitability with
RM3.48 billion in net profit;

**Best in ROE, cost efficiency and asset
quality among our peers;**

2011 was another commendable year for the Public Bank Group. In a market place that is intensely competitive, the Group continued to gain market share in key retail lending segments through healthy loan growth and effective customer acquisition strategies. With the expectation of global uncertainties and volatility persisting over the medium term, the Group remained vigilant and focused on balancing growth with prudent risk management.

2011 was ushered in with a degree of optimism that the global economy would be recovering, albeit at a moderate pace. Such expectation was however short-lived when the crisis of confidence developed over the issue of high national debt in the United States of America ("US") and in the Euro zone and the implications of austerity measures on economic growth prospects. This resulted in the unprecedented downgrades of the sovereign debts of the US and several European countries. During the year, global economic conditions became increasingly challenging with the US and countries in the Euro zone experiencing slowing economic activities, sub-par economic growth and persistent high unemployment. Throughout 2011, global economic growth remained weak and uneven in the crisis-hit advanced economies.

Asian economies, on the other hand, continued to play a key role in global growth owing to stronger domestic economies. The Asian economies remained resilient despite several setbacks such as the global supply chain disruptions caused by the Japanese earthquake and tsunami and flooding in Thailand, as well as the surges in oil prices due to the "Arab Spring protests" and political unrest in the Middle East. However, the fall out of a prolonged unresolved crisis in the western economies could dampen Asian economic growth.

In our Malaysian domestic market, the Public Bank Group continued to operate in a healthy business environment owing to strong economic fundamentals and robust domestic demand, reinforced and generated by transformational policy measures and programmes being implemented under the Economic Transformation Programme (“ETP”) and the New Economic Model (“NEM”) of the 10th Malaysia Plan. The Malaysian banking system remained stable, underpinned by strong capitalisation, healthy liquidity conditions and strong asset quality. Owing to the Group’s prudent risk management practices, the Group is not exposed to any significant counterparty or market risks arising from the on-going sovereign debt crisis in the Euro zone.

The Public Bank Group’s regional businesses in Hong Kong, Cambodia, Vietnam, Laos and Sri Lanka continue to stabilise and improve in tandem with the better operating conditions in these jurisdictions.

Having overcome the challenging market environment in 2008 and 2009, the Public Bank Group continues to demonstrate resilience in weathering economic headwinds and adversity. The Group has also demonstrated consistent efficiencies and cost-effectiveness in its unwavering commitment to the practices of ethics, innovation and excellence in the delivery of services to all our stakeholders.

To Our Shareholders

Promise to Deliver Results

2011 was another commendable year for the Public Bank Group. The Group’s pre-tax profit continued to surpass the RM4 billion mark with yet another record RM4.61 billion, 12.8% higher as compared to RM4.09 billion the year before.

The Public Bank Group continued to deliver its 45th year of unbroken profitability and we are pleased to fulfil our promise to you, as shareholders, for consistent and sustainable returns on your investments in Public Bank shares. For 2011, net profit attributable to shareholders grew by 14.3% to RM3.48 billion. With an improved earnings per share of 99.5 sen, the Public Bank Group delivered a net return on equity (“ROE”) of 26.8% for the year. We are encouraged that the Public Bank Group is able to yet again deliver the highest ROE amongst its peer banking groups in Malaysia as well as one of the highest ROE when compared to peer banking groups in the Asia Pacific region.

For 2011, the Public Bank Group faced intense competition in its business as major competitors aggressively stepped up their efforts in pursuing market share gains. In particular, competition for loans and deposits within the Malaysian banking system continues to exert pressure on net interest margins. Notwithstanding the intense market competition, the Public Bank Group continued to remain focused on achieving growth momentum in its core businesses as well as proactively managing its yield and maintaining a healthy loan-to-deposit position. As a result, the Group’s total income grew by 8.3% to RM7.41 billion for the year, supported by the sustained strong loan growth and deepening of fee-based income.

At the same time, the Public Bank Group continued to execute cost efficiency initiatives in pursuit of higher productivity levels. The Group’s operating costs remained lean, with operating expenses increasing marginally by 5.2%, less than the pace of income growth. The ability to maintain a low cost to income ratio of 29.8% as compared to the banking industry’s average cost to income ratio of 46.7% enabled the Group to generate outstanding shareholders’ returns.

The lending business of the Public Bank Group grew healthily with total gross loans expanding by 13.5% from RM156.54 billion in 2010 to RM177.69 billion as at the end of 2011. Domestic lending expanded at a faster pace during the year, growing by 14.1%, which was above the Malaysian banking industry’s annualised growth rate of 13.0% as at the end of November 2011. This was driven mainly by healthy growth in retail lending, particularly for purchase of residential properties and passenger vehicles as well as commercial lending to small- and medium-sized enterprises (“SMEs”). Domestic market share for loans and advances was sustained at 16.3% as at the end of November 2011. The Group continued to maintain market leadership in residential mortgages, passenger vehicle hire purchase financing and SME lending in the Malaysian banking industry.

The Public Bank Group’s total customer deposits increased by RM23.50 billion or 13.3% to RM200.37 billion as at the end of 2011 from RM176.87 billion as at the end of 2010. With intensified efforts placed on growing core customer deposits, domestic core customer deposits grew by 10.9%, higher than the annualised growth of 10.3% in the industry’s core customer deposits as at the end of November 2011.



The sustained growth in the Group's deposit base is a reflection of the customers' high level of trust and confidence in the Group.

Whilst the Public Bank Group pursued its business growth strategies, asset quality has not been compromised in the pursuit of growth. We are pleased that the Group has not only maintained its top ranking in asset quality amongst its peers, but also further improved its impaired loans ratio. The Group's impaired loans ratio improved further to 0.9% as at the end of 2011 from 1.1% as at the end of 2010. This is only one-third that of the banking industry's impaired loans ratio of 2.7% as at the end of November 2011.

The Public Bank Group's strong asset quality is further supported by its healthy loan loss coverage ratio of 188.9% as at the end of 2011, which was significantly higher than the coverage ratio of 96.3% for the banking industry as at the end of November 2011.

Consistent Performance over Medium Term

The outstanding and resilient track record of the Group over the past five years is a testament to its consistently strong financial and business performance over the medium term.

Since the end of 2006, and notwithstanding the more challenging economic environment due to the global financial crisis in 2008 and 2009, the Public Bank Group has:

- More than doubled its loans and customer deposits from RM84.36 billion and RM98.21 billion respectively to RM177.69 billion and RM200.37 billion respectively as at the end of 2011
- Increased its market share of the domestic banking industry's loans and advances from 13.2% to 16.3% and its market share of domestic customer deposits from 14.2% to 14.7% as at the end of November 2011
- Expanded its balance sheet with total assets growth of RM101.62 billion from RM147.79 billion to RM249.41 billion
- Improved its profit before tax by 90.5% from RM2.42 billion to RM4.61 billion
- Doubled its net profit attributable to shareholders from RM1.73 billion to RM3.48 billion
- Enhanced its net return on equity from 21.9% to 26.8%
- Improved its impaired loan ratio from 1.9% to 0.9%





	2006 RM'Billion	2011 RM'Billion	Variance
Loans, advances and financing	84.36	177.69	↑ 110.6%
Deposits from customer	98.21	200.37	↑ 104.0%
Total assets	147.79	249.41	↑ 68.8%
Profit before tax	2.42	4.61	↑ 90.5%
Net profit attributable to shareholders	1.73	3.48	↑ 101.2%
Net return on equity (%)	21.9%	26.8%	↑ 4.9%
Impaired loan ratio (%)	1.9%	0.9%	↓ (1.0%)

Strategic Direction Going Forward

Given its tested business model and its proven remarkable track record, we do not see the need for the Public Bank Group to deviate from its strategic business direction going forward, but we will always remain alert, vigilant, agile and adaptive in the market place. With the intensified competitive pressure on net interest margins as banks seek to gain market share, we recognise the importance for the Group to further reinforce its current core business strategies. With a view to driving business sustainability, the Group will continue to pursue its strategy of organic business growth whilst maintaining its superior quality loan portfolio. At the same time, the Group will strive to further improve productivity and focus on building a broader and deeper customer franchise.



- Sustaining Organic Growth Momentum**

Retail consumer and commercial banking businesses remained the core focus of the Public Bank Group, as these businesses contribute to more than 70% of the Group's profit and collectively accounted for 85.1% of the Group's loan portfolio as at the end of 2011.

The key driver underpinning the Public Bank Group's lending business lies in its consistent endeavour to deepen relationship with its core customers, who are primarily retail consumers and SME customers. Through proactive product innovation and packaging, competitive pricing, focused marketing, efficient delivery and the strong PB Brand, the Group's lending business growth will continue to be supported by prudent yet fast paced expansion in home mortgages, hire purchase financing for passenger vehicles and retail commercial loans to SMEs.

In the home mortgages business, we note the continued growth in the domestic industry housing loans. With the demand from a growing population for essential housing needs, we continue to see growth opportunities in the more affordable low- and mid-range residential properties, which represent a major portion of the Group's home mortgage portfolio. Pre-emptive regulatory measures such as a loan-to-value ratio cap on financing of the third residential property, higher real property gains tax and the more stringent lending guidelines issued by Bank Negara Malaysia on

responsible financing were introduced aiming at avoiding over-gearing of borrowers and curbing speculative property purchases. On the other hand, the Government's initiatives such as My First Home Scheme, the Urban Housing Assistance Scheme and the People's Housing Programme continue to promote home ownership amongst lower and middle income families. The Group's lending direction on home mortgages which is geared towards owner-occupied and the broader based mass market segment is expected to benefit from these government initiatives in promoting home ownership.

2011 had been a challenging year for the passenger vehicle hire purchase financing business in Malaysia. Disruptions to global supply chains and production lines due to the devastating earthquake and tsunami in Japan as well as the recent floods in Thailand caused a slowdown in car production. In addition, the sale of passenger vehicles were also adversely affected by the amendments to the Hire Purchase Act, 1967, which imposed more stringent procedural requirements on the sale of vehicles. Given these challenging conditions in the passenger vehicle market, we are encouraged that hire purchase loan applications remained strong with loan approvals averaging above RM1 billion per month in 2011. These are, in no small measure, attributed to Public Bank's strong market presence and its superior loan delivery track record and excellent customer service.



SMEs play an important role in the Malaysian economy with their strong contribution to the country's economy and as a major provider of employment. The Public Bank Group remains supportive of the Government's efforts to develop the domestic economy and Malaysian businesses with its commitment to meeting the financial needs of SMEs. Approval of loans to domestic SMEs reached RM12.39 billion in 2011 and accounted for 22.2% of the Group's total domestic loans approved during the year.

- **Maintaining Credit Standards**

The Public Bank Group continued to expand its loan portfolio without sacrificing credit standards which could compromise the asset quality of its loan portfolio. In maintaining credit prudence, the Group has put in place a rigorous credit risk management infrastructure as well as stringent credit policies at all stages of assessing loans from loan origination to loan approval.

Intolerance of poor credit quality is reflected in the Group's vigilance in identifying potential impaired loans, putting in place significant amount of resources to identify and monitor such loans, as well as taking proactive recovery efforts to restructure, reschedule or rehabilitate distressed loans.

The outcome of the stringent credit discipline is reflected in the low level of impaired loans of the Public Bank Group with the impaired loans ratio standing at 0.9% as at the end of 2011. The Group takes pride in being the Malaysian banking group with the lowest impaired loans ratio, despite the consistent double-digit growth in its loan portfolio year after year.

- **Driving Fee-based Revenue**

The expansion of fee-based revenue is a key long-term strategic initiative which the Public Bank Group embarked on over 5 years ago, aimed at sustaining long-term profitability growth and improving ROE. The fee-based revenue strategy, which attracts a low or zero capital cost, promotes greater regulatory capital efficiency in the light of the changes to the global regulatory capital framework which imposes generally higher capital requirements on banks. As part of this strategic initiative, the Group has invested extensively in resources, particularly in its people, in generating long-term sustainable fee-based revenue. Fee-based revenue grew by 8.4% in 2011 as the Group strengthened the underlying infrastructure in its unit trust, bancassurance and wealth management businesses.



The unit trust business undertaken by Public Bank's wholly-owned subsidiary, Public Mutual, continued to show strong performance with a pre-tax profit growth of 17.5% in 2011. Public Mutual maintained its leading position in the private unit trust business with RM44.75 billion of net assets under management, accounting for an overall market share of 44.3% as at the end of 2011.

In the fourth year of our strategic alliance with ING Asia/Pacific, the bancassurance alliance led the Malaysian bancassurance market in new business volume generated in the first nine months of 2011. ING PUBLIC Takaful Ehsan Berhad, the joint venture family takaful business between ING Management Holdings (Malaysia) Sdn Bhd and the Public Bank Group, which was launched on 5 April 2011, is also expected to contribute positively and further enhance the Group's long-term fee-based revenue.

In the other areas of wealth management, Public Bank Group has also actively marketed alternative savings products such as foreign currency deposit accounts and gold investment accounts. In 2011, foreign currency deposits stood at RM5.16 billion whilst gold investment accounts totalled 4.248 tonnes of gold valued at RM677.9 million.

- **Keeping the Balance Sheet Liquid**

As the Public Bank Group expanded the asset side of the balance sheet, the Group also sought to ensure that the funding base remained healthy. In keeping the Group's balance sheet liquid, a strong and stable retail deposit funding base is needed so that the lending business expansion is funded by a stable source of funds, without an over-dependence on funding from more volatile interbank markets. With net loan to deposit ratio standing at 87.2% as at the end of 2011, the retail deposit franchise remained strong. Core customer deposits account for a high 78.5% of total deposits from customers.

The Public Bank Group's policy of self-sufficiency in funding the lending business is consistently and coherently applied to the Group's overseas operations, where each overseas unit adopts the strategy to build and maintain a stable customer deposit base over the longer-term to fund their lending business.

- **Keeping It Lean**

The Public Bank Group remained committed to further improving its operational efficiency in the running of the Group's operations. The strategy to improve operating cost efficiency and productivity is even more crucial in sustaining profitability growth in a competitive banking industry that is faced with narrowing net interest margins. The key initiatives undertaken by the Group to improve productivity include getting the right people, providing effective training to improve staff competency, enhancing work process efficiencies and deploying resources and technology where it is most effective.

The cost to income ratio is the best long-term measure of the cost efficiency of a banking group. For 2011, we take pride in the Public Bank Group's cost to income ratio of 29.8%, making the Group the most-efficient amongst Malaysian banking groups, as well as in comparison against leading cost-efficient regional banks in the Asia Pacific region.

Preserving Shareholders' Investment Value

The ultimate measure of a company's success is the enrichment of its shareholders. For the Public Bank Group, we strongly believe in the delivery of superior shareholder value. Our sustainable business model with over four decades of unbroken profitability track record underpins the value of the investment of shareholders in Public Bank. Other than through consistent and strong financial performance, our ability to build the long-term intrinsic value of your investment in Public Bank is also determined by, amongst other factors, how well we manage the Bank's capital to deliver consistently high investment return to shareholders.

- **Managing Capital Astutely**

The Public Bank Group's strong balance sheet provides the Group with a growing capital base. The challenge for the Group is how best this growing pool of capital is deployed. To meet this challenge, we need to proactively manage a capital structure which is efficient in driving strong return on equity, whilst at the same time maintain a balance of the need for capital to support the organic growth strategies of the Group, the need to meet with a more stringent regulatory capital regime and shareholders' expectation of returns.

The Basel III standards, a prudential reform of the global banking system after the 2008 and 2009 financial crisis, poses an imminent challenge for banks and financial institutions to maintain a higher level of shareholders' capital that is required to support their businesses. The key changes to the regulatory capital regime include the focus on high quality capital, in particular equity capital, higher minimum capital requirements generally, imposition of capital buffers for capital conservation and countercyclical purposes, as well as the introduction of internationally harmonised leverage ratios and minimum global liquidity standards.

Letter to Our Stakeholders

We are confident that the Public Bank Group is well-positioned to meet the challenges of the broadly more prudent capital regime without inhibiting the Group's organic business growth strategies. As part of its capital management plans, Public Bank raised RM3 billion of Tier 2 capital during the year via the issuance of subordinated notes under the existing subordinated Medium Term Note Programme. In meeting the requirements of the regulatory capital regime reforms, the Group will continue to effectively manage its capital structure and maintain maximum financial flexibility to pursue strategic objectives whilst maximising shareholder value.

- **Paying Out Consistent Dividend**

Public Bank will pay a 2nd interim single tier cash dividend of 28 sen per share. The Board of Directors does not propose the payment of any final dividend.

The 2nd interim single tier cash dividend of 28 sen, together with the 1st interim single tier cash dividend of 20 sen paid in August 2011 will mean that shareholders would receive a total net cash dividend of 48 sen per share for 2011. This translates into a net dividend yield of 3.6% based on the share price of RM13.38 per Public Bank (Local) share as at the end of 2011. The total cash dividends paid and to be paid to shareholders for 2011 would amount to RM1.68 billion, representing 48.3% of the Group's net earnings for 2011.

Taking into consideration the allocation of capital resources by the Public Bank Group to support its organic business growth strategies, the Group endeavours to maintain a consistent and regular dividend payment policy that promotes a stable stream of return to shareholders, subject to the approval of Bank Negara Malaysia as required by the Banking and Financial Institutions Act, 1989.

- **Delivering Superior Returns to Shareholders**

As a blue-chip stock, the Public Bank Group's ability to deliver superior returns to shareholders, both over the medium-term and the long-term, demonstrates the superiority of its returns to shareholders.

Taking a 5-year medium term period, a shareholder of Public Bank who purchased 1,000 Public Bank (Local) shares at a price of RM7.75 per Public Bank (Local) share at the end of 2006 with an investment outlay of RM7,750 and held it for 5 years to the end of 2011 would have received gross dividends totalling RM2,971 and have 1,043 Public Bank (Local) shares worth RM13,955 based on the closing share price of RM13.38 per share as at the end of 2011. Together with the dividends received, this investment would have given the shareholder an annual rate of return on investment of 18.9% or a total return of 118.4% for the 5-year period.

If a shareholder of Public Bank had bought 1,000 shares in Public Bank when it was listed in 1967, and assuming the shareholder had subscribed for all rights issues to date and had not sold any of the Public Bank shares, he would have, at the end of 2011, 135,398 Public Bank shares worth RM1,811,625 based on the share price of Public Bank (Local) shares of RM13.38 at the end of 2011. In addition, he would have received a total gross dividend of RM776,137 whilst having only invested a capital outlay of RM48,760, including subscription for all rights issues. The dividends received and the appreciation in value translate to a remarkable compounded annual rate of return of 19.5% for each of the 44 years that this shareholder has held the shares in Public Bank since it was listed in 1967.

To Our Customers

Meeting Customer Service Level Expectations

With 8 domestic banks and over 40 foreign-controlled and Islamic banks serving the domestic commercial banking market, customers have the luxury of choosing their preferred financial service providers, all of which offer a wide array of products and service options. With increasingly well-informed customers and continued commoditisation of products and services, the fine line in deciding on the bank to use, more often than not, is not about how good the banking products are but rather the customer experience and the meeting of customer service level expectations.

Whilst the Public Bank Group continues to invest in technology and resources in electronic and internet banking and in self service delivery channels, the Group believes that face-to-face interaction with customers and the building of relationships on a personalised level will engender long-term customer loyalty and trust. Our decade-long credentials in delivering excellent customer service has built the strong and loyal customer following that we have today.

In the communities that the Public Bank Group serves, the Group continues to pursue customer reach and market presence with an expanding branch network and to take extra steps to understand and fulfil customers' needs. Responsiveness in providing sound banking solutions and the ability to offer reliable financial advice are the Group's service value propositions offered to customers.

In the domestic retail household credit space, the Public Bank Group had made available more than RM47.31 billion in new loan commitment in 2011, out of which 29.5% was to customers for residential mortgages and 29.8% for passenger vehicle financing. With the largest domestic market share in these two sectors, the Group had in 2011 helped over 63,000 home purchasers and over 240,000 car buyers, in their quest to own their own homes and their cars. In the residential mortgage commitment, a total of 2,900 housing loans was for low cost homes to promote home ownership amongst lower income Malaysians.



Letter to Our Stakeholders

In the commercial lending segment, Public Bank continues to support businesses, particularly SMEs, which seek to participate in the growing domestic economy and the country's economic transformation process, with access to credit at highly competitive terms. For SMEs, Public Bank has been actively providing credit facilities to support SME activities with various loan schemes including those initiated by the Government. The strong and above industry rate of growth of the Bank's SME lending business of 13.8% in 2011 demonstrated the support of Public Bank for the expansion and development of SMEs in the country.

Given its established household name and reputation as a strong financial institution, the Public Bank Group continues to provide its customers with the comfort of a safe and sound repository for their hard earned savings. The Group also offers a wide range of wealth management solutions such as unit trust and investment products for customers who seek to enhance the returns on their savings in the prevailing low interest rate environment, whilst taking on moderate levels of risk with such wealth management products and services.

Upholding the Group's Service Quality

With over a decade of providing internationally recognised ISO certified frontline customer service, Public Bank seeks to raise the bar even higher with enhanced compliance levels on its stringent quantitative customer service delivery standards at customer counters of branches and in loan service delivery. The certification under the ISO 9001:2008 standards for the "Provision of Customer Service in Loan Delivery" and "Provision of Customer Service at the Front Office" include a 2-minute standard waiting time for customers at branch counters.

The ISO certification of customer service delivery standards enables the Public Bank Group to achieve consistently high customer service delivery standards across its entire branch network, providing assurance to customers that they can expect to experience the same consistent high level of customer service wherever the Group is present. Public Bank has in place extensive monitoring systems to evaluate the delivery of the quantitative customer service delivery standards for every customer served. These systems include processes for the rapid detection of operational lapses in

meeting these standards and the taking of proactive steps to help service providers meet these standards. Re-training and skill-set development of service providers, redeployment of resources as well as the increased availability of self-service terminals at branch premises are part of the proactive steps taken to continuously meet the high customer service delivery standards of the Group.

Investing in Customer Service Infrastructure

Always placing the customer first, the Public Bank Group invested further in the Group's multi-channel customer service delivery infrastructure. In 2011, the Group added to its domestic distribution capability by increasing its domestic branch network to 252 branches and expanded its wide network of self-service machines by adding 41 Automated Teller Machines ("ATMs"), 53 Cheque Deposit Machines ("CDMs") and 75 Cash Deposit Terminals ("CDTs") with a total capital outlay of RM9.0 million, bringing the Group's total domestic network of self-service machines to 1,531 ATMs, CDMs and CDTs. In promoting greater customer convenience and accessibility, the self-service terminal vestibules in almost all of our domestic branches have been upgraded to house more self-service terminals and to improve customer comfort and convenience in accessing the network of self-service terminals of the Group.

The Numbers Tell the Group's Story

The Public Bank Group's persistent pursuit of the delivery of distinctive customer service and our commitment to invest significant resources in this crucial aspect of business have brought about a higher level of customer loyalty and retention, as well as brand reinforcement. This strong customer allegiance is reflected in the Group's high market share of individual customers. The Group has a domestic market share of individual savings deposits of 17.8% as compared to an overall domestic market share of total core customers deposits of 16.3%, with deposits from individuals accounting for over 59.1% of core customer deposits. Public Bank also has the largest market share in the domestic residential mortgage and passenger vehicle hire purchase financing market of 18.1% and 25.8% respectively, which are mainly financing of individual borrowers.



To Our Staff

Our People are Our Most Important Asset

We acknowledge and recognise that the remarkable success of the Public Bank Group today could not have been achieved without a team of committed, competent and dedicated employees who are focused on a common goal of performance excellence. Embracing a high performance culture, our staff, an effective integrated and focused workforce of over 17,500 employees, forms the bedrock of this organisation and represents the most valuable asset of the Group in paving the way to greater achievements.

Enhancing Staff Competency

To meet our commitment to serve our customers, we need the right people with the right knowledge, attitude and skill sets. The Public Bank Group remains committed to enhance the value of its human capital with significant allocation of management and financial resources dedicated to skill and knowledge development initiatives. The Group has long

Letter to Our Stakeholders



had a policy of mandatory training for all levels of staff, together with the building of special skills and expertise to meet the business needs of the Group. In 2011, over 56,000 man-days of classroom courses were conducted. The Group also achieved a healthy utilisation rate of its e-learning platform, which provided a total of 253 internal training courses on the intranet, with more than 43,000 participants completing e-learning courses. Reflecting our commitment to invest in the Group's human capital, total training expenditure of RM28.7 million was incurred in 2011.

Besides equipping the staff with the necessary skills and capability to deliver the highest possible standards of performance, the skills and knowledge development provided to all levels of staff also prepare the staff for the structured career progression within the Public Bank Group and fulfils the structured management succession planning aspirations of the Group. A well-trained and skilled workforce can adapt quickly to the changing needs of the Group in its quest for performance excellence, and provides the Group with the flexibility to redeploy staff without compromising on service delivery standards, thereby giving the Group a competitive edge in today's challenging market place.

Having Succession Plan

In line with the Public Bank Group's objective of building long-term sustainable performance excellence, the Group has established a structured succession planning process for senior management staff in all key business areas. Instituted for many years, there are at least two candidates identified and earmarked for the succession of every senior managerial position. Whilst the identification or earmarking for the senior management succession process is not expressly made known to such candidates, the earmarked candidates are nurtured with the relevant training and skill development programmes and job-related exposures to the relevant areas of the positions and responsibilities being planned for and in preparation of such candidates to assume the higher levels of responsibilities as set out in the structured management succession plan.

Rewarding Based on Performance

The principle of the Public Bank Group's performance-based remuneration system, where rewards are closely and transparently correlated to the delivery of superior performance, is based on the measurement of the staff's contribution to the core business performance of the Group with reference to key performance indicators that are aligned with the Group's targets and mission. The performance-based compensation system provides a strong motivational incentive for staff to perform to the peak of their capabilities.

The Group's consistent track record of high performance-driven rewards over the years also promotes longer term superior performance as the Group's staff push the boundaries of performance year after year in striving for high rewards and the satisfaction of personal achievement.

Increasing Productivity

In the intensely competitive environment in which the Public Bank Group operates, a key strategy for the Group to continue delivering profitability growth and sustainable returns to shareholders is to improve operational efficiency by enhancing the productivity of the Group's entire staff force. This is reinforced and supported by significant investment in the training and knowledge development of the staff force, and by implementing the transparent and equitable performance-based remuneration system.

The productivity of the Public Bank Group's staff, as measured by standard industry indicators, has risen consistently over the years even as the staff force is expanding. Staff productivity as measured by loans per staff, deposits per staff and profits per staff have risen over the past 5 years from RM6,298,000 per staff, RM7,331,000 per staff and RM180,000 per staff respectively in 2006 to RM10,148,000 per staff, RM11,443,000 per staff and RM263,000 per staff respectively in 2011.

Living Our Values

As a respected premier financial institution, the Public Bank Group continues to uphold, and to instil in all its staff, a value system of trust, honesty and integrity as well as promote an environment of exemplary corporate conduct

and meticulous regulatory compliance to which each and every staff is held accountable. The stringent and uncompromising adherence to the Group's policy of zero tolerance for dishonesty and lack of integrity is absolutely necessary to engender and sustain the trust and confidence of the public which are so important in carrying out the primary role of the Group as a custodian of public funds and its reputation as a trusted and respected leading financial institution in Malaysia and in the Asia-Pacific region.

Providing Career Advancement

The Public Bank Group's commitment to its expanding staff force, its transparent performance-based remuneration system, the meritocracy driven career progression and priority accorded to internal filling of vacancies by existing well-trained, qualified and experienced staff, have created a workforce that is passionately performance driven and one that seeks career advancement within the Group. It is no wonder that the desire of the staff force seeking career progression with the Group remains strong with over 90% of current managerial appointments being filled from within the Group, whilst staff turnover rate of Public Bank remained stable at 8.4% in 2011.

The staff of the Public Bank Group are instilled with a sense of dedication and commitment to serve and serve with a spirit of fellowship, mutual trust, respect and sociability.

To Our Community

The commitment to excellence of the Public Bank Group to its stakeholders clearly extends to encompass the communities that the Group serves and where it conducts its business activities. In fulfilling our corporate responsibility, we seek to conduct our business activities prudently, ethically and responsibly, whilst engaging the community and environment in which we operate.

Contributing to National Growth

The Public Bank Group, as a leading financial services provider, has played a significant role in contributing to the development and growth of Malaysia's financial system. The stable Malaysian financial system, which sets the foundation of a healthy economy, has enabled the

Letter to Our Stakeholders

Government and Bank Negara Malaysia to focus on continued socio-economic development. In promoting its core commercial banking business, the Group plays a proactive role in supporting a robust and resilient Malaysian economy via its capital formation, promotion of domestic and international trade activities and facilitating the circulation of money through efficient credit creation and mobilisation of customer deposits.

Anchored by the Public Bank Group's prudent credit culture and lending policies, the Group continues to uphold its steadfast commitment to exercise socially-responsible lending practices which takes into account of the aggregate debt obligations and the financial health of borrowers to avoid the over-gearing of borrowers and its consequential adverse effects. The Group's long established stringent lending policies closely mirror Bank Negara Malaysia's call for responsible lending and greater vigilance against the background of rising level of household indebtedness.

As part of the Public Bank Group's financial inclusive initiatives for 2011, Public Bank had, together with our bancassurance partner, ING Insurance Berhad, jointly developed and launched the 1Malaysia Micro Protection Plan. This group term insurance plan, with premiums as low as RM10 per month, is in support of the Government's initiative to improve insurance penetration by providing accessible and affordable insurance protection to all Malaysians.

The main focus of the Public Bank Group's business strategies in serving consumers and SMEs continue to benefit the wider community. The financial strength of the Group and its strong corporate governance culture which led the Group being acknowledged as a trusted institution, continue to enable the Group to attract a high level of deposits and enhance the healthy liquidity position of the Group, thereby contributing to the stability of the country's domestic financial system. The Group's focus on serving SMEs to enable them to expand their businesses will directly benefit the community by, inter alia, generating employment opportunities. The Group's microcredit product, PB Microfinance, will continue to assist the development and growth of another segment of the business community, that of the very small businesses and micro enterprises. In 2011, the Group had actively promoted the Government's 10MP Working Capital Guarantee Scheme and the various

loan schemes of the Credit Guarantee Corporation in order to provide SMEs with access to banking facilities and funding, thereby helping these SMEs to sustain their business operations in the challenging socio-economic environment.

With its unbroken profitability track record and consistently strong financial performance, the Public Bank Group is a major contributor to the fiscal revenue of the country with tax payments totalling RM3.72 billion for the five years since the beginning of 2007, with the Group paying RM1.06 billion of taxes in 2011 alone. Given the sustained healthy profitability performance expected in the next few years as envisaged in the Group's medium-term plan, the Group will continue to contribute significantly to the finances of the Government and the financing of the development efforts of the nation over the longer term.

Giving Back to the Community

The corporate responsibility of the Public Bank Group extends to a wide range of corporate social responsibility ("CSR") initiatives where the Group is committed in giving back meaningfully to the community that supports its business and corporate activities. Our contributions, financial or otherwise, to activities for the benefit and betterment of the welfare of the community have been geared towards benefiting as many in the community as possible.

Some of the key CSR initiatives undertaken in 2011 included providing financial assistance to the IJN Foundation for the setup of a dormitory to house families of needy patients undergoing treatment in IJN and the continued support of the Universiti Tunku Abdul Rahman in its research studies in the field of banking and finance.

Besides direct charitable contributions to the welfare of the needy and the less fortunate, other CSR activities of the Public Bank Group in 2011 included support of projects and events that promote healthcare, education, professional development, disaster relief, preservation of the environment and national pride. All these efforts reflect the integration of sustainability into our corporate culture, and the Group's mission and strategies for its banking business.

Awards and Recognition

The success of an organisation in the fulfillment of its goals can be evident in independent recognition of achievements accorded to the organisation. The awards and recognition accorded by reputable domestic and international publications and independent organisations to the Public Bank Group, Public Bank and its management, are affirmation of the high degree of success of the Public Bank Group in delivering on its commitment of excellence to all its stakeholders. In 2011 alone, the Group was recognised with a total of 53 awards and recognition of excellence conferred on the Group and its management.

Excellent Corporate Governance

The Public Bank Group's excellence in corporate governance is a key contributing factor to the long-term success of the Group. The highest level of corporate governance culture and practices, and accountability remain essential for continued public trust in the Group as a financial services provider. The strong corporate governance of the Group forms the foundation of a long-term relationship between the Group and its stakeholders, which include customers, regulators, employees and shareholders.

With rising investors' expectations of good corporate conduct, transparency and accountability of banking institutions, it is clear that investors will be channelling their investments to well-governed banking institutions with the highest level of transparency. As such, the Public Bank Group will continue to leverage on its strong governance infrastructure and enhance its above-par corporate governance practices as the Group seeks to deliver higher shareholder value to investors in Public Bank.

Public Bank's publicly recognised record of excellence in corporate governance and corporate conduct continued to be validated in 2011 by several corporate governance awards and recognition by international publications and surveys, which include:

- The Malaysian Corporate Governance Index 2011 Awards by the Minority Shareholder Watchdog Group for the Top Overall Award, Distinction Award, Industry Excellence Award (Finance Sector) and the Best Conduct of AGM Award

- The Malaysian Business – CIMA Enterprise Governance Awards 2011 for being the Overall Winner, the Best Returns to Shareholders Award and the Corporate Social Responsibility Award
- The Alpha Southeast Asia's Institutional Investor Corporate Awards 2011 for Strongest Adherence to Corporate Governance and Most Organised Investor Relations
- Corporate Governance Asia's 1st Asian Excellence Recognition Awards 2011 for Best Corporate Social Responsibility, Best Investor Relations by a Malaysian company and Corporate Governance Asia Recognition Award 2011
- No. 1 ranking for:
 - Best Managed Company, Best Corporate Governance and Best Corporate Social Responsibility in FinanceAsia's "Asia's Best Managed Companies 2011" poll
 - Best for Disclosure and Transparency in Malaysia in the Asiamoney Corporate Governance Poll 2011

Banking Excellence

Public Bank, with its leading position in Malaysia, its strong financial performance, strong profitability ratios, strong asset quality and its delivery of excellence in customer service, together with its stellar record of 45 years of unbroken profitability, continued to be accorded best bank or best managed company awards by various international organisations and publications in 2011, which includes:

- Best Bank in Malaysia and Best Asian Bank by FinanceAsia
- Best Bank and Best SME Bank in Malaysia by Alpha Southeast Asia
- Malaysia's Retail Bank of the Year by Asian Banking and Finance
- Best Domestic Bank in Malaysia by The Asset
- Bank of the Year in Malaysia by The Banker
- Best Banking Group in Malaysia by World Finance



The Public Bank Group is also delighted and honoured that Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder and Chairman of Public Bank, was again recognised for his sterling achievements and contribution to the banking industry with the "The BrandLaureate – Tun Dr. Mahathir Mohamad Man of the Year 2010-2011" award and "The BrandLaureate Premier Brand Icon Leadership Award 2011" by The BrandLaureate.



Apart from acknowledging the outstanding achievements of the Public Bank Group and its Founder and Chairman, these awards and accolades will, to be sure, further motivate and reaffirm the commitment of the Group and its entire staff force to continue its relentless pursuit of the delivery of excellence to all its stakeholders.

Medium-Term Scenario Planning

In managing the strategic direction of the Public Bank Group and upholding the Group's market leadership position, the Group is guided by its medium-term planning processes which include putting into place a 3-year medium-term plan to deliver continued growth and profitability as well as to enhance stakeholder value. In setting the Group's medium-term plan for 2012 to 2014, we had evaluated the delivery of the Group's immediate past medium-term plan mapped out 3 years ago as a basis to guide us in setting the current year's medium-term plan.

The key performance indicators ("KPIs") of the Public Bank Group's 2008 medium-term plan and its actual delivery in 2011 are set out below:

Key Performance Indicators	Annual Report 2008 3-Year Plan	Actual in 2011
Net Return on Average Equity	30.0%	26.8%
Tier-1 Capital Ratio	8.0%	10.1%*
Risk Weighted Capital Ratio	12.0%	15.3%*
Impaired Loan Ratio	Below 1.0%	0.9%
Cost to Income Ratio	30.0%	29.8%
Total Loans and Advances	RM160 billion	RM178 billion
Total Assets	RM270 billion	RM249 billion

* After deducting second interim dividend.



Despite the intensely competitive business environment in which the Public Bank Group operates and notwithstanding the financial crisis of 2008 and 2009 which nearly brought the global financial system to its knees, the Group achieved and surpassed five out of seven of the medium-term KPIs set in 2008. The industry-wide narrowing of interest margins coupled with the higher capital retention in light of the impending implementation of Basel III standards resulted in a lower return on average equity of 26.8%. Taking account of external environment challenges and rising competitiveness, the Group continues to demonstrate its ability to achieve its medium-term KPIs.

For the 3-year period from 2012 to 2014, the Public Bank Group's macro key performance targets are:

Key Performance Indicators	Target for 2014
Net Return on Average Equity	Above 26%
Cost to Income Ratio	Below 30%
Impaired Loans Ratio	Below 1%
Total Loans and Advances	RM245 billion
Total Assets	RM350 billion
Total Deposits from Customers	RM280 billion

Prospects

With the expectation that global uncertainties and volatility will persist over the medium term, we remain vigilant in balancing growth objectives and sustainable returns. The Malaysian economy, which saw healthy growth in 2011, may still be vulnerable to global developments as the Malaysian economy cannot insulate itself given its extensive international trade links. The global growth outlook has become significantly more uncertain with heightened downside risks. In particular, the possible escalation of the sovereign debt crisis in the Euro zone and the twin deficits overhang in the US could undermine the prospects for continued global growth.

Whilst the prospects for the Malaysian economy will remain positive in 2012, there remain some key challenges that the Public Bank Group has to face up to and overcome. These include:

- The economic slowdown and financial market volatility stemming from the sovereign debt crisis and other fiscal concerns in the advanced economies and its adverse effects on demand for the country's exports and capital flows.
- Further intensification of competition amongst participants in the Malaysian banking and financial services sector may exert greater competitive pressure on pricing and the industry's human capital. Under the Financial Sector Blueprint 2011-2020 recently released by Bank Negara Malaysia, greater operational flexibility will be introduced to locally-incorporated foreign banking institutions which include the gradual uplift of restriction on non-branch delivery channels, greater flexibility to establish physical branches and to conduct hire purchase business. These initiatives may further increase the competition in the domestic banking industry.
- The higher capital requirements for financial institutions globally and in Malaysia resulting from the Basel III capital framework introduced by the Basel Committee of Banking Supervision.

In the face of these and other challenges, the Public Bank Group will need to embrace an even more aggressive pursuit of business innovation and operational efficiency in delivering on the Group's commitment to excellence to all of its stakeholders. The Group will also need to reinforce its prudent and effective balance sheet management strategies to sustain profitability in light of the more uncertain environment. On the service delivery front, the Group will need to uphold its superior customer service and delivery excellence. The steady market share gains by the Group over the past several years, together with the continued strengthening of its asset quality provide the Group with the foundation to face up to the challenges in 2012 from a position of strength.

Given the financial services sector being identified as one of the 12 National Key Economic Areas under the ETP and the NEM, the Public Bank Group will continue to position itself to offer innovative and competitive banking and financing products and services, including Islamic banking and financing products and services, in support of the country's aspirations to achieve developed country status.

Letter to Our Stakeholders

Given the Public Bank Group's resilient financial performance track record, excellent asset quality and its healthy capital structure, and most importantly, the unwavering commitment to excellence of all levels of staff, the Group has the capacity to flexibly implement its key strategies to meet the challenges in 2012 and beyond, thereby continuing to contribute to the stability and integrity of the financial system and play its role in the long-term development of the Malaysian economy.

Certainly, the Public Bank Group, having overcome all the challenges faced in its 45-year journey thus far, will be ever much stronger and resilient as a leading financial services provider, and is well set to forge ahead and continue to deliver excellence to its stakeholders in the next several decades and beyond.

Our Appreciation

To our shareholders, thank you for your trust and confidence in the Public Bank Group. We also wish to express our sincere appreciation to all our customers for entrusting us as their preferred financial service provider and for their continued support of the Group.

Our deepest appreciation also goes to the management and all staff of the Public Bank Group for their untiring commitment, dedication and loyalty in contributing to the continuing success of the Group.

We also wish to bid a warm farewell to Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah and Dato' (Dr) Haji Mohamed Ishak bin Haji Mohamed Ariff and express our appreciation for their invaluable contributions during their tenure as members of the Board.

Last but not least, the Board and Management would also like to thank Bank Negara Malaysia and all other relevant authorities for their on-going invaluable advice, guidance and support.

TAN SRI DATO' SRI DR. TEH HONG PIOW

Chairman

TAN SRI DATUK SERI UTAMA THONG YAW HONG

Co-Chairman

TAN SRI DATO' SRI TAY AH LEK

Managing Director

DATO' SRI LEE KONG LAM

Executive Director

DATO' YEOH CHIN KEE

Director

DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR

Director

MR QUAH POH KEAT

Director

MR TANG WING CHEW

Director

30 January 2012



exem

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governance

We put integrity and principles into practice in order to reach a common goal of performance excellence and we strive to make positive contributions to the social and economic development of the countries that we operate in, by conducting business activities ethically and responsibly.

STATEMENT ON CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS REMAINS FOCUSED AND RESOLUTE IN UPHOLDING EXCELLENCE IN PUBLIC BANK'S CORPORATE GOVERNANCE AND BUSINESS CONDUCT, AS THIS IS PARAMOUNT TO PUBLIC BANK'S LONG TERM ECONOMIC PERFORMANCE AND IN ORDER THAT THE INTERESTS OF ALL STAKEHOLDERS ARE PROTECTED.



Statement on Corporate Governance

As a banking institution licensed under the Banking and Financial Institutions Act, 1989 (BAFIA) and as a public company listed on Bursa Malaysia Securities Berhad (Bursa Malaysia), Public Bank conforms with the requirements, principles and best practices of corporate governance established by the following:

- Bank Negara Malaysia (BNM) Guidelines on Corporate Governance for Licensed Institutions (BNM Guidelines on Corporate Governance)
- Malaysian Code on Corporate Governance (Revised 2007)
- Bursa Malaysia Main Market Listing Requirements

The Board of Directors, Management and staff are delighted that Public Bank's unwavering commitment to excellent corporate governance and sound corporate conduct had continued to win it prestigious top awards and accolades in 2011, the significant ones of which include the following:

Corporate Governance

- Malaysian Corporate Governance Index 2011 awards presented by Minority Shareholder Watchdog Group:
 - Top Overall Award
 - Distinction Award
 - Industry Excellence Award (Finance)
 - Best Conduct of AGM Award
- Overall Winner in Malaysian Business – CIMA Enterprise Governance Awards 2011
- Corporate Governance Asia Recognition Award 2011 presented by Corporate Governance Asia
- Best Corporate Governance in FinanceAsia "Asia's Best Managed Companies 2011" Poll
- Strongest Adherence to Corporate Governance in the inaugural Institutional Investor Corporate Awards 2011 presented by Alpha Southeast Asia

Best Bank

- Best Bank in Malaysia 2011 award presented by FinanceAsia
- Best Bank in Malaysia 2011 award presented by Alpha Southeast Asia
- Best Domestic Bank in Malaysia 2011 award presented by The Asset
- Bank of the Year in Malaysia 2011 award presented by The Banker
- Best SME Bank in Malaysia 2011 award presented by Alpha Southeast Asia
- Best Asian Bank 2011 award presented by FinanceAsia
- Best Banking Group in Malaysia 2011 award presented by World Finance

Best Corporate Reporting

- Overall Excellence Gold Award for Most Outstanding Annual Report of the Year in the National Annual Corporate Report Awards (NACRA) 2011
- Industry Excellence Award for Companies Listed on Main Market in the Finance Sector in NACRA 2011

The complete listing of the awards and accolades received by the Public Bank Group in 2011 and to-date is on pages 42 to 51 of this Annual Report.

Board of Directors

Board Composition and Independence

The 8 Members of the Board are persons of high calibre and integrity, and collectively they provide skills and competencies to ensure the effectiveness of the Board and Board Committees. These include banking, accounting, finance, audit and taxation, economics, business and commerce, management experience, understanding of industry and customers, and familiarity with regulatory requirements. The Directors fulfill the standards of fit and proper for appointment as Directors as established by the Board in accordance with the BAFIA, the BNM Guidelines on Corporate Governance and the BNM Guidelines on Fit and Proper for Key Responsible Persons.

Statement on Corporate Governance

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, holds an impeccable record as one of the most outstanding Chief Executive Officers in the banking industry and in the ASEAN region. His par excellence stewardship of Public Bank through these past 45 years has led to immense value creation at Public Bank, as reflected in the outstanding market valuation of Public Bank, high returns to shareholders, very healthy annual revenue and profit growth and large employment creation. Tan Sri Dato' Sri Dr. Teh Hong Piow has received countless prestigious awards in recognition of his significant contributions to the banking and finance industries, and for his socio-economic development initiatives, both locally and abroad.

Tan Sri Dato' Sri Tay Ah Lek, the Managing Director/Chief Executive Officer, is a pioneer staff of Public Bank; his expertise and finance industry knowledge is recognised by his appointment as the Chairman of the Association of Hire Purchase Companies Malaysia, and his appointment as a member/director of several organisations/companies of the banking industry. Dato' Sri Lee Kong Lam, the Executive Director, had served BNM for 29 years prior to joining the Bank in 1996; he had held several senior management positions while he was with BNM. The extensive experience and depth of knowledge which he acquired while serving the Malaysian banking regulator, have contributed significantly to his effectiveness as Executive Director of Public Bank.

The Independent Non-Executive Co-Chairman, Tan Sri Datuk Seri Utama Thong Yaw Hong, had served the Government for 32 years, during which time he had held various distinguished and senior positions. Upon retiring from civil service, he joined the private sector and was appointed as Chairman/Director of several large public listed corporations. Tan Sri Datuk Seri Utama Thong Yaw Hong's depth of expertise and professionalism is reflected by his appointment as a Member of the National Economic Council and also as a Senior Member of the Working Group of the Executive Committee for the National Economic Council.

Dato' Yeoh Chin Kee's experience particularly through his 50 years of experience in banking and finance remains supportive in his role as a Non-Executive Director of Public Bank. Dato' Haji Abdul Aziz bin Dato' Dr. Omar's training as a chartered accountant and his wide exposure in various industries, and in particular his experience as a past chief executive officer of a Malaysian bank, holds him in good stead as an Independent Non-Executive Director of Public Bank. Quah Poh Keat is well experienced in auditing and tax services, and possesses experience and expertise which contribute to the Independent Non-Executive Directors' effectiveness.

The Board of Directors had on 29 March 2011, pursuant to approval obtained from BNM, appointed Tang Wing Chew as a new Member of the Board. Tang Wing Chew, by virtue of his extensive experience in the financial services industry, particularly his vast experience in BNM and in the finance industry, is demonstrably well qualified to fulfill his roles and responsibilities as an Independent Non-Executive Director.

The profile of each of the Member of the Board is as presented on pages 56 to 64 of this Annual Report.

Public Bank currently defines the independence of Directors in accordance with Bursa Malaysia Main Market Listing Requirements and the BNM Guidelines on Corporate Governance. The 4 Independent Non-Executive Directors do not participate in the day-to-day management of the Bank and they remain free of any business or other relationship with the Bank which could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgment. In staying clear of any potential conflict of interest situation, the Independent Non-Executive Directors remain in a position to fulfill their responsibility to provide check and balance to the Board. The Board holds the view that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his calibre, qualifications, experience and personal qualities.

The Board is of the view that given the size of the Bank and its business complexity, the current number of 8 Directors remains optimum and conducive for effective deliberations at Board meetings and for efficient conduct of Board meetings.

Directors' Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors of financial institutions as set out in the BNM/GP7-Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry, and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

Statement on Corporate Governance

Duties and Responsibilities of the Board

The Board functions on the principle that all significant matters are dealt with by the full Board and it has specifically reserved certain matters, inter-alia, the following, for its decisions:

- Approval of financial results
- Declaration of dividends
- Business plans
- Medium-term and long-term strategic plans
- Annual budget
- Governance structure for implementation of Internal Capital Adequacy Assessment Process (ICAAP) and Public Bank Group ICAAP Framework
- Capital Management Plan

The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest corporate governance standards are adhered to, in order that Public Bank achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.

The Board is responsible for formulating and reviewing the Bank's strategic plans and key policies, and to chart the course of the Bank's business operations whilst providing effective oversight of the Management's performance, risk assessment and controls over business operations.

The principal responsibilities of the Board include the following:

- Formulates the Bank's annual business plans, and the medium-term and long-term strategic plans
- Approves the Bank's annual budget and carries out periodic review of the achievements by the various operating divisions against their respective business targets
- Prescribes the minimum standards and establishes policies on the management of credit risks and other key areas of the Bank's operations
- Oversees the Bank's business operations and financial performance

- Ensures that the operating infrastructure, systems of control, systems for risk management, financial and operational controls, are in place and properly implemented
- Undertakes various functions and responsibilities as specified in guidelines and directives issued by BNM from time to time

The Board has established the roles and responsibilities of the Non-Executive Chairman and the Independent Non-Executive Co-Chairman, which are distinct and separate from the duties and responsibilities of the Managing Director/Chief Executive Officer. This segregation between the duties of the Non-Executive Chairman and Non-Executive Co-Chairman, and the Managing Director, ensures an appropriate balance of role, responsibility and accountability at the Board level.

The Independent Directors by virtue of their roles and responsibilities, in effect represent the interests of minority shareholders. The Independent Directors engage with the Management, and with the external and internal auditors to address matters concerning the management and oversight of the Bank's business and operations. This is particularly so in the case of Tan Sri Datuk Seri Utama Thong Yaw Hong who is the Chairman of the Audit Committee and Risk Management Committee and Dato' Haji Abdul Aziz who is the Co-Chairman of the Audit Committee, Risk Management Committee and Credit Risk Management Committee.

The Independent Non-Executive Directors play a significant role in bringing impartiality and scrutiny to Board deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective and constructive manner. To further enhance the functions of the Independent Non-Executive Directors, the Board has defined their roles and responsibilities, which include the following:

- Provide independent and objective views, assessment and suggestions in deliberations of the Board
- Ensure effective check and balance in the proceedings of the Board
- Mitigate any possible conflict of interest between the policy-making process and day-to-day management of the Bank
- Constructively challenge and contribute to the development of the business strategies and direction of the Bank

Statement on Corporate Governance

The Board has identified the Independent Non-Executive Co-Chairman, Tan Sri Datuk Seri Utama Thong Yaw Hong, as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

The Directors are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The cost of procuring these professional services will be borne by the Bank.

Board Meetings and Supply of Information

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and pencil the next year's Board meetings into their respective meeting schedules.

The Board holds regular meetings of no less than 16 times a year. In addition to monthly Board meetings, the Board also meets as soon as the Bank's quarterly and annual results are finalised in order to review and approve the results for submission to BNM. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.

At the monthly Board meetings, the Board reviews management reports on the business performance of the Bank as well as the Group and major subsidiaries, and reviews, inter-alia, the results compared to the preceding month and year-to-date, and also the comparison against pro-rated business targets and against the industry. As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Board Committees and main Management Committees through minutes of these committees. The Board Members deliberate, and in the process, assess the viability of business propositions and corporate proposals, and the principal risks that may have significant impact on the Bank's business or on its financial position, and the mitigating factors. The Board also assesses various types of credit propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the guidelines issued by BNM.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters raised at the Audit Committee meetings and which require the Board's notice or direction.

The Chairman of the Risk Management Committee would inform the Directors at Board meetings of salient findings and views of the Risk Management Committee which may require the Board's discussion on actions that may be required to be taken by the Management.

The Board meetings are chaired by the Independent Non-Executive Co-Chairman, Tan Sri Datuk Seri Utama Thong Yaw Hong, who has the responsibility of ensuring that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable time frame.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The structured agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 7 days before the Board meeting. This is to accord sufficient time for the Directors to apprise the Board papers and to seek any clarification or further details that they may need from the Management or the Company Secretary, or to consult independent advisers if they deem necessary. Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

The Board meeting papers are prepared and presented in a concise and comprehensive manner so that the Directors have a proper and relevant depiction of the issues at hand, in order that the Board deliberations and decision-making are performed systematically and in a well-informed manner.

Meeting papers tabled to the Board include progress reports on business operations; detailed information on business propositions and corporate proposals including where relevant, supporting documents such as risk evaluations and professional advice from solicitors or advisers. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential and sensitive, would only be distributed to Directors at the Board meeting itself.

Statement on Corporate Governance

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Bank. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction and he does not exercise any influence over the Board in respect of the transaction. In the event a corporate proposal is required to be approved by shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in Public Bank on the resolutions pertaining to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation and upon receiving confirmation from all the members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

The Board has direct access to the Senior Management and has unrestricted and immediate access to any information relating to the Bank's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board. The Chief Operating Officers and Senior Management Officers are invited to attend the Board meetings to report to the Board on matters relating to their areas of responsibility, and also to brief and provide details to the Directors on recommendations or reports submitted to the Board. The Chief Financial Officer also attends Board meetings by invitation to update the Board on financial guidelines issued by BNM and new accounting standards, and to brief the Board on matters relating to the finance portfolio such as guidelines and policies to be implemented by the Bank pursuant to BNM requirements or new accounting standards, and in particular the implementation of Basel III.

The Directors remain fully committed in carrying out their duties and responsibilities as reflected by their attendance at the 16 Board meetings held during the financial year ended 31 December 2011 as follows:

Name of Director	Scheduled Board Meetings ⁴	Attendance
Non-Independent		
Tan Sri Dato' Sri Dr. Teh Hong Piow <i>Non-Executive Chairman</i>	16	16
Tan Sri Dato' Sri Tay Ah Lek <i>Managing Director/ Chief Executive Officer</i>	16	16
Dato' Sri Lee Kong Lam <i>Executive Director</i>	16	16
Dato' Yeoh Chin Kee <i>Non-Executive Director</i>	16	16
Independent		
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Executive Co-Chairman</i>	16	16
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Non-Executive Director</i>	16	16
Quah Poh Keat <i>Non-Executive Director</i>	16	16
Tang Wing Chew ¹ <i>Non-Executive Director</i>	13	13
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah ² <i>Non-Executive Director</i>	3	3
Dato' [Dr] Haji Mohamed Ishak bin Haji Mohamed Ariff ³ <i>Non-Executive Director</i>	3	3

Notes:

1. Appointed on 29 March 2011
2. Retired on 20 March 2011
3. Retired on 14 March 2011
4. Reflects the number of meetings scheduled during the time the Director held office

All Directors have thus more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated in the BNM Guidelines on Corporate Governance (minimum 75% attendance) and the Bursa Malaysia Main Market Listing Requirements (minimum 50% attendance).

Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary who is very experienced, skillful and knowledgeable, on new statutes and directives issued by regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary briefs the Board on the proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of the closed period for trading in Public Bank shares, in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary also ensures good information flows within the Board and Board Committees, and between the Non-Executive Directors and Senior Management.

Training and Development of Directors

Pursuant to the requirements of Bursa Malaysia, a newly appointed Director is required to attend the Mandatory Accreditation Programme (MAP) in full and procure a certificate from the programme organiser approved by Bursa Malaysia to confirm his completion of the MAP. He is required to complete the MAP within 4 months of his appointment.

Tang Wing Chew, who was appointed as a Director on 29 March 2011, had attended and successfully completed the MAP as required by Bursa Malaysia.

Sustainable high quality performance is an important factor to the proper discharge of duties of Directors. The Members of the Public Bank Board had attended seminars and briefings during the financial year 2011 to strengthen their skill sets and knowledge in order to effectively discharge their responsibilities, and to acquire sound understanding of current issues and developments in the financial and business environment. The Directors had attended the high level Financial Institutions Directors' Education (FIDE) Programme developed by BNM and Perbadanan Insurans Deposit Malaysia in collaboration with the International Centre for Leadership in Finance (ICLIF). The FIDE Programme was designed with a specific focus on financial sector issues and challenges, and leveraged on international and local experts in the field of the corporate governance and financial services industry. The Directors also keep up-to-date with market developments and related issues through Board discussion meetings with the Chief Operating Officers, Chief Financial Officer and other Senior Management Officers, and through the Bank's management seminars.

The Company Secretary facilitates the organisation of internal training programmes and Directors' attendance of external programmes, and keeps a complete record of the training received or attended by the Directors.

Statement on Corporate Governance

Conferences, seminars and training programmes attended by Directors in 2011 were mainly in respect of the following areas:

Corporate Governance	<ul style="list-style-type: none"> • International Corporate Governance Network Mid-Year Conference 2011 • Governance Series for Directors - The Board's Responsibility for Corporate Culture – Selected Governance Concerns & Tools for Addressing Corporate Culture and Board Performance • Financial Institutions Directors' Education (FIDE) Core Programmes • FIDE Board Specialised Program: The Nomination and Remuneration Committee • Directors' Duties and Corporate Governance
Board Leadership	<ul style="list-style-type: none"> • Mandatory Accreditation Programme • Corporate Directors Conference 2011: The Resurgence of Corporate Malaysia
Risk Management/Audit	<ul style="list-style-type: none"> • FIDE Board Specialised Program: Corporate Governance Programme: Building Audit Committee for Tomorrow • FIDE Board Specialised Program: Board Risk Management Committee: Managing Risks in Banks
Islamic Banking	<ul style="list-style-type: none"> • Islamic Finance: Conceptual & Analytical Issues from the Perspective of Conventional Economics • Islamic Finance Master Class with Joseph Divanna: Competitive Strategies for Islamic Finance
Banking, Finance & Economy	<ul style="list-style-type: none"> • FIDE Technical Program: Corporate Finance for Directors • Sustainability Programme for Corporate Malaysia • The New Competition Act • The First Asian Central Banks' Watchers Conference "Asian Perspective on World Finance Promoting Financial & Monetary Stability at a Time of Transition" • Malaysian Institute of Accountants (MIA) – ASEAN Federation of Accountants (AFA) Conference 2011 • Impact of Basel III on Public Bank • Moving Towards International Financial Reporting Standards (IFRS) Convergence • KPMG Malaysia Tax Summit 2011 • Budget 2012 Tax Summit

New Appointment and Re-Appointment of Director

Pursuant to provisions of the BAFIA and guidelines issued by BNM, the appointment of a new Director is subject to the prior approval of BNM, and the BNM approval will be for a specified term of appointment.

The Nomination Committee established by the Board is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decision.

The re-appointment of a Director, upon expiry of his current term of office as approved by BNM, is also subject to the prior approval of BNM for the re-appointment.

The Nomination Committee is also responsible for assessing the performance of Directors whose term of appointment as approved by BNM is due to expire, and submitting their recommendation to the Board for decision on the submission of application to BNM for the re-appointment of the Director concerned.

Re-Appointment and Re-Election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

The Articles of Association of Public Bank provide that at every annual general meeting of Public Bank, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Articles further provide that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the annual general meeting of Public Bank will be assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment or re-election of the Director concerned for shareholders' approval at the next annual general meeting.

Furthermore, BNM's approval of the appointment of a new Independent Director is for a specified term, and applications need to be submitted to BNM for approval of subsequent terms of appointment.

BNM, in assessing applications for the appointment of a new Independent Director or for the re-appointment of an existing Independent Director, would inter-alia evaluate that the Director is capable of discharging his duties and responsibilities as an Independent Director effectively.

Directors' Remuneration

The Remuneration Committee carries out the annual review of the overall remuneration policy for Directors, Chief Executive Officer (CEO) and key Senior Management Officers whereupon recommendations are submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Bank's remuneration policy remains supportive of the Bank's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors, CEO and key Senior Management Officers are sufficiently attractive to attract and to retain persons of high calibre.

The Remuneration Committee reviews annually the performance of the CEO and the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are competitive and are in tandem with the Bank's corporate objectives, culture and strategy.

The Board as a whole determines the remuneration of Non-Executive Directors.

The Directors are paid annual fees, and attendance allowance of RM1,000 each for each Board meeting that they attend.

Statement on Corporate Governance

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2011 are as follows:

	RM'000					
	Salary	Fees	Bonus	Other Emoluments	Benefits-in kind	Total
Executive Directors						
Tan Sri Dato' Sri Tay Ah Lek	1,620	195	4,845	1,452	39	8,151
Dato' Sri Lee Kong Lam	1,356	195	3,595	1,136	34	6,316
	2,976	390	8,440	2,588	73	14,467
Non-Executive Directors						
Tan Sri Dato' Sri Dr. Teh Hong Piow	-	260	-	11,336	33	11,629
Tan Sri Datuk Seri Utama Thong Yaw Hong	-	260	-	439	-	699
Dato' Yeoh Chin Kee	-	195	-	126	-	321
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	-	195	-	204	-	399
Quah Poh Keat	-	195	-	160	-	355
Tang Wing Chew ¹	-	162	-	93	-	255
Y.A.M. Tengku Abdul Rahman Ibni Sultan	-	49	-	24	-	73
Haji Ahmad Shah Al-Mustain Billah ²	-	49	-	29	-	78
Dato' (Dr) Haji Mohamed Ishak bin Haji Mohamed Ariff ³	-	49	-	29	-	78
	-	1,365	-	12,411	33	13,809
Total	2,976	1,755	8,440	14,999	106	28,276

Notes:

1. Appointed on 29 March 2011
2. Retired on 20 March 2011
3. Retired on 14 March 2011

Statement on Corporate Governance

Committees Established by The Board

To assist the Board in discharging its duties, the Board has established several Board Committees whose compositions and terms of reference are in accordance with the BNM Guidelines on Corporate Governance as well as the best practices prescribed by the Malaysian Code on Corporate Governance (Revised 2007).

The functions and terms of reference of Board Committees and Management Committees, as well as authority delegated by the Board to these Committees, are reviewed from time to time to ensure that they are relevant and up-to-date.

Board Committees

■ Audit Committee

Public Bank's Audit Committee is comprised exclusively of Non-Executive Directors, majority of whom are Independent Directors.

The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 123 to 125 of this Annual Report.

The Audit Committee meets at least once a month.

The attendance of Members at the Audit Committee meetings held in 2011 is reflected as follows:

Name of Committee Members	Scheduled Meetings ⁴	Attendance
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>(Independent Non-Executive)</i>	16	16
Dato' Yeoh Chin Kee <i>(Non-Independent Non-Executive)</i>	16	16
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>(Independent Non-Executive)</i>	16	16
Quah Poh Keat <i>(Independent Non-Executive)</i>	16	16
Tang Wing Chew ¹ <i>(Independent Non-Executive)</i>	12	12
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah ² <i>(Independent Non-Executive)</i>	3	3
Dato' (Dr) Haji Mohamed Ishak bin Haji Mohamed Ariff ³ <i>(Independent Non-Executive)</i>	3	3

Notes:

1. Appointed as Member on 29 March 2011
2. Ceased as Member on 20 March 2011
3. Ceased as Member on 14 March 2011
4. Reflects the number of meetings scheduled during the time the Director held office

■ Nomination Committee

Public Bank's Nomination Committee is comprised exclusively of Non-Executive Directors, the majority of whom are Independent Directors.

The terms of reference of the Nomination Committee are as follows:

- To establish the minimum requirements on the skills, knowledge, expertise, experience, qualifications and other core competencies of a Director and of the CEO

Statement on Corporate Governance

- To assess and recommend to the Board the nominees for appointment as Directors, Board Committee Members as well as CEO
- In the case of persons for the position of Independent Non-Executive Director, to evaluate the persons' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors
- To assess and recommend to the Board, the re-appointment of Directors/CEO upon the expiry of their respective terms of appointment as approved by BNM
- To oversee the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors through annual review
- To determine annually whether a Director is independent as may be defined in the guidelines issued by BNM and in the Bursa Malaysia Main Market Listing Requirements
- To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole; the effectiveness of each Director; and the performance of the CEO. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board
- To assess, on an annual basis, that the Directors/CEO and key Senior Management Officers are not disqualified under Section 56 of the BAFIA and that the Directors and CEO continue to comply with the standards of fit and proper as approved by the Board
- To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements
- To recommend to the Board the removal of a Director/CEO if he is ineffective, errant or negligent in discharging his responsibilities
- To oversee the appointment, management succession planning and performance evaluation of the key Senior Management Officers
- To recommend to the Board the removal of key Senior Management Officers if they are ineffective, errant or negligent in discharging their responsibilities
- To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees
- To carry out such other responsibilities as may be specified by BNM or delegated by the Board from time to time

The Nomination Committee upon its annual review carried out for financial year 2011, was satisfied that:

- the size and composition of the Public Bank Board is optimum with appropriate mix of knowledge, skills, attributes and core competencies
- the Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Bank's operations
- all the Directors have continued to uphold the highest governance standards in their conduct and that of the Board
- all the Members of the Board are suitably qualified to hold their positions as Directors of Public Bank in view of their respective academic and professional qualifications, experience and qualities

Furthermore, all the Directors had been assessed as complying with the standards of fit and proper which are consistent with the BNM Guidelines on Fit and Proper for Key Responsible Persons and BNM Guidelines on Corporate Governance.

The Independent Directors had also been assessed as complying with the definition of Independent Director as defined in the BNM Guidelines on Corporate Governance and the Bursa Malaysia Main Market Listing Requirements. The Nomination Committee held the view that the Independent Non-Executive Co-Chairman, Tan Sri Datuk Seri Utama Thong Yaw Hong has and continues to play an effective role as Independent Director, notwithstanding that he had served as an Independent Director of Public Bank for 25 years.

The Nomination Committee had also reviewed the Board Members' directorships in companies other than Public Bank; the number of directorships held by Directors are well within the restriction of not more than 10 directorships in public listed companies and not more than 15 directorships in non-public listed companies as stated in the Bursa Malaysia Main Market Listing Requirements.

The Nomination Committee meets as and when required, and at least once a year.

The attendance of Members at the Nomination Committee meetings held in 2011 is reflected as follows:

Name of Committee Members	Scheduled Meetings ⁴	Attendance
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>(Independent Non-Executive)</i>	5	5
Dato' Yeoh Chin Kee <i>(Non-Independent Non-Executive)</i>	5	5
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>(Independent Non-Executive)</i>	5	5
Quah Poh Keat <i>(Independent Non-Executive)</i>	5	5
Tang Wing Chew ¹ <i>(Independent Non-Executive)</i>	4	4
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah ² <i>(Independent Non-Executive)</i>	1	0
Dato' (Dr) Haji Mohamed Ishak bin Haji Mohamed Ariff ³ <i>(Independent Non-Executive)</i>	1	1

Notes:

1. Appointed as Member on 29 March 2011
2. Ceased as Member on 20 March 2011
3. Ceased as Member on 14 March 2011
4. Reflects the number of meetings scheduled during the time the Director held office

■ Remuneration Committee

The Remuneration Committee is made up exclusively of Non-Executive Directors, the majority of whom are Independent Non-Executive Directors.

The terms of reference of the Remuneration Committee are as follows:

- To review annually and recommend to the Board the overall remuneration policy for Directors, CEO and key Senior Management Officers to ensure that rewards commensurate with their contributions to the Bank's growth and profitability; and that the remuneration policy supports the Bank's objectives and shareholder value and is consistent with the Bank's culture and strategy
- To review annually the performance of the CEO and the Executive Director and recommend to the Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and which are competitive and consistent with the Bank's objectives, culture and strategy
- To ensure that the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board
- Keeps abreast of the terms and conditions of service of the CEO, the Executive Director and key Senior Management Officers including their total remuneration package for market comparability; and reviews and recommends changes to the Board whenever necessary
- Keeps abreast of the remuneration packages for Members of Board Committees to ensure that they commensurate with the scope of responsibilities held and reviews and recommends changes to the Board whenever necessary

The Remuneration Committee meets as and when required, and at least once a year.

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The attendance of Members at the Remuneration Committee meetings held in 2011 is reflected as follows:

Name of Committee Members	Scheduled Meetings ⁴	Attendance
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>(Independent Non-Executive)</i>	5	5
Dato' Yeoh Chin Kee <i>(Non-Independent Non-Executive)</i>	5	5
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>(Independent Non-Executive)</i>	5	5
Quah Poh Keat <i>(Independent Non-Executive)</i>	5	5
Tang Wing Chew ¹ <i>(Independent Non-Executive)</i>	3	3
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah ² <i>(Independent Non-Executive)</i>	2	1
Dato' (Dr) Haji Mohamed Ishak bin Haji Mohamed Ariff ³ <i>(Independent Non-Executive)</i>	2	2

Notes:

1. Appointed as Member on 29 March 2011
2. Ceased as Member on 20 March 2011
3. Ceased as Member on 14 March 2011
4. Reflects the number of meetings scheduled during the time the Director held office

■ Risk Management Committee

The Risk Management Committee is made up exclusively of Non-Executive Directors, the majority of whom are Independent Directors.

The salient terms of reference of the Risk Management Committee are as follows:

- Oversees the overall management of all risks covering market risk management, liquidity risk management, credit risk management, reputational risk and operational risk management

- Reviews and approves risk management policies and risk tolerance limits
- Ensures infrastructure, resources, processes and systems are in place for risk management

The Risk Management Committee holds monthly meetings.

The attendance of Members at the Risk Management Committee meetings held in 2011 is reflected as follows:

Name of Committee Members	Scheduled Meetings ⁴	Attendance
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>(Independent Non-Executive)</i>	12	12
Dato' Yeoh Chin Kee <i>(Non-Independent Non-Executive)</i>	12	12
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>(Independent Non-Executive)</i>	12	12
Quah Poh Keat <i>(Independent Non-Executive)</i>	12	12
Tang Wing Chew ¹ <i>(Independent Non-Executive)</i>	9	9
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah ² <i>(Independent Non-Executive)</i>	2	2
Dato' (Dr) Haji Mohamed Ishak bin Haji Mohamed Ariff ³ <i>(Independent Non-Executive)</i>	2	2

Notes:

1. Appointed as Member on 29 March 2011
2. Ceased as Member on 20 March 2011
3. Ceased as Member on 14 March 2011
4. Reflects the number of meetings scheduled during the time the Director held office

Board Executive Committee

The Board has established the Board Executive Committee to assist it in the running of the Bank.

The salient terms of reference of the Board Executive Committee are as follows:

- Manages the Bank in all aspects of its business
- Implements strategic business plans and policies as approved by the Board of Directors
- Identifies, formulates and prioritises strategic issues and charts strategic directions for action by the Management and staff

The Board Executive Committee holds meetings with Heads of Divisions and Senior Management staff twice every week.

Management Committees

The main Management Committees and their salient terms of reference and frequency of meetings are as set out below:

- **Group Human Resource Committee**
 - Formulates human resource policies and practices for the Bank and wholly-owned subsidiaries of the Bank
 - Deliberates and decides on human resource operational issues which do not fall within the ambit of authorised individual officers
 - The Group Human Resource Committee holds meetings twice a month
- **Credit Committee**
 - Approves loan applications which are beyond the individual discretionary powers of senior officers
 - Recommends credit policy and direction of lending
 - The Credit Committee holds meetings twice every week
- **Credit Risk Management Committee**
 - Evaluates and assesses the adequacy of strategies to manage the overall credit risk associated with the Bank's activities
 - Evaluates risks under stress scenarios and the capacity of the capital to sustain such risk
 - The Credit Risk Management Committee holds monthly meetings

- **Operational Risk Management Committee**

- Oversees the formal development of operational risk management policies encompassing all business activities, and ensuring the development of policy manuals, processes, procedures and practices
- Evaluates and assesses the adequacy of controls to manage the overall operational risks associated with business activities including physical/premises security
- The Operational Risk Management Committee holds monthly meetings

- **Assets & Liabilities Management Committee**

- Develops the framework and sets the objectives for the asset and liability management function
- Develops adequate policies, procedures and internal control measures for the carrying out of the asset and liability management function
- The Assets & Liabilities Management Committee holds monthly meetings

- **Share Investment Committee**

- Formulates investment strategies and policies relating to the Bank's investment in shares and interest in shares
- Ensures risk processes and systems are put in place and that all risks on the Bank's investment in shares and interest in shares are clearly identified and monitored
- The Share Investment Committee holds quarterly meetings

- **IT Steering Committee**

- Formulates short-term and long-term IT plans and the budgets to be allocated
- Ensures that the IT short-term and long-term strategic plans support the overall organisational strategic business plan and, where necessary, the group IT strategic plan
- The IT Steering Committee holds monthly meetings

Statement on Corporate Governance

• Business Continuity Management Committee

- Manages the overall formulation, implementation and maintenance of the Bank's business continuity plan
- Compiles the overall schedule for carrying out the Bank's business continuity plan from all Head Office Divisions (including branches and IT systems) and plans for its testing at least once a year or as and when appropriate
- The Business Continuity Management Committee holds meetings twice a year

Indemnification of Directors and Officers

Directors and Officers are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Whistle-Blowing

In addition to the extensive fraud prevention and detection infrastructure that is in place, Public Bank also has formalised an effective framework on whistle-blowing, specifically the Anti-Fraud Policy.

The policy sets out the responsibility of employees of Public Bank for preventing and detecting defalcations, misappropriations and other irregularities, the specific roles of employees in prevention and detection of fraud and fraud discovery reporting as well as the steps the Bank will take in respect of employees involved in fraudulent acts. The strict enforcement of the anti-fraud policy reduces the risk to the Bank's reputation from fraudulent acts.

Further details of the Anti-Fraud Policy are as set out on page 118 of this Annual Report.

Accountability and Audit

Financial Reporting

The Board is committed to providing a balanced, clear and comprehensible assessment of the financial performance and prospects of Public Bank and the Public Bank Group in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of announcements on quarterly financial statements reflects the Board's commitment to provide transparent and up-to-date disclosures of the performance of Public Bank and the Public Bank Group.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reporting of the Public Bank Group. The Audit Committee reviews and monitors the integrity of Public Bank's and the Group's annual and interim financial statements. It also reviews the appropriateness of the Bank's and the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of Public Bank and the Public Bank Group is set out on page 15 in the Financial Statements section of this Annual Report.

Related Party Transactions

All related party transactions are reviewed by the internal auditors on a monthly basis and a report is submitted to the Audit Committee for their monitoring on a quarterly basis.

Details of these transactions are set out under Note 42 to the Financial Statements on pages 145 to 150 in the Financial Statements section of this Annual Report.

Internal Control

The Board has overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as with internal procedures and guidelines.

Statement on Corporate Governance

The size and complexity of the operations of Public Bank and the Public Bank Group involve the acceptance and management of a wide variety of risks. The nature of these risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Bank's and the Group's systems of internal controls are designed to provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring. The Risk Management Committee meets monthly to ensure that the accountability for managing the significant risks identified is clearly assigned and that identified risks affecting the Bank and the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of Public Bank and the Public Bank Group is reviewed by the Audit Committee during its monthly meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Bank and the Group. Internal Audit Division checks for compliance with policies and standards and the effectiveness of internal control structures across the Bank and the Group.

The Statement on Internal Control, which provides an overview of the state of internal controls within the Bank and the Group, is set out on pages 120 and 121 of this Annual Report.

Audit Committee

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee assists the Board by providing an objective non-executive review of the effectiveness and efficiency of the internal controls, risk management and governance processes of Public Bank and the Public Bank Group.

The minutes of the Audit Committee meetings are tabled to the Board for noting and action by the Board where appropriate.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 125 and 126 of this Annual Report.

Relationship with External Auditors

It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and Public Bank's financial statements. These meetings are held without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors additionally whenever it deems necessary. In addition, the external auditors are invited to attend the annual general meeting of the Bank and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Audit Committee is responsible for reviewing audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services. The Audit Committee also reviews all adhoc non-audit services. In reviewing such cases, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

The Audit Committee has considered the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors.

Statement on Corporate Governance

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2011 to the external auditors are set out below:

	Bank RM'000	Group RM'000
Fees paid/payable to KPMG		
• Audit	917	1,267
• Audit-Related	313	358
– Validation of Perbadanan Insurans Deposit Malaysia Returns	105	135
– Half-year limited review	110	125
– Review of Institutional Unit Trust Advisors operations	70	70
– Review of Statement on Internal Control	21	21
– Corporate Governance	6	6
– Profit certification	1	1
• Non-Audit*	90	148
Fees paid/payable to other auditors		
• Audit	64	1,575
• Audit-Related	–	358
– Review of General Control for Risk Management	–	94
– Review of Banking Return	–	92
– Information Security Assessment	–	59
– Half-year limited review	–	59
– Review of Deposit Protection Scheme	–	32
– Review of Statement on Internal Control	–	22
• Non-Audit*	–	52
Total	1,384	3,758

* The non-audit fees paid/payable to the external auditors were for advice on accounting and taxation matters and for preparation, review and submission of tax returns. The provision of these services by the external auditors to the Bank and the Group was cost effective and efficient due to their knowledge and understanding of the operations of the Bank and the Group.

Effective Communication with Shareholders

The Public Bank Group is fully committed to upholding the principles and best practices of corporate governance in maintaining transparency and accountability to all stakeholders. This commitment to transparency is manifested by embracing a fair disclosure policy with clear, relevant and comprehensive information which is timely and readily accessible to all stakeholders. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its stakeholders are vital to shareholders and investors to make informed investment decisions.

The annual report is a main channel of communication between the Public Bank Group and its stakeholders. The information and disclosures made available in Public Bank's annual report extend well beyond the requirements of the Bursa Malaysia Main Market Listing Requirements. As a licensed financial institution, Public Bank is required to provide full disclosure and comply with BNM Revised Guidelines on Financial Reporting for Banking Institutions in respect of the contents and format of financial statements, which mandate significantly higher levels of disclosure of financial and risk management information than that of a non-financial corporation. The extensive information and disclosure requirements also extend to the listed financial institutions' quarterly results announcements to Bursa Malaysia, and therefore enhancing the level of transparency of financial institutions in general.

Commencing from financial reporting year beginning 1 January 2010, Public Bank has adhered to the BNM guidelines by providing the required disclosures and information in its annual report to comply with the Pillar 3 disclosures under BNM's Risk Weighted Capital Adequacy Framework (RWCAF). Such disclosures under the Pillar 3 aim to provide a consistent and comprehensive disclosure framework that enhances the comparability of the requisite information among banking institutions and further promote improvements in their risk management practices. These disclosures and additional risk management information would assist in providing greater transparency and further clarity on the risk exposures, risk assessment processes, the capital structure and capital adequacy of the Public Bank Group.

The Public Bank Group disseminates its annual report, together with an executive summary, to its shareholders either in hard copy or in CD ROM media. The executive summary highlights the Group's key financial and corporate information, aiming to facilitate shareholders' easy access to such key information. All information to shareholders is available electronically as soon as the information is announced or published.

Public Bank's general meetings of shareholders, particularly its annual general meetings, provide a useful forum for shareholders to have an open communication with the Bank's Directors and senior management. During the general meeting, shareholders are at liberty to raise questions on the agenda items of the general meeting and answers and clarifications, are provided by the Directors and Senior Management Officers of Public Bank.

At the annual general meetings of Public Bank, the Chairman of Public Bank presents a comprehensive and concise review of the Public Bank Group's financial performance and value created for shareholders. This review is supported by visual and graphical presentation of key points and key financial figures. Printed copies of this review are also made available to shareholders upon their request and to the media. The turnout of shareholders at the general meetings of Public Bank has always been high and this is a clear indication of the extensive engagement with shareholders.

Apart from the above engagement with stakeholders through annual reports and general meetings, Public Bank also releases announcement of quarterly results and other announcements to Bursa Malaysia to provide stakeholders with key information which affects their decision making, thus enhancing the level of transparency. To promote wider publicity and dissemination of information that is made public, Public Bank also issues press releases to the media on all significant corporate developments and business initiatives to keep the investing community and shareholders updated on the progress and strategic development of the business of the Public Bank Group.

Statement on Corporate Governance

To maintain regular dialogue with the media and research analysts, Public Bank conducts briefings in conjunction with the release of its half-year and annual results announcement. The media briefings are intended to facilitate timely dissemination of the announcement of the financial results of the Public Bank Group to as wide an audience of investors and shareholders as possible. The presentation slides for the research analyst briefings and the press releases are also made available to the public via the Group's website, www.publicbank.com.my/corporate.

In addition to the annual reports, press releases and analyst briefings presentation slides, the Group's website also stores in archive all other corporate and financial information that had been made public, such as the quarterly announcement of the financial results of the Public Bank Group, announcements and disclosures made pursuant to the disclosure requirements of Bursa Malaysia Main Market Listing Requirements and other corporate information on Public Bank.

The Public Bank Group recognises the importance of prompt and timely disseminations of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. The Group is of the view that information that is not timely released, albeit comprehensive and accurate, would be less relevant for such investment purposes. As such, Public Bank accords a high priority in ensuring that information is made available and disseminated as early as possible. The release of Public Bank's annual report and the Group's quarterly financial results are generally the earliest amongst the large listed companies and financial institutions in Malaysia, and are always well ahead of the announcement deadlines specified in the Bursa Malaysia Main Market Listing Requirements.

Release of Annual Report and Quarterly Financial Results

	Date of Issue/Release	Number of Days after end of Year/Quarter	Bursa Malaysia Deadline
Annual Report 2011	23 February 2012	54	30 June 2012
Annual Report 2010	18 February 2011	49	30 June 2011
2011 Quarterly Results			
1st Quarter	18 April 2011	18	31 May 2011
2nd Quarter	25 July 2011	25	31 August 2011
3rd Quarter	17 October 2011	17	30 November 2011
4th Quarter	30 January 2012	30	29 February 2012

Given that BNM's approval is needed prior to the issuance of annual reports and releases of quarterly financial results, the Public Bank Group has consistently been able to achieve early issuance of these reports, while at the same time maintaining an extensive level of disclosure of financial information which is essential to shareholders and investors. The prompt and timely availability of information clearly enhances its value to shareholders and investors while reflecting the high standard of transparency that the Group maintains.

Investor Relations

At the Public Bank Group, transparency, effective and timely communication are essential in maintaining good relations with the investors and investment community. The Group has a strong following amongst domestic and international institutional investors, fund managers and equity research analysts. The Group's Investor Relations (IR) function plays a pivotal role in providing a direct communication channel to engage with shareholders, investors and the investment community broadly, both in Malaysia and internationally.

Against the current backdrop of volatile capital market conditions and heightened investor awareness on financial vulnerabilities, the Public Bank Group places great importance in maintaining its transparency through active dialogue and effective communication with shareholders and investors to enable them to make informed investment decisions. As part of the Group's commitment towards this objective, experienced and senior level management personnel are directly involved in the Group's investor relations activities. With the active involvement of senior level management personnel, the investment community is assured of views and information on the Group that is appropriate, accurate and timely.

Senior Management Personnel in Investor Relations Activities

Public Bank

- Tan Sri Dato' Sri Tay Ah Lek, Managing Director/Chief Executive Officer
- Leong Kwok Nyem, Chief Operating Officer
- Chang Siew Yen, Chief Financial Officer
- Ng Seiw Kuan, Director of Corporate Planning & Strategy Department

Public Financial Holdings Limited

- Tan Yoke Kong, Executive Director

Apart from the regulatory public statements required by Bursa Malaysia, Public Bank also uses a number of channels to dialogue with the investment community in order to promote greater understanding about the Public Bank Group. The Bank conducts briefings to the media, equity research analysts and fund managers in conjunction with the release of the Public Bank Group's half-year and annual results announcements. In addition to providing comprehensive insights into its financial performance, the Group recognises the importance of communicating its business strategies, updates on the progress of the Group's current business initiatives as well as its financial performance during these briefings. In order to convey a uniform message across all external communications, the information presented during these briefings is concurrently posted on the Group's corporate website at www.publicbank.com.my/corporate to promote accessibility of information to all market participants.

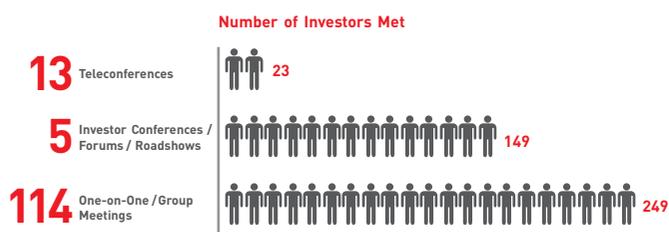
Management representatives of the Public Bank Group continue to participate in presentations and investor meetings at investor conferences and forums that are held domestically and regionally. Moreover, management personnel responsible for investor relations activities have built credibility and trust through meeting regularly with a large number of equity research analysts, fund managers, institutional shareholders and investors on a one-on-one/group basis as well as host teleconferences with them.

To continue in enhancing the IR effectiveness and provide greater transparent accessibility by equity research analysts, fund managers and institutional shareholders and the investment community, Public Bank has in place an Investor Relations Unit within the Bank's Corporate Planning & Strategy Department to serve as a one-stop centre for the management of investor relations activities.

Public Bank Group's continuous effort in cementing effective and transparent communication with the investment community has been well recognised with various 'investor relations' awards received during the year.

Statement on Corporate Governance

Investor Relations Activities in 2011



The high level of investor interest in Public Bank and the extensive investor relations activities of the Public Bank Group have led to a wide coverage of the Group by stock brokerages and equity research companies. This is reflected in the high number of contributors to the earnings estimates for Public Bank.

	Public Bank	Public Financial Holdings Ltd
No. of contributors to earnings estimates	29	3

In addition to the above, shareholders and investors could make inquiries about investor relations matters with designated management personnel directly responsible for investor relations, via dedicated email addresses. These email addresses are made available on the Group's corporate website.

Primary Contacts for Investor Relations Matters

PUBLIC BANK

Leong Kwok Nyem

Chief Operating Officer

Leong Kwok Nyem is an accountant by profession and was attached to the accounting and auditing industry for 8 years before joining the Public Bank Group in 1988. Attached initially to the Finance Division in Head Office, he was transferred to Public Finance Limited in Hong Kong in 1990. He returned to Head Office in 1994 and was appointed Senior General Manager in 2001 and Chief Operating Officer in 2008.

Contact Details

Telephone number: 603-21766270

E-mail: leongkn@publicbank.com.my

Chang Siew Yen

Chief Financial Officer

Chang Siew Yen is an accountant by profession. She joined Public Bank in 2005 as Deputy Director of Finance Division. She was subsequently promoted to Head of Finance Division and Chief Financial Officer in 2006. She was promoted to General Manager in 2009 to also oversee the Corporate Planning & Strategy Department.

Contact Details

Telephone number: 603-21767460

E-mail: changsiewyen@publicbank.com.my

PUBLIC FINANCIAL HOLDINGS LIMITED

Tan Yoke Kong

Executive Director

Tan Yoke Kong is an accountant by profession. He has more than 30 years of experience in the banking and finance industry, all of which were with the Public Bank Group since 1981. He was seconded from Public Bank to Public Finance Ltd in Hong Kong in 1991 and was appointed Executive Director of Public Financial Holdings Limited in 1992. He was appointed to his current position as Chief Executive and Executive Director of Public Bank (Hong Kong) Limited in 2006.

Contact Details

Telephone number: 852-25419228

E-mail: yktan@publicbank.com.hk

INVESTOR RELATIONS UNIT

Denise Fong Po Yen

Corporate Planning & Strategy Department

Contact Details

Telephone number: 603-21766293

E-mail: ir@publicbank.com.my

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 12 January 2012.

RISK MANAGEMENT

Effective risk management enables the Public Bank Group to timely identify and proactively manage and mitigate the risks emerging from the rapidly changing and challenging business conditions in response to the uncertainties in the global financial markets, the evolving regulatory landscape as well as innovations and technological advancements.

In spite of the challenging external environment, the Public Bank Group, through its unwavering commitment to strong corporate governance and prudent risk management, is able to sustain asset growth without compromising on asset quality. The Group remains focused to pursue organic growth in retail operations while staying vigilance to keep abreast with the developments in the external operating environment. The Group's risk conscious culture and the implementation of the risk management best practices have contributed to its ability to achieve excellent operating performance to optimise stakeholders' value.

Group Risk Management Framework

The Group Risk Management Framework sets out the risk management governance and infrastructure, risk management processes and control responsibilities. In the Public Bank Group, the most important aspect of an effective risk management is the inculcation of a risk awareness culture across all levels of staff through effective communication, training, clear policies, procedures and organisational structure, clearly defined roles and responsibilities as well as the commitment of all employees to the Group Risk Management Framework.

Risk Management

Risk Governance Structure

ESTABLISH RISK APPETITE & POLICY	Board of Directors	AUDIT COMMITTEE
	Risk Management Committee	
ENSURE IMPLEMENTATION OF RISK POLICY AND COMPLIANCE	Dedicated Committees	
	Assets & Liabilities Management Committee Credit Risk Management Committee Operational Risk Management Committee Shariah Committee	
	Independent Risk Management and Control Units	
	Banking Operations and Compliance Credit Control, Administration & Supervision Risk Management Shariah Compliance	
IMPLEMENT AND COMPLY WITH RISK POLICY	Business Units	
	Corporate Lending Investment Banking Islamic Banking Retail Banking and Financing Operations Share Broking and Fund Management Treasury and Capital Market Operations	

The Board of Directors ("Board") is ultimately responsible for the management of risk. The Board, through the Risk Management Committee ("RMC"), maintains overall responsibility for risk oversight within the Public Bank Group. The risk appetite statement which embodies the Group's stance towards the levels and types of risk in relation to the Group's strategic direction and business objectives forms an integral part of the annual business plans approved by the Board.

Assisting the RMC in the management of market and liquidity risk, credit risk and operational risk are the Assets & Liabilities Management Committee, the Credit Risk Management Committee and the Operational Risk Management Committee respectively. These committees are responsible for overseeing the development and assessing the effectiveness of risk management policies and for reviewing risk exposure and portfolio composition, and ensuring that infrastructure, resources and systems are put in place for effective risk management activities. The Shariah Committee advises the Board of Public Islamic Bank on Shariah matters pertaining to the Islamic operations.

The independent risk management and control units provide crucial support to the dedicated risk management committees and are responsible for ensuring the risk policies are implemented and complied with. They are also responsible for the identification, measurement and monitoring of risk.

The business units, being the first line of defense against risk, are responsible for identifying, mitigating and managing risk within their lines of business. These units ensure that their day-to-day business activities are carried out within the established risk policies, procedures and limits.

The Audit Committee, supported by the Internal Audit Division, provides an independent assessment of the adequacy and reliability of the risk management processes and system of internal controls, and compliance with risk policies and regulatory requirements.

Key Areas of Risk and Risk Management Approaches

The key areas of risk and the risk management approaches of the Public Bank Group are set out below:

Risk	Definition of Risk	Risk Management Approaches
Credit Risk	Credit risk is the potential loss of revenue as a result of defaults by the customers or counterparties through financing, hedging, trading and investing activities	<ul style="list-style-type: none"> • Strong credit culture across the credit personnel in the Group • Established credit risk policies, guidelines and procedures • Clearly defined discretionary powers for parties involved in the credit approving process • Periodic review of credit risk rating scoresheet to ensure its relevance
Market Risk	Market risk which comprises trading market risk, equity risk, interest rate risk/rate of return risk and exchange rate risk is the risk of loss arising from adverse movements in the level of market prices or rates	<ul style="list-style-type: none"> • Monthly review of economic conditions and implications • Established market risk policies and limits • Prohibits derivative trading activities • Periodic assessment and hedging of interest rate risk/rate of return risk and exchange rate risk of structural net open position
Liquidity Risk	Liquidity risk is the risk of inability to maintain sufficient liquid assets to meet financial commitments and obligations as and when they fall due and at a reasonable cost	<ul style="list-style-type: none"> • Pursue growth of core deposits • Accumulation of liquefiable assets • Subsidiaries are required to attain self-funding position
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events	<ul style="list-style-type: none"> • The operational risk management framework sets out the Group's approach to identifying, assessing, monitoring and mitigating operational risk • Various tools and methods are used to manage operational risk within an acceptable level
Reputation Risk	Reputation risk arises when a situation, occurrence, business practice or event has the potential to materially influence the customers, the public and the stakeholders' perceived trust and confidence in the organisation	<ul style="list-style-type: none"> • Governed by good corporate governance, ethical and trustworthy culture of conducting business, improved resilience and preparedness for any adverse event

Risk Management

Risk	Definition of Risk	Risk Management Approaches
Strategic Risk	Strategic risk arises from inappropriate business goals, failure in formulation, evaluation and selection or improper implementation of business strategies, lack of response to market demands and compatibility to external changes	<ul style="list-style-type: none"> Managed through an integrated process whereby the risk appetite, strategic business direction, budget and business plans are aligned, with appropriate oversight by the Board and senior management
Shariah Non-Compliance Risk	Shariah non-compliance risk is the risk of failure to comply with the Shariah rules and principles as determined by the respective entities' Shariah Committee/Advisor or the relevant bodies, such as the Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM") and the SAC of Securities Commission	<ul style="list-style-type: none"> Governed by the Shariah Governance Framework and the Policy and Procedures on Shariah Compliance which set out the governance structure, roles of the Shariah key functions and other processes to ensure all operations and business activities are in compliance with Shariah requirements
Displaced Commercial Risk	Displaced commercial risk ("DCR") is the risk of Public Islamic Bank bearing the credit and market risk losses as a result of paying a return that exceeds the actual return that was supposedly to be earned by the investment account holders based on the contractual profit sharing ratio	<ul style="list-style-type: none"> DCR policy sets out the governance and the roles and responsibilities of the Board and senior management Use of Profit Equalisation Reserves

The Public Bank Group's risk management governance and approaches, together with the various analyses of risk exposures and comparative figures are elaborated in greater details in:

- i. Note 44 to the financial statements (pages 152 to 200 of the Financial Statements for the Annual Report 2011)
- ii. Pillar 3 Disclosure (pages 255 to 312 of the Financial Statements for the Annual Report 2011)

Key Developments During the Year

The contagion effects of the economic uncertainties in the Eurozone and the United States coupled with the spillover effects from natural disasters in Japan and Thailand weigh heavily on the growth prospects of the global economy and contribute to heightened volatilities in the global financial markets. With greater emphasis on prudent, responsible and transparent best practices to promote resilience and sustainability of the financial system, the regulatory requirements continue to pose new challenges to financial institutions worldwide. While innovations and technological advancements foster new business opportunities and improve operational efficiency, they also give rise to intense competitions and new challenges to risk management in terms of data security. The Public Bank Group continues to strengthen its risk management capabilities within its enterprise-wide risk management framework such that any emerging risks can be promptly identified and managed. It is the Group's policy that all risk management policies and limits are subject to frequent reviews to ensure that they remain relevant and effective in managing the associated risks brought about by the changing operating and regulatory environment.

Strengthening Credit Risk Management

Tightening of Lending Guidelines

Credit risk remains the core risk of the Public Bank Group's financing, hedging, trading and investing activities. During the year, the Group continues its tradition of focusing on growing retail and small- and medium-sized enterprises ("SMEs") financing. Despite the challenging economic conditions, the Group's impaired loans ratio was at 0.9%, a third of the industry's average of 2.7% as at end November 2011. This lower than industry impaired loans ratio is attributed to the Group's strong and prudent credit culture supported by clear credit policies and guidelines, stringent credit approval process, proactive management of potential credit delinquencies through pre-emptive measures as well as the incessant review, rehabilitation and restructuring of problematic loans. In addition, a balanced geographical and sector concentration is also critical in safeguarding the Group's asset quality.

The year experienced the implementation of tightening measures by BNM to rein in increasing household debts as well as potential escalation of asset prices. The imposition of maximum loan-to-value of 70% for the financing of third residential property by BNM does not significantly impact

the Public Bank Group's home financing as the Group has always emphasised on the customer's repayment capacity in the extension of credit for the purchase of residential properties.

The prudential measures imposed by BNM over the issuance of credit cards to lower income cardholders to prevent them from becoming over-indebtedness will also not have a significant impact on the Public Bank Group's credit card business as the outstanding credit card portfolio as at end 2011 of RM1.52 billion (2010: RM1.35 billion) constituted only 0.9% of the Group's total loans, advances and financing. The average rollover rate of the credit card portfolio is 62.2% (2010: 64.0%).

In November 2011, BNM issued the Guidelines on Responsible Finance aimed to promote sustainable retail financing market which in the long-term will contribute towards economic and financial stability. The requirement for the Suitability and Affordability Assessment under the BNM's guidelines will bring about a more comprehensive, transparent and standardised assessment of a customer's repayment capacity and creditworthiness among banking institutions. Under the BNM guidelines, a more stringent definition is prescribed in the computation of the "Debt Service Ratio", being the key ratio used in the assessment of the repayment capacity of a potential or existing customer. No major impact is expected on the Public Bank Group's existing credit assessment standards as most of the BNM's prescribed components have already been embedded in the Group's overall credit assessment process.

Managing Exposures to Eurozone and the United States

The Public Bank Group has at the onset of the 2008 global financial crisis, put in place pre-emptive measures to monitor and manage counterparty credit risk. The Group prohibits the dealings in open-ended derivative activities. Derivatives entered into by the Group are primarily for hedging purposes. Counterparty credit risk is managed via credit exposure limits and daily settlement limits and such measures are continuously reviewed in tandem with the financial and economic developments in the Eurozone and the United States. As at end 2011, the Group's total exposures to Eurozone and the United States amounted to RM1,334.1 million and these are in respect of short-term money market placements with average remaining tenure of 8 days and RM1,288.2 million or 96.6% are placed with counterparties with "AAA" sovereign rating. Within the Eurozone, the Group has no exposures to counterparties in Greece, Ireland, Italy, Portugal and Spain.

Risk Management

Managing Market Risks

Market Volatility

The global uncertainties have led to financial market volatility as reflected in the fluctuations in exchange rates and market prices of traded bonds, equities and commodities, widening of credit spreads and shifts in the global liquidity.

The Public Bank Group is exposed to market volatility risk arising from its role as a financial intermediary as well as trading positions held. This is managed through the Group's market risk policy and limits as well as narrowing the Group's bond trading to government bonds and private debt securities with ratings of AA2 and above. As at end 2011, the Group's portfolio of financial assets held-for-trading stood at RM10.66 billion (2010: RM6.36 billion). During the year, the Group's traded market risk exposures on the fixed income securities as measured by the present value impact of 1 basis point change in interest rate ("PV01") averaged at RM209,000 (2010: RM173,000). Proprietary trading in derivative instruments is not assumed.

One of the main approaches in managing the Public Bank Group's interest rate risk/rate of return risk in the banking book is the growing of floating rate assets which serve as a natural hedge against changes in interest rates. As at end 2011, the ratio of the Group's floating rate financing to fixed rate financing stood at 69% : 31% (2010: 67% : 33%). Where possible, offsetting on-balance sheet positions are entered to reduce the repricing mismatches of the assets and liabilities. In addition, off-balance sheet instruments, such as interest rate swaps are used to hedge the interest rate risk of individually large fixed rate financing and certain fixed rate retail financing portfolio. The Group has put in place the risk management infrastructure to ensure the timely execution of hedging strategies which include a periodic assessment of the size of the Group's interest rate risk exposures, the amount to be hedged and the instruments available to hedge such risk.

Fluctuations in Exchange Rates

Fluctuations in exchange rates affect the value of the Public Bank Group's assets and liabilities denominated in foreign currencies as well as the earnings from the Group's overseas subsidiary companies and overseas branches. Sharp currency movements can also impact trade flows and the wealth of clients both of which could have an impact on the Group's performance. Fluctuations in exchange rates

are closely monitored by the Group's Treasury Division and Risk Management Division. The funding of assets in the same currency is key in the Group's exchange rate risk management. It is the Group's policy to hedge its foreign exchange exposures in order to protect the Group's reserves and capital ratios from the effects of fluctuations in exchange rates. In determining the ability to hedge, the Group takes into account the cost of hedging and the liquidity of the hedging instruments. As at end 2011, the Group's structural exchange rate risk is fully hedged.

Enhancing Liquidity Risk Management

The year saw the Malaysia's Statutory Reserve Requirement reverting to 4% as a pre-emptive measure by BNM to manage the risk of excessive build-up of liquidity in view of the potential consequent effects on leverage and the formation of bubbles in the asset markets. During the year, shifts in the global liquidity continued and in particular, the widening of the United States Dollar spreads. In the Malaysian banking system, liquidity remained ample.

Against such backdrop, the Public Bank Group remains steadfast in growing core customer deposits as a source of liquidity, lengthening the tenure of its liabilities to reduce maturity mismatches and holding a portfolio of highly liquid assets to enable the Group to respond to unusual liquidity requirements. Excess funds are placed mainly with central banks. Placements with financial counterparties are restricted to short tenures of not more than six months. The active conversion of the Ringgit to foreign currencies by both retail customers and businesses to hedge their respective exchange rate risk has provided a source of foreign currency liquidity to the Group. In August 2011, the Group expanded its wholesale long-term funds through the issuance of the RM3 billion 6-year Ringgit Subordinated Notes under Public Bank's medium-term subordinated notes programme.

The Public Bank Group and its respective banking entities test their ability to withstand market and institution specific liquidity stress through the half-yearly liquidity stress tests. Shortcomings identified by the stress tests together with any remedial actions are escalated to the RMC for deliberations. The liquidity positions of the Group denominated in the Ringgit and major foreign currency, the United States Dollar, are regularly monitored and reviewed by the Assets & Liabilities Management Committee.

Beefing Up Operational Risk Controls

Of late, there has been an increasing number of reported incidences of phishing scams in the banking industry where unsuspecting customers have become victims of phishers. Phishing, the act of stealing personal information through the widespread use of fake email messages and websites to lure unsuspecting deposit account holders into divulging their PIN and passwords, continues to be the main threat to the internet banking industry. Besides financial losses suffered by customers and banks, phishing has the adverse impact of eroding customer confidence in conducting banking transactions through the online banking channel and the likelihood of denting the affected bank's reputation. Taking cognisance of this threat, the Public Bank Group continues to review, enhance and implement measures on an ongoing basis to counter attempts by phishers. These measures include creating customer awareness programmes and strengthening authentication and authorisation mechanisms to protect online banking customers from falling prey to phishing scams.

Another key area of paramount importance to the Public Bank Group is the protection of customer data from theft and unauthorised disclosure of confidential information. Apart from putting in place policy and controls on data security, the Group has also implemented advanced data leakage protection software to detect and prevent the unauthorised use and transmission of customer confidential data.

The Public Bank Group recognises that ongoing efforts in strengthening its anti-money laundering and counter financing of terrorism ("AML/CFT") capacity are necessary in combating the evolving money laundering and terrorism financing threat. The Group has put in place training programmes to ensure that its staff are retrained and kept abreast with the latest development in anti-money laundering technology solutions, the domestic and international regulations and the enforcement requirements. In addition, various initiatives are also taken to further enhance the Group's surveillance mechanism to counter money laundering and financing terrorism activities.

Capital Risk Management

Group Capital Management Framework

The Public Bank Group's capital management is guided by the Group Capital Management Framework which sets out the capital risk targets and outlines the Group's objective to diversify its sources of capital and to allocate capital efficiently. This objective is directed by the need to maintain a prudent relationship between available capital and risks in the underlying businesses to meet the expectations of key constituencies, including investors, regulators and rating agencies.

The Public Bank Group has been proactively managing its capital structure to improve shareholders' returns whilst maintaining a strong and robust capital position to support the growth of the Group's business. This involves ongoing review and monitoring by the Board and senior management of the level and mix of capital against internal capital levels, the 3-year capital plans of the Group as well as proposals to address any deviation from capital targets or the need for capital raising exercise.

Assessing Internal Capital Adequacy

On 3 December 2010, BNM issued the guidelines on Pillar 2 relating to Internal Capital Adequacy Assessment Process ("ICAAP") which was subsequently updated on 2 December 2011. The guidelines require banking institutions to assess their internal capital requirements in relation to risk appetite and strategic business directions as well as the risk profile of their businesses and control environment in a holistic manner, beyond the regulatory capital requirements for credit, market and operational risks that are covered under the existing Pillar 1 requirements of Basel II. The adoption of a more forward-looking approach to capital management under ICAAP encourages banking institutions to develop and employ more rigorous risk management techniques.

The Public Bank Group has put in place the Group ICAAP Framework aimed at assessing the capital adequacy of the Group in relation to its risk profiles based on a structured process. The Group ICAAP Framework sets out the roles and responsibilities of the Board and senior management and is augmented by the Group Risk Management Framework and the Group Capital Management Framework.

The relevant frameworks, policies, guidelines, procedures and processes are currently being developed or enhanced to effectively manage and mitigate the identified risks under Pillar 2, namely residual risk, credit concentration risk, counterparty credit risk, concentration risk, interest rate risk/rate of return risk in the banking book, liquidity risk, risk associated with profit sharing investment account, Shariah non-compliance risk and reputation risk. Stress testing, a key component of ICAAP, is enhanced further to make it more rigorous and forward-looking. This will enable the Public Bank Group to assess the levels of capital and liquidity under stressed scenarios arising from adverse events and changes in market conditions as well as operating environment. In the event the stressed capital falls short of the internal capital targets, the Group's Capital Deficiency Plan will be activated to ensure that the capital management strategies to shore up the Group's capital are conducted in an orderly manner.

Risk Management

It is envisaged that the ICAAP implementation will be a major catalyst to further strengthen risk management processes as well as capital management in the future to arrest the emerging risks. The Public Bank Group is anticipated to enhance risk mitigation and monitoring techniques for systematic identification, assessment and measurement of risks to enable better capital planning and management.

Preparedness for Basel III

On 16 December 2011, BNM issued a circular on the Implementation of Basel III for the purpose of notifying banking institutions on BNM's approach to incorporate individual elements of the Basel III reform package in respect of the global capital and liquidity standards into the domestic regulatory and supervisory framework as well as BNM's expectations of banking institutions in managing the transition towards the new regime.

The table below summarises the phase-in arrangements of the implementation of the Basel III reforms as envisaged by BNM:

1 January (all in %)	2012	2013	2014	2015	2016	2017	2018	2019
Minimum common equity capital ratio	3.5	4.0	4.5	4.5	4.5	4.5	4.5	4.5
Capital conservation buffer	-	-	-	0.625	1.25	1.875	2.5	
Minimum common equity plus conservation buffer	3.5	4.0	4.5	5.125	5.75	6.375	7.0	
Minimum Tier 1 capital	4.5	5.5	6.0	6.0	6.0	6.0	6.0	6.0
Minimum Tier 1 capital plus conservation buffer	4.5	5.5	6.0	6.625	7.25	7.875	8.5	
Minimum total capital	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Minimum total capital plus conservation buffer	8.0	8.0	8.0	8.625	9.25	9.875	10.5	
Capital instruments that no longer qualify as non-core Tier 1 or Tier 2 capital	Phased out over a 10 year horizon beginning 2013							
Leverage Ratio	Observation period reporting						Standard in force	
Liquidity Coverage Ratio	Observation period reporting			Standard in force				
Net Stable Funding Ratio	Observation period reporting						Standard in force	

The Public Bank Group has assessed the implications of Basel III on both its capital and liquidity management. Based on this assessment, the Group's existing capital position is in compliance with the more prudent capital requirements under Basel III which commence from 1 January 2013, excluding the amount of counter-cyclical capital buffer that will be imposed by BNM at a later date. The Group will continue to ensure its capital is used in an efficient manner and is able to withstand unexpected adverse market conditions. The capital planning will continue to factor in possible capital requirements under stressed scenarios.

The Public Bank Group will benefit from the observation period reporting of the Basel III liquidity reforms as this period will be used to assimilate the requirements of the Basel III in formulating the Group's business and liquidity plans as well as in enhancing the infrastructure to ensure the Group is ready by the compliance dates. Notwithstanding this, securing retail deposits and highly liquid assets to manage the liquidity requirements of the Group remain the core emphasis.

ETHICS, & INTEGRITY TRUST

As the Public Bank Group strives to sustain the position of being the most efficient, profitable and respected premier financial institution in Malaysia, it remains mindful that integrity and ethical practice are bedrock of our success. To minimise the exposure to reputational risks arising from unethical or fraudulent conduct by its employees, the Group continues to devote substantial resources to set the tone for uncompromising integrity and honesty in its corporate culture.

The major facilitative frame work that were implemented by the Group to promote professionalism and integrity amongst its employees include:-

Fit and Proper Policy for Key Responsible Persons

Formalising a Policy on Fit and Proper For key Responsible Persons in congruence with the guidelines set out by Bank Negara Malaysia (BNM) to ensure the key positions in the Public Bank Group are led by personnel who fulfill the following criteria:-

- Probity, personal integrity and reputation – possesses the personal quality such as honesty, integrity, diligence, independence of mind and fairness
- Competence and capability – have the necessary skills, experience, ability and commitment to carry out his work
- Financial integrity – able to manage his debts or financial affairs prudently

Code of Ethics

Adopting the Code of Ethics under BNM guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry (BNM/GP7) as part of the Bank's Rules and Regulation to guide the employees based on the following key principles:-

- Avoid conflict of interest
- Avoid misuse of position
- Prevent misuse of information

- Ensure integrity and completeness of records
- Ensure confidentiality of communication and transactions with customers
- Fair and equitable treatment of customers

Anti-Fraud Policy

Establishing the Anti-Fraud Policy to spell out the roles and responsibilities of each employee in the Public Bank Group in preventing, detecting and reporting any defalcations, misappropriations and irregularities, as well as the steps the Group will take in respect of employees involved in fraudulent acts.

In essence, the Anti-Fraud Policy seeks to:-

- Ensure the Group's business is conducted in accordance with the law
- Nurture an environment of honesty and integrity
- Promote awareness of the Group's stand on improper, illegal and dishonest acts and the consequences of such acts
- Create staff awareness of their roles, rights and responsibilities in relation to improper, illegal and dishonest acts

To facilitate the internalisation of immaculate work ethics by employees, the Group takes further proactive steps to incorporate the above guidelines and policies in the letter of offer/service undertaking to be read, understood and acknowledged by all staff upon their appointment. These guidelines and policies are again reiterated during their induction programme. Reminders are also sent out via staff circulars from time to time to support and nurture employees to embrace the Group's values and work ethics.

Ethics, Integrity & Trust

Anti-Money Laundering Policy

Unstinted in its support to the Government's and BNM's initiatives and efforts in the prevention of the use of the banking system for illicit and money laundering activities as well as the financing of terrorist activities, the Group has set up an extensive infrastructure and processes to support such move. A key component of this infrastructure is the Group's Anti-Money Laundering Policy which sets out the following:-

- Expectations of employees in implementing the anti-money laundering policy
- Accountability of employees for money laundering detection and prevention
- Education and training in preventing and detecting money laundering
- Extensive procedures covering customer identification, account opening, record keeping and recognition and reporting of suspicious transactions

To ensure that the various codes of conduct are complied with and to detect and prevent actual unethical behaviour or fraud by staff of the Group, the following pre-emptive measures are undertaken:-

- Comprehensive training on the standards of conduct expected of employees in the Public Bank Group with emphasis on:-
 - * Enhancing staff knowledge on regulatory requirements
 - * Enabling staff to understand and realise the ethical standards set by the Group
 - * Equipping staff with skills to handle ethical dilemmas with integrity
 - * Equipping staff with skills to detect early warning signs of fraud and malpractices
 - * Enabling staff to comply with the Group's various codes of conduct

- Extensive supervisory control and procedures in the Group's day to day operations to ensure scrupulous dealings are the order of the day.
- Conducting stringent character reference and background checking on potential incumbents prior to offering employment in order to prevent/minimise infiltration of undesirable elements into the staff force.
- Conducting checks and monitoring on employee compliance of such guidelines/policies by the Internal Audit Team on a regular basis.
- Strict enforcement of appropriate disciplinary action based on established disciplinary procedures to employees who are found to have contravened/breached such rules and regulations/policies.

The Public Bank Group is resolute in upholding its impeccable reputation. Its initiatives to pervade an environment of exemplary corporate conduct and meticulous regulatory compliance has created high awareness among employees with respect to Management's stringent and uncompromising stand on illegal/illicit activities and the implication/consequences thereof.

STATEMENT ON INTERNAL CONTROL

Responsibility

The Board of Directors (“Board”) is responsible for the adequacy and effectiveness of the Public Bank Group’s (“the Group”) system of internal controls. The Board ensures that the system manages the Group’s key areas of risk within an acceptable risk profile to minimise the risk of failure to achieve the policies and business objectives of the Group. The Board continually reviews the system to ensure that this system of internal controls provides a reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the guidelines for directors on internal control, the *Statement on Internal Control: Guidance for Directors of Public Listed Companies*.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and adequate to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets.

Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key Internal Control Processes

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Board Executive Committee was established by the Board to manage the business of Public Bank (“the Bank”) and to ensure that the Bank’s operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved by the Board. The Board Executive Committee implements strategies approved by the Board and addresses issues arising from changes in both the external business environment and internal operating conditions. Management committees are established by the respective Boards of major operating subsidiaries in the Group to assume the functions as stated above in these subsidiaries.
- The Internal Audit Divisions of the Bank and its major subsidiaries check for compliance with policies and procedures and the effectiveness of the internal control systems and highlight significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Bank’s and its respective subsidiaries’ Audit Committees. The audit findings are submitted to the Bank’s Audit Committee and the subsidiaries’ Audit Committees, as the case may be, for review at their monthly or periodic meetings.
- The Audit Committees of the Bank and its major subsidiaries review internal control issues identified by the respective Internal Audit Divisions, the external auditors, regulatory authorities and management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. They also

Statement on Internal Control

review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled to the Boards of the Bank and its major subsidiaries on a monthly or periodic basis. Further details of the activities undertaken by the Audit Committee of the Bank are set out in the Audit Committee Report.

- The Risk Management Committee was established by the Board to assist the Board to oversee the overall management of the principal areas of risk of the Group. The other committees set up to manage specific areas of risk for the Group are the Credit Risk Management Committee which manages credit risk; the Assets & Liabilities Management Committee which manages market and liquidity risks and the Operational Risk Management Committee which manages operational risk.
- Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Group's core areas of business operations. These committees include the Group Human Resource Committee, the Credit Committee, the Share Investment Committee, the Business Continuity Management Committee and the IT Steering Committee.
- A Risk Appetite Statement is drawn up annually and approved by the Bank's Board. Annual business plans which are prepared by the Bank and all major operating subsidiaries in line with the Group's Risk Appetite Statement are reviewed and approved by their respective Boards. Annual budgets are also approved by the respective Boards and the Bank's business units and operating subsidiaries performance are assessed against the approved budgets and explanations are provided for significant variances on a monthly or periodic basis to the respective Boards.
- There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff, annual or semi-annual performance appraisals and other relevant procedures in place to ensure that staff are competent and adequately trained in carrying out their duties and responsibilities.
- The Boards of the Bank and its major subsidiaries receive and review reports from management on a regular basis. In addition to the monthly accounts and financial information reports and reports on monitoring of compliance with banking laws and Bank Negara Malaysia's and other central bank's guidelines on lending, capital adequacy and other regulatory requirements, monthly or periodic progress reports on business operations are tabled to the respective Boards at their monthly or periodic meetings.
- There are policy guidelines and authority limits imposed on executive directors and management within the Group in respect of the day-to-day banking and financing operations, extension of credits, investments, acquisitions and disposals of assets.
- Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines and directives issued by the Bank and its major subsidiaries which are updated from time to time.

Review of The Statement by External Auditors

The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report of the Bank for the year ended 31 December 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

AUDIT COMMITTEE REPORT

1 Tan Sri Datuk Seri Utama Thong Yaw Hong

*Chairman/Independent
Non-Executive Director*
PSM, SUMW, SIMP, DSAP,
DIMP, JMN, SMP, JBS, AMN,
BA (Econs Hons), MPA (Harvard),
AMP (Harvard), D.Econ (Hon)

2 Dato' Haji Abdul Aziz bin Dato' Dr. Omar

*Co-Chairman/Independent
Non-Executive Director*
DIMP, ACA (England & Wales),
CA (M'sia), FIBM (M'sia)

3 Dato' Yeoh Chin Kee

*Member/Independent
Non-Executive Director*
DIMP, FCPA (Aust), F Fin (Aust)

1. Attendance of Meetings

The details of attendance of each member at the Audit Committee ("Committee") meetings held during 2011 are as follows:

Name of Committee Member	Attendance at Committee Meetings
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Chairman/Independent Non-Executive Director</i>	16/16
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Co-Chairman/Independent Non-Executive Director</i>	16/16
Dato' Yeoh Chin Kee <i>Member/Non-Independent Non-Executive Director</i>	16/16
Y.A.M. Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah Al-Mustain Billah* <i>Member/Independent Non-Executive Director</i>	3/3
Dato' (Dr) Haji Mohamed Ishak bin Haji Mohamed Ariff** <i>Member/Independent Non-Executive Director</i>	3/3
Mr Quah Poh Keat <i>Member/Independent Non-Executive Director</i>	16/16
Mr Tang Wing Chew*** <i>Member/Independent Non-Executive Director</i>	12/12

* Ceased to be a Member with effect from 20 March 2011

** Ceased to be a Member with effect from 14 March 2011

*** Appointed as a Member with effect from 29 March 2011



2. Composition and Terms of Reference

2.1 Composition

- a. The Committee shall be appointed by the Board of Directors and shall consist of not less than three members, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors.
- b. Chairman/Co-Chairman
 - The Chairman and the Co-Chairman of the Committee shall be approved by the Board of Directors and shall be an independent non-executive director.
 - The Chairman or the Co-Chairman shall be a member of the Malaysian Institute of Accountants ("MIA").
- c. At least one member of the Committee:
 - i. must be a member of the MIA; or
 - ii. if he is not a member of the MIA, he must have at least three years working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
 - iii. fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

Quah Poh Keat 4

*Member/Independent
Non-Executive Director*
FCCA (UK), CA (M'sia), CPA (M'sia),
ACMA (UK), Fellow MIT (M'sia)

Tang Wing Chew 5

*Member/Independent
Non-Executive Director*

2.2 Frequency of Meetings

Meetings shall be held not less than four times a year.

2.3 Quorum

A quorum shall consist of two members and shall comprise of independent directors.

2.4 Secretary

The Secretary of the Committee shall be the Head of Internal Audit Division.

2.5 Rights

The Committee shall have the authority to:

- seek any information relevant to its activities from employees of Public Bank and the Public Bank Group.
- obtain such independent professional advice as it considers necessary.
- have full and unrestricted access to any information and documents pertaining to Public Bank and the Public Bank Group.
- to convene meetings with the internal auditors without the presence of the Executive Directors and Management staff whenever deemed necessary.
- to meet with the external auditors at least twice a year without the presence of the Executive Directors and Management staff.

2.6 Responsibilities and Duties

The responsibilities and duties of the Committee shall be:

a. Risk Management

To review the adequacy and effectiveness of risk management, internal control and governance systems instituted in Public Bank and the Public Bank Group.

b. Internal Audit

- To approve the appointment, replacement and dismissal of the Chief Internal Auditor.

- To review the adequacy of the scope, functions, competency and resources of Internal Audit Division and that it has the necessary authority to carry out its work.
- To evaluate the performance and decide on the remuneration of the internal auditors.

c. External Audit

- To review the external auditors' audit plan, scope of their audits and their audit reports.
- To assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal.
- To review the independence and objectivity of the external auditors and their services, including non-audit services.
- To approve the provision of non-audit services by the external auditors.

d. Audit Reports

To review the:

- Internal and external audit reports to ensure that appropriate and adequate remedial actions are taken by management on significant lapses in controls and procedures that are identified.
- Significant internal and external audit findings and Management's response.

e. Financial Reporting

To review the quarterly and annual financial statements of Public Bank and the Public Bank Group for recommendation to the Board of Directors for approval, focusing particularly on:

- changes in or implementation of new accounting policies and practices;
- significant and unusual events; and
- compliance with the applicable approved accounting standards and other legal and regulatory requirements.

Audit Committee Report

- f. **Related Party Transactions**
To monitor and review any related party transactions that may arise within Public Bank and the Public Bank Group.
- g. **Other Matters**
To consider such other matters as the Committee considers appropriate or as authorised by the Board of Directors.

3. Summary of Activities

During the year, the Committee carried out the following activities:

3.1 Financial Reporting

- a. Reviewed the quarterly and half-yearly unaudited financial results of Public Bank and the Public Bank Group before recommending them for approval by the Board of Directors.
- b. Reviewed the annual audited financial statements of Public Bank and the Public Bank Group with the external auditors prior to submission to the Board of Directors for their approval. The review was to ensure that the financial reporting and disclosures are in compliance with:
- Provisions of the Companies Act, 1965 and the Banking and Financial Institutions Act, 1989;
 - Listing Requirements of Bursa Malaysia Securities Berhad;
 - Applicable approved accounting standards in Malaysia;
 - Guidelines issued by Bank Negara Malaysia; and
 - Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

3.2 Internal Audit

- a. Reviewed the annual audit plan to ensure adequate scope and comprehensive coverage over the activities of Public Bank and the Public Bank Group and ensured that all high risk areas are audited annually.
- b. Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of Internal Audit Division.
- c. Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and Management's response to these recommendations. Where appropriate, the Committee has directed Management to rectify and improve control procedures and workflow processes based on the internal auditors' recommendations and suggestions for improvement.
- d. Monitored the corrective actions taken on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed.
- e. Conducted half-yearly reviews of the performance, progress and adequacy of coverage of the internal audit function.
- f. Reviewed the staffing requirements of Internal Audit Division and the skills and the core competencies of the internal auditors.
- g. Conducted quarterly reviews of the Business Contingency Plan and Disaster Recovery Plan testings to ensure compliance with the Bank Negara Malaysia's Guidelines on Business Contingency Management.
- h. Reviewed the investigative reports tabled during the year and ensured appropriate remedial actions/measures were taken.

3.3 External Audit

- a. Reviewed with the external auditors:
 - their audit plan, audit strategy and scope of work for the year.
 - the results of their annual audit, audit report and management letter together with Management's response to their findings.
- b. Assessed the independence and objectivity of the external auditors during the year and prior to the appointment of the external auditors for adhoc non-audit services. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work.
- c. Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.
- d. Reviewed the inspection and examination reports issued by Bank Negara Malaysia and other regulatory authorities and the remedial actions taken in respect of the issues raised by them.

3.4 Related Party Transactions

Reviewed the related party transactions entered into by Public Bank and the Public Bank Group.

4. Training

During the year, the Committee members have attended conferences, seminars and training programmes on the following areas:

- a. **Corporate Governance**
 - International Corporate Governance Network Mid-Year Conference 2011

- Governance Series for Directors – The Board's Responsibility for Corporate Culture – Selected Governance Concerns & Tools for Addressing Corporate Culture and Board Performance
- Financial Institutions Directors' Education (FIDE) Core Programmes
- FIDE Board Specialised Program: The Nomination and Remuneration Committee
- Directors' Duties and Corporate Governance

- b. **Board Leadership**

- Mandatory Accreditation Programme
- Corporate Directors Conference 2011: The Resurgence of Corporate Malaysia

- c. **Risk Management/Audit**

- FIDE Board Specialised Program: Corporate Governance Programme: Building Audit Committee for Tomorrow
- FIDE Board Specialised Program: Board Risk Management Committee: Managing Risks in Banks

- d. **Islamic Banking**

- Islamic Finance: Conceptual & Analytical Issues from the Perspective of Conventional Economics
- Islamic Finance Master Class with Joseph Divanna: Competitive Strategies for Islamic Finance

- d. **Banking, Finance & Economy**

- FIDE Technical Program: Corporate Finance for Directors
- Sustainability Programme for Corporate Malaysia
- The New Competition Act
- The First Asian Central Banks' Watchers Conference "Asian Perspective on World Finance Promoting Financial & Monetary Stability at a Time of Transition"
- Malaysian Institute of Accountants (MIA) – ASEAN Federation of Accountants (AFA) Conference 2011

Audit Committee Report

- Impact of Basel III on Public Bank
- Moving Towards International Reporting Standards (IFRS) Convergence
- KPMG Malaysia Tax Summit 2011
- Budget 2012 Tax Summit

5. Internal Audit Function

The Committee is supported by the Internal Audit Division in the discharge of its duties and responsibilities. Internal Audit Division provides independent and objective assessment on the adequacy and effectiveness of the risk management, internal controls and governance processes. Internal Audit Division also carries out investigative audits where there are improper, illegal and dishonest acts reported.

The internal audit function reviews the effectiveness of the internal control structures over the Public Bank Group's activities focussing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually.

The internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and level of customer services, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with Public Bank's and the Public Bank Group's risk management policy. In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made.

Internal Audit Division also conducts audits on the information systems of Public Bank and the Public Bank Group to ensure that the computing resources are adequately secured to protect the data integrity and confidentiality, and operating processes are properly managed and controlled to support business operational needs.

Internal Audit Division provides consulting or advisory functions in the evaluation of risk exposures of new systems, business products and services to assess the controls that should be in place to mitigate the risks identified prior to implementation. When providing such consulting or advisory functions, Internal Audit Division is not involved in the system selection or implementation process in order to maintain its objectivity and independence.

Internal Audit Division works collaboratively with Risk Management Division to review and assess the risk governance framework and the risk management processes of Public Bank and the Public Bank Group in respect of their adequacy and effectiveness.

The total costs incurred for the internal audit function of the Bank and the Public Bank Group for 2011 are as follows:

	RM'000
Bank	20,629
Group	27,982

Further details of the activities of Internal Audit Division are set out in the Statement on Internal Control.



owering talent

Looking back at the challenges and successes of the past, our commendable accomplishments are due in no small measure to our committed and dedicated employees. To strengthen key competencies, we will continue to invest in human capital development to ensure our employees are equipped with the right skills and necessary drive in striving for excellence.



BOARD EXECUTIVE COMMITTEE

From left to right: Tan Sri Dato' Sri Tay Ah Lek, Tan Sri Dato' Sri Dr. Teh Hong Piow, Dato' Sri Lee Kong Lam

TAN SRI DATO' SRI DR. TEH HONG PIOW

Chairman

A respected banking entrepreneur with a banking career spanning more than 60 years. Commencing his banking career in Singapore, he founded Public Bank in 1965 after spending 6 years in a senior management position in another prominent local bank. Since inception Tan Sri Teh has been at the helm of Public Bank and personally steered its growth till today.

TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

Holder of a Masters degree in Business Administration, Tan Sri Tay is a veteran in the financial services industry with 51 years experience. A pioneer staff of Public Bank in 1966, he held several portfolios over the years including the Executive Vice President position in Public Finance and Public Bank. He was appointed Executive Director of Public Bank in 1997 and Managing Director/ Chief Executive Officer in 2002. He sits on the Board of Directors of several subsidiary companies in the Public Bank Group.

DATO' SRI LEE KONG LAM

Executive Director

An accountant by profession, Dato' Sri Lee was attached to Bank Negara Malaysia for 29 years and retired as Head of its Examination Department. He joined Public Bank as General Manager in 1996 and was subsequently appointed Senior General Manager and Executive Vice President. He was appointed Executive Director in 2001. He is also a member on the Board of Directors of several subsidiary companies in the Public Bank Group.

GROUP MANAGEMENT PROFILE



Dato' Chang Kat Kiam
*Chief Operating Officer,
Public Bank Berhad*



Leong Kwok Nyem
*Chief Operating Officer,
Public Bank Berhad*

DATO' CHANG KAT KIAM

*Chief Operating Officer,
Public Bank Berhad*

Holder of a Masters degree in Business Administration, Dato' Chang has been with Public Bank since 1975. He is experienced in all aspects of banking having managed branches and banking business portfolios in Head Office. Appointed Senior General Manager in 2001 and Chief Operating Officer in 2006. He oversees the Bank's Retail Lending Operations, Overseas Operations, Share Investment Services, Deposit & Channel Management, Retail Financial Services, Retail Loans Marketing, Product Development & Trade Finance, Corporate Banking and Knowledge & Learning.

LEONG KWOK NYEM

*Chief Operating Officer,
Public Bank Berhad*

An accountant by profession. Mr Leong was attached to the accounting and auditing industry for 8 years before joining the Public Bank Group in 1988. Attached initially to the Finance Division in Head Office, he was transferred to Public Finance Limited in Hong Kong in 1990. He returned to Head Office in 1994 and was appointed Senior General Manager in 2001 and Chief Operating Officer in 2008. His portfolio includes supervision of the Bank's Banking Operations, Finance, Property, Treasury, Information Technology, Corporate Structure, Credit Administration & Supervision and HP Credit Control.



Teoh Cheng Soon
Chief Executive Officer,
Public Investment Bank Berhad



**Abu Hassan Assari
bin Ibrahim**
Chief Executive Officer,
Public Islamic Bank Berhad



Yeoh Kim Hong (Ms)
Chief Executive Officer,
Public Mutual Berhad



Tan Yoke Kong
Executive Director &
Chief Executive,
Public Bank (Hong Kong) Limited



Lee Huat Oon
General Manager/Chief
Executive,
Public Finance Limited



Phan Ying Tong
Country Head,
Cambodian Public Bank Plc

TEOH CHENG SOON

Chief Executive Officer,
Public Investment Bank Berhad

Holder of a Bachelor of Arts (Economics) degree, Mr Teoh started his career as an Assistant Economist with Bank Negara Malaysia in 1968. He held several positions during the 16 years he was attached to the central bank. He was attached to several companies in the financial services industry before joining the Public Bank Group in 1998 initially as the Chief Operating Officer of the Group's stock broking company and has been the Chief Executive Officer of Public Investment Bank since 2006.

ABU HASSAN ASSARI BIN IBRAHIM

Chief Executive Officer,
Public Islamic Bank Berhad

Holder of a Bachelor of Arts degree. En. Abu Hassan has more than 31 years experience in the banking industry. He joined the Public Bank Group in 1989. Has held several managerial positions at Head Office attached to Credit Operations, Retail Banking with his last position being Director of Credit Operations Division. En. Abu Hassan was transferred to Public Islamic Bank in 2010 as General Manager and appointed to his current position in early 2011.

Group Management Profile

YEOH KIM HONG (MS)

*Chief Executive Officer,
Public Mutual Berhad*

A chartered accountant by profession. Ms Yeoh has more than 16 years experience in the unit trust industry. Prior to joining Public Mutual, she was attached to an international public accounting firm for more than 12 years during which she gained exposures in auditing and management consultancy and advisory, both locally and in the United States of America. She joined Public Mutual in 1996 and was promoted to General Manager - Finance & Operations in 1999. In 2004, she was promoted to the position of Senior General Manager. Ms Yeoh assumed the position of Chief Executive Officer of Public Mutual in 2007. She is currently a council member of the Federation of Investment Managers Malaysia.

TAN YOKE KONG

*Executive Director & Chief Executive,
Public Bank (Hong Kong) Limited*

An accountant by profession, Mr Tan has over 30 years experience in the banking and finance industry. He was seconded from Public Bank to Hong Kong in 1991 and was appointed Executive Director of Public Financial Holdings Limited, a company listed on the Stock Exchange of Hong Kong, in 1992. Mr Tan was appointed to his current position as Executive Director & Chief Executive of Public Bank (Hong Kong) Limited after its acquisition by the Group in 2006. Prior to this, he was the General Manager & Chief Executive of Public Finance Limited. Mr Tan had served as the Vice Chairman of the Deposit Taking Companies Association and as a member of the Deposit-Taking Companies Advisory Committee in Hong Kong for several years.

LEE HUAT OON

*General Manager/Chief Executive,
Public Finance Limited*

Holder of a Bachelor of Accounting degree and a Chartered Accountant with the Malaysian Institute of Accountants. Mr Lee has more than 24 years experience in the banking and finance industry. He joined the Public Bank Group's Hong Kong operations in 1995 and was appointed Chief Executive of Public Finance Limited in 2006. Mr Lee is also an Executive Director of Public Finance Limited and Public Financial Holdings Limited, a company listed on the Hong Kong Stock Exchange. He is currently the Vice Chairman of the Deposit Taking Companies Association, a member of the Deposit-Taking Companies Advisory Committee and a member of the Banking and Finance Industry Training Board in Hong Kong.

PHAN YING TONG

*Country Head,
Cambodian Public Bank Plc*

Holder of a Diploma in Management, Mr Phan has a total of 30 years service with the Public Bank Group. He was a Branch Manager of several branches in Public Bank before his appointment as General Manager of Cambodian Public Bank Plc in 2002. Mr Phan is the Country Head of Cambodian Public Bank Plc which has 23 branches located throughout Cambodia.

HEADS of DIVISION



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ABD RAZAK BIN MD DALI 1

*Senior General Manager,
Public Affairs Division*

Holder of Masters degree in Science (Corporate Communication). Joined Public Bank in 1977, experienced in branch banking and appointed Head of Public Affairs Division in 1994. Responsible for the Bank's PR, corporate communication, advertising and sports portfolio.

Heads of Division

DATO' CHIA LEE KEE 2

*Senior General Manager,
Secretariat Division*

Holder of ICSA degree and FCIS. Joined Public Bank in 1978 and was appointed Head of Secretariat Division in 1997. Dato' Chia is the Bank's Company Secretary and oversees the Group's company secretarial matters.

CHONG YOU LIN (MS) 3

*Senior General Manager,
PB Card Services & Support*

Holder of Bachelor of Arts (Economics) degree with 31 years experience in the card industry. Having joined Public Bank in 1991, she was appointed Head of Division in 2000 and promoted to General Manager in 2004 and to Senior General Manager in 2010.

SULAIMAN BIN ABD MANAP 4

*Senior General Manager,
Credit Operations Division*

Holder of Masters degree in Business Administration. Joined Public Bank in 1981 and experienced in both branch banking and Head Office credit. Was appointed Head of Credit Operations in 2003.

CHAN CHEW FUNG (MS) 5

*General Manager,
Corporate Banking*

Holder of Bachelor of Arts (Economics) degree. Joined Public Bank in 1982 and appointed Head of Corporate Banking & Trade Finance Division in 1995. Ms Chan was promoted to General Manager in 2009.

CHANG SIEW YEN (MS) 6

*Chief Financial Officer/General Manager,
Finance and Corporate Planning & Strategy*

An accountant by profession. Joined Public Bank in 2005 as Deputy Director of Finance Division and subsequently appointed Head of Finance Division and Chief Financial Officer in 2006. Ms Chang was promoted to General Manager in 2009 to also oversee the Corporate Planning & Strategy Department.



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CHEW HAN KANG 7

*General Manager,
HP Operations*

Holder of Diploma in Management. Has a total of 35 years experience in HP financing. Joined the Public Bank Group in 1976 and appointed Director of HP Financing in 1997. Responsible for the Bank's HP Operations since 2008. Mr Chew was promoted to General Manager in 2011.

Heads of Division

EDDIE CHAN KOK KWAI 8

*General Manager,
Credit Administration & Supervision Division*

Holder of Bachelor of Economics degree, FSD and AIBM. Joined Public Bank in 1982 and appointed Head of Credit Administration and Supervision Division in 1992. Responsible for credit control and recovery of impaired loans for retail loans. Mr Chan was promoted to General Manager in 2011.

KOAY SEOK KHIM (MS) 9

*General Manager,
Knowledge & Learning*

Holder of Bachelor of Arts/Economics degree. Joined Public Bank in 1981 as a Trainer. Has been the Head of Knowledge & Learning Centre since 1993.

TAN TECK KONG 10

*General Manager,
Information Technology Division*

Holder of Bachelor of Science/Mathematics degree. Joined Public Bank in 1983 and was appointed Director in 2000 to head the Bank's IT Division. Mr Tan was promoted to General Manager in 2011.

CHAI MING KIAT 11

Group Chief Internal Auditor

An accountant by profession. Has a total of 21 years experience in Auditing and Risk Management. Appointed Group Chief Internal Auditor in 2010 to oversee the Group's Internal Audit portfolio.

LIM THEN FUI 12

*Director,
Risk Management Division*

An accountant by profession. Has a total of 32 years experience in Bank Negara Malaysia and commercial banking. Joined Public Bank in 2001 and appointed Head of Risk Management Division in 2007.



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MARLENE GOH (MS) 13

*Director,
Human Resource Division*

Holder of Bachelor of Social Science degree and has been in the HR field for the past 29 years. Has been with Public Bank since 1983. Appointed Director of Human Resource Division in 2011 and oversees the Group's Human Resource portfolio.

Heads of Division

PATRICK LIM YOONG LENG 14

*Director,
Banking Operations Division*

Holder of Diploma in Management. Has a total of 31 years experience in Auditing and Banking Systems and Processes. Appointed Director of Banking Operations Division in 2010.

SIM GOAY CHYE 15

*Director,
Property Division*

Holder of Masters degree in Business Management. Joined the Public Bank Group in 1983. Held several managerial portfolios at Head Office before his appointment as Head of Property Division in 2004.

TANG HONG KEAT 16

*Director,
Treasury Division*

Joined Public Bank in 1979. Experienced in Finance and Treasury Operations. Has been Director of Treasury Division since 2005.

TUAN HAJI A WAHAB BIN A RAMAN 17

*Director,
Security Division*

Holder of Diploma in Police Science. Tuan Haji has a total of 31 years of service with the Royal Malaysian Police. Held several high rank positions in the Police Force and last position held was Kuala Lumpur Traffic Chief (ACP Rank). Joined Public Bank in 2011 as Head of Security Division.



ordinary returns

Our track record of uninterrupted profitability is a testimony to the focus and far-sightedness of our prudent management. This resolute determination to maintain such high levels of achievement has created a culture that continuously raises the bar when it comes to benchmarking record profits.

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◀◀◀ TAN SRI DATO' SRI
DR. TEH HONG PIOW

OVERVIEW

Highlights For 2011

NET PROFIT

+14.3%

Improved to RM3.48 bil (2010: RM3.05 bil)

PRE-TAX PROFIT

+12.8%

Improved to RM4.61 bil (2010: RM4.09 bil)

EARNINGS PER SHARE

+14.1%

Improved to 99.5 sen (2010: 87.2 sen)

NET RETURN ON EQUITY

26.8%

2010: 27.1%

COST TO INCOME RATIO

29.8%

2010: 30.7%

Overall Business Environment

Over the past three years, the world has been through an unprecedented global financial crisis. At the height of the financial crisis, some of the world's largest and best known financial institutions collapsed whilst others were adversely affected. Many large and reputable institutions were only able to survive thanks to government bailouts and the urgent intervention of regulators. While economies in the United States of America ("US") and Europe sputtered, countries in Asia, with the exception of Japan, remained resilient and a few faced the opposite challenge of having to cool their over-heated economies.

The Malaysian economy continued to expand moderately despite the more challenging external environment and slowdown in external demand, with expected GDP growth of between 5.0% and 5.5% in 2011. The moderation was due to

slowing exports as a result of weaker than expected US economic performance, deepening sovereign debt crisis in the Euro zone, global supply chain disruption resulting from the earthquake and tsunami in Japan and flood in Thailand as well as rising global inflation. However, the growth momentum in Malaysia is expected to be sustained on the back of resilient domestic demand and private investment. Growth will also be supported by public infrastructure projects and strong exports of commodities and resource-based manufactured goods. Against this backdrop, the Malaysian economy is projected to grow between 5% and 6% in 2012.

The foundation of the Malaysian banking system, which is built on strong fundamentals in the aftermath of the 1997-1998 Asian financial crisis, remained strong as seen in the wake of the financial crisis of 2008-2009. Monetary policies

Chairman's Review – Overview

DOMESTIC LOAN GROWTH

+14.1%

Grew to RM164.08 bil (2010: RM143.82 bil)

DOMESTIC DEPOSIT GROWTH

+14.7%

Grew to RM186.44 bil (2010: RM162.58 bil)

TOTAL ASSETS

+10.2%

Grew to RM249.41 bil (2010: RM226.33 bil)

GROSS IMPAIRED LOANS RATIO

0.9%

2010: 1.1%

RISK-WEIGHTED CAPITAL RATIO

15.3%

2010: 13.7%

in 2011 continued to be accommodative to support economic growth even as the Overnight Policy Rate ("OPR") was raised by 25 basis points to 3% in May 2011. Meanwhile, the Statutory Reserve Requirement was raised three times from 1% to 4% as a pre-emptive measure to manage the build-up of excessive liquidity. The retail banking business is projected to grow at a moderate pace amidst stiff competition and the introduction of regulatory measures to address rising household debt levels. As a result, net interest margins will be under pressure as competition for loans and deposits becomes more challenging. However, the resilience and stability of the banking system will be supported by strong capitalisation and firm asset quality, as reflected by the industry's average Tier 1 capital ratio and risk-weighted capital ratio of 12.7% and 14.8% respectively as at the end of November 2011 whilst the industry's gross impaired loans ratio improved to 2.7% as at the end of November 2011.

The Public Bank Group achieved another year of record profit in 2011 despite the challenging and uncertain external environment. The Group's strong performance is a tribute to its strategy to remain focused on its core retail consumer and commercial banking business whilst maintaining its tradition of conservatively managing the asset quality of its balance sheet. The Group remains vigilant in the light of uncertainties in the global economy and will continue to be prudent to maintain sustainable growth. With the Group's resilient track record of financial performance as well as strong asset quality and healthy capital structure, the Group is well set to grasp opportunities when they arise, propelling the Group on its next phase of growth.

Summary of Group Financial Performance

At a Glance

	2011	2010	Growth %
Profitability (RM'Million)			
Profit before tax expense and zakat	4,611	4,086	12.8
Net profit attributable to shareholders	3,484	3,048	14.3
Earnings per share (sen)	99.5	87.2	14.1
Balance Sheet (RM'Million)			
Total assets	249,411	226,329	10.2
Gross loans, advances and financing	177,694	156,544	13.5
Deposits from customers	200,371	176,872	13.3
Shareholders' equity	14,863	13,033	14.0
Financial Indicators			
Net return on equity	26.8%	27.1%	(0.3)
Cost to income ratio	29.8%	30.7%	(0.9)
Gross impaired loans ratio	0.9%	1.1%	(0.2)
Loan loss coverage	188.9%	143.5%	45.4
Net loan to deposit ratio	87.2%	87.1%	0.1
Risk-weighted capital ratio	15.3%	13.7%	1.6
Tier 1 capital ratio	10.1%	10.0%	0.1



Group Financial Summary

Profitability Growth Remained Strong in 2011

- Pre-tax profit grew by 12.8% to RM4.61 billion in 2011.
- Net profit attributable to shareholders also increased by 14.3% to RM3.48 billion in 2011.
- Earnings per share grew by 14.1% to 99.5 sen.
- Net return on equity remained strong at 26.8% in 2011.
- Cost to income ratio remained low at 29.8% as compared to the banking industry's average cost to income ratio of 46.7%, being the most cost-efficient bank in Malaysia.

Chairman's Review – Overview

Summary of Group Financial Performance

Balance Sheet Continued to Expand and Remained Healthy

- Despite keen market competition, total gross loans and advances grew by RM21.15 billion or 13.5% to RM177.69 billion as at the end of 2011 on the back of strong domestic loans growth of 14.1%. Loans growth continued to be supported by the Public Bank Group's retail and consumer segment.
- Total customer deposits increased by RM23.50 billion or 13.3% to stand at RM200.37 billion as at the end of 2011 mainly supported by the strong domestic customer deposits growth of 14.7%. Retail deposits remained the main contributor to the deposits growth of the Group.
- Total assets increased by RM23.08 billion or 10.2% during the year to reach RM249.41 billion as at the end of 2011. The assets growth is mainly driven by healthy expansion in loans and deposits.
- Net loan to deposit ratio remained healthy at 87.2% as at the end of 2011.



Asset Quality Continued to Be Strong

- Gross impaired loans ratio further improved from 1.1% as at the end of 2010 to 0.9% as at the end of 2011, significantly lower than the Malaysian banking industry's gross impaired loans ratio of 2.7%.
- Loan loss coverage increased from 143.5% as at the end of 2010 to 188.9% as at the end of 2011 and is the highest in the Malaysian banking sector.

Healthy Capital Position

- Tier 1 capital ratio and risk-weighted capital ratio stood at 10.1% and 15.3% respectively as at the end of 2011 as compared to 10.0% and 13.7% respectively as at the beginning of the year.

The Board of Directors declared a second interim single tier dividend of 28 sen per ordinary share. Together with the first interim single tier dividend of 20 sen per ordinary share, the total dividend for 2011 would amount to 48 sen net per ordinary share as compared to the net dividend of 45.5 sen per ordinary share for 2010. Total dividend payment for 2011 represent 48.3% payout of the Public Bank Group's net earnings for 2011.

Chairman's Review – Overview
Summary of Group Financial Performance

Segmental Profitability

(i) Profit Before Tax By Business Segment

	2011		2010	
	RM'Million	% of Contribution	RM'Million	% of Contribution
Domestic Operations				
Comprise of:				
Retail	2,695	58.5	2,293	56.1
Hire Purchase	629	13.6	666	16.3
Fund Management	322	7.0	274	6.7
Corporate Lending	266	5.8	229	5.6
Treasury and Capital Market	196	4.2	163	4.0
Investment Banking	51	1.1	50	1.2
Others*	155	3.4	100	2.5
Total domestic operations	4,314	93.6	3,775	92.4
Overseas Operations	292		299	
Share of associated companies' net profit	5		12	
Total overseas operations	297	6.4	311	7.6
Profit before taxation	4,611	100.0	4,086	100.0

* Others comprise mainly of domestic head office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies.

- Retail Operations continued to be the Public Bank Group's key income driver, accounting for 58.5% of the Group's profit before tax in 2011, followed by Hire Purchase Operations and Fund Management Operations which contributed 13.6% and 7.0% respectively to the Group's profit before tax.
- Retail Operations reported a higher pre-tax profit of RM2,695.2 million in 2011 as compared to RM2,293.4 million in 2010, representing a growth of 17.5%. The increase in pre-tax profit was achieved on the back of strong increase in net interest and finance income resulting from healthy loans and deposits growth despite intense market competition, coupled with the improved credit charges as a result of stable asset quality.
- Hire Purchase Operations registered a decline in pre-tax profit of RM36.5 million or 5.5% in 2011 from RM665.6 million in 2010. The drop in pre-tax profit was mainly due to higher cost of funds arising from the various OPR increases in 2010 and 2011 against the fixed rate hire purchase loans. However, domestic hire purchase loans growth had remained strong at 10.4% in 2011 despite the disruption to the supply of Japanese vehicles due to the earthquake and tsunami in Japan and flooding in Thailand as well as changes to the Hire Purchase Act which affected vehicle sales in the initial stages of implementation.
- Fund Management Operations registered commendable results with pre-tax profit growth of 17.5% to RM321.9 million in 2011 from RM273.8 million in 2010 as a result of healthy growth in net asset value of funds under management and improved sales of unit trust funds.

Chairman's Review – Overview

Summary of Group Financial Performance

- Treasury and Capital Market Operations recorded an increase in pre-tax profit of RM32.6 million to RM195.71 million in 2011 due to improvement in net interest margins of its funding activities.
- Corporate lending posted a 16.3% growth in pre-tax profit to RM266.2 million in 2011 from RM228.9 million in 2010 mainly due to higher bad debt recovery during the year which was partially offset by lower net interest income due to competitive pressures.
- Investment Banking Operations recorded satisfactory results with pre-tax profit of RM51.2 million in 2011 as a result of growth in its share broking business.

(ii) Profit Before Tax By Geographical Locations and Major Companies

	2011		2010	
	RM'Million	% of Contribution	RM'Million	% of Contribution
In Malaysia	4,314	93.6	3,775	92.4
<i>of which:</i>				
<i>Public Bank Berhad *</i>	3,387	73.5	2,850	69.8
<i>Public Islamic Bank Berhad</i>	581	12.6	522	12.8
<i>Public Mutual Berhad</i>	322	7.0	274	6.7
<i>Public Investment Bank Berhad</i>	51	1.1	50	1.2
Outside Malaysia	297	6.4	311	7.6
<i>of which:</i>				
<u>Hong Kong</u>				
<i>Public Finance Ltd*</i>	129	2.8	158	3.9
<i>Public Bank (Hong Kong) Ltd*</i>	37	0.8	52	1.3
<u>Cambodia</u>				
<i>Cambodian Public Bank Plc</i>	89	1.9	61	1.5
Profit before taxation	4,611	100.0	4,086	100.0

* Profit excluding dividends from subsidiaries and associated companies and any other intercompany transactions which are eliminated at Group level.

- The Public Bank Group's domestic operations continued to be the main contributor to the Group's pre-tax profit at 93.6% in 2011 as compared to 92.4% in 2010.
- The contribution by the Group's overseas operations to pre-tax profit decreased from RM311.5 million in 2010 to RM296.5 million in 2011 mainly due to the negative effect of foreign exchange differences. Excluding the impact of foreign exchange differences, the pre-tax profit of the Group's overseas operations would have decreased by 1.1% in 2011 mainly contributed by a decline in profit from the Group's Hong Kong operations partially offset by an increase in pre-tax profit from the Group's Cambodian operations.

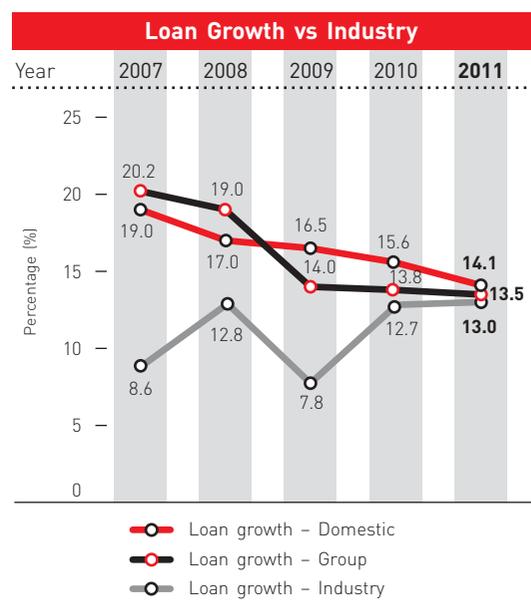
Chairman's Review – Overview
Summary of Group Financial Performance

Loans, Advances and Financing

Steady Momentum in Loans Growth

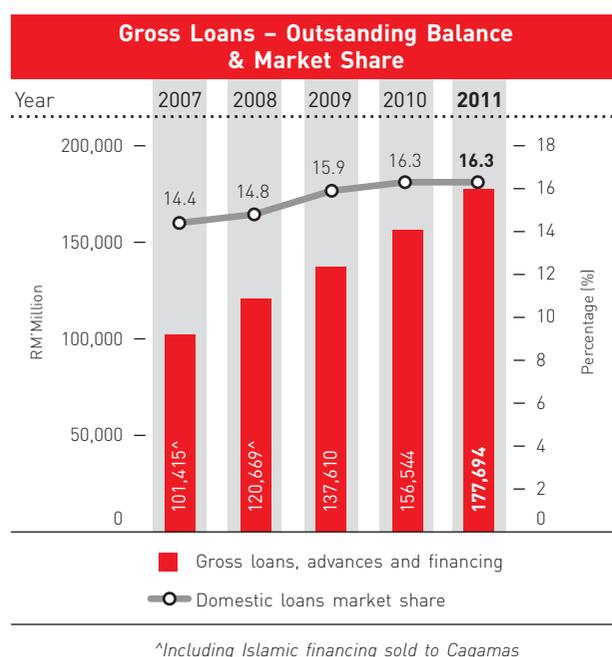
Loans, Advances and Financing	Outstanding (Gross)		Growth Rate	
	2011	2010	2011 %	2010 %
Domestic (RM'Million)	164,081	143,822	14.1	15.6
of which:				
Public Bank (RM'Million)	144,559	127,143	13.7	15.9
Public Islamic Bank Berhad (RM'Million)	19,493	16,590	17.5	13.7
Overseas (RM'Million)	13,613	12,722	7.0	(4.0)
of which:				
Public Bank (Hong Kong) Ltd (HKD'Million)	22,931	22,471	2.0	10.6
Public Finance Ltd (HKD'Million)	4,634	4,360	6.3	3.9
Cambodian Public Bank Plc (USD'Million)	611	574	6.5	(5.3)
Group (RM'Million)	177,694	156,544	13.5	13.8

- The Public Bank Group's gross loans, advances and financing increased by RM21.15 billion from RM156.54 billion as at the end of 2010 to RM177.69 billion as at the end of 2011. This represents a growth rate of 13.5%.
- Domestic loans growth was stronger at 14.1% in 2011 which is above the Malaysian banking industry's annualised growth rate of 13.0% as at the end of November 2011.
- Overseas loans grew at a lower rate mainly due to the impact of economic slowdown in Hong Kong and Cambodia as well as the Group's cautious stand in granting credit. Nevertheless, the Group's Hong Kong and Cambodian operations continued to record a loans growth of 2.8% and 6.5% respectively in terms of HKD and USD despite the challenging and competitive operating environment.
- The Group's strong achievement in loans growth in recent years was reflected in the loans growth rates which were consistently well above the Malaysian industry's loans growth rates.



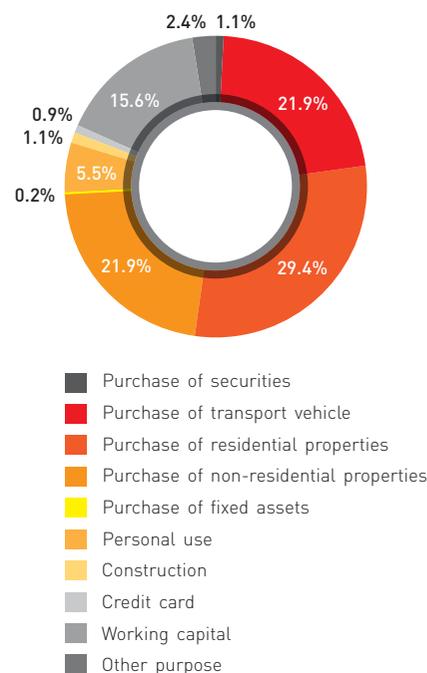
Chairman's Review – Overview Summary of Group Financial Performance

- The Public Bank Group's strong loans growth at well above the industry loans growth rates have led to increasing market share over the years. Despite stiff competition, the Group's domestic loan market share increased to 16.3% as at the end of November 2011, as compared to 14.4% as at the end of 2007.



- The Public Bank Group's lending activities remained concentrated in retail loans, particularly for residential properties and passenger vehicles as well as commercial lending to small- and medium-sized enterprise ("SMEs"). Loans to these key sectors accounted for 69.2% of the Group's total loan portfolio as at the end of 2011.
- The Group's strong loans growth is mainly driven by strong growth in the residential properties and passenger vehicles financing, which increased at an impressive rate of 17.5% to RM52.21 billion and 9.5% to RM38.95 billion respectively as at the end of 2011. The Group remained supportive in promoting SME activities particularly for working capital and investment financing. Loans to the SME sector grew strongly by 13.8% in 2011 to RM31.89 billion.

2011 Gross Loans – Economic Purposes

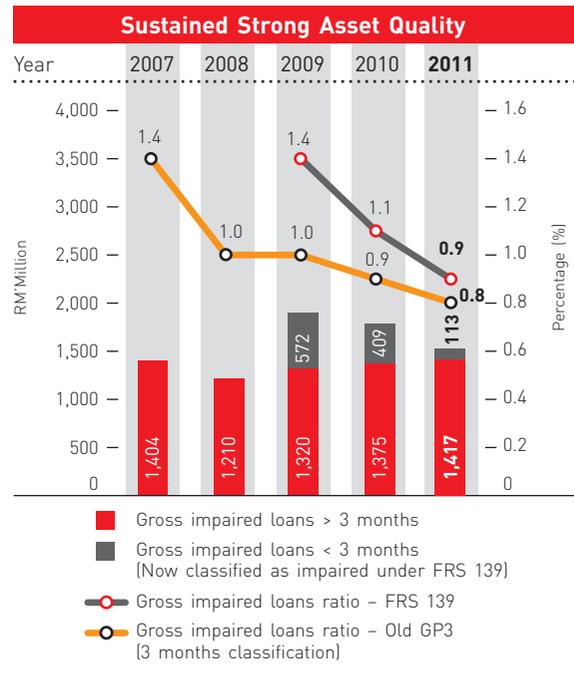


Chairman's Review – Overview
Summary of Group Financial Performance

Asset Quality

Sustained Strong Asset Quality

- The Public Bank Group has been able to consistently maintain its superior asset quality, even during challenging economic environment, due to a combination of preventive and proactive measures taken such as its prudent credit culture, stringent lending policies, efficient restructuring and rescheduling processes as well as the rehabilitation of impaired loans.
- Over the past 5 years, the Group has consistently shown improvement in its asset quality. Based on the old GP3 classification of impaired loans where loans are classified as impaired when they are in arrears for 3 months or more, the Group's gross impaired loans continued to improve from 1.4% as at the end of 2007 to 0.8% as at the end of 2011. Despite the more stringent criteria on classification of impaired loans as a result of FRS 139 adoption with effect from 2010, the gross impaired loans ratio also improved from 1.4% as at the beginning of 2010 to 0.9% as at the end of 2011, which is significantly lower than the banking industry's gross impaired loans ratio of 2.7% as at the end of November 2011.
- Despite reporting a RM21.15 billion growth in total gross loans, advances and financing in 2011, total gross impaired loans amount decreased by RM0.25 billion to RM1.53 billion as at the end of 2011 as compared to RM1.78 billion a year ago.



Gross Impaired Loans Ratio by Type	Public Bank Group		Latest Available Industry Average
	2011 %	2010 %	%
Consumer			
Housing Loans	0.9	1.1	2.5
Hire Purchase	0.6	0.5	1.4

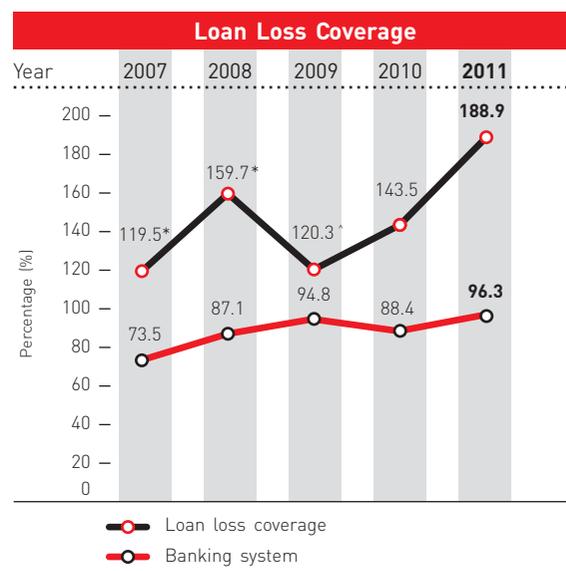
- The Group's gross impaired loans ratio in the consumer sector remained well below that of the industry. The Group's gross impaired loans ratio for housing loans of 0.9% as at the end of 2011 is approximately one-third that of the industry average of 2.5% whilst the gross impaired loans ratio for hire purchase financing of 0.6% as at the end of 2011 was less than half that of the industry average of 1.4%.

Chairman's Review – Overview Summary of Group Financial Performance

Gross Impaired Loans by Geographical Locations	2011 RM'Mil	2010 RM'Mil
Gross Impaired Loans	1,530	1,784
Domestic	1,348	1,580
Overseas	182	204

Gross Impaired Loans Ratio	2011 %	2010 %
Domestic	0.8	1.1
of which:		
Public Bank	0.8	1.1
Public Islamic Bank	0.9	1.0
Overseas	1.3	1.6
of which:		
Public Financial Holdings Group	1.0	1.2
Cambodian Public Bank Plc	3.0	3.4
Group	0.9	1.1

- Domestic asset quality remained strong, as seen from the improvement in not just the gross impaired loans ratio from 1.1% as at the end of 2010 to 0.8% as at the end of 2011, but also a drop in the gross impaired loans balance from RM1.58 billion as at the end of 2010 to RM1.35 billion as at the end of 2011. This was achieved despite the strong domestic loans growth during the year. The domestic gross impaired loans ratio of 0.8% was also the lowest amongst Malaysian banking groups.
- The improved economic conditions in the Group's overseas operations also resulted in the strengthening of its asset quality. This was reflected by the lower gross impaired loans balance which dropped from RM0.20 billion as at the end of 2010 to RM0.18 billion as at the end of 2011 as well as the lower gross impaired loans ratio of 1.3% as at the end of 2011 from 1.6% a year ago.



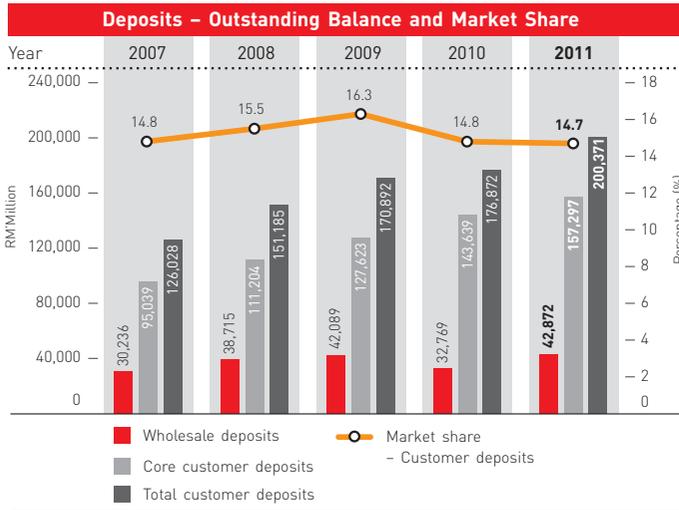
[^] Restated due to the adoption of FRS 139

* Based on old GP3 (3 months classification of non-performing loan), prior to the adoption of FRS 139

- Apart from the excellent gross impaired loans ratio, the Group also maintained the most prudent provisioning levels with a loan loss coverage ratio of 188.9% as at the end of 2011, significantly higher than the banking industry's coverage ratio of 96.3% as at the end of November 2011. The high loan loss coverage was due to the Group's compliance with the transitional provision of BNM's guidelines on Classification and Impairment Provision for Loans/Financing whereby the Group is required to maintain a minimum of 1.5% collective assessment allowance despite its strong asset quality. This had led to an increase in the Group's loan loss coverage from 143.5% as at the end of 2010 to 188.9% as at the end of 2011 resulting from the additional collective assessment allowance set aside for the strong loans growth in 2011.
- As at the end of 2011, the Group's collective assessment allowance of RM2.64 billion was about 2.1 times of the net impaired loans amount of RM1.28 billion, despite that more than 90% of the impaired loans are secured.

Customer Deposits

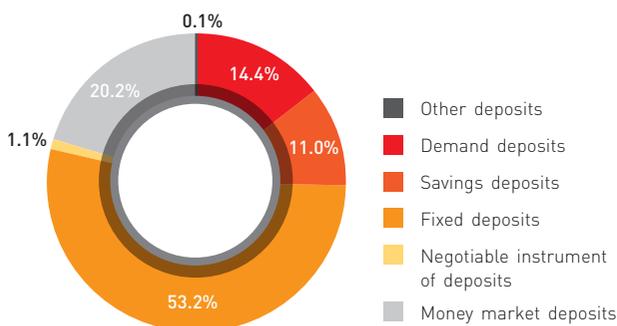
Healthy Growth of Customer Deposits



- The Public Bank Group reported a growth of 13.3% or RM23.50 billion in deposits from customers to stand at RM200.37 billion as at the end of 2011. Core customer deposits increased from RM143.64 billion as at the end of 2010 to RM157.30 billion as at the end of 2011, representing a growth rate of 9.5%. The Group's wholesale deposits in the form of negotiable instruments of deposit and money market deposits also expanded by 30.8% to RM42.87 billion as at the end of 2011. As a result, the Group's domestic market share of total deposits remained strong at 14.7% as at the end of November 2011.
- The overall customer deposits of the Group's overseas operations in Hong Kong and Cambodia dropped as a result of stiff competition for customer deposits.

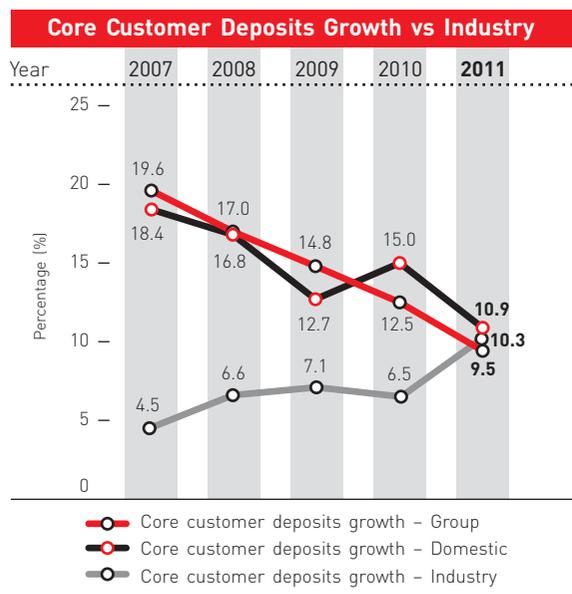
Total Customer Deposits by Entity	Outstanding		Growth Rate	
	2011	2010	2011 %	2010 %
Domestic (RM'Million)	186,445	162,578	14.7	4.3
of which:				
Public Bank (RM'Million)	159,384	140,789	13.2	4.0
Public Islamic Bank Berhad (RM'Million)	20,030	15,307	30.9	17.1
Overseas (RM'Million)	13,926	14,294	(2.6)	(5.2)
of which:				
Public Bank (Hong Kong) Ltd (HKD'Million)	24,218	26,449	(8.4)	1.5
Public Finance Ltd (HKD'Million)	3,456	3,124	10.6	(9.4)
Cambodian Public Bank Plc (USD'Million)	771	792	(2.7)	29.2
Group (RM'Million)	200,371	176,872	13.3	3.5

2011 Customer Deposits Mix



- Core customer deposits comprising of demand deposits, savings deposits and fixed deposits represent 78.5% of the Group's total deposits from customers.

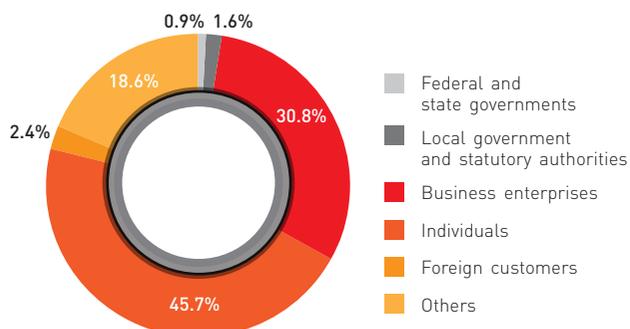
Chairman's Review – Overview Summary of Group Financial Performance



- The Group's domestic core customer deposits grew at a faster pace, increasing by 10.9% as compared to the domestic banking industry's annualised growth of 10.3% in 2011. The healthy growth of the domestic core customer deposit was mainly attributed to steady inflows of demand deposits, savings deposits and fixed deposits which grew by 13.2%, 10.4% and 10.4% respectively, higher than the Malaysian banking industry's annualised growth rates of 12.9%, 7.9% and 9.9% respectively.
- The Group's core customer deposits growth remained robust supported by its strong PB Brand franchise and its wide and efficient branch network, as well as the large domestic depositor base of over 4.5 million customers.

Domestic Core Customer Deposits	Outstanding		Growth Rate %	Latest Available Industry %
	2011 RM'Million	2010 RM'Million		
Demand deposits	27,283	24,109	13.2	12.9
Savings deposits	19,677	17,825	10.4	7.9
Fixed deposits	96,621	87,491	10.4	9.9
	143,581	129,425	10.9	10.3

2011 Customer Deposits by Type of Customers



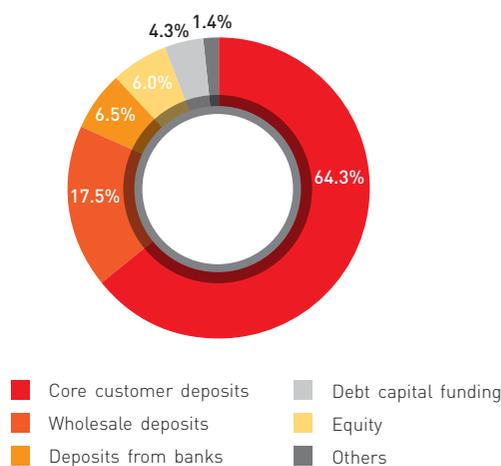
- Individual deposits accounted for 45.7% of the Group's total deposits from customers as at the end of 2011 and represent a 18.6% domestic market share of deposits by individuals as at the end of November 2011. This provides the Group with a stable long-term deposit base and low-cost deposit funding structure.

Funding and Liquidity

Well-Diversified and Stable Funding Base

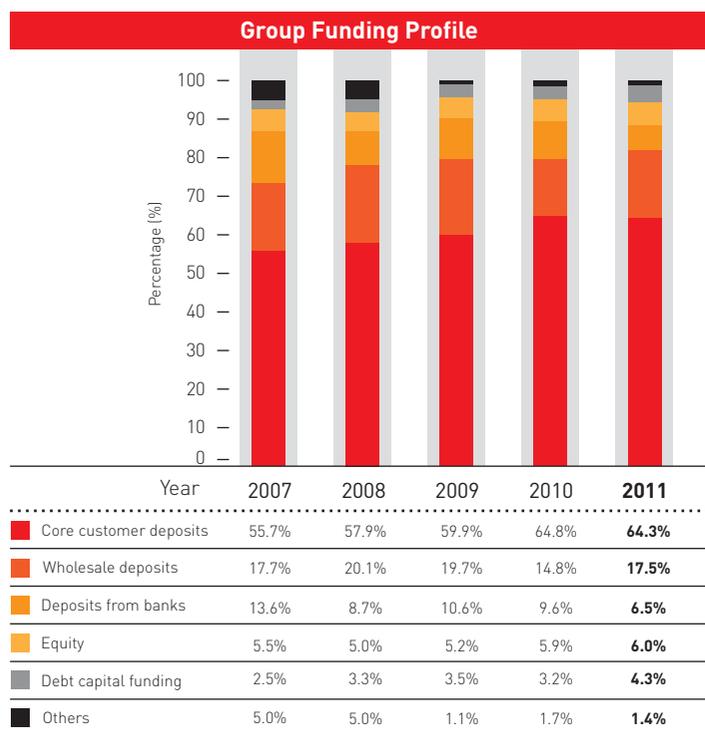
- The Public Bank Group's total funding increased by 10.3% or RM22.81 billion to RM244.47 billion as at the end of 2011. The increase is mainly due to increase in customer deposits, which grew by 13.3% or RM23.50 billion. The Group's core sources of funding, which consists of core customer deposits and wholesale deposits account for 64.3% and 17.5% respectively of the Group's funding. These cost efficient long-term sources of funding ensures the strong liquidity level of the Group.
- The Group's equity capital and long-term debt capital funding which comprise Subordinated notes, Innovative Tier 1 capital securities and Non-innovative Tier 1 stapled securities represent 10.3% of the total funding base of the Group.
- The Group's net loan to deposit ratio remained stable and healthy at 87.2% as at the end of 2011.

2011 Group Funding Profile



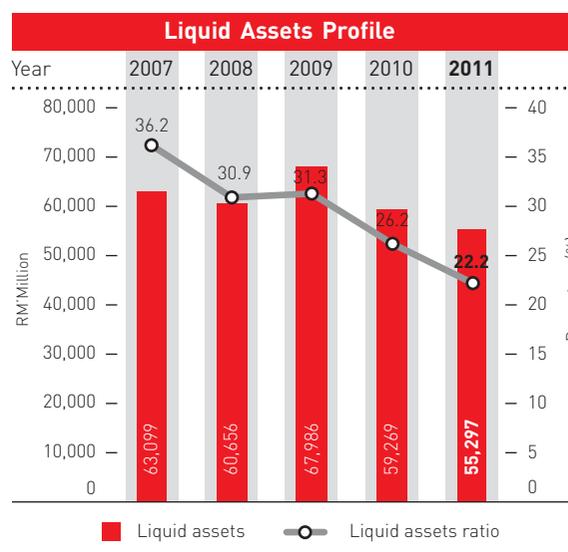
Funding Profile	Outstanding		Growth Rate %	Composition %
	2011 RM'Mil	2010 RM'Mil		
Deposits from Customers				
Core customer deposits	157,297	143,639	9.5	64.3
Wholesale deposits	42,872	32,769	30.8	17.5
Other deposits	201	464	(56.7)	0.1
Other Deposits and Borrowings				
Deposits from banks	15,807	21,327	(25.9)	6.5
Bills and acceptances payable	2,095	2,309	(9.3)	0.9
Borrowings	895	898	(0.3)	0.4
Recourse obligations on loans sold to Cagamas	12	16	(27.7)	0.0
Debt Capital				
Tier II subordinated notes	6,257	3,188	96.3	2.6
Innovative Tier 1 capital securities	1,969	1,918	2.7	0.8
Non-innovative Tier 1 stapled securities	2,197	2,090	5.1	0.9
Equity Capital				
Equity	14,863	13,033	14.0	6.0
	244,465	221,651	10.3	100.0

Chairman's Review – Overview Summary of Group Financial Performance



- The Public Bank Group has a well diversified funding base with an increasing weighting to customer funding, particularly on core customer deposits. Since 2007, the Group's core customer deposits as a percentage of total funding has increased steadily from 55.7% in 2007 to 64.3% in 2011, in line with the Group's strategy to focus on growing core customer deposits. This underpins the Group's ability to continue to grow volume and market share in its core lending business.

- As at the end of 2011, the Public Bank Group's liquid assets stood at RM55.30 billion, which accounted for 22.2% of the Group's total assets. The healthy level of liquid assets allows the Group to meet its liquidity requirements even during difficult market conditions.



Key Performance Indicators

The table below summarises the key performance indicators of the Public Bank Group and the medium-term targets set by the Group:

Key Performance Indicators	2007	2008	2009	2010	2011	3-year Medium-term Targets
Profitability (%)						
Net return on equity	26.3	30.4	26.1	27.1	26.8	> 26.0%
Cost to income	33.1	31.2	32.6	30.7	29.8	< 30.0%
Asset Quality (%)						
Gross impaired loans ratio (FRS 139)	–	–	1.4	1.1	0.9	below 1%
Gross impaired loans ratio (old GP3)	1.4	1.0	1.0	0.9	0.8	–
Balance Sheet (RM'Billion)						
Assets	174.2	196.2	217.1	226.3	249.4	350.0
Gross loans	101.4	120.7	137.6	156.5	177.7	245.0
Deposits	126.0	151.2	170.9	176.9	200.4	280.0

Despite ongoing economic uncertainties, the Public Bank Group has performed well, delivering another year of solid performance. This is due, in no small measure, to the past several years of consistent size building and market share gains as well as the Group's long-standing focus on the strengthening of its asset quality. The macro key performance objectives of the Group include the continued pursuit of growth in profitability and balance sheet, as well as the maintenance of a high quality loan portfolio and continued improvement in productivity.

Profitability

- Strong profitability as reflected by the sustained high net return on equity of 26.8% in 2011, driven by strong loans and deposits growth and excellent asset quality.
- In terms of cost efficiency, the Group continuously drives cost efficiency initiatives to further improve productivity as reflected by the Group's cost to income ratio of 29.8% in 2011 from 33.1% in 2007. The Group remained the most cost-efficient bank in Malaysia.

Asset Quality

- The solid financial performance was also supported by consistently strong and improving asset quality, reflecting the Group's prudent credit risk management.
- Over the past 5 years, the Group's gross impaired loans ratios had consistently improved from an already low 1.4% as at the end of 2007 to 0.8% as at the end of 2011 based on old GP3 classification of three months gross impaired loans.
 - Despite more stringent criteria on classification of impaired loans due to FRS 139 adoption with effect from 2010, the Group's gross impaired loans ratio has also improved to 0.9% as at the end of 2011 from 1.4% as at the beginning of 2010.

Chairman's Review – Overview Key Performance Indicators

Balance Sheet Strength

- The recent crisis has reinforced the importance of balance sheet strength, which will determine the ability and flexibility of a bank to support its customers and ride out credit cycles.
- The Group has demonstrated consistently strong financial and business performance over the past five years. Since the end of 2007,
 - Total assets had expanded from RM174.15 billion to RM249.41 billion as at the end of 2011.
 - Total loans and deposits grew from RM101.42 billion and RM126.03 billion respectively to RM177.69 billion and RM200.37 billion respectively as at the end of 2011, achieving double digit growth annually.

Medium-term Targets

- For the 3 year period from 2012 to 2014, the Group aims to sustain its net return on equity of more than 26.0% (based on the existing capital structure), cost to income ratio of below 30.0% whilst maintaining a low gross impaired loans ratio of below 1%.
- The Group is also targeting to increase its total assets, loans and deposits to RM350 billion, RM245 billion and RM280 billion respectively, representing a double digit growth annually for the next 3 years.



Benchmarking Against Banking Industry's Performance

The table below compares the key financial indicators of the Public Bank Group with those of the banking system in Malaysia.

Key Financial Indicators	2011			2010		
	Public Bank Group	Latest Industry Average	Rank #	Public Bank Group	Latest Industry Average	Rank #
Profitability (%)						
Pre-tax return on average equity	33.7	18.2	1	34.3	16.5	1
Pre-tax return on average assets	1.9	1.6	1	1.8	1.5	1
Cost to income ratio	29.8	46.7	1	30.7	46.7	1
Productivity (RM'000)						
Pre-tax profit/employee	263	223	1	235	189	1
Gross loans/employee	10,119	8,200	1	9,013	7,300	1
Deposits/employee	11,411	10,400	1	10,183	9,500	1
Asset Quality (%)						
Gross impaired loans ratio	0.9	2.7	1	1.1	3.4	1
Loan loss coverage	188.9	96.3	1	143.5	88.4	1
Growth Rate (%)						
Gross loans (domestic)	14.1	13.0*	NA	15.6	12.7	NA
Core customer deposits (domestic)	10.9	10.3*	NA	15.0	6.5	NA

* Banking industry annualised growth rate

Latest available ranking for domestic commercial banking operations

NA Not available

Despite the competitive market conditions, the Public Bank Group continued to maintain its market leadership in loans and deposits whilst keeping productivity high and asset quality stable. The Group's domestic market share of gross loans and customer deposits remained high at 16.3% and 14.7% respectively as at the end of November 2011. Total assets of the Group accounted for a sizeable 12.8% share of the domestic industry's total assets as at the end of November 2011.

Profitability

- The Group remained the clear leader in the domestic commercial banking sector in terms of profitability and cost efficiency.
- The pre-tax return on average equity and pre-tax return on average assets of 33.7% and 1.9% respectively were above the banking industry's average of 18.2% and 1.6% respectively.
- The Group's cost to income ratio of 29.8% was the lowest amongst Malaysian banking groups and is well below the industry's average of 46.7%.

Chairman's Review – Overview

Benchmarking Against Banking Industry's Performance

Productivity

- A key strategy of the Group to maintain its profitability growth in an environment of intense competition is to enhance the productivity of its staff.
- The Group continued to rank no.1 in terms of productivity per employee amongst its domestic commercial banking peers.
- The Group's pre-tax profit per employee, gross loans per employee and total deposits per employee achieved 11.9%, 12.3% and 12.0% growth respectively to RM263,400, RM10.1 million and RM11.4 million respectively as at the end of 2011.

Asset Quality

- The Group's asset quality and loan loss coverage has remained the best in the industry with the lowest gross impaired loans ratio and highest loan loss coverage, reflecting the Group's prudent lending policies and strong risk management practices.
- The Group's gross impaired loans ratio further improved from 1.1% as at the beginning of the year to 0.9% as at the end of 2011, significantly lower than the Malaysian banking industry's gross impaired loan ratio of 2.7% as at the end of November 2011.
- The Group's loan loss coverage also increased from 143.5% as at the end of 2010 to 188.9% as at the end of 2011, which was almost twice the industry average of 96.3% as at the end of November 2011.

The tables below compare the key financial indicators of the Public Bank Group with those of key domestic banks in Malaysia as well as leading regional banks in the Asia Pacific region.

Comparison Against Key Domestic Banks

Banks	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %	Loan Loss Coverage %
Public Bank Group	26.8	29.8	0.9	188.9
Malaysia				
Maybank Banking Berhad	15.8	50.9	3.2	81.9
CIMB Group Holdings Berhad	16.0	56.1	5.5	80.0
RHB Capital Berhad	14.6	44.0	3.7	75.1
Hong Leong Bank Berhad	21.2	47.5	2.1	137.7
AMMB Berhad	15.4	39.4	2.8	101.3

The Public Bank Group successfully maintained its leading position amongst domestic commercial banking groups in Malaysia in terms of profitability and cost efficiency as well as asset quality. The Group's net return on equity of 26.8% was the best amongst its domestic peers. In terms of cost efficiency, the Group's cost to income ratio of 29.8% was the lowest amongst Malaysian banking groups, a testament of the Group's disciplined and effective cost management. Management of asset quality was also superior as reflected by its lowest gross impaired loans ratio of 0.9% as well as highest loan loss coverage of 188.9% as compared to the other domestic banking groups.



Comparison Against Leading Regional Banks

Banks	Net Return on Equity %	Cost to Income Ratio %
Public Bank Group	26.8	29.8
SINGAPORE		
DBS Group	11.3	42.3
UOB	11.3	43.3
OCBC	11.1	43.9
HONG KONG		
Hang Seng Bank	22.7	34.6
Hongkong and Shanghai Bank Corporation Limited of Hong Kong ("HSBC HK")	22.5	45.2
AUSTRALIA		
ANZ Bank	15.3	47.4
Commonwealth Bank of Australia	19.5	45.5
National Australia Bank	15.2	43.7
CHINA		
Industrial and Commercial Bank of China	25.1	32.6
Bank of China	19.2	39.9
China Construction Bank	24.8	32.5
Agricultural Bank of China	23.0	38.5

The Public Bank Group's key financial indicators remained outstanding when benchmarked against the leading regional banks. The Group's net return on equity of 26.8% and cost to income ratio of 29.8% ranks no. 1 amongst the leading banking groups in the Asia Pacific region. The Group will continue to benchmark itself against leading banks in the region to ensure it stays at the forefront of competition.

Chairman's Review – Overview

Capital Management

Capital Management Framework and Strategies

The Public Bank Group proactively manages its capital structure to improve the efficiency of its capital to enhance shareholders' returns whilst maintaining a strong and robust capital position to support the Group's business growth. This involves ongoing review and monitoring by the Board of Directors of the level and composition of the Group's capital, assessed based on the following key objectives:

- Meeting regulatory capital requirements
- Optimising returns to shareholders
- Maintaining adequate levels of capital and an optimum mix of the different components of capital in order to:
 - (a) support the underlying risks of the Group's business;
 - (b) optimise growth; and
 - (c) be able to withstand capital demands under market shocks and stress conditions.
- Maintaining Public Bank's strong external credit ratings
- Allocating appropriate levels of capital to the business units and subsidiaries to optimise return on capital

The Public Bank Group has also established a detailed strategic capital management plan over a medium term horizon to continuously enhance the efficiency in usage of capital and to ensure healthy capital levels at all times. This involves the following key initiatives:

- Assigning return on equity as one of the key performance indicators for assessing branch managers' and business heads' performance
- Growing non-interest income sources which are less capital intensive
- Significant focus on measuring risk adjusted return on capital in evaluating business proposals
- Continuous monitoring of the robustness of its capital position and an efficient mix of capital through a 3-year capital plan
- Early planning to meet Basel III requirements and potential capital buffer requirements by Bank Negara Malaysia ("BNM"), including the implementation of Internal Capital Adequacy Assessment Process ("ICAAP"), as well as ensuring that capital requirements under stressed scenarios are taken into account in capital planning.



Healthy Capitalisation

	Public Bank Group		Public Bank	
	2011 RM'Mil	2010 RM'Mil	2011 RM'Mil	2010 RM'Mil
Shareholders' equity	14,863	13,033	13,910	12,303
Capital base	25,940	20,274	21,497	16,409
of which:				
Tier I capital	17,391	15,055	17,369	15,322
– equity capital	13,475	11,159	13,453	11,426
– debt capital	3,916	3,896	3,916	3,896
Tier II capital	8,595	5,267	8,160	4,921
– loan loss reserves	2,457	2,165	2,022	1,819
– debt capital	6,138	3,102	6,138	3,102
Risk weighted assets	163,027	141,096	134,888	116,319

After Deducting 2nd Interim Dividends	Public Bank Group		Public Bank		Banking System ¹
	2011	2010	2011	2010	
Core equity capital ratio*	7.5%	7.2%	7.0%	6.7%	NA
Tier I capital ratio	10.1%	10.0%	12.1%	12.4%	12.7
Risk-weighted capital ratio ("RWCR")	15.3%	13.7%	15.2%	13.3%	14.8

¹ As at the end of November 2011

* Total Tier I capital less Tier I debt capital, investments in subsidiaries in excess of 10% of core equity capital and certain portion of non-controlling interests

NA Not available

The Public Bank Group's capital base stood at RM25.94 billion as at the end of 2011 and comprised 67% of Tier 1 capital and 33% of Tier 2 capital. The Group's Tier 2 capital comprised collective assessment allowance, which is made based on 1.5% of net loans under the BNM transitional provision. The Group's shareholders' equity increased by 14.0% to RM14.86 billion as at the end of 2011 from RM13.03 billion a year ago.

The Group's and the Bank's RWCR after taking account of the 2nd interim dividends increased from 13.7% and 13.3% respectively as at the end of 2010 to 15.3% and 15.2% respectively as at the end of 2011, well above the 8% statutory requirement. The Group's and the Bank's Tier 1 capital ratio remained stable at 10.1% and 12.1% respectively as at the end of 2011 as compared to 10.0% and 12.4% respectively a year ago.

Chairman's Review – Overview Capital Management

Impact of Basel III

On 16 December 2010, the Basel Committee on Banking Supervision ("BCBS") published its final calibrated guidelines, commonly known as Basel III standards, as part of its banking reforms to strengthen global capital and liquidity regulations with the aim of promoting a more resilient banking sector. The Basel III standards are designed to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and procyclical risks.

Under the Basel III standards, banking institutions are expected to be better capitalised, particularly in the form of common equity. Banking institutions will be required to increase their common equity and maintain a higher core equity Tier 1 capital, including a capital conservation buffer and a countercyclical buffer. Certain capital instruments that no longer meet the Basel III standards will be phased out over 10 years beginning 2013, and banking institutions are expected to supplement them with high loss-absorbing capacity capital instruments. These new capital requirements will be phased-in gradually, commencing 1 January 2013, with final implementation in 2019. The Basel III standards also introduced liquidity standards to ensure that banks have sufficient high quality liquid resources and to encourage banks to fund its activities with more stable sources of funding.

On 16 December 2011, BNM issued a circular which sets out BNM's approach with regard to the implementation of the Basel III capital reform package in Malaysia. The BNM guidelines on the Basel III capital reforms is in accordance with the globally-agreed levels of capital and will be implemented gradually beginning 1 January 2013 through 2019, in line with the BCBS's recommended phase-in requirement.

In addition, BNM will issue concept papers by 2014 outlining the rules and mechanism to implement the new capital buffers. BNM is considering requiring banks to hold a countercyclical capital buffer which range between 0% and 2.5%. The Public Bank Group's core equity ratio, Tier 1 capital ratio and RWCR of 7.5%, 10.1% and 15.3% respectively as at the end of 2011, after deducting the 2nd interim

dividend, are well above the Basel III minimum capital requirements, excluding the countercyclical capital buffer that will be imposed by BNM at a later date. Due to its strong profit generation capacity and superior asset quality, the Group is well-positioned to sustain its capital ratios at levels that are above the minimum requirements of BNM.

Capital Initiatives

Efficient capital management is a priority in view of the more stringent capital requirements of Basel III. As part of the preparation for the implementation of the Basel III standards, the Public Bank Group's 3-Year Capital Plan has been realigned to take into account the revised capital requirements set out in the Basel III standards. The capital plan retains most of the Group's existing capital management strategies, with realignment to meet the Basel III requirements.

The capital planning process involves the efficient balancing between the debt capital and equity capital components, whilst ensuring healthy level of capital in meeting the Basel III requirement.

(i) Debt Capital

The Basel III standards increases the minimum quality of capital that banks are obliged to maintain, substantially in the form of common equity capital that has the highest loss absorption capacity. Debt capital that no longer meet the Basel III standards will be gradually phased-out.

As at the end of 2011, the Public Bank Group has a total of RM10.43 billion debt capital outstanding comprising:

	RM' Billion
Innovative Tier 1 hybrid capital	1.97
Non-innovative Tier 1 stapled capital securities	2.20
Subordinated notes	6.26
Total debt capital	10.43

With the implementation of the Basel III standards, the debt capital instruments above will be gradually phased-out. However, this will not significantly impact the Public Bank Group's capital structure as the Basel III transitional provisions allow these capital instruments to continue to be included as part of the total capital to be gradually phased-out over a 10 year transition period commencing 1 January 2013.

As part of the capital management strategy, the Public Bank Group has adopted an approach to maximise the benefit of the Basel III transition provision and issued a RM3 billion Subordinated Notes under its existing Subordinated Medium Term Note Program. This had further strengthened the Group's risk weighted capital ratio by 2%. Moving forward, the Group will continue to closely assess market conditions to ensure the issuance of any debt capital instrument is made in the most cost efficient manner.

(ii) Equity Capital

The Public Bank Group's and Public Bank's core equity capital ratios, after taking account of the 2nd interim dividend, of 7.5% and 7.0% respectively as at the end of 2011 are above the minimum Basel III requirements. The Group is well-positioned to sustain its equity

The Public Bank Group will continue to monitor further developments in relation to the Basel III requirements and any additional regulatory capital requirements to be imposed by BNM. This will allow the Group to address the potential impact of such requirements by realigning existing capital management strategies from time to time. The Group remains committed to maintain a healthy level of capital at all times to support the Group's business growth strategies whilst maximising its shareholder value.

capital levels above the Basel III requirements of BNM through its proactive capital management initiatives and its ability to continue to generate capital growth through:

- strong profit generation capacity
- strong asset quality and high loan loss reserves
- continuous enhancement of efficient capital usage, in particular emphasis on less capital-intensive fee based and non interest income business

As at the end of 2011, the Public Bank Group has a total of RM29.8 million of treasury shares held, being shares bought back previously. These shares are available for sale which will consequently enhance the Group's common equity capital.

(iii) Healthy Dividend Payout

Notwithstanding periods of particularly challenging economic conditions, the Public Bank Group had been maintaining healthy dividend payout over the years consistent with its capital management strategies. Even with more stringent capital requirements, the Group is confident that it will be able to maintain its healthy dividend payout.

Chairman's Review – Overview

Credit Ratings

Public Bank Berhad	Long-Term	Short-Term
RAM	AAA	P1
Moody's	A3	P-1
Standard & Poor's	A-	A-2
Standard & Poor's ASEAN Regional Scale Rating	axAA	axA-1

In June 2011, Public Bank's long-term and short-term general banking ratings of AAA and P1 respectively were reaffirmed by Rating Agency Malaysia ("RAM"). The AAA rating is the highest rating assigned by RAM and reflects the ability to offer the highest level of safety for timely payment of its financial obligations. The reaffirmation of the highest level ratings accorded to the Bank was based on its robust financial profile and excellent franchise in the domestic market, underpinned by its superior asset quality and strong profit performance. Concurrently, RAM also reaffirmed the long-term ratings of the Bank's Subordinated Medium Term Notes Programme of up to RM5.0 billion, RM1.2 billion Innovative Tier 1 Capital Securities and the Non-Cumulative Perpetual Capital Securities Programme of up to RM5.0 billion at AA1, AA2 and AA2 respectively.

In April 2011, Moody's Investors Service reaffirmed Public Bank's long-term deposit rating of A3 and short-term deposit rating of P-1 due to its well-established and profitable franchise, its liquid balance sheet and superior asset quality relative to its local peers.

In November 2011, Standard & Poor's ("S&P") published its revised rating methodology for banks. The revised rating methodology takes into account the banking industry's country risk assessment and the specific strength and weaknesses of the individual bank. Based on the new rating methodology, S&P had in December 2011 reaffirmed Public Bank's long-term credit rating of A- and short-term credit rating of A-2 with a stable outlook. The reaffirmation of the ratings were based on Public Bank's strong business position, strong liquidity, above average funding position as well as adequate capital and risk position. S&P also reaffirmed Public Bank's long-term credit rating of axAA and short-term credit rating of axA-1 under the ASEAN Regional Scale Rating.

BUSINESS OPERATIONS REVIEW

Domestic Retail Banking & Financing Operations

At a Glance

	2011	2010	Growth %
Segment profit (RM'Mil)	3,324.3	2,958.9	12.3
Retail operations	2,695.2	2,293.3	17.5
Hire purchase	629.1	665.6	(5.5)
Gross loans, advances and financing (RM'BiI)	142.05	124.92	13.7
Retail operations	104.95	91.33	14.9
of which:			
– Residential properties	48.81	41.42	17.8
– SME	29.64	26.04	13.8
– Personal loans	7.85	7.34	7.0
Hire purchase	37.10	33.59	10.5
Loans approval (RM'BiI)	47.31	43.34	9.2
Retail operations	33.23	29.97	10.9
of which:			
– Residential properties	13.94	11.78	18.3
– SME	12.39	10.80	14.7
Hire purchase	14.08	13.37	5.3
Gross impaired loan ratio (%)	0.8	1.2	(0.4)
Retail operations	1.0	1.4	(0.4)
of which:			
– Residential properties	1.0	1.2	(0.2)
– SME	1.1	1.8	(0.7)
Hire purchase	0.6	0.5	0.1

Chairman's Review – Business Operations Review Domestic Retail Banking & Financing Operations

The Public Bank Group has a strong market position in the domestic credit market, especially in consumer credit and small- and medium-sized enterprises (“SMEs”) lending. Together, these two segments accounted for 95.2% of the Group’s domestic retail banking and financing portfolio. In 2011, the Group’s retail lending operations achieved strong growth and improved market shares.

Highlights

- Retail operations recorded 17.5% growth in profit.
- Hire purchase operations recorded a 5.5% decline in profit due to increased cost of funds.
- SME lending grew by 13.8% in 2011 to RM29.64 billion.
- Consumer credit comprising loans for residential properties, passenger vehicle hire purchase financing and personal loans expanded by 17.8%, 10.5% and 7.0% respectively.
- The Public Bank Group has the largest market share of residential property financing and passenger vehicle hire purchase financing in Malaysia at 18.1% and 25.8% respectively as at the end of November 2011, up from 17.4% and 25.5% as at the end of 2010.
- Loan approvals for retail and hire purchase lending amounted to RM47.31 billion in 2011, a growth of 9.2% as compared to 2010.

Domestic Consumer Credit

The Public Bank Group’s domestic consumer credit comprise:

- (i) Residential property financing
- (ii) Passenger vehicle hire purchase financing
- (iii) Personal consumer financing
- (iv) Credit and debit cards
- (v) Share margin financing

Residential Property Financing

Property development remains a key driver of Malaysia’s economic growth with residential property being the main focus of property developers. Residential properties had registered higher price increases over the last two years on a nationwide basis and high growth locations such as the Klang Valley, Penang Island and Johor Bahru experienced sharper price increases due to land scarcity and the growing preference for higher-cost niche developments.

Despite the increase in house prices and measures by Bank Negara Malaysia (“BNM”) to curb property speculation and rising household debt by limiting the loan-to-value (“LTV”) ratio to 70% for financing of the third and more residential property, the demand for homes continued to be strong as evidenced by the domestic banking industry’s annualised growth in residential property loans of 13.1% in 2011.

Chairman's Review – Business Operations Review Domestic Retail Banking & Financing Operations

Performance Review

The Public Bank Group's domestic lending to the residential property sector increased by 17.8% or RM7.39 billion to stand at RM48.81 billion as at the end of 2011. This represented 27.5% of the Group's total loan portfolio. The Group remains the largest residential property financier in Malaysia with an enhanced market share of 18.1% as at the end of November 2011, up from 17.4% as at the beginning of the year.

During the year, the Public Bank Group approved a total of RM13.94 billion of residential property loans, an increase of 18.3% as compared to the residential property loan approvals in 2010.

The majority of the residential property loans were granted for the financing of properties costing between RM100,000 and RM350,000. Properties in this price range accounted for 63.1% of the total number of residential property loans approved in 2011, and made up 64.2% of the Public Bank Group's outstanding property loans as at the end of 2011.

The high quality of the Public Bank Group's residential property loans was reflected in the low gross impaired loan ratio of 1.0%, which was well below the industry's average gross impaired loan ratio of 2.5% as at the end of November 2011. This was also an improvement from the impaired loan ratio of 1.2% a year ago. The ability to sustain the quality of its residential property loans stems from the Group's prudent credit evaluation and approval processes which take into account the location and pricing of properties, as well as the track record of developers, besides that of the borrowers.

New Products and Marketing Initiatives

Public Bank's core products in the residential property segment is the 5HOME (Home Ownership Made Easy) Plan and MORE (Mortgage Refinancing) Plan, which together accounted for nearly 90% of all new loans approved for residential property financing. During the year, a total of RM13.46 billion of loans were approved under the 5HOME Plan and the MORE Plan.

To maintain its market leadership position in the financing of residential properties, Public Bank continues to leverage on its wide branch network, strong sales and marketing staff force, and prompt and efficient service. In addition, the Bank has built, and continues to nurture, strong alliances with solicitors, property valuers, real estate agents and reputable property developers to grow its market share.

The Government has introduced two new housing schemes to enable more Malaysians to own a house. These schemes, targeted at first time buyers who are below a certain age and whose household income is below a certain level, offer a higher margin of advance and longer repayment period. Public Bank is on the panel for *Skim Rumah Pertamaku* and *Skim Perumahan Rakyat 1Malaysia ("PR1MA")*.

As a responsible corporate, Public Bank strongly supports BNM's priority sector lending in the housing sector for houses costing up to RM100,000 in Peninsular Malaysia and RM120,000 in Sabah and Sarawak. Public Bank and Public Islamic had approved 5,195 loans for houses under this sector for the 2 year period in 2010 and 2011, exceeding its commitment of 3,900 units. Total loans outstanding for this priority sector amounted to RM2.38 billion as at the end of 2011.

Prospects

Under the 10th Malaysia Plan and the Economic Transformation Programme, Malaysia is targeted to achieve an annual GDP of 6% per annum, while annual household income is expected to increase to USD12,140 by 2015 and USD15,000 by 2020. With a growing population and higher income levels, the demand for residential properties will be robust.

A new guideline issued by BNM on responsible financing by financial institutions will come into force in 2012. This guideline requires financial institutions to conduct more stringent checks and customer education to ensure that customers can afford to service the loans they take up and are not unduly burdened by the loans. As Public Bank's existing procedures have met or exceeded the requirements of the new guideline, the new guideline will not have an adverse effect on the Bank's loan growth prospects.

Chairman's Review – Business Operations Review Domestic Retail Banking & Financing Operations

Passenger Vehicle Hire Purchase Financing

Another core retail lending business of the Public Bank Group is passenger vehicle hire purchase financing which accounted for 20.9% of the Group's total loan portfolio.

In 2011, the automobile industry in Malaysia recorded a slight drop of 1.6% in the number of vehicles sold as a result of several hiccups such as the disruption to the supply of Japanese vehicles due to the earthquake and tsunami in Japan in the early part of the year as well as prolonged floods in Thailand which affected the car assembly industry in that country. The implementation of changes to the Hire Purchase Act in June 2011 also affected vehicle sales due to initial teething problems.

Performance Review

Despite the disruptions in the automobile industry during the year, the Public Bank Group's domestic vehicle hire purchase financing grew by 10.5% or RM3.51 billion to RM37.10 billion as at the end of 2011, outperforming the industry's annualised growth rate of 9.5%. This enabled the Group to reinforce its market leadership with a domestic market share of 25.8% as at the end of November 2011, up from 25.5% as at the end of 2010.

The sustained strong performance is attributed to the Public Bank Group's emphasis on providing efficient service delivery to panel car dealers to further strengthen business relationships with them for stronger support and as an effective marketing strategy. The Group has centralised the vehicle hire purchase financing operations of its branches to the 27 Hire Purchase Centres in key locations nationwide to focus exclusively on providing hire purchase financing. The dedicated staff force of these Hire Purchase Centres carried out 181 joint sales promotions nationwide with the Group's panel car dealers in 2011. Through the concerted marketing efforts, the Group's approval of domestic vehicle hire purchase loans reached an all time high of RM14.08 billion in 2011. In order to improve the average yield for hire purchase financing, the Group adjusted its business mix by targeting the used passenger car segment, which accounted for 31.9% of the Group's total domestic vehicle hire purchase loans approved during the year.

Over the years, Public Bank had consistently maintained its prudent lending policy via a sound credit risk rating model to assess customer's eligibility for vehicle hire purchase loans. This had led to a low gross impaired loan ratio for the Public Bank Group's domestic vehicle hire purchase loans of 0.6% as at the end of 2011, well below the industry's ratio of 1.4% as at the end of November 2011.

Prospects

The passenger vehicle hire purchase financing packages offered by Public Bank are amongst the most competitive in the market. With the fast turnaround time for approval and disbursement of passenger vehicle hire purchase loans via an efficient Electronic Loan Delivery System, the Public Bank Group is expected to expand further its vehicle hire purchase financing business and maintain its leading position in the industry.

Personal Consumer Financing

The Public Bank Group's retail personal consumer financing is largely driven by Public Islamic Bank's Bai' Al-Einah ("BAE") Personal Financing-*i* product. In 2011, total new loans approved amounted to RM1.4 billion. BAE Personal Financing-*i* grew by RM0.38 billion or 11.9% to RM3.58 billion as at the end of 2011 as compared to RM3.20 billion as at the end of 2010 and its market share stood at 17.8% as at the end of November 2011.

BAE Personal Financing-*i* is a product tailored to the staff of government agencies, institutions of higher learning and government linked corporations. To date, Public Islamic Bank has agency arrangements with 290 such entities. Public Islamic Bank employs 73 sales and marketing staff to handle marketing visits to the various entities to foster better rapport with the management of the entities as well as create better access to the entities' employees.

Chairman's Review – Business Operations Review Domestic Retail Banking & Financing Operations

Credit and Debit Cards

2011 had been another challenging year for the Malaysian credit card industry due to the lingering impact of the credit card service tax imposed in 2010 as well as new regulatory guidelines issued by Bank Negara Malaysia which limited cardmembers who earn RM36,000 or less per annum to hold credit cards from not more than two credit card issuers. As a result, the number of credit cards in circulation in the industry dropped by 4.6% whilst Public Bank's credit card base grew marginally by 0.1%.

Public Bank's total credit card sales and credit card receivables increased by 13.7% and 12.6% respectively as compared to the growth rate of 11.3% and 9.1% respectively for the card industry due to careful planning and execution of marketing initiatives.

The debit card segment continues to experience strong growth. Public Bank's debit card base increased by 90.2% to 1.2 million in 2011 compared to 0.6 million in 2010 whereas the total debit card sales increased by 52.2% to RM603.4 million in 2011.

Despite the competitive acquiring business environment, Public Bank's merchant sales registered a growth of 12.9% in 2011. Merchant terminal rental, another income revenue stream, grew by 25.8% in 2011 as compared to the previous year.

New Product and Marketing Initiatives

Public Bank's credit card sales are done through various channels such as the Bank's branches and internal cross-selling as well as through outsourcing via telemarketing and direct sales team. The outsourcing of the credit card sales via telemarketing has proven cost effective in meeting the Bank's objective of increasing its customers' product holding. The Bank's direct sales team, which was also outsourced, was active in acquiring new cardmembers at Public Bank Group sponsored events, Esso Mobil stations and high traffic shopping malls.

In July 2011, Public Bank introduced Mutual Gold – PB Visa Platinum Credit Card, which offered life time annual fee waiver, cash rebate up to 0.9% and additional 0.3% Mutual Gold Cash Bonus on retail purchases to unitholders of

Mutual Gold Elite Members and Mutual Gold Members. Its unique features attracted overwhelming response during the launch.

Throughout the year, attractive rewards and merchant privilege programmes were offered to cardholders. For example, "Spend For More Rewards" promotion was launched in August 2011 offering eligible credit cardmembers up to RM600 cash back, with a total of RM2.5 million given out throughout the promotion period. Public Bank continues to develop targeted programmes to cross-sell credit cards to existing bank customers by leveraging on the Bank's Customer Relationship Management Application.

Although tighter credit card lending guidelines remain an industry challenge, Public Bank is optimistic of increasing the Bank's card market share as well as customer product holding ratio by tapping into the Group's large retail customer base.

Share Margin Financing

The Public Bank Group's share trading business in Malaysia, PB Sharelink, registered a 15.6% increase in share trading volume to RM11.54 billion in 2011 as compared to RM9.98 billion in 2010. The number of accounts and the amount of approved share loans of Public Bank rose by 16.7% and 8.8% respectively to reach 44,342 and RM2,093.8 million respectively as at the end of 2011. As a result of the growth in customer base and higher share trading volume, total gross brokerage and interest income grew from RM53.1 million in 2010 to RM62.0 million in 2011, an increase of RM8.9 million or 16.8% as compared to 2010.

Initiatives undertaken to promote cross border trading in Hong Kong and other foreign stock markets have yielded encouraging results, registering share trading value of RM144.9 million and total gross brokerage and interest income of RM0.5 million in 2011.

To further increase share trading volume as well as to ease access by customers, the Public Bank Group will provide mobile share trading in 2012 as an additional trading channel. The number of Share Investment Units has been increased from 43 to 45 to tap on a bigger customer base to increase the Group's share trading and share margin businesses.

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SME Lending

More than 95% of all business establishments in Malaysia are categorised as SMEs, making them the backbone of economic growth in Malaysia. SME lending is highly competitive but Public Bank has continued to achieve strong growth in SME lending by providing customers with relevant products and fast loan delivery service. Loans to SMEs accounted for 20.9% of the Group's domestic retail lending and financing operations.

Performance Review

In 2011, the Public Bank Group approved domestic SME loans amounting to RM12.39 billion, an increase of 14.7% or RM1.59 billion as compared to 2010. Domestic SME loans approved accounted for 26.2% of the Group's new domestic retail loans approved in 2011. The Group's domestic portfolio of SME loans grew by 13.8% from RM26.04 billion as at the end of 2010 to RM29.64 billion as at the end of 2011 and represents 16.7% of the Group's total loan portfolio as at the end of 2011.

As a result of proactive credit risk management, the Public Bank Group's gross impaired loans ratio for domestic SME lending further improved from 1.8% as at the end of 2010 to 1.1% as at the end of 2011.

Products

SWIFT ("Shophouse, Warehouse, Industrial Factory and Trade Financing") Plan

The SWIFT Plan remained the Public Bank Group's flagship product for commercial lending to SMEs. This product offers financing for asset acquisition, working capital as well as trade financing and allows flexible bundling to suit the financing needs of SME customers. In 2011, the Group approved RM5.93 billion under the SWIFT Plan. The SWIFT Plan is continuously enhanced with improved features and one of the enhancement is the "ShopSave" solution, which gives SMEs greater interest savings as more cash can be ploughed back into the business under the features of this product.

Utilisation Incentive Programme and Loan Reinstatement Programme

Existing SME customers with good conduct of their trade bills facilities and overdraft facilities can benefit from the "Utilisation Incentive Programme" and the "Loan Reinstatement Programme". The Utilisation Incentive Programme offers preferential pricing for incremental utilisation of trade bills credit facilities while the Loan Reinstatement Programme offers incremental loans for working capital purposes at lower cost and minimal loan documentation.

Government initiated financing schemes

The Public Bank Group continues to be a strong supporter of Government and BNM initiated financing schemes to promote SME activities. Amongst these schemes, in which the Group is an active participant are:-

Schemes promoted by the Government such as:

- The enhanced Working Capital Guarantee scheme launched in 2011 which provides working capital financing to SMEs facing cashflows constraints as a result of challenging market conditions. The Group approved total loans amounting to RM186.8 million to 690 loan customers under this scheme in 2011.
- The Green Technology Financing scheme ("GTFS") implemented in 2009 which provides financing to eligible companies that supply and utilise green technology. The Government provides interest incentive of 2.0% p.a. as well as partial guarantee through Credit Guarantee Corporation ("CGC") under this scheme. The GTFS had started with the provision of capital expenditure financing for green technology projects but has been enhanced to include working capital since September 2011.

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Schemes promoted by BNM such as:

- BNM's priority sector lending to SMEs. The Public Bank Group has consistently achieved more than the commitment set by BNM. A total of RM23.79 billion loans were approved under this scheme in 2010 and 2011, which was considerably more than the combined two year commitment required by BNM of RM8.2 billion for 2010 and 2011.
- The "New Entrepreneurs Fund" and the "Fund for Small and Medium Industries", which provide working capital financing at reasonable cost for eligible SMEs in both the export and domestic-oriented sectors.
- The Micro Enterprise Fund ("MEF") scheme launched in 2008. The MEF scheme provides working capital financing to small businesses and micro enterprises.

The following table shows the Public Bank Group's commitment as well as the market share in respect of the respective loan schemes launched by BNM as at the end of 2011:

Loan scheme	Outstanding balance		Market share
	Public Bank Group RM'Million	Industry^ RM'Million	%
Fund for Small & Medium Industries	569.0	5,525.7	10.3
New Entrepreneurs Fund	13.4	1,604.6	0.8
Micro Enterprise Fund	36.2	163.3	22.2

^ As at the end of November 2011

The Public Bank Group is also an active participant in loan schemes which leverage on guarantees by CGC to assist SMEs which have short business track records or inadequate collateral to obtain credit facilities. The Group's loan portfolios which are secured by various types of CGC's guarantee schemes has now exceeded RM900 million granted to more than 8,000 customers. For this contribution, CGC has recognised Public Bank as one of the top SMI Supporters for four consecutive years since 2007.

SmallBiz Express Guaranteed Scheme

In 2010, Public Bank signed an agreement with CGC on the implementation of the SmallBiz Express Guaranteed Scheme, which is targeted at micro enterprises which have viable businesses but lack collateral to obtain financing. This scheme is based on a portfolio concept with an initial portfolio size of RM5 million. Public Bank is the first financial institution to tie-up with CGC for this new scheme. Since its launch, the Bank has approved total loans amounting to RM10 million to 327 micro enterprises.

Agriculture financing

The Public Bank Group also actively promotes financing of the agriculture industry, particularly the oil palm sector. In 2011, Public Bank approved total loans amounting to RM606.2 million for agriculture financing, of which RM486.8 million or 80.3% was to the oil palm sector. For the 2 year period of 2010 and 2011, the Group had approved a total of RM1.13 billion loans to the domestic agriculture industry, exceeding BNM's priority sector lending limit for agriculture of RM500 million for the same period.

Prospects

With SMEs continuing to be the main engine of economic growth in the country, there is potential for continued strong growth in SME lending in the coming years. The Public Bank Group, being a strong supporter of SMEs, will continue to further enhance its products and services to SMEs and sustain its market leadership position in SME financing.

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Customer Deposits

Domestic Core Customer Deposits	2011 RM'Billion	2010 RM'Billion	Growth %
Demand Deposits	27.28	24.11	13.2
Savings Deposits	19.68	17.83	10.4
Fixed Deposits	96.62	87.49	10.4
Total Domestic Core Customer Deposits	143.58	129.43	10.9

Performance Review

The Public Bank Group's domestic core customer deposits, which comprise of demand deposits, savings deposits and fixed deposits, expanded by 10.9% as compared to the Malaysian banking industry's annualised growth rate of 10.3% in 2011. The Group's domestic market share of core customer deposits remained strong at 16.3% as at the end of 2011.

The Public Bank Group's strong domestic core customer deposits growth was attributed to higher than industry growth in demand deposits, savings deposits and fixed deposits of 13.2%, 10.4% and 10.4% respectively as compared to the banking industry's annualised growth rates of 12.9%, 7.9% and 9.9% respectively. The strong growth of the Group's domestic core customer deposits was mainly due to the Group's continued focus to grow core customer deposits, capitalising on the Group's extensive branch network, superior service delivery and strong PB Brand.

Core customer deposits mobilised from individuals accounted for 59.1% of the Public Bank Group's total domestic core customer deposits as at the end of 2011. This represented a 18.6% domestic market share of core customer deposits by individuals as at the end of November 2011, providing the Group with a low cost and stable deposit base.

Marketing Initiatives

"U \$ave V Reward" Campaign

On 15 March 2011, Public Bank launched the "U \$ave V Reward" Campaign for selected savings and demand deposits products. The campaign offered attractive monthly and grand lucky draw cash prizes totalling up to RM2 million to be won by customers. The campaign was successful in capturing RM1.77 billion of new deposits from both new and existing depositors, of which more than 249,000 were new deposit accounts with balances of RM1.29 billion.

Enhancement of ACE Account and "PB ACE Campaign"

On 1 October 2011, Public Bank enhanced its interest bearing current account, the ACE Account, by reducing the initial account opening deposit from RM3,000 to RM1,000. In addition, the minimum monthly average balance to be maintained in the account for waiver of the monthly service fee was also reduced from RM5,000 to RM3,000. On 1 November 2011, as a catalyst to promote the ACE Account, the Bank launched the "PB ACE Campaign", which offered eligible customers free gifts and chances to win monthly and grand cash prizes amounting to a total of RM300,000.

"PB GO for GOLD" Campaign

In conjunction with the Chinese New Year celebration in 2011, Public Bank launched the "PB GO for GOLD" Campaign to promote its Gold Investment Account ("GIA"). During the campaign period, the first 100 early bird customers who purchased a minimum of 100 grams of gold were given 1 gram of gold free. The offer was well-received by customers, as the early bird free gifts were fully taken up within the first 3 days of the campaign. At the end of the campaign, GIA account holders were also eligible to join a lucky draw which offered 40 prizes, totalling 1,280 grams of gold worth approximately RM200,000. The campaign successfully garnered total gold sales of 624kg and generated 4,930 new GIA accounts.

Public Bank's GIA continued to be a popular investment avenue for retail customers, as reflected by the 64.7% increase in the total number of accounts and the 99.5% increase in gold investment account balance outstanding in 2011. As at the end of 2011, the Bank has over 42,900 GIA accounts with a total value of gold deposits outstanding of RM677.9 million.

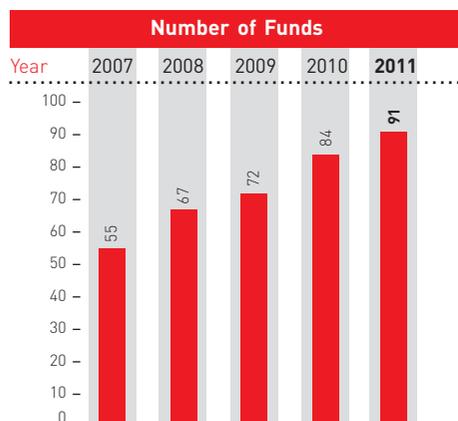
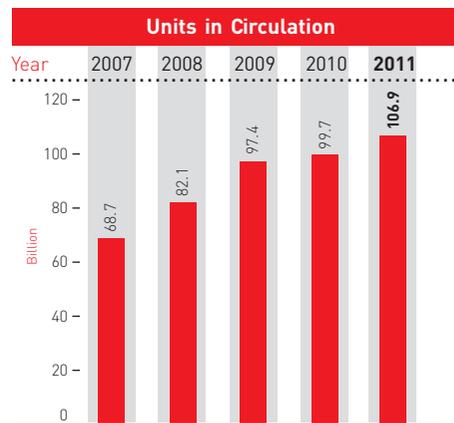
Other campaigns include the "PB Golden Prosperity" package which was launched on 1 December 2011 in conjunction with the 2012 New Year and the auspicious year of the Dragon under the Chinese Lunar Calendar.

Fund Management

At a Glance

Public Mutual Berhad	2011 RM'Million	2010 RM'Million	Growth %
Operating revenue*	616.7	539.3	14.4
Profit before tax	321.9	273.8	17.5
Total assets	637.9	616.8	3.4
Shareholders' funds	117.2	99.4	17.9

* After offsetting direct sales commission and including interest income of RM10.7 million received and receivable from the Public Bank Group (RM6.6 million in 2010).





Overview

After commencing 2011 on a positive note, global and regional equity markets retreated sharply in the third quarter of 2011 and remained weak in the fourth quarter of 2011 on concerns that the ongoing sovereign debt issues in Europe and the United States of America would adversely impact the global economy.

Against the back drop of volatile and challenging market conditions, Bursa Malaysia outperformed most other regional equity markets with the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI") registering a gain of 0.8% in 2011.

Performance Review

Public Mutual Berhad ("Public Mutual"), the No. 1 private unit trust company in Malaysia and a wholly-owned subsidiary of Public Bank, registered a 17.5% increase in profit before tax to RM321.9 million in 2011 as compared to RM273.8 million in 2010. Public Mutual's total operating revenue rose by 14.4% to RM616.7 million as compared to RM539.3 million in 2010 on the back of higher sales volume.

The total assets under management ("AUM") of the Malaysian private unit trust industry recorded a growth rate of 8.2% in 2011, as compared to 11.5% growth in 2010. Public Mutual registered an AUM growth rate of 10.2% in 2011 to RM44.75 billion as at the end of 2011.

Public Mutual maintained its market leadership position in the private unit trust industry with an overall market share of 44.3% as at the end of 2011 as compared to 43.5% as at the end of 2010. Public Mutual dominated the key unit trust fund sectors of equity assets, Islamic assets and foreign assets with respective market share of 59.9%, 58.1% and 46.9%, and also maintained its pole position for bond assets with a market share of 41.3%.

In terms of total returns over the last three years, more than half of the equity and bond funds managed by Public Mutual outperformed their peer funds in 2011. Over 60% of the equity funds and more than 70% of the bond funds ranked in the top half of their respective categories over this period.

New Fund Launches and Services

In 2011, Public Mutual launched a total of 10 new unit trust funds comprising 7 equity funds and 3 bond funds as set out below:

No.	Fund Name	Fund Category/ Type/ Geographical Coverage	Date of Launch	Approved Fund Size	
				Units Million	RM Million
1.	PB Asia Pacific Enterprises Fund	Equity/Capital Growth/Regional	8 March 2011	1,500	375
2.	Public Singapore Equity Fund	Equity/Capital Growth/Regional	7 June 2011	1,500	375
3.	Public Islamic Treasures Growth Fund	Equity/Capital Growth/Local	19 July 2011	1,500	375
4.	Public Sukuk Fund	Bond/Income/Local	19 July 2011	500	500
5.	PB Asia Emerging Growth Fund	Equity/Capital Growth/Regional	6 September 2011	1,500	375
6.	PB Bond Fund	Bond/Income/Local	6 September 2011	500	500
7.	PB Sukuk Fund	Bond/Income/Local	6 September 2011	500	500
8.	Public Ittikal Sequel Fund	Equity/Capital Growth/Local	11 October 2011	1,500	375
9.	PB Growth Sequel Fund	Equity/Capital Growth/Local	15 November 2011	1,500	375
10.	Public Islamic Savings Fund	Equity/Income/Local	15 December 2011	1,500	375

Following the new fund launches and the maturity of 3 capital protected funds in 2011, the number of unit trusts funds managed by Public Mutual rose to 91 comprising 67 equity, balanced and mixed asset funds, 18 bond funds and 6 money market funds.

Consistent with its 'go-green' policy, Public Mutual implemented its e-Distribution services in July 2011 whereby customers' distribution income are credited directly into their bank accounts thereby eliminating the need for cheque payments. Public Mutual also continued to enhance its internet service, Public Mutual Online. One such enhancement allows customers to register for Public Bank Direct Debit service for regular investment.

Awards

Public Mutual consolidated its No.1 position in the private unit trust industry with 178 major awards to date. With the receipt of a total of 19 awards in 2011, Public Mutual remained unchallenged as the most awarded unit trust fund manager in Malaysia. Public Mutual emerged the biggest winner yet again by sweeping 9 awards at The Edge-Lipper Malaysia Fund Awards 2011, including the prestigious Best Overall Fund Group Award. In addition, Public Mutual received the Asia Asset Management Awards for the Best House for Offshore Funds – Malaysia, and was also the recipient of The Asset Triple A Islamic Finance Awards 2011 in the Best Islamic Asset Management House – Malaysia, Retail category.

Public Mutual won big at the Failaka Islamic Fund Awards 2010 with four awards: the Public Islamic Sector Select Fund won the Best Malaysian Equity Fund in the 1-year category; Public Ittikal Fund was awarded the Best Malaysian Equity Fund in the 10-year category; PB Islamic Bond Fund and Public Islamic Bond Fund were named the Best Malaysian Sukuk Fund in the 1-year and 5-year categories respectively.

Public Mutual also won the 2010 Morningstar Fund Awards Malaysia for the Malaysian Ringgit Islamic Bond category for PB Islamic Bond Fund.

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FUND PERFORMANCE AWARDS		TOTAL AWARDS
The Edge-Lipper Malaysia Fund Awards 2011		
3-Year Category	1) Best Overall Fund Group: Public Mutual Berhad 2) Best Equity Malaysia Small and Mid Caps: Public SmallCap Fund 3) Best Equity Asia Pacific: PB Asia Equity Fund	9
5-Year Category	1) Best Equity Asia Pacific Ex Japan: Public Far-East Select Fund 2) Best Equity Malaysia Small and Mid Caps: Public SmallCap Fund 3) Best Bond Malaysian Ringgit – Islamic: Public Islamic Bond Fund	
10-Year Category	1) Best Bond Malaysian Ringgit: Public Bond Fund 2) Best Equity Malaysia Small and Mid Caps: Public SmallCap Fund 3) Best Equity Malaysia – Islamic: Public Ittikal Fund	
2010 Asia Asset Management Awards		
	1) Best House for Offshore Funds – Malaysia	1
Morningstar 2010 Fund Awards (Malaysia)		
	1) Malaysian Ringgit Islamic Bond Category: PB Islamic Bond Fund	1
Failaka Islamic Fund Awards 2010		
1-Year Category	1) Best Malaysian Sukuk Fund: PB Islamic Bond Fund 2) Best Malaysian Equity Fund: Public Islamic Sector Select Fund	4
5-Year Category	1) Best Malaysian Sukuk Fund: Public Islamic Bond Fund	
10-Year Category	1) Best Malaysian Equity Fund: Public Ittikal Fund	
The Asset Triple A Islamic Finance Awards 2011		
	1) Best Islamic Asset Management House (Retail)	1

Other accolades include the Reader's Digest Trusted Brand Platinum Award for the Investment Fund Company category in Malaysia 2011 for two years in a row. This award is an outstanding achievement for Public Mutual and proves once again that Public Mutual is the top-of-mind brand and the No.1 choice among Malaysian private unit trust investors.

Public Mutual also won the 2010 – 2011 BrandLaureate Award for the Best Brand in Financial Services for Unit Trust category for the fifth consecutive year. This win, yet again, bears testimony to the trust and confidence of Malaysian investors in the company. Voted by Malaysian SMEs, Public Mutual has been recognised as the most preferred brand in the Unit Trust category as reflected by the BrandLaureate SMEs Chapter Top Ten Masters Awards 2010 – The Masters Award in the category of Unit Trust won by Public Mutual.

Marketing and Promotional Initiatives

A strong brand helps open doors for unit trust consultants and inspires the confidence of investors. For overall brand exposure, Public Mutual will continue to be involved in various advertising and strategic positioning campaigns to capitalise on Public Mutual's strong brand name and fund performance to capture higher market share amongst private unit trust investors. Throughout the year, Public Mutual organised various activities such as road shows and investment or financial planning talks. Public Mutual also strengthened its brand awareness via a series of corporate print advertisements and 14 billboards in key urban areas. Moving forward, Public Mutual will continue to expand its billboard coverage to major cities and towns nationwide.

The number of high net worth customers of Public Mutual continued to grow in 2011, with Mutual Gold Elite membership increasing by 18% whilst Mutual Gold membership rose by 14%. In July 2011, Public Mutual in collaboration with Public Bank launched the Mutual Gold-PB Visa Platinum Credit Card for this group of premier customers. The card offers annual fee waiver and attractive cash bonuses on retail purchases and cash rewards.

Training and Other Initiatives

Public Mutual continued to invest in the recruitment and training of unit trust consultants ("UTCs") throughout 2011, focusing on skills and knowledge improvement, sales motivation and leadership mentoring.

Public Mutual opened 2 new branch offices in Shah Alam and Temerloh in early January 2011, bringing the total number of Public Mutual branches to 28 nationwide. Public Mutual will continue to review and assess its branch expansion and relocation in 2012 to further support the growth of the UTC distribution channel and to provide better service to unitholders.



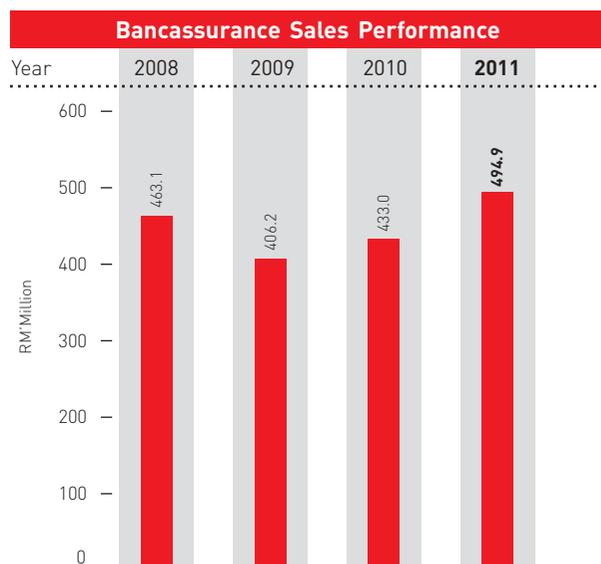
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Bancassurance

2011 marked the fourth year of the strategic bancassurance alliance between the Public Bank Group and ING Group. The Group's bancassurance products offered under the PB-ING business partnership cover a wide array of innovative and extensive products to cater to the different needs of its customers at different life stages.

Performance Review



The sales performance of the domestic bancassurance business increased by RM61.9 million or 14.3% from RM433.0 million to RM494.9 million in 2011 which translated to an annualised premium equivalent of RM96.1 million. RM14.1 million of the total sales in 2011 were contributed by the bancatakaful business. The PB-ING business partnership moved up to 1st place in the third quarter of 2011 amongst the bancassurance providers in the country, from 2nd place in the first quarter of 2011 based on the volume of new business generated.

New Initiatives and Products

ING PUBLIC Takaful Ehsan Berhad

The PB-ING business partnership accomplished a new milestone during the year with the incorporation of a joint venture company, ING PUBLIC Takaful Ehsan Berhad. The Public Bank Group has a 40% equity share in the joint venture company, with the balance of 60% held by ING Management Holdings (Malaysia) Sdn Bhd. ING PUBLIC Takaful Ehsan Berhad launched its maiden Syariah-compliant family bancatakaful product, Mortgage Reducing Term Takaful in April 2011, followed by Hire Purchase Reducing Term Takaful in August 2011 which offer death and total and permanent disability ("TPD") insurance benefits to customers.



beginning of 2011, 3 new plans were launched namely One Care Plus, One Health Plus and One Health Extreme which offer wider coverage for critical illness and medical benefits. With the launch of the 3 new plans, the OSP now comprises 11 plans to cater to the varying insurance needs of customers such as coverage for death and TPD, critical illnesses, hospitalisation, ladies-related illnesses and savings for children's education. For the investment component of the OSP plan, customers have the flexibility to select and also to switch funds, with risk profiles ranging from low to high risk. Customers can also opt to increase their investment premium in order to achieve higher investment objectives.

PB-ING Power Plus 2 Plan

In March 2011, Public Bank launched an endowment plan, the PB-ING Power Plus 2 Plan ("PPP2") which is a non-participating 5-year endowment plan with 2 years premium paying duration. PPP2 was introduced following the success of its predecessor, PB-ING Power Plus Plan which was launched last year. The PPP2 plan provides a return of 5% in the first year of policy followed by a return of 3.8% per annum in the last four years based on percentage of the total premium paid and comes with life protection insurance benefits upon death and/or TPD. The PPP2 proved to be a success, achieving a sales premium of RM99.1 million within 32 days.

1Malaysia Micro Protection Plan

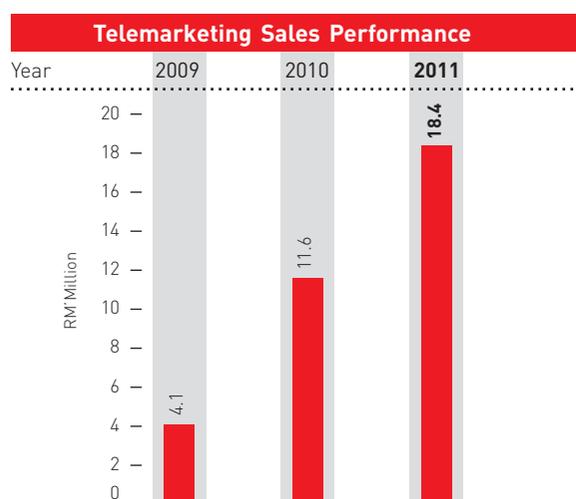
The Public Bank Group is a strong supporter of the Government's initiatives to help the less fortunate in the country. Public Bank introduced the 1Malaysia Micro

One Care Plus, One Health Plus and One Health Extreme

In Malaysia, the core insurance product under the PB-ING exclusive bancassurance distribution partnership is popularly known as the One Solution Plan ("OSP"), a regular premium investment-linked insurance plan which provides insurance protection and investment returns. In the

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Protection Plan (“1MMPP”) in August 2011 in support of the Government’s 2010 Budget initiatives to provide affordable insurance protection to the lower income group in Malaysia. For a premium as low as RM10.00 per month, 1MMPP provides life insurance protection benefits against death or TPD as well as daily hospital income benefits.



Telemarketing Insurance Products

During the year, Public Bank introduced a new insurance product through its telemarketing channel called the PB-Living Income Plan. The existing insurance products offered through the telemarketing channel comprise of the PB-ING Credit Sure Plan, PB-ING Cash Secure Plan, PB-ING Family PA Plan and PB-ING Cash Care Plan. As part of the Bank’s continuous effort to improve the distribution of financial products through the telemarketing channel, an additional telemarketing service provider was appointed and the use of Customer Relationship Management tools was strengthened. The successful use of the analytical and predictive modelling applications to analyse customers’ information based on certain behavioural criteria has allowed the Bank to segmentise customers based on their expected take up rate. Telemarketers are then able to make more effective sales by offering the right products to the right customers, consequently reducing cost per acquisition. The telemarketing initiative has achieved strong results, with sales increasing from RM4.1 million in 2009, when telemarketing channel for insurance products was first launched, to RM18.4 million in 2011.

Marketing Initiatives

During the year, Public Bank carried out various marketing activities to boost the sales of the OSP plan. The Bank participated in various events organised at kindergartens and schools, conducted book fairs, road shows as well as sales events such as “Pink Ribbon Day”, “One Lady Campaign”, “OSP Malaysia Day Campaign”, “OSP Mega Sales Challenge Campaign” and “Birthday Month Promotion”. The Bank also continued to run its weekend roadshows at all branches nationwide based on themes such as “Nurture Nature for our Future”, “Plan, Protect and Prosper”, “Healthy Life, Brighter Future” and “Shape Your Children’s Future”.

In Hong Kong, Public Bank (Hong Kong) Limited and Public Finance Limited offer 16 bancassurance products which focus on universal life insurance plans that offer both insurance benefits upon death with high savings elements. During the year, marketing activities such as “Client Incentive Offer of PB Credit Card Spending Limit”, “i.Ulife Plus Client Incentive Promotion” and “Fixed Deposit Shopping Coupons Promotion” were launched to boost sales as well as to create public awareness of the plans. As a result of the marketing initiatives, the sales premium achieved in Hong Kong grew from HKD107.6 million in 2010 to HKD145.4 million in 2011, representing a growth rate of 35.1%.

Structured Investment Products

In 2011, the performance of Public Bank’s structured investment products was adversely affected by the volatility and uncertainty in the market. The PB Asian ACES, which was the first structured investment product offered via Floating Rate Negotiable Instruments of Deposits matured on 27 June 2011. Despite the difficult market and economic conditions, the PB Asian ACES managed to offer a total return of 4.0% in addition to 100% capital protection.

In view of the unstable market conditions and slowdown in the global economy, Public Bank did not launch any structured investment products during the year. Moving forward, the Bank plans to launch structured investment products with simple investment themes offering capital protection and guaranteed annual coupon payment.

Transactional Services

Cash Management Services

The Public Bank Group continues to offer competitive cash management services solution built upon the Group's technology infrastructure in its effort to meet service level expectations of its customers and to support the Government's move to migrate to electronic payments. In 2011, the number of payee corporations grew by 11.8% to 436.

Public Bank is the first bank in Malaysia to introduce the "*Perkhidmatan Kiosk Bayaran Caruman*" service in collaboration with Employees Provident Fund ("EPF"). This new service enables the payment of EPF contribution based on the "EPF Borang A" via Cheque Deposit Machines ("CDMs") which are customised with special bin and slot for collection of the forms. A total of 13 CDMs are currently operating at 10 EPF branches nationwide.

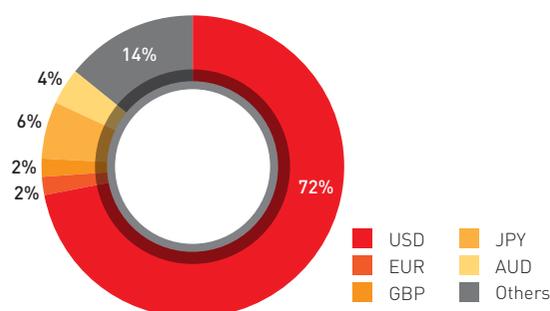
The Public Bank Group also rolled-out the e-Distribution and e-Dividend services during the year, which has enabled distribution of cash dividends to unit trust holders and shareholders to be directly credited into their respective bank accounts. These services have helped to resolve problems relating to misplaced, lost or expired cheques and resulted in a faster turnaround time for the crediting of funds.



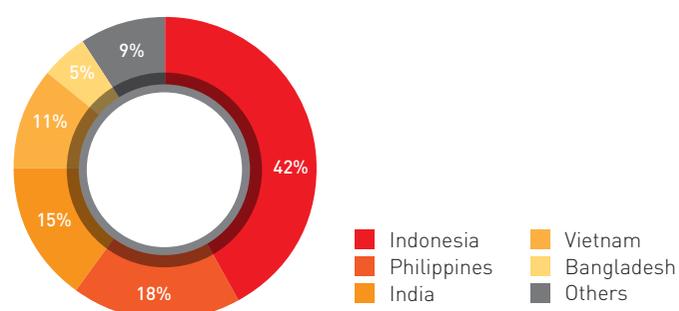
Chairman's Review – Business Operations Review Transactional Services

Remittances

Telegraphic Transfers and Demand Drafts
in Respective Currencies Remitted



Destination of Outward Public Bank-Western
Union Money Transfer Service



Public Bank's remittance services which comprise of inward and outward telegraphic transfers, outward demand drafts and Western Union money transfers recorded satisfactory performance in 2011. The total number of inbound and outbound remittances handled by the Group's network of 252 domestic branches increased by 5.2% in 2011.

The bulk of Public Bank's outward telegraphic transfers and outward foreign demand drafts were to major cities in Asia, Europe and North America. The major currencies remitted in 2011 were United States Dollar ("USD"), Australian Dollar ("AUD"), Great Britain Pound ("GBP"), Euro ("EUR") and Japanese Yen ("JPY"), with remittances in USD constituting 72.4% of the total value of transactions.

The Public Bank-Western Union Money Transfer Service, which is mainly targeted at the foreign workers remittance market, continued to register impressive growth with an increase of 24.3% in the number of transactions in 2011. The top five destinations for outbound remittances through this channel were Indonesia, Philippines, India, Vietnam and Bangladesh, which collectively accounted for 91% of the total remittances transferred through the Public Bank-Western Union Money Transfer Service channel. The strong growth in the Public Bank's remittance services was partly attributed to the Bank's marketing strategy of directly promoting the Bank's remittance services to the foreign workers at their work place. The Bank will continue to seek opportunity and develop strategies to further penetrate the migrant workers remittances business.

In 2011, Public Bank offered pre-departure opening of accounts for Malaysian students seeking further education in Australia. Moving forward, the Bank will continue to enhance its offering of remittance services to more countries.

Capital Market Operations



Treasury

The treasury operations of the Public Bank Group are focused on the generation of fee-based income from the offering of its foreign exchange services to customers and wholesale deposit-taking activities. Treasury's operations also include the execution of strategies to manage interest rate and liquidity risks of the Group in accordance with policies established by the Group Assets and Liabilities Management Committee ("ALCO"), ensuring compliance with regulatory requirements of Bank Negara Malaysia and other regulatory authorities in jurisdictions in which the Group operates in, and prudent proprietary trading activities in foreign exchange and debt capital markets.

Performance Review

In 2011, the treasury and capital market operations of the Public Bank Group generated a pre-tax profit of RM195.7 million despite the volatile financial markets due to the Euro zone sovereign debt crisis and on concerns over a slowdown in global economic growth.

Marketing and Other Key Initiatives

The Group generally engages in customer-centric activities which in turbulent market conditions are more stable sources of income compared to proprietary speculative trading activities. The offering of foreign exchange services was the main contributor to the RM217.6 million of foreign exchange profit earned by the Group in 2011. Public Bank continued to drive its foreign exchange business through its competitively-priced plain vanilla products distributed through its domestic branch network and treasury sales team. One of the initiatives undertaken by the Bank's treasury sales team in 2011 was a programme of customer visits conducted jointly with officers of the Bank's trade finance centre to broaden customers' awareness of the Bank's trade finance capabilities and foreign exchange services, especially amongst customers with low rates of utilisation of trade finance facilities. In total, the joint marketing group visited customers in 20 major towns in Peninsular and East Malaysia during the year.

Chairman's Review – Business Operations Review Capital Market Operations



Feedback from branches was encouraging, with post-visit reports of greater utilisation of trade finance facilities by the targeted customers.

Public Bank allocates a sizeable portion of its treasury resources to maintain a deep deposit funding base to ensure that it has sufficient liquidity to meet the funding requirements of the Group at all times. In 2011, the Group continued to tap the market for wholesale customer deposits which, albeit more transient than retail deposits, was an important source of funding especially in times when major money markets overseas became distressed as they occasionally did throughout 2011. As a result of consistent marketing efforts by the treasury sales team throughout the year, total wholesale deposits, in the form of money market deposit and negotiable certificate of deposit of the Group and Bank grew by 30.8% and 30.1% respectively in 2011 to reach RM42.87 billion and RM36.22 billion respectively as at the end of 2011.

Public Bank operated extensively in the foreign exchange swap markets during the year to manage its cash flows in the Malaysian Ringgit and in several foreign currencies, in particular the United States Dollar and the Hong Kong Dollar. In addition, with the benefit of a liquid balance sheet, the Bank was frequently able to take advantage of large swings in volatility in short-term interest rates during the year to arbitrage differences between the money and swap markets to generate low-risk gains.

In the Malaysian debt capital market, Public Bank continued to play an active role as a principal dealer appointed by Bank Negara Malaysia ("BNM") to underwrite issuances of debt securities by the Government and BNM to provide liquidity for specified securities. The activities of the Bank in the trading of such securities accounted for 3.7% of total secondary market transactions for such securities in Malaysia in 2011.

Public Islamic Bank and Public Investment Bank played significant roles in the wholesale deposit-taking activities of the Public Bank Group, by marketing and accepting Islamic and conventional deposits respectively to supplement the efforts of Public Bank in such wholesale deposit-taking activities.

Prospects

Global financial markets are likely to face more challenges and extreme volatility, whilst the implementation of new capital and liquidity requirements under the Basel III regulatory framework from 2013 onwards will have further repercussions on the way banks conduct their treasury business. Nevertheless, these will have limited impact on the treasury operations of the Public Bank Group which takes a more prudent approach towards proprietary trading activities. The Group will continue to focus its treasury resources in areas on which it can leverage on its extensive branch network and brand identity to generate fee-based income, and to maintain a healthy level of liquidity to ensure that the Group is able to meet its funding commitments notwithstanding any turbulence in financial markets.

Domestic Corporate Lending

At a Glance

	2011	2010	Growth %
Segment profit before tax (RM'Million)	266.2	228.9	16.3
Gross loans, advances and financing (RM'Billions)	21.73	18.62	16.7
Gross impaired loans ratio (%)	0.6	0.7	(0.1)

Performance Review

The Public Bank Group's domestic corporate lending operations continued to achieve a healthy loans growth of 16.7% from RM18.62 billion as at the end of 2010 to RM21.73 billion as at the end of 2011, mainly supported by increased lending activities to the property, communications and real estate investment trust sectors. Notwithstanding the strong growth of the Group's corporate lending portfolio, the asset quality further improved with gross impaired loans ratio dropping to 0.6% as at the end of 2011 from 0.7% as at the end of 2010. This is attributed to the Group's prudent lending policies as well as proactive action taken to monitor and recover impaired loans.

The profit before tax of the Public Bank Group's domestic corporate lending operations grew by 16.3% from RM228.9 million in 2010 to RM266.2 million in 2011 on the back of higher bad debt recovery partially offset by lower net interest income due to competitive pressures.

Moving forward, the Public Bank Group will continue to expand its corporate lending activities by focusing on corporate clients with good track record which are involved in resilient business sectors.

Investment Banking

At a Glance

Public Investment Bank Berhad	2011	2010	Growth %
Operating revenue (RM'Million)	227.7	241.9	(5.9)
Profit before tax (RM'Million)	51.2	50.2	2.0
Total assets (RM'Million)	6,546.0	5,421.8	20.7
Shareholders' funds (RM'Million)	309.2	286.5	7.9
Risk-weighted capital ratio (%)	18.3	19.6	(1.3)

Public Investment Bank provides a wide range of services from corporate advisory services, placements and underwriting of public securities to private debt securities, share broking and provision of financial solutions to corporate clients.



Performance Review

The investment banking landscape remained challenging with intense competition from the large number of players in the market comprising 15 licenced investment banks, 20 licenced stockbrokers, as well as increased presence of local boutique players. Notwithstanding the challenging business conditions, Public Investment Bank successfully completed 33 corporate exercise mandates, including corporate restructuring exercises and corporate advisory for various merger and acquisition exercises. Public Investment Bank, through its debt capital market division, had also managed to raise funding amounting to RM3.85 billion for 3 financial institutions.

Public Investment Bank continued to maintain its market share of the share broking business by focusing on its retail business, further developing its institutional business and tapping on the synergistic benefits of the Public Bank Group's large branch network and retail customer base. Public Investment Bank had kept itself responsive to changes in the market conditions and focused its efforts to develop new areas of businesses that are tailored to meet increased customer expectations.

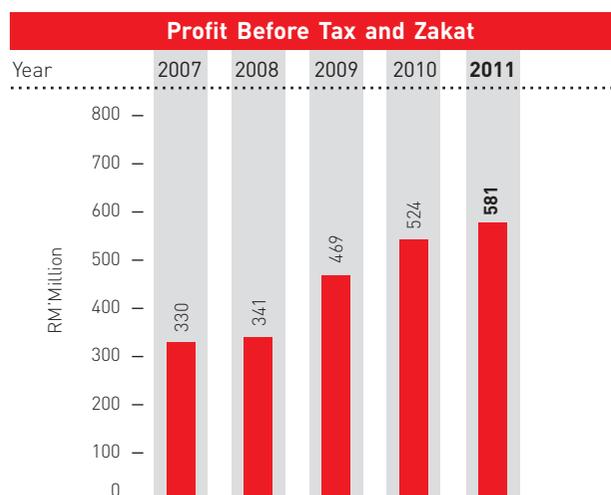
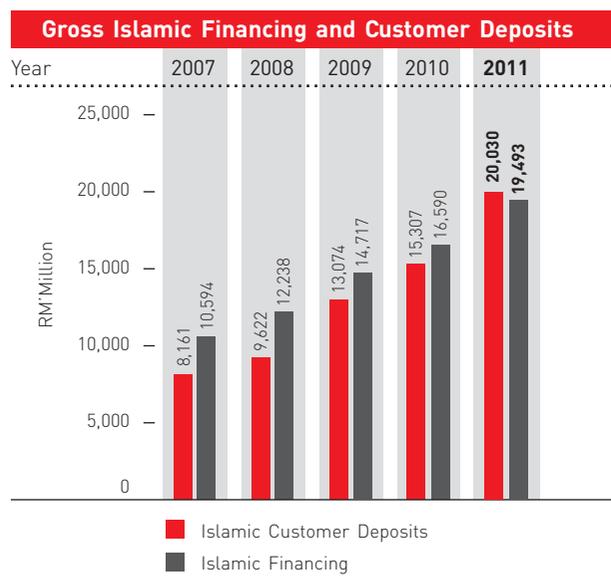
Despite the challenging operating environment due to uncertainties in the global economy, Public Investment Bank recorded satisfactory results with operating revenue and pre-tax profit of RM227.7 million and RM51.2 million respectively in 2011 as compared to RM241.9 million and RM50.2 million respectively in the previous year, mainly attributed to growth in its share broking business.

Public Investment Bank is well-positioned to weather the challenges by leveraging on the Public Bank Group's well established middle market business customers to tap into their capacity and desire to access the capital market.

Islamic Banking



Chairman's Review – Business Operations Review Islamic Banking



PUBLIC ISLAMIC BANK BERHAD (“PUBLIC ISLAMIC”) IS THE ISLAMIC BANKING ARM OF THE PUBLIC BANK GROUP. AS A WHOLLY-OWNED SUBSIDIARY OF PUBLIC BANK, PUBLIC ISLAMIC SHARES THE BANK’S INFRASTRUCTURE AND ICT PLATFORM AND IS ABLE TO LEVERAGE ON THE GROUP’S STRINGENT LENDING POLICIES, STRONG CORPORATE GOVERNANCE, EXCELLENT SERVICE DELIVERY, EXTENSIVE BRANCH NETWORK AND THE STRONG PB BRAND.

Performance Review

Public Islamic registered healthy pre-tax profit growth of 10.9% from RM524.0 million in 2010 to RM581.3 million in 2011, accounting for 12.6% of the Public Bank Group’s pre-tax profit. Public Islamic’s asset quality remained strong with gross impaired financing ratio of 0.9% as at the end of 2011, well below the industry average of 2.6% as at the end of November 2011. With its efficient cost structure and healthy asset quality, Public Islamic achieved net return on equity of 22.4% in 2011 as compared to 23.8% in 2010.

Public Islamic’s financing portfolio grew from RM16.59 billion as at the end of 2010 to RM19.49 billion as at the end of 2011, an increase of RM2.90 billion or 17.5%, which accounted for 11.0% of the Public Bank Group’s total loans, advances and financing. The growth in Islamic financing was spurred predominantly by retail-based financing, in particular Ijarah Thumma Al Bai Hire Purchase-*i* and Bai Bithaman Ajil House Financing-*i*.

Chairman's Review – Business Operations Review Islamic Banking

Public Islamic's customer deposits expanded by 30.9% or RM4.72 billion from RM15.31 billion as at the end of 2010 to RM20.03 billion as at the end of 2011, accounting for 10.0% of the Public Bank Group's total customer deposits. Wadiah Savings Account-*i* and Wadiah Current Account-*i* constituted 33.0% of Public Islamic's customer deposits. The strong growth in customer deposits was mainly due to the concerted effort in promoting and marketing deposit products as well as the launch of several new deposit products.

Public Islamic's market share of Islamic financing and deposits stood at 10.0% and 10.0% respectively as at the end of November 2011. With the strong growth in customer deposits outpacing the growth in financing, Public Islamic's liquidity remained healthy, with net financing to deposit ratio improving to 95.9% as at the end of 2011 from 106.8% a year ago.

Public Islamic is adequately capitalised as reflected by its risk-weighted capital ratio and Tier 1 capital ratio of 13.7% and 12.2% respectively as at the end of 2011.

In June 2011, Rating Agency Malaysia reaffirmed Public Islamic's long- and short-term financial institution ratings at AAA and P1 respectively. The reaffirmation of the ratings reflects Public Islamic's highly integrated operating model with its parent, Public Bank, which allows Public Islamic to leverage on the risk management systems, branch network and back-room operations of Public Bank.

New Products and Initiatives

In March 2011, Public Islamic introduced the following three new Islamic trade finance products, offered under the Islamic concept of Wakalah and Kafalah:

- Letter of Credit-*i*
- Bankers Guarantee-*i*
- Shipping Guarantee-*i*

These products were introduced to meet the customers' increasing need for more Shariah compliant trade bills products.

Public Islamic also offered the following deposit products during the year:

- Mudharabah Current Account-*i*, which is a profit sharing current account structured under the concept of Mudharabah. This deposit product was introduced to enhance the competitiveness of Public Islamic's deposit products.
- Istismar Account-*i* which was launched in August 2011, as an alternative to Mudharabah General Investment Account-*i*. Designed under the concept of Wakalah Bil Istismar, one of the salient features of this product is the assurance of an expected profit rate of return at the point of placement of the deposits. The balance of Istismar Account-*i* as at the end of 2011 was RM2.58 billion.

In July 2011, Public Islamic received approval from Bank Negara Malaysia ("BNM") to introduce house and term financing under the principle of Musharakah Mutanaqisah (Diminishing Partnership), whereby customer's monthly instalments will increase the customer's ownership of the asset or property and the financing ends when the customer owns 100% of the asset or property. This product is expected to be launched in the first quarter of 2012.

On 5 April 2011, a joint-venture company, ING PUBLIC Takaful Ehsan Berhad was officially launched to carry out the family takaful business with particular focus on increasing the Takaful penetration in Malaysia. The equity participation of the joint venture company is ING Management Holdings (Malaysia) Sdn. Bhd. ("ING") (60%) and the Public Bank Group (40%). During the year, Public Islamic has successfully tapped on the multi distribution channel in the Group to promote and sell bancatakaful products via Mortgage Reducing Term Takaful and Hire Purchase Reducing Term Takaful. This joint collaboration is expected to enhance Public Islamic's long-term fee-based revenue flows.

Chairman's Review – Business Operations Review Islamic Banking

Islamic Banking Human Capital Development

Public Islamic continued to boost its human capital capabilities by developing and enhancing the skills and knowledge of its staff in Islamic Banking through structured internal as well as external courses.

In 2011, three sponsored staff graduated from the Chartered Islamic Finance Professional programme conducted by the International Centre for Education in Islamic Finance. Another 60 staff completed the Certificate in Islamic law, a tailor-made certification programme structured by the International Islamic University Malaysia in cooperation with Public Islamic. Public Islamic's staff also participated in the Islamic Awareness Programme for front liners, jointly conducted by the Association of Islamic Banking Institutions Malaysia and the National Union of Banks Employees.

Role and Authority of the Shariah Committee

Public Islamic adopted the BNM's new Shariah Governance Framework ("the Framework") with effect from 1 January 2011. In line with the requirements of the Framework, a Shariah Compliance Department was set up to assist the Board of Directors and management to ensure that the execution of business and operations are in accordance with the Shariah principles. This involves examining and evaluating the level of compliance with Shariah principles, carrying out remedial measures to resolve non-compliances and ensuring that control mechanism are in place to avoid recurrence.

The Shariah Committee ("SC"), which comprised of three members previously, was increased to five members with effect from 1 April 2011. The two new members are:

1. Dr Rusnah binti Muhamad
2. Assistant Professor Dr Abdul Bari bin Awang

The SC's roles, as guided by the Framework are as follows:

1. Responsible and accountable for all Shariah decisions, opinions and views provided.
2. Advise the Board on Shariah matters.
3. Endorse Shariah policies and procedures.
4. Endorse and validate relevant documentations.
5. Assess work carried out by Shariah review and Shariah audit.

6. Assist related parties on Shariah matters.
7. Advise on matters to be referred to the Shariah Advisory Council.
8. Provide written Shariah opinions.

Profile of Group Shariah Committee Members

Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid

Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid, aged 64 years, is currently a Professor in Fiqh & Usul al-Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences at the International Islamic University Malaysia. He has a Degree in Shariah from Yayasan Pengajian Tinggi Islam Kelantan. He obtained a Master's degree in Shariah from Al-Azhar University, Cairo and holds a Master of Philosophy from Kent University, United Kingdom. He has a Doctorate from University Malaya ("UM"), and is a member of several Shariah supervisory boards. On 3 October 2011, Professor Dato' Dr Mahmood Zuhdi was conferred the Professor Emeritus by UM.

Associate Professor Mohd Ridzuan bin Awang

Associate Professor Mohd Ridzuan bin Awang, aged 61 years, is attached to the Shariah Department, Faculty of Islamic Studies, Universiti Kebangsaan Malaysia ("UKM"). He obtained his degree in Islamic Studies from UKM and holds a Master in Comparative Law from University Malaya. His core specialisation is in Faraid (Islamic Inheritance Law) and he is a frequent contributor to academic journals and books in the related field.

Assistant Professor Dr Mohd Afandi bin Awang Hamat

Assistant Professor Dr Mohd Afandi bin Awang Hamat, aged 41 years, received his Doctorate in Fiqh and Usul Fiqh from International Islamic University Malaysia ("IIUM") in 2004, specialising in Muamalat. Currently, he is a lecturer and Head of Academic Advisors at Fiqh and Usul Department in IIUM. Assistant Professor Dr Mohd Afandi has conducted various research in the field of Usul Fiqh and published several academic papers.

Dr Rusnah binti Muhamad

Dr Rusnah binti Muhamad, aged 49 years, is currently a senior lecturer at the Department of Financial Accounting and Auditing, Faculty of Business and Accountancy in University Malaya ("UM"). She received her Doctorate specialising in accounting from UM in 2007. She has conducted various research on Islamic audit and accounting and published several academic papers. Dr Rusnah has also presented papers at local and international conferences.

Assistant Professor Dr Abdul Bari bin Awang

Assistant Professor Dr Abdul Bari bin Awang, aged 41 years, received his Doctorate in Fiqh and Usul Fiqh from International Islamic University Malaysia ("IIUM") in 2005, specialising in Usrah, Muamalat, Mirath and Waqaf. He is currently the Assistant Professor in the Department of Fiqh & Usul al-Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM. Assistant Professor Dr Abdul Bari bin Awang has conducted various research in the field of waqaf and zakat and published several academic papers.

Shariah Committee members and details of attendance of each member at Committee meetings held during 2011:

Composition of Shariah Committee	Number of Committee Meetings	
	Held	Attended
Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid <i>(Chairman of Shariah Committee)</i>	12	12
Associate Professor Mohd Ridzuan bin Awang	12	12
Assistant Professor Dr Mohd Afandi bin Awang Hamat	12	11
Dr Rusnah binti Muhamad*	12	9
Assistant Professor Dr Abdul Bari bin Awang*	12	9

* With effect from 1 April 2011.

Zakat Obligations

For its 2010 operations, Public Islamic paid a higher zakat of RM280,000 as compared to RM250,000 in respect of its 2009 operations. The zakat was paid to eight zakat collection centres and six orphanage homes.

Zakat payment is calculated using the Profit and Loss method at a zakat rate of 2.5% and is based on the percentage of estimated Muslim individual shareholders of Public Bank.

Prospects

There is high growth potential in the Islamic banking business, both in the domestic and global market particularly in the aftermath of the global financial crisis where Islamic finance has demonstrated its resilience and viability in sustaining growth momentum.

Moving forward, Public Islamic will continue to grow the Islamic financing business by providing innovative and competitive products as well as services to its customers and plans to open more branches to enhance its visibility and prominence.

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International Operations

At a Glance

	2011	2010	Growth %
Total overseas operations			
Operating revenue	RM997.3 mil	RM1,024.1 mil	(2.6)
Profit before tax	RM296.5 mil	RM311.5 mil	(4.8)
Profit before tax			
Public Financial Holdings Group	HKD468.2 mil	HKD539.9 mil	(13.3)
<i>of which:</i>			
Public Bank (Hong Kong) Limited [^]	HKD97.1 mil	HKD138.2 mil	(29.7)
Public Finance Limited [^]	HKD324.9 mil	HKD371.4 mil	(12.5)
Cambodian Public Bank Plc	USD29.0 mil	USD18.8 mil	54.2
Gross loans, advances and financing			
Public Bank (Hong Kong) Limited	HKD22,931.4 mil	HKD22,471.0 mil	2.1
Public Finance Limited	HKD4,634.3 mil	HKD4,360.1 mil	6.3
Cambodian Public Bank Plc	USD611.4 mil	USD574.0 mil	6.5
Deposits from customers			
Public Bank (Hong Kong) Limited	HKD24,218.0 mil	HKD26,448.6 mil	(8.4)
Public Finance Limited	HKD3,456.1 mil	HKD3,124.1 mil	10.6
Cambodian Public Bank Plc	USD770.9 mil	USD791.6 bil	(2.6)
Gross impaired loans ratio (%)			
Public Bank (Hong Kong) Limited	0.7	0.9	(0.2)
Public Finance Limited	2.9	3.1	(0.2)
Cambodian Public Bank Plc	3.0	3.4	(0.4)
Risk-weighted capital ratio (%)			
Public Bank (Hong Kong) Limited [*]	16.1	15.2	0.9
Public Finance Limited [*]	30.8	32.6	(1.8)
Cambodian Public Bank Plc ^{**}	20.5	24.4	(3.9)

[^] profit excluding dividends from subsidiaries^{*} presented in accordance with the Banking (Capital) Rules under Section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority^{**} represents the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent local regulatory compliance ratio

Chairman's Review – Business Operations Review International Operations

Branch Network	2011	2010
Hong Kong & People's Republic of China ("PRC") Operations		
Public Finance Limited	42	42
Public Bank (Hong Kong) Limited		
– Hong Kong	32	30
– PRC	3	3
Winton (B.V.I) Group	9	9
Indo-China operations		
Cambodian Public Bank Plc	23	21
VID Public Bank (Vietnam)	7	7
Public Bank branches		
– Laos	3	3
– Sri Lanka	1	1

The Public Bank Group has overseas presence in five countries, with branches in Sri Lanka and Laos, subsidiaries in Cambodia and Hong Kong and a joint venture bank in Vietnam.

The Public Bank Group's pre-tax profit from overseas operations dropped by 4.8% to RM296.5 million in 2011 from RM311.5 million in 2010 mainly due to the negative effect of foreign exchange differences. Excluding the impact of the foreign exchanges differences, pre-tax profit would have decreased by 1.1% as compared to 2010 as a result of a decline in pre-tax profit from the Group's Hong Kong operations offset by an increase in pre-tax profit from the Group's Cambodian operations. The Group's earnings from overseas operations contributed 6.4% to the Group's pre-tax profit in 2011. Nevertheless, the Group remains committed to expand its overseas operations, particularly in Hong Kong and Indo-China as the Group takes a long-term view of the future potential market reach and opportunities in the region.

HONG KONG

The Public Bank Group's Hong Kong operations comprise of two main businesses:

- (i) Retail and commercial banking
- (ii) Stockbroking and wealth management

In 2011, the economy of Hong Kong continued to show moderate recovery from the global financial crisis. During the year, the Government of Hong Kong initiated tightening measures to curb excessive credit growth and to ease the property market as concerns of inflation and asset price bubble escalated, arising from the low interest rates in the market which provided a favourable environment for speculative investments in the property sector.

The retail and commercial banking business are mainly undertaken by Public Bank (Hong Kong) Limited and Public Finance Limited. Despite operating under highly challenging and competitive environment, total loans and advances of Public Bank (Hong Kong) Limited grew by 2.1% or HKD0.46 billion to HKD22.93 billion as at the end of 2011 from HKD22.47 billion as at the end of 2010. The improvement in the economy which led to enhanced borrowers' repayment capacity also resulted in an increase in Public Finance Limited's loan portfolio which grew by HKD0.27 billion or 6.3% from HKD4.36 billion as at the end of 2010 to HKD4.63 billion as at the end of 2011. Arising from the recovering credit market, the asset quality of Public Bank (Hong Kong) Limited and Public Finance Limited had shown improvement during the year. Public Bank (Hong Kong) Limited's gross impaired loans ratio improved to 0.7% as at the end of 2011 from 0.9% as at the end of 2010 whilst the gross impaired loans ratio of Public Finance Limited also reduced to 2.9% from 3.1% over the same period.

As a result of intense competition, the customer deposits of Public Bank (Hong Kong) Limited dropped by HKD2.23 billion or 8.4% from HKD26.45 billion as at the end of 2010 to HKD24.22 billion as at the end of 2011. However, Public Finance Limited managed to record a 10.6% deposit growth during the year to HKD3.46 billion as at the end of 2011.

Both Public Bank (Hong Kong) Limited and Public Finance Limited continued to market bancassurance products from the strategic bancassurance alliance with the ING Group, through its combined network of branches to enhance the non interest income revenue stream of the Group's business in Hong Kong. In 2011, bancassurance sales in Hong Kong increased to HKD142.0 million, representing a growth of 32.0% as compared to 2010.

The intense competition and challenging operating environment in Hong Kong had resulted in a decline in net interest margin which led to a drop in the pre-tax profit of Public Financial Holdings Group by 13.3% or HKD71.7 million from HKD539.9 million in 2010 to HKD468.2 million in 2011.

During the year, Public Bank (Hong Kong) Limited expanded its branch network with the opening of 2 new branches in Hong Kong. As at the end of 2011, the Public Bank Group's branch network in Hong Kong and PRC expanded to 83 branches in Hong Kong, 3 branches in Shenzhen and a representative office each in Shanghai and Shenyang in the PRC and in Taipei, Taiwan.

CAMBODIA

The Public Bank Group's presence in Cambodia was established in 1992 when Cambodian Public Bank Plc ("Campu Bank"), Public Bank's wholly-owned subsidiary

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was incorporated. Since then, the Group has grown to become a leading financial service provider in the country through the incorporation of a general insurance subsidiary, Campu Lonpac Insurance Plc ("CLIP", which was formerly known as CampuBank Lonpac Insurance Plc) in 2007 and a stockbroking subsidiary, Campu Securities Plc (formerly known as CampuBank Securities Plc) in 2010.

During the year, the Cambodian economy showed signs of recovery from the global financial crisis, with rebound of the tourism and agricultural sectors. In 2011, Campu Bank recorded strong improvement in profitability, with pre-tax profit improving by USD10.2 million or 54.2% from USD18.8 million in 2010 to USD29.0 million in 2011. This was mainly due to the decline in impairment allowances for loans and advances as a result of the improved credit environment.

In view of the uncertain external environment, Campu Bank maintained a cautious approach in its lending business and remained focused on strengthening its asset quality. Campu Bank's loans portfolio grew moderately by USD37.4 million or 6.5% from USD574.0 million as at the end of 2010 to USD611.4 million as at the end of 2011. As a result of prudent credit risk management, gross impaired loans ratio improved from 3.4% as at the end of 2010 to 3.0% as at the end of 2011. As a result of more intense competition arising from the opening of new banks in Cambodia, Campu Bank's customer deposits dropped by USD20.7 million or 2.6% to USD770.9 million as at the end of 2011. However, the net loan-to-deposit ratio of Campu Bank remained at a healthy level of 77.2%.

Campu Bank expanded its branch network in 2011 to 23 with the opening of 2 new branches. Additional branches are targeted to be opened in 2012 to widen Campu Bank's market reach and to tap new business opportunities in new locations with good business potential.

Campu Bank's insurance subsidiary, "CLIP" which is 55% owned by the Public Bank Group, continued to be a major insurance player in Cambodian insurance sector with a market share of 16% as at September 2011. CLIP reported satisfactory results with gross premiums increasing from USD3.4 million in 2010 to USD4.2 million in 2011. CLIP plans to launch more value-added general insurance products for its customers and optimise the synergic advantages of leveraging on Campu Bank's growing customer base and expanding network of branches.

The stock exchange in Cambodia is expected to commence operations in early 2012. Campu Bank's wholly-owned subsidiary, Campu Securities Plc, which is licensed by the Securities and Exchange Commission of Cambodia to carry out securities underwriting, dealing business and share broking is expected to contribute positively to the earnings of the Public Bank Group in the future when share broking activities begin.

VIETNAM

Vietnam faced economic difficulties amidst the global financial crisis in 2011. As a result of high credit growth and rising inflationary pressures, the Vietnamese Government introduced measures to curb inflation, which included capping annual loans growth of banks and devaluing the Vietnamese Dong in an effort to restore macro-economic stability.

Due to the challenging economic environment in Vietnam, total loans and customer deposits of VID Public Bank decreased by USD25.4 million and USD34.6 million respectively to USD228.1 million and USD218.3 million respectively as at the end of 2011. Pre-tax profits was also lower in 2011, dropping by 51.2% to USD4.7 million as a result of the weak market conditions. VID Public Bank has 7 branches in Vietnam.

The Public Bank Group is positive about Vietnam's long-term economic outlook given the country's past track record of consistent GDP growth and business potentials, and remains committed to expand its banking operations in Vietnam.

LAOS

The economic outlook of Laos continued to be encouraging, with the economy projected to achieve annual growth of about 8% in the coming years. Public Bank's Laos operations recorded all round improved performance in 2011. In particular, total loans and customer deposits achieved growth of 22.7% and 17.6% respectively in 2011 to USD83.4 million and USD86.5 million respectively as at the end of 2011.

Public Bank's Laos branches registered pre-tax profit of USD6.2 million in 2011 representing 62.0% growth from the previous year. The Group currently has 3 branches in Laos and plans to open another branch in 2012 to further extend its reach and presence in this country.

SRI LANKA

The post-war economy of Sri Lanka continued to maintain growth momentum, boosting consumer and investor confidence. Sustained by the strong confidence, total loans of Public Bank's Colombo branch continues to grow by 35.3% in 2011 to LKR2,142.5 million as at the end of 2011. Pre-tax profit of the Bank's Colombo branch decreased by 15.9% or LKR31.7 million to LKR167.0 million in 2011 as compared to the previous year mainly due to one-off impaired loans recovery of LKR51.5 million in the previous year.

Serving The Customer



Customer Service

The Public Bank Group continues to achieve high standards of excellence in customer service, a result of nurturing a service culture of excellence over the years and continuously enhancing its customer service initiatives to further raise the bar of excellence in customer service.

“Live our Service Values” Campaign

One of the cornerstones of Public Bank's customer service excellence is the high quality and fast delivery of customer service at the Bank's branches. In the Bank's quest to further enhance the quality of customers' experience, the “Live our Service Values” Campaign was introduced to improve staff's soft skills at customers' point of contact. The Bank also established a Service Charter which aims to nurture and instill desirable service values in staff. A script book entitled “Say It Right” guides the Bank's staff on the effective approach to connect and engage with customers in order to deliver a satisfying and productive experience of service excellence.

This campaign, which is a follow-through effort of Public Bank's previous “Live Our Values, Grow Our Business” and “R.E.C.I.P.E. for Success” programmes, has provided valuable insights on the effectiveness of the Bank's initiatives and critical improvement areas in the Bank's service delivery.

Chairman's Review – Business Operations Review Serving The Customer

High Conformance Level to Standard Waiting Time (“SWT”)

The bedrock of Public Bank's customer service excellence is the Bank's Queue Management System at the front-line counters of branches where the customer's waiting time to be served is constantly monitored. Over the years, the Bank has consistently maintained high conformance levels to the 2-minute SWT at the branches. In 2011, compliance to the SWT was at 79%, with more than 20 million customers satisfactorily being served at the Bank's branches.

Service Ambassadors

An integral part of the Public Bank's dual-pronged approach to customer service is the continuous support given to the Bank's customers in the modern banking environment. The “Service Ambassadors” at the banking halls play a key role in this aspect by supporting and assisting customers to familiarise themselves with new and enhanced self service banking services and infrastructures. “Service Ambassadors” are also trained to gather customers' feedback to further improve the Bank's business and services.

Uninterrupted Banking Services

A key factor to ensure that the Public Bank Group stays at the forefront of competition in terms of service standards is to ensure that operational risks are appropriately managed so that smooth and uninterrupted services can be provided to all customers.

The Public Bank Group has established a Business Continuity Plan which seeks to ensure operational and infrastructure sustainability in the event of disasters. To achieve this objective, the Group periodically assesses and manages operational risk through its comprehensive risk management framework. Once operational risk factors are identified, workaround processes are developed and reviewed to ensure that essential banking services can be continuously delivered. The effectiveness of the plan is also consistently reviewed and tested in “live” and simulated environments to lessen, if not to prevent, the extent of damage such a disruption may cause.

SIRIM Certification

The Public Bank Group's ISO 9001:2008 certification for the “Provision of the Customer Service at the Front Office” was reaffirmed recently by SIRIM for another 3 years. The renewal of the ISO certification is a testimony to the Group's commitment to provide excellence in customer service throughout its business.

Loan Service Delivery

Standard Turnaround Time

Public Bank achieved the internationally recognised ISO 9001:2008 certification for the “Provision of Customer Service in Loan Delivery” since 2002 and this certification has been recently reaffirmed by SIRIM for another 3 years. Under the scope of the ISO 9001:2008, the Bank has implemented standard operating procedures, continuous work process improvement and compliance with the Standard Turnaround Time for processes from loan approval to loan documentation and loan disbursement. Currently, the certification covers retail and corporate loans, securities documentation, credit cards and trade financing transactions.

As part of the continuous work process improvement under the stringent ISO 9001:2008, Public Bank has automated the loan delivery process which now includes an electronic request system implemented in September 2011. At Head Office, business units involved with loan processing and disbursement activities meet regularly to ensure that work improvements are conducted and any deficiencies are reviewed and rectified. Management also conduct meetings periodically to review the effectiveness of the work improvements implemented. These processes are put in place to ensure that the delivery of loan service achieve 100% customer satisfaction.

Customer Feedback Survey

Public Bank's ultimate aim in service delivery is to ensure that the Bank's customers enjoy a consistent experience of service excellence across the Bank's network of branches. The achievement of this is crucial towards building brand loyalty and customer retention. The Customer Feedback survey which the Bank performs helps the Bank to gather valuable information to gauge the levels of customer satisfaction. The results have been encouraging as it has indicated that more than 90% of the Bank's customers were more than satisfied with the level of the Bank's loan delivery services.

Channel Management

The Public Bank Group continues to invest in self service delivery channels to provide more value-added convenience to its customers through:

- Automatic Teller Machines ("ATMs")
- Cheque Deposit Machines ("CDMs")
- Cash Deposit Terminals ("CDTs")
- Internet banking
- Mobile phone banking

Expansion of Self Service Terminals

The Public Bank Group's network of self service terminals comprised of ATMs, CDMs and CDTs across the Group's extensive branch network. During the year, the Group has deployed 41 ATMs, 53 CDMs and 75 CDTs, bringing the Group's network of self service terminals to a total of 529 ATMs, 506 CDMs and 496 CDTs as at the end of 2011.

Internet Banking

Public Bank's internet banking channel, PBeBank.com, continued to register double digit growth in terms of transactions and new user registration of 29% and 16% respectively in 2011. The Bank has extended the operating hours of its internet banking and PB Mobile Banking from 18 hours previously, to 24 hours a day, to cater to the increasing demand for online real-time electronic banking services.

Public Bank has undertaken various initiatives to promote the subscription of the Bank's secure internet banking channel. A number of payee corporations were added to the Bank's existing list of subscribed payee corporations. To meet the increasing demand for prepaid credit re-load services, the Bank has also partnered local telecommunications players such as Maxis, Celcom and Digi to facilitate such services to be performed through the Bank's internet banking channel. Other convenient services provided through the Bank's internet banking channel include Interbank GIRO Fund Transfers and Quick Pay, which offer a convenient and secure way of transferring funds through the electronic channel. As an added security

feature, the Bank has also introduced the "PBeBank.com Authentication Code", which requires customers to key in a security code sent to the customer's mobile phone when third party funds transfers and payments are made through the internet.

Public Bank has formed marketing partnerships with retail merchants to meet the increasing demand of online shoppers. Goods from these retail merchants are made available for purchase through the Bank's online shopping secure webpage, Public Bank e-Mall ("pbbemall.com"). Transactions can be carried out by debit and credit card payments through the customers' web-enabled devices and the goods purchased are then delivered to the doorsteps of the customers. This diversification of value added services has allowed the Bank to reach out and serve a wider spectrum of customers.

MyClear's MyMobile Service

Public Bank is one of the pilot banks to launch MyClear's MyMobile service which was introduced in line with Bank Negara Malaysia's initiative to promote greater use of e-payment as an alternative to paper-based payment. This new mobile phone banking service rides on the 'Unstructured Supplementary Service Data' technology that enables real-time banking transactions to be performed through the mobile phone. This service, which supports a whole range of mobile phones from basic phone units to smartphones, provides the Bank with the opportunity to tap on a huge subscriber base in the future.

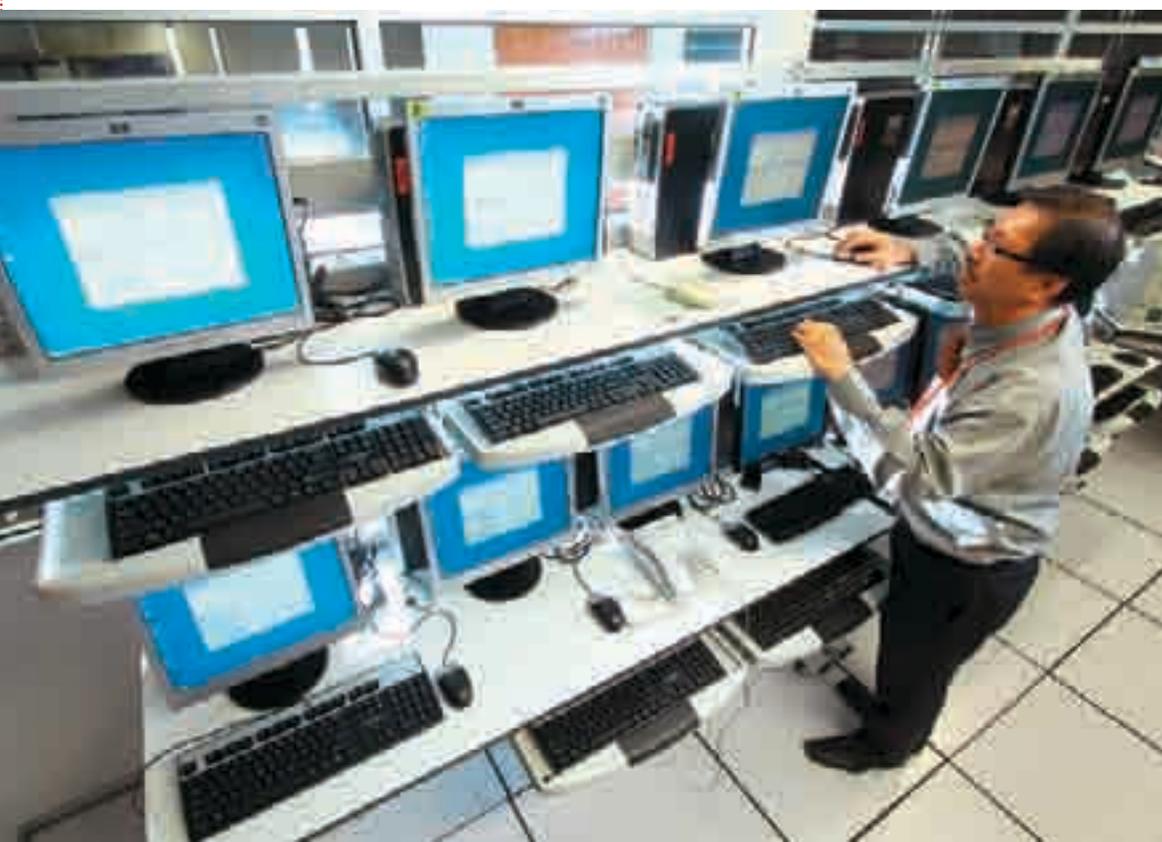
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Information & Communications Technology

Information and Communications Technology ("ICT") continues to be the Public Bank Group's strategic tool for achieving growth in an increasingly competitive market with ever-demanding regulatory requirements. In 2011, ICT spending was geared towards strengthening core infrastructure to achieve higher operational efficiency, greater effectiveness in risk management and constant improvements in service quality. Building on the existing large volume of customer data, the use of business intelligence systems was increasingly used to gain better insight and create added value for the customers.

Core Infrastructure Hardware Upgrade

Public Bank's IBM mainframe system which runs various mission-critical applications, including the core banking system was upgraded at a total cost in excess of RM122 million. The latest z-Series IBM mainframes, the z196 were purchased to replace the existing IBM z10EC sysplex mainframes. The new mainframes deliver a 70% increase in processing power and provide abundant headroom for both planned growth and unforeseen spurts in demand. Likewise, the latest EMC Symmetrix V-Max disk subsystem was configured with twice the capacity of the previous EMC DMX4 subsystem to cater for expansion and increased throughput to match the new mainframes. Using the Data-At-Rest-Encryption feature, the new V-Max encrypts the data residing in the entire disk subsystem and achieves better data security without performance impact. The Automated Tape Library ("ATL") handling data backups had over the years, out of necessity, used multiple models



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of tape drives and different generations of media types. For greater operational efficiency, these older tape drives were retired and standardised to the latest IBM TS7740 tape subsystem. With its significantly higher capacity of 150 terabytes in the internal cache storage, the new ATL allows the online retention period for archived data to be substantially increased, resulting in instant retrieval of historical records without physical tape restoration.

As part of risk mitigation measures to cope effectively with a potential trauma to the primary system, the resilience of the Disaster Recovery ("DR") system was similarly strengthened in concert with the production upgrade. The DR system gained a processing power uplift of 84% through the commissioning of new IBM z114 sysplex mainframes. The z114 mainframes match the production system in processing power and a DR takeover can be conducted without any degradation in performance. The entire disk storage at the production site is mirrored in real-time to the DR site via high speed dedicated fibre links that are secured with industrial strength 256-bit Advanced Encryption Standard cryptography. Similarly, the production ATL is replicated in the DR site in real-time across the communications network between the IBM TS7740 tape subsystems. Transport of physical tapes for off-site storage is eliminated, further strengthening data security by doing away with the risk associated with tapes lost in transit.

Investments in Software

As the Group intensifies and accelerates the use of Analytical CRM, the workhorse data warehouse assumes greater importance and remains a key resource for the Bank's business intelligence initiatives. Additional descriptive and predictive models were built for exploration of revenue opportunity, improvement in cross-selling capability and customer retention. Over 60 targeted marketing campaigns and multi-channel contact management programmes were drawn up. To support the increased activities, the data warehouse software was upgraded to the latest version and augmented with a new and more powerful 24-core server. Correspondingly, its disk storage was further expanded to be in excess of 15 terabytes within the enterprise storage area network.

Application development was centred on streamlining internal processes, continuing with a series of actions taken over the last several years to steadily integrate disparate systems to attain greater operational efficiency through the use of Straight-Through-Processing ("STP"). For instance, the standalone data entry, approval process and archiving of credit card applications were merged into a seamless workflow through instilling STP across the three diverse platforms. In addition, the external Bank Negara Malaysia ("BNM") CCRIS checks are automatically conducted as part of the approval workflow without requiring intervention. With these enhancements, it is envisaged that the rate of credit card application processing will improve at least threefold. Another application that has undergone STP transformation is the outward cheque clearing system. At the branches, cheques continued to be scanned using shoebox scanners. The cheque images however, are now sent immediately to servers at the data center instead of being stored locally in branch servers and transmitted in batches periodically. By streamlining the application from a three-tier to two-tier based architecture, a total of 252 aging cheque clearing servers at the branches were scrapped, without a need for replacement. The result is a significant improvement in the ease of management and faster processing as well as major savings in capital expenditure. The Branch Delivery System was another application enhanced to encompass automatic checks for potential money laundering activities during transaction

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processing over the counter. Not only will such activities be detected in real-time, but more importantly, branches operations are able to meet the "Anti-Money Laundering / Combating the Financing of Terrorism Act" reporting requirements in a more timely manner.

In 2011, significant quantities of additional licences for software products running on Windows, Unix and IBM-i operating systems were acquired to cater for increased usage. As required under regulatory guidelines, unsupported software where possible, were also retired and upgraded to new supported versions. In a phase mode approach, 6,200 copies of Microsoft Office were purchased under the Microsoft Enterprise Agreement Subscription licencing scheme as a replacement for end-of-support Lotus SmartSuite Office productivity tool that had been in use since the early years of automation.

Self Service Terminals

As more customers turn to self service terminals, additional self service terminals have been deployed. Additionally, the operational hours for these self service terminals were extended to 24 hours for increased customer convenience. In 2011, more Cash Recycling Machines were installed at branches for efficient cash holding management and to increase availability of cash for customers. The Bank has also expanded the use of its self service terminals as a public service by installing customised Cheque Deposit Machines at Employee Provident Fund ("EPF") offices for submission of EPF Form A together with payment in cheque. Walk-in customers at selected Public Bank branches can print their monthly EPF statements at EPF kiosks located within the branch premises. In addition, new channels for mobile users are in the works. These include smartphone-based electronic share trading and a new mobile phone banking system that uses Unstructured Supplementary Service Data available in generic hand-phones. The latter initiative is an industry-wide effort led by MyClear (a wholly-owned subsidiary of BNM) called MyMobile aimed at capturing the largely untapped mobile banking market.

Security and Fraud Prevention

With the ever present threat of increasingly sophisticated cyber-attacks, the Group has been aggressively strengthening the security of its ICT infrastructure. The next-generation network and application firewalls, and Intrusion Prevention Systems were upgraded to improve resilience against infrastructure targeted attacks. Such threats are also being addressed by increasing network surveillance capabilities. The latest Netscout nGenius Performance Manager software and InfiniStream hardware appliance work together to provide an end-to-end real-time view of the enterprise network performance and behaviour. The real-time network bandwidth analysis, deep packet and historical back-in-time analysis capabilities allow potential network performance issues and intrusion attempts to be detected early so that countermeasures can be deployed rapidly to prevent outages. At the same time, web applications were also subject to stringent security assessment to uncover hidden vulnerabilities that may be exploited by threats targeted at application weaknesses. The 3D Secure Access Control Server system which verifies credit and debit card members during e-commerce transaction was also enhanced to incorporate dual factor authentication. A One-Time-Password is sent by SMS to the card member's hand-phone as part of the authentication process replacing the use of a static PIN. This further reduces the possibility of fraud by password phishing. In compliance with regulatory guidelines on ensuring the safety of ATM withdrawals through credit and debit cards, the Group's ATMs are being upgraded to support the EMV chip standard. As an added security measure, Day2Day debit card users are also alerted by an SMS to their cell-phone whenever a high risk transaction is performed, for example, an overseas cash withdrawal without prior activation.

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Over the years, growing data volumes and widespread use of computers within the Group have inevitably increased the risk of a security breach that is likely to result in lost or stolen data. A Data Leakage Protection ("DLP") software emplaced around every PC and server, protects confidential customer information and the Group's intellectual property against such a breach. Communications across the network of more than 18,000 computers are easily monitored and suspicious communication activities identified. The DLP safeguard allows the administrators to prevent sensitive information from being disclosed and alerts computer users on their violations. Over a period of time, it is expected that Group-wide users will become educated through daily usage experience to identify when data is at risk, and how to send sensitive data in a secure manner.

In compliance with the Payment Card Industry Data Security Standards mandated by Visa and Mastercard, a Qualified Security Assessor was engaged to audit and certify that the Bank's security infrastructure and practices are in order to protect cardholder data. The comprehensive audit included ensuring networks are secure, card holder data is kept secure and strong access control processes are in place.



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Branch Performance – KPIs and Awards



Branch Key Performance Indices

Public Bank evaluates the business performance and operational efficiency of branches towards meeting the operational and strategic business goals of the Bank with the use of Key Performance Indices ("KPIs").

The Bank's KPIs are quantifiable measurements which:

- constitute the critical success factors such as profitability, loan and deposit performance, asset quality, staff productivity and efficiency.
- provide a mechanism for evaluating the performance of branches.
- forms the basis for appraising and rewarding branch managers, key management and supervisory staff at branches.

Public Bank's Approach

The KPIs are reviewed annually to align the KPIs to the current operating environment and corporate strategies and goals of Public Bank. The Bank closely monitors the performance of the branches to ensure that the KPIs are achieved. Information on the performance and ranking of peer branches are also disseminated to the branches on a quarterly basis, to enable the branches to benchmark themselves with their peer branches as well as to take necessary remedial measures to improve their performance.

Chairman's Review – Business Operations Review Branch Performance – KPIs and Awards

Public Bank's Measurement Criteria

The KPIs for the evaluation of branches, branch managers and supervisory staff at branches are set out below:

KPI	Measurement Criteria
A. Profitability (a) Retail Profit (b) Return on Equity ("ROE") (c) Non Interest Income	<ul style="list-style-type: none"> • Achievement of profit targets. • Incremental profit per staff. • Profit contribution compared to peer group of branches. • Actual ROE vs budgeted ROE. • Improvement in ROE from the previous year. • Achievement of non interest income targets and improvement from the previous year. • Achievement of targets for fee-based income products.
B. Loans Performance (a) Retail Loans (b) Hire Purchase Financing	<ul style="list-style-type: none"> • Achievement of retail loans growth targets. • Growth in % and quantum from the previous year compared to peer group of branches. • Achievement of hire purchase financing growth targets. • Growth in % and quantum from the previous year compared to peer group of branches.
C. Deposits Performance (a) Demand, Savings and Fixed Deposits	<ul style="list-style-type: none"> • Achievement of demand, savings and fixed deposits growth targets. • Growth in % and quantum from the previous year compared to peer group of branches.
D. Asset Quality (a) Credit Control	<ul style="list-style-type: none"> • Reduction in impaired loans. • Achievement of recovery targets. • Increase in new delinquent accounts. • Operational and credit lapses.
E. Productivity/Efficiency (a) Customer Service in Frontline Delivery (b) Loan Service Delivery (c) Cost Efficiency (d) Product Holding (Cross-selling) (e) Controls & Compliance	<ul style="list-style-type: none"> • Achievement of benchmark for standard waiting time. • Number of counter transactions and productivity per teller. • Achievement of benchmark for loan processing turnaround time. • Volume of loans processed compared to peer group of branches. • Achievement of targeted cost to income ratio. • Improvement in cost to income ratio from the previous year. • Achievement of targeted product holding per customer. • Improvement in average product holding from the previous year. • Internal controls and general management of the branch.

Chairman's Review – Business Operations Review Branch Performance – KPIs and Awards

Branch Performance Awards

The Public Bank Group accords recognition to top performing branches in the form of the annual Branch Performance Awards. These performance awards, which come with substantial monetary prizes, are also granted to inspire branches to strive for outstanding performance in the key performance areas.

The various categories of the Branch Performance Awards are reviewed annually to be aligned to the business objectives of the Public Bank Group. The Branch Performance Awards for 2011 comprised of:

- the Founder and Chairman's Award for the Overall Best Branch;
- 10 Best Branch Awards; and
- 16 Special Awards

For the competition, the domestic branches were segregated into six groups based on business portfolio and branch size, with each branch rated against their peer group of branches. To determine the winners of the Branch Performance Awards, each branch is assessed on very stringent criteria in the key areas of business performance, cost and risk management, loan asset quality and customer service delivery.

The Special Awards which cover business performance, branch management and service quality includes specific key awards such as the Highest Increase in Retail Profit Per Staff, Highest Increase in Retail Loans Per Staff, Highest Increase in Retail Deposits Per Staff, Highest Increase in Hire Purchase Financing Per Staff, Highest Increase in Non-Interest Income Per Staff, Excellent Credit Risk Management and Outstanding Customer Service in Frontline Operations.

The Winners

The coveted Founder and Chairman's Award for 2011 which carried a cash prize of RM50,000 and a gold crafted challenge trophy went to China Street Branch in Miri, Sarawak.

The winners of the Best Branch Awards for 2011 for domestic and overseas business units were as follows:

Domestic Branches

Group 1	China Street Branch
Group 2	Bangsar Branch
Group 3	Section 14 Branch
Group 4	Taman Melaka Raya Branch
Group 5	Bandar Bukit Tinggi Branch
Group 6	Stutong Branch

Overseas Business Units

Public Bank (HK) Limited	Tai Po Branch
Public Finance Limited	Jordan Road Branch
Cambodian Public Bank	Olympic Branch
VID Public Bank	Cholon Branch

A total of 101 awards with cash prizes of RM1 million were awarded to the winners of the Branch Performance Awards for 2011.



Outlook for the Economy and Banking Industry

The prospects for the global economy for 2012 are clouded by uncertainties mainly due to continued fragilities in advanced economies, in particular the United States of America and the European Union ("EU"). Financial market volatility stemming from escalation of the sovereign debt crisis in the EU, along with ongoing deleveraging in public and private sectors, high unemployment and real estate market weakness are expected to constrain growth in the advanced economies and international trade. Growth in most Asian economies, however, is expected to remain favourable, with strong domestic demand and intra-regional trade.

The Malaysian economy is expected to grow between 5% and 6% in 2012, stemming from strong domestic demand. Stable consumer confidence, firm prices of primary commodities, moderate inflation and accommodative fiscal and monetary policies are likely to keep the momentum in private and public consumption. Measures in Budget 2012 such as cash assistance to low-income households and civil servants pay hikes should stimulate private consumption. Public and private investment is expected to accelerate due

to the implementation of the Economic Transformation Programme ("ETP"), the 10th Malaysia Plan and Budget 2012.

The Malaysian banking sector is expected to remain resilient with strong capitalisation, strong profitability and stable asset quality. The ongoing liberalisation of the financial sector will not only increase the competitive landscape of the financial sector but will also add new products and services. Net interest margins are expected to remain under pressure.

Loans and deposits in the banking system should grow steadily. The introduction of the Guidelines on Responsible Finance such as computing debt service ratios based on borrower's net income is expected to further contribute to healthy lending. The banking industry will continue to enhance easy access to financing by the commercial sector and small- and medium-sized enterprises ("SMEs").

To ensure that household indebtedness remain prudent, Bank Negara Malaysia ("BNM") has introduced measures such as prudential policies applied on the residential

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property sector, new Credit Card Guideline and strengthening requirements for banks to adopt prudent and responsible lending practices. Financial education programmes as well as advisory and support arrangements have also served to promote responsible borrowing by households. The new Financial Sector Blueprint will further enhance the capacity and capability of the Malaysian banking sector.

Expectations and Opportunities

In consumer lending, the markets for residential properties and automobiles in Malaysia are expected to remain healthy due to steady economic growth, accommodative monetary policies and low unemployment. The implementation of projects under the ETP and the 10th Malaysia Plan is expected to further spur business loans. The Government's continuous efforts to promote the development of SMEs will continue to support financing demand from SMEs. Competition for deposits among banks is likely to further intensify, especially for low cost deposits. Thus net interest margins are expected to remain compressed.

Banks will continue to strengthen their non interest income activities amidst compression in net interest margins. Banks are expected to continue to employ strategies such as product bundling, cross-selling and creative product development to boost their non interest income. E-payment is poised for further growth due to strong consumer demand for convenience and BNM's promotion of cost-effective e-payment services.

Banks in Malaysia are well-positioned to meet the higher capital standards of Basel III with their existing strong capital position, continued profitability and prudent risk taking. With strong starting capital positions and leverage levels in line with the requirements of Basel III, the need for substantial structural adjustment in the Malaysian banking system will be less significant than those of advanced economies.

Islamic finance is increasingly becoming part of the growth strategy of a rising number of global financial institutions. As the Islamic financial system evolves to become more diversified, it is increasing its potential to foster sustainable growth. Initiatives by the Government and BNM in the development of Islamic finance, particularly in capacity building, infrastructure and talent development will provide an enabling environment for industry players to remain competitive and innovative.

Strategies and Directions

The Public Bank Group will seek to grow its market share by focusing on its organic growth strategies to grow retail loans, customer deposits and fee-based activities. The Group's lending business will continue to be supported by home mortgages, hire purchase financing for passenger vehicles and retail commercial loans to SMEs. For its funding base, the Group will continue to promote core customer deposits to ensure a stable funding base and maintain low funding cost and a liquid balance sheet. The Group will continue to grow its fee- and transaction-based revenue including the unit trust business, bancassurance and wealth management products.

The Public Bank Group remains committed to expanding its overseas operations through organic growth. The Group will continue to transfer its best practices in Malaysia to accelerate business growth in its overseas operations. The Group will also continue to expand its Islamic banking businesses. Public Islamic Bank – a wholly-owned subsidiary of the Group will continue to focus on Islamic retail banking. The Group will continue to promote its Islamic fee-based activities.

In addition to providing competitive and innovative products, efforts to further strengthen the Public Bank Group's superior service delivery standards will continue to be intensified. In expanding its business, the Group will further leverage on its wide distribution network, strong sales and marketing force and efficient multiple delivery channels.

The Public Bank Group will further enhance its risk management infrastructure and practices to protect the interest of stakeholders and maintain its strong asset quality. The Group will remain committed to its tradition of prudence and the practice of strong corporate governance. The Group will continue to focus on investment in human capital and talent development.

The Public Bank Group will monitor further developments in relation to the Basel III requirements and any additional regulatory capital requirements to be imposed by BNM. This will allow the Group to address the potential impact of such requirements by realigning existing capital management strategies from time to time.

▶▶▶ TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman

30 January 2012



communities

We believe that the world of banking is more than just about profit. The heart of our business lies in serving people and when this is achieved, symbiotic benefits are realised. Our CR pillars underline our commitment towards creating a positive impact on society today and in the future.



CORPORATE RESPONSIBILITY

THE SEVERITY OF THE GLOBAL FINANCIAL CRISIS AND THE AMOUNT OF PUBLIC SUPPORT CHANNELLED INTO THE FINANCIAL SERVICES SECTOR HAS GENERATED HEATED DEBATE ABOUT THE ROLE OF BANKS IN

SOCIETY. AS A CUSTODIAN OF PUBLIC FUNDS AND A MOBILISER OF SAVINGS TO FINANCE ECONOMIC ACTIVITIES, BANKS ARE EXPECTED TO CONDUCT THEIR BUSINESS IN A MANNER WHICH WILL BENEFIT SOCIETY. IF THE ACTIVITIES OF A BANK ARE TO BE REGARDED AS SOCIALLY USEFUL AND CONTRIBUTE TO THE WELL-BEING OF ALL STAKEHOLDERS, THEN THE STANDARD TO WHICH IT MUST BE HELD ACCOUNTABLE IS THE HIGHEST LEVEL OF ACCOUNTABILITY, TRANSPARENCY AND INTEGRITY IN THE WAY THE BANK CONDUCTS ITS BUSINESS.

When the business of a bank is conducted responsibly, the reputation and standing of the bank is enhanced, leading to greater competitiveness and higher sustainability of returns to its stakeholders. Hence, corporate responsibility ("CR") is increasingly being embraced by banks and businesses and there is a growing recognition that good CR of a bank makes good business sense.

The World Business Council for Sustained Development defines corporate social responsibility as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large".

Corporate Responsibility

The Public Bank Group, in fulfilling its CR, seeks to conduct its business activities responsibly, ethically and prudently whilst engaging the community and environment in which it operates. Although not distinctly referred to as CR, the Group had long subscribed to the belief of conducting its business in an ethically, socially and environmentally sustainable manner, which is entrenched in its long-held Corporate Philosophy which states:

Public Bank Cares ...

For Its Customers

- By providing the most courteous and efficient service in every aspect of its business
- By being innovative in the development of new banking products and services

For Its Employees

- By promoting the well-being of its staff through attractive remuneration and fringe benefits
- By promoting good staff morale through proper staff training and development and provision of opportunities for career advancement

For Its Shareholders

- By forging ahead and consolidating its position as a stable and progressive financial institution
- By generating profits and a fair return on their investment

For the Community It Serves

- By assuming its role as a socially responsible corporate citizen in a tangible manner
- By adhering closely to national policies and objectives thereby contributing towards the progress of the nation

... With Integrity

Guided by these principles and service values, the corporate responsibility of the Public Bank Group covers a wide range of corporate social responsibility initiatives which are categorised into the following four key segments of Community, Market place, Work place and Environment:



CR IN THE COMMUNITY

Contributing to Economic Growth

Being the largest non-government linked corporation listed on Bursa Malaysia, with total assets and market capitalisation of RM249.41 billion and RM47.07 billion respectively as at the end of 2011, the Public Bank Group is one of the leading financial services provider in Malaysia and has played a significant role in contributing to the economic development of the country.

The Public Bank Group continued to play a key role in promoting stability and integrity of the Malaysian banking system with its unbroken 45-year profitability track record and strong balance sheet. The Group makes a positive impact on society and the national economy by helping to foster economic development and stimulating economic growth through its banking business. Business growth creates employment opportunities, generates return to shareholders and taxes to the government. The resilience of the Malaysian economy during the 2008 and 2009 global financial crisis was, in no small measure, due to the strength of the Malaysian banking system, which allowed the banks to continue lending to customers. As a strong and stable banking system is a necessary pre-requisite to a healthy economy, the Group has played, and will continue to play, a key role in the economic development of Malaysia and in contributing to nation building.

Supporting Home Ownership and Affordable Housing

Residential mortgages accounted for 29.4% of the Public Bank Group's total loan portfolio as at the end of 2011 and remained one of the core lending business of the Group.

The Public Bank Group continued to support the financing of mass market housing with a total of 40,356 residential mortgages approved in 2011 for the purchase of properties costing between RM100,000 and RM350,000. Public Bank and Public Islamic Bank had approved the financing of a total of 5,195 units of low cost houses during the two year period of 2010 and 2011, consistently exceeding the minimum commitment levels for the financing of low-cost housing as required by Bank Negara Malaysia ("BNM"). As at the end of 2011, total loans outstanding for this segment amounted to RM2.38 billion in Malaysia. The Group is therefore helping Malaysians, particularly the average man in the street and low income families to own their homes and increasing home ownership in the country.

Supporting SMEs

The SMEs business segment is a key driver of the country's economy and constitutes the Public Bank Group's main commercial lending business. In 2011, the Group approved RM12.39 billion of commercial loans to domestic SMEs, accounting for 22.2% of the Group's total new domestic loans approved for 2011.

The Public Bank Group is also a strong supporter of BNM's priority sector lending to SMEs and has approved a total of RM23.79 billion under this scheme in 2010 and 2011, which was considerably more than the combined two years commitment required by BNM of RM8.2 billion for 2010 and 2011.

SME and Micro Enterprises Assistance Programmes

The SME assistance programmes initiated by the Malaysian Government and BNM continued to extend much needed liquidity to SMEs operating in the uncertain global economic environment. The Public Bank Group's strong commitment of the Fund for Small and Medium Industries has reached RM569.0 million as at the end of 2011. Public Bank also actively promotes competitive loan products which provide an avenue for SMEs to seek low interest rate financial assistance. Such products include those which leverage on Credit Guarantee Corporation Bhd ("CGC") that provide for guarantee cover by CGC without any guarantee fees being charged to the SMEs. In recognition of the Bank's role in supporting SMEs, CGC has recognised Public Bank as one of the top SMI supporters for four consecutive years since 2007. Public Bank is the first financial institution in Malaysia to tie-up with CGC to implement the SmallBiz Express Guaranteed Scheme, which is targeted at micro enterprises. Since its launch, the Bank has approved total loans amounting to RM10 million to 327 micro enterprises.

The focus of the commercial lending business of the Group in supporting SMEs and micro enterprises will in the medium- to longer-term benefit the country through higher tax revenues and the creation of employment opportunities for Malaysians.

For more information on the Public Bank Group's various commitments to government initiated schemes in support of SMEs, please refer to page 173 of this annual report.

Corporate Responsibility

Significant Tax Payer

The Public Bank Group has been a significant contributor to the fiscal revenue and economic prosperity of the country as a result of its strong profitability over the years. Over the last five years, the Group had made RM3.72 billion in tax payments to the Government, contributing to the financial well-being and development of the country.

Tackling Financial Crime

The Public Bank Group is committed to combat financial fraud, money laundering and terrorist financing. The Group continuously trains its employees to be vigilant, and has put in place extensive infrastructure system and controls, as well as policies and procedures to safeguard the Group against the risk of abuse of the banking system for illicit, money laundering and terrorist activities.

Further information on the Public Bank Group's Anti-Fraud Policy and Anti-Money Laundering Policy is set out in the "Ethics, Integrity and Trust" section in pages 118 to 119 of the annual report.

Contributing to the Well-being of Society

In fulfilling its corporate responsibilities to society and the community that it serves, the Public Bank Group had in 2011 focused its CR initiatives and activities in the areas of:

- Education
- Healthcare
- Youth and Community Activities

Education

The Public Bank Group continues with its support of the education of the nation's youth.

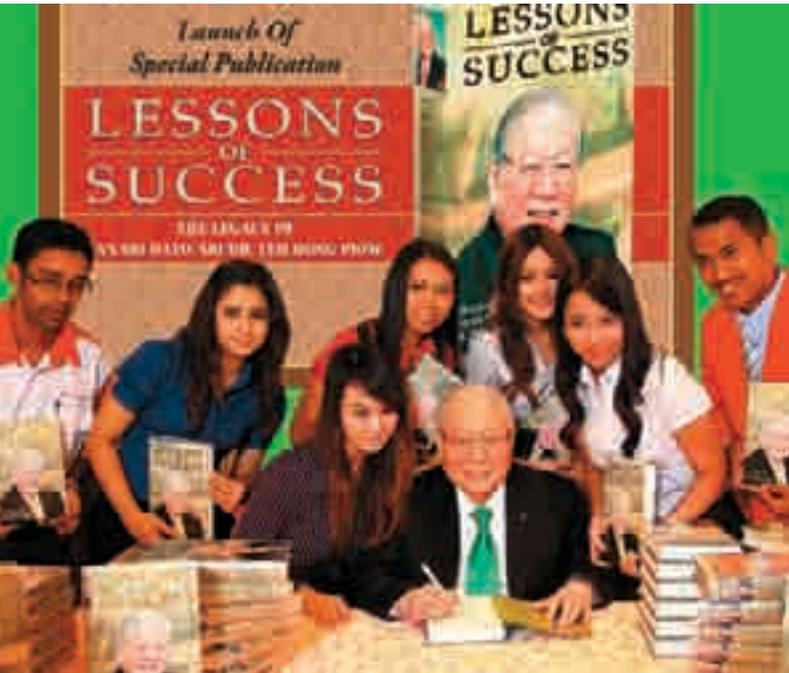
Public Bank, a firm believer of the importance of quality education, has to date contributed RM500,000 to the Tan Sri Dato' Sri Dr. Teh Hong Piow Chair in Banking and Finance. This was part of the RM1.25 million contribution committed over a five-year period which has enabled Universiti Tunku Abdul Rahman ("Universiti TAR") to appoint a distinguished professor to hold the Chair and carry out research in the fields of banking and finance in the Universiti TAR Perak Campus in Kampar.



The Tan Sri Dato' Sri Dr. Teh Hong Piow Chair in Banking and Finance promotes exchange of technical expertise between industry and academia, develops and achieves excellence in research and development in respect of banking and financial services, products and services and facilitates the establishment of a strong pool of experts consisting of both academia and industry representatives.

Universiti TAR and Tunku Abdul Rahman College students continue to benefit from the RM2.0 million "UTAR-Tan Sri Dato' Sri Dr. Teh Hong Piow Student Loan Fund" and the RM1.5 million "TARC-Tan Sri Dato' Sri Dr. Teh Hong Piow Student Loan Fund" established in 2007 to support Malaysian youths who have the capacity and ambition but lack the means to pursue a higher education.

Public Bank had contributed RM100,000 to SMK (P) Methodist, Kuantan for the construction of a new two-storey building to cater for the growing needs of the school's award winning marching band as well as to serve as a secure place to store the band's musical instruments. The building was completed and officially launched on 7 April 2011. Public Bank had also contributed a further RM40,000 in 2011 to the school to meet its funding needs.



In 2011, Public Bank also took the initiative to document Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow's 60 years experience in the banking industry and his success in leading Public Bank over 45 years of unbroken track record of profitability and renowned exemplary corporate excellence. The book entitled "Lessons of Success - The Legacy of Tan Sri Dato' Sri Dr. Teh Hong Piow" was written by Dr. Victor S.L. Tan and shares the secret of Tan Sri Teh's success and his leadership as well as management style.

The hard cover book was made available to the public through all major bookstores with proceeds from the sales donated to charitable organisations. The book was also donated to schools, local universities, colleges and public libraries.

Healthcare

Public Bank donated RM100,000 to the IJN Foundation to defray the operating and management cost of Dormitori Yayasan IJN-Public Bank, which is a halfway house that provides free accommodation to families of needy patients undergoing treatment in Institut Jantung Negara. This was the second instalment of the RM500,000 contribution committed to IJN for a period of five years.

Youth and Community Activities

The Public Bank Group participated in the Skim Latihan 1Malaysia Programme in support of the Government's call to increase the skills level of the country's graduates in order to enhance their marketability in the employment market. The Group granted assistance to participants from underprivileged families by providing them with soft skills training for a period of 8 months. The training includes courses on development of creative and analytical thinking, organisational adaptability as well as grooming and etiquette. Selected participants were also given job placement opportunities, on-the-job training and a monthly allowance of RM1,000 per month.

Public Bank provides undergraduate internship programmes for students from both local and foreign universities. The internship with the Bank provides undergraduates the opportunity to gain 'hands-on' working experience and opportunities to develop their communication and interpersonal skills. Interns who have shown potential have also been offered employment with the Bank upon their graduation.

Public Bank continues to recognise the contribution of the country's police force by supporting the activities of police associations. The Bank donated RM10,000 to the Tabung Majlis Sukan Polis Diraja Malaysia for the Royal Malaysia Police Officers' participation in the World Police & Fire Games 2011.



Corporate Responsibility

CR IN THE MARKET PLACE

High Standards of Corporate Governance

The Public Bank Group's publicly recognised record of excellence in corporate governance continued to be validated by several corporate governance awards in 2011 from the Minority Shareholder Watchdog Group and respected international publications such as Malaysian Business, the Alpha Southeast Asia as well as Corporate Governance Asia. These awards attest to Public Bank's excellent corporate governance track record.

For the full list of awards received by Public Bank for its excellence in corporate governance and corporate social responsibility, please refer to the statistics and performance data section on pages 223 to 224 of the annual report.

Promoting A Healthy Market Place

Ethical Business Culture

The Public Bank Group's success is built upon the trust placed in the Group to "do the right thing". It is through living out values embedded in a culture of integrity, ethical behaviour, and honesty, and a zero tolerance of fraud and unethical behaviour which has resulted in the Group's continuous achievement of corporate governance excellence. The promotion of the strong ethical business culture by the Group will also help to promote a healthy market place.

Development of the Malaysian Capital Markets

The Public Bank Group actively engages with its shareholders and investors through various channels of communication such as investor relations activities, general meetings of shareholders, financial results briefings of the investor community and the media, as well as in international road shows. This ensures that the Group remains at the forefront of the investing public, including global institutional investors, thereby contributing to the promotion of investments in, and the development of the Malaysian capital market.

Professional Development

The Public Bank Group continues to support the development of the market place with its contribution to a broad spectrum of professional development activities.

Public Bank continued to support the National Award for Management Accounting ("NAfMA"), jointly organised by the Malaysian Institute of Accountants and the Chartered Institute of Management Accountants Malaysia Division, as

the main sponsor of the NAfMA 2011 with a RM60,000 contribution for the 8th consecutive year.

Public Bank, in collaboration with the Malaysian Institute of Management, supports the "MIM-Public Bank Manager of the Year Award". This programme, which is in its 5th year, seeks to recognise exemplary managers and to promote the development of excellence in management practices as well as recognise excellent managers in the country, with Public Bank committing to a total funding of RM300,000 for this 5-year programme.

Public Bank supported the Malaysian National Tax Conference 2011 which was organised by the Lembaga Hasil Dalam Negeri Malaysia together with the Chartered Tax Institute of Malaysia with a sponsorship of RM25,000.

Customer Care

Responsible Financing

The Public Bank Group is committed to provide responsible financing to its customers and focus on providing financial services and financing which are competitive, transparent and responsive to customer needs. In order to achieve this, the Group has carried out various initiatives, which include:

- having in place a delivery infrastructure that is benchmarked to international ISO standards
- establishing an efficient complaint resolution system
- assisting customers facing financing difficulties
- striking a balance between providing access to credit and lending only to those who can repay through the Group's stringent lending policies
- providing a comprehensive and competitive range of products and services
- providing clear and full information detailing terms and conditions as well as applicable fees of its products and services

Customer Service

Public Bank sets quantitative benchmarks for its service delivery standards such as its Standard Waiting Time for customers at the front office and Standard Turnaround Time to process, approve and disburse a loan. To ensure uniform and high standards of service across Public Bank's entire branch network, all domestic branches continue to be covered by the internationally recognised ISO 9001:2008 certification.

During the year, Public Bank was awarded the 'Malaysia Service to Care Champion 2011-Conventional Banking Category' award by MarkPlus Inc., for its excellence in customer service and customer care. The award was given based on the result of a survey of 1,500 respondents conducted by MarkPlus Inc.

Responding to Complaints

The Public Bank Group values all feedback from its customers and continues to promote the use of customer support channels such as dedicated hotlines, suggestion boxes and e-mail. Public Bank has set a maximum number of days for all customer complaints – whether related to customer service, product or fraud – to be acknowledged, resolved and notified to the customer promptly. In 2011, Public Bank handled all cases of customers' complaints well within the maximum number of days set.

Extending Assistance to Borrowers

The Public Bank Group has taken various proactive steps to assist customers who are facing difficulties in meeting their repayment obligations. The Group actively engages with customers who encounter financial difficulties in servicing their loans to restructure and reschedule their loans. These restructuring and rescheduling exercises seek to match customers' commitments to their reduced capacity to service their loans due to economic distress or temporary unemployment. In 2011, Public Bank restructured and rescheduled 5,822 loans totalling RM625.5 million, of which RM377.9 million were in respect of residential mortgages.

Extending Loan Moratorium to Borrowers

The Public Bank Group continued to grant loan repayment moratorium to customers affected by natural disasters. The moratorium on repayment of loans was given for a period of up to 6 months to alleviate the burden of customers who experienced financial difficulties arising from natural disasters. During the year, the Group granted loan repayment moratorium to 1,801 customers with loans amounting to a total of RM177.9 million.



Corporate Responsibility

CR IN THE WORK PLACE

The Public Bank Group takes cognizance that its human capital is its most valuable asset. Hence, the Group continues to invest significant resources to fulfil its corporate responsibilities as a caring employer. The Group, which has over 17,500 employees all over Malaysia and in its regional operations, carried out various programmes to meet this objective by:

- ensuring that employees' well-being are well taken care of by:
 - (i) providing a safe, secure, healthy and conducive work environment
 - (ii) enhancing the quality of life of its employees
 - (iii) providing fair and competitive remuneration to all employees
- training employees to enhance their skills and competencies
- providing fair and equitable employment terms to a diverse workforce of various ethnicity regardless of gender or creed
- continuously promote employee engagement to build an engaged workforce that stay loyal and grow with the Group

Employees' Well-being

Health and Safety

Public Bank adopts a proactive approach to provide a safe and healthy working environment for its employees. The formulation and enforcement of the Bank's Safety and Health Policy, which adhered closely to the provisions of the Occupational Safety and Health Act, ensures that all employees are aware of their roles and responsibilities with regards to the safety and health aspects of the work place.

The 93 Safety and Health Committees, comprising representatives of management and employees, in head office and branches, meet quarterly to review safety and health issues at the work place. Such periodic reviews serve to foster joint ownership and create a safe working environment for employees and customers. Periodic in-house safety and health audits as well as fire drill and fire safety briefings were also conducted to ensure compliance

with the Bank's Safety Rules and Regulations. Members of the Safety and Health Committee also participate in relevant training, seminars and workshops to enhance their knowledge and skills in safety and health.

All employees are encouraged to attend biennial medical check-up at the Public Bank's panel clinics and hospitals, at the Bank's expense, to facilitate early detection and treatment of any serious illness. The Public Bank Group also regularly coordinates with health service providers and fitness centres to conduct health talks, forums and fitness programmes for its employees to create awareness of health issues and to promote a healthy lifestyle amongst staff. The Group provides comprehensive medical benefit scheme, which includes specialist treatment and hospitalisation for staff and their immediate family members.

The Public Bank Group also has in place policies to address sexual harassment to ensure that the work environment is free from discrimination and is safe for its employees.

Enhancing Quality of Life

The Public Bank Group seeks to provide a high and sustainable quality of life to its employees by promoting a healthy work and lifestyle balance amongst its employees. The Group provides competitive remuneration packages and attractive benefits such as medical benefits and insurance coverage, provision of low interest or interest free loans for housing and the purchase of cars and motorcycles, as well as other forms of financial assistance. To promote a healthy lifestyle, the Group organises various sports competitions and activities as well as social gatherings and annual dinner to foster a sense of camaraderie amongst the staff. The Public Bank's library which carry books, periodicals and reading materials on a variety of topics also allow employees to pursue their hobby of reading.

The Public Bank Group provides a defined benefits retirement plan for officers of the Group, in addition to the EPF mandatory contribution scheme. This long-term benefit provides employees with the social safety net and the ability to sustain a quality lifestyle after they retire from the Group. In 2011, RM32.4 million was paid out under the defined benefits retirement plan.



In the unfortunate event of death and long-term disability sustained while in service, the Group provides other forms of relief via its gratuity, compensation or insurance schemes. In 2011, RM2.0 million was paid to employees and their next-of-kin in respect of death and disability benefits.

Fair and Competitive Remuneration

To provide all employees with a competitive and equitable remuneration package, the Public Bank Group regularly monitors market developments on compensation and benefits in the financial services industry as well as in the wider market place in general.

In 2011, the Public Bank Group continued to reward performing staff generously based on their contribution to the Group. A sum of RM174 million was paid out in performance bonus to all levels of staff with top performers being paid bonuses of up to 26 months of salary. Branches were also awarded generous cash prizes, besides being recognised with various top performing awards, for delivery of outstanding performance in selected KPIs.

Long service with the Public Bank Group is recognised tangibly by long service gold medallions awards. In 2011, 2,125 employees were recognised with long service award medallions with a total value of RM4.6 million.

Training and Development

The Public Bank Group believes competent, well-motivated and balanced employees are vital to achieve success particularly in an increasingly competitive business environment. The Group invests substantial resources to train its employees to enhance their skills and competencies.

The various training and development programmes carried out aim to harness employees' talent and comprise structured in-house classroom training, external courses, seminars, as well as interactive e-learning. In 2011, 2,544 classroom training days were conducted for a total of 32,184 participants whilst 43,421 participants completed a wide range of e-learning courses.

The Public Bank Group also sponsors staff to pursue various relevant certification programmes and provides incentives to staff upon attainment of work related qualifications to promote professionalism and excellence amongst employees.

Further information on the Public Bank Group's training and development of its human capital is set out in the "Human Capital Development" section on pages 226 to 233 of the annual report.

Corporate Responsibility

Fair and Equitable Opportunities

The Public Bank Group continuously seek to create an inclusive environment that values diversity of cultures and promotes gender equality. The Group ensures all employees are treated fairly and equally at all times regardless of their gender or background. As part of its commitment, the Group has:

- supported employees to achieve their full potential by giving all employees equal opportunities for career advancement based on merit. A well established and quantitative performance appraisal system provides the basis of a performance-based remuneration structure and a meritocracy-based career path progression.
- increased the representation of women in management as well as top management by continuously seeking to create a work place that attracts, retains and develops women. The representation of women in management and top management positions of the Group's domestic work force has increased from 35.2% and 39.7% respectively as at the end of 2010 to 36.9% and 41.0% respectively as at the end of 2011.
- extended employment opportunities to people with disabilities such as the visually impaired and provide support as well as assistance to employees with disability.
- inculcate a culture of inclusiveness which allows employees to enjoy equal opportunity for career advancement based on meritocracy.

Employee Engagement

The Public Bank Group takes pride in having an engaged workforce that stay loyal and grow with the Group. The promotion of employees from within the Group has always been a priority of the Group to accord upward opportunities to performing employees. As at the end of 2011, more than 90% of the Group's managerial staff were promoted from within. In addition, 38.8% of the domestic work force has served the Group for 15 years or more, reflecting the success of the Group's employee retention policies.

The Public Bank Group has maintained cordial relationships with the various bank employee unions and adheres to the Code of Conduct for Industrial Harmony. This is complemented by the adoption of an open door policy to allow employee access to appropriate channels of communication for feedback and grievance resolution.

ENVIRONMENTAL CR

Public Bank-MNS Tree Planting Climate Change Programme

The Public Bank Group, together with its partner, the Malaysian Nature Society ("MNS") and in collaboration with the Ministry of Natural Resources and Environment had been involved in a multi-year establishment of a green lung at the Kolam Takungan Banjir Seri Johor in Cheras, Kuala Lumpur. The objective of this project is to help improve the urban ecosystem and reduce the carbon footprint at the flood retention pond which forms part of the Kuala Lumpur city flood management system.

Since the inception of the project in 2007, a total of more than 12,000 trees have been planted. Besides helping the environment, Public Bank is also promoting the preservation of selected species of indigenous trees such as the Meranti, Cengal, Tembusu and Merbau which are planted at the site.

Upon the maturity of the trees, the site will have an annual carbon absorption capacity equivalent to more than 275,000 kilograms of environmentally harmful carbon dioxide emission, on the basis of a single mature tree having a carbon absorption rate of 22.5 kg per annum.

The Public Bank Group is also committed to the subsequent maintenance of the site in collaboration with the local authorities and with the assistance of the MNS.



Green Building

Public Mutual Berhad has commenced the construction of its 40-storey Head Office building located in Jalan Raja Chulan, Kuala Lumpur in 2011. The building, which will be based on an environmentally friendly design concept encompassing six key criteria – energy efficiency, indoor environmental quality, sustainable site planning and management, materials and resources, water efficiency and innovation, has been awarded a pre-certification "Gold" rating by the US Green Building Council under the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System. The Public Bank Group has also obtained a pre-certification "Gold" rating accreditation under the Green Building Index certification system administered by the Malaysia Green Building Index Sdn. Bhd.

Sound Environmental Practices

The Public Bank Group has implemented a variety of measures to conserve energy in both its business and operational activities. The initiatives which have been carried out include:

- offering more paperless transactions and implementing electronic payment systems.
- reducing carbon dioxide emission through the conservation of electricity and water. In its effort to reduce electricity consumption and improve energy efficiency, the operational hours of the lights and air-conditioning system in Menara Public Bank is carefully monitored and controlled to conserve energy.
- reducing energy consumption by recycling paper and paper products.
- promoting environmental conservation and awareness through participation in activities such as the Earth Hour.

Corporate Responsibility

Statistics and Performance Data:

Economic Indicators

		2011 RM'000	2010 RM'000
Economic value generated	Operating revenue	12,756,360	11,035,597
Economic value distributed	Operating cost	5,347,790	4,197,097
	Employee wages and benefits	1,495,789	1,392,651
	Other operating costs	712,895	707,584
	Dividends paid	1,656,460	1,328,234
	Taxes paid	873,461	748,164
Financial capacity support: Capital & value formation	Credit creation	21,149,945	18,933,645
	Wealth accumulation [^]	23,498,406	5,980,530

[^] Net annual increase in customer deposits.

Awards for Excellence in Corporate Governance and Corporate Social Responsibility

(i) Minority Shareholder Watchdog Group

Malaysian Corporate Governance Index Awards 2011

- Top Overall Award
- Distinction Award
- Industry Excellence Award (Finance Sector)
- Best Conduct of AGM Award

(ii) Malaysian Business

Malaysian Business – CIMA Enterprise Governance Awards 2011

- Overall Winner
- Corporate Social Responsibility – Merit Award

(iii) Alpha Southeast Asia

Alpha Southeast Asia's Institutional Investor Corporate Awards 2011

Ranked top 3 Companies in the following categories:

- Most Organised Investor Relations
- Strongest Adherence to Corporate Governance

(iv) Corporate Governance Asia

(a) Corporate Governance Asia Recognition Award 2011

(b) 1st Asian Excellence Recognition Awards 2011

- Best Corporate Social Responsibility
- Best Investor Relations by a Malaysian Company

(v) FinanceAsia

Asia's Best Managed Companies 2011 Poll

- Ranked 1st in Best Corporate Governance
- Ranked 1st in Best Corporate Social Responsibility
- Ranked 2nd in Best Investor Relations

(vi) Asiamoney

Asiamoney Corporate Governance Poll for Malaysia 2011

- Ranked 1st in Best for Disclosure and Transparency
- Ranked 2nd in Best Overall for Corporate Governance
- Ranked 2nd in Best for Responsibilities of Management and the Board of Directors
- Ranked 3rd in Best for Shareholders' Rights and Equitable Treatment
- Ranked 3rd in Best Investor Relations

(vii) **National Annual Corporate Report Awards ("NACRA") by Bursa Malaysia Berhad, Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants**

NACRA 2011

- Overall Excellence Award for Most Outstanding Annual Report of the Year - Gold Award
- Industry Excellence Award For Companies Listed on Main Market in the Finance Sector

(viii) The Asset

The Asset Platinum Award 2011 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environment Responsibility and Investor Relations



Corporate Responsibility

Performance Data

Human resource – Malaysia

	2011	2010
Work place		
Supervisory (%)	57.6	56.5
Non-supervisory (%)	42.4	43.5
Female (%)	59.6	59.2
Male (%)	40.4	40.8
Union members (%)	28.1	27.3
Non-union members (%)	71.9	72.7
Age group (%)		
– <30	39.8	40.6
– 30 to <40	35.3	36.8
– 40 to <50	19.1	17.7
– 50 and above	5.8	4.9
Diversity (%)		
– Malay	39.0	38.9
– Chinese	53.8	53.7
– Indian	6.9	7.1
– Others	0.3	0.3
Service in the Group (%)		
– <1 year	6.9	7.8
– 1 to <5 years	27.4	27.4
– 5 to <15 years	26.9	31.3
– 15 years and above	38.8	33.5
Women in management (%)	36.9	35.2
Women in top management (%)	41.0	39.7
Total no. of recruitment (Headcount)		
– Supervisory	1,037	923
– Non-supervisory	430	744
Total no. of promotion (Headcount)		
– Supervisory	1,015	780
– Non-supervisory	345	298
Employee Turnover		
Turnover rates (%)		
– Supervisory	11.1	12.3
– Non-supervisory	5.1	7.5

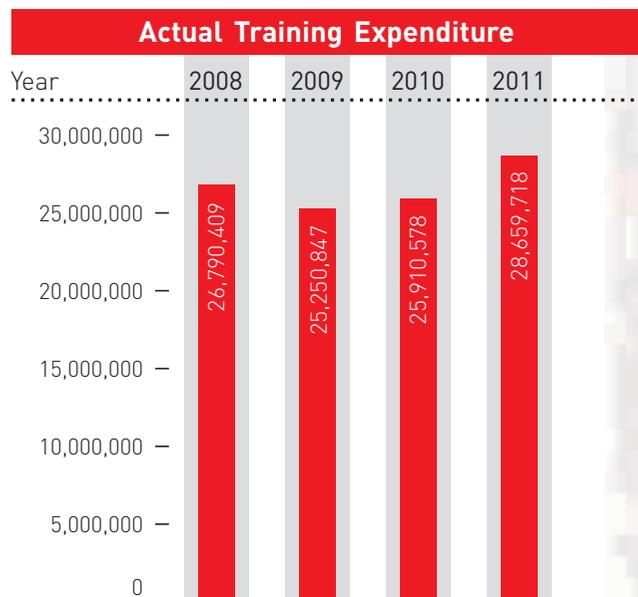
Human resource – Malaysia

	2011	2010
Supervisory staff turnover by age group (%)		
– <30	76.3	80.6
– 30 to <40	17.5	15.2
– 40 to <50	4.8	3.5
– 50 and above	1.4	0.7
Non-supervisory staff turnover by age group (%)		
– <30	85.1	90.1
– 30 to <40	13.1	8.7
– 40 to <50	1.5	1.2
– 50 and above	0.3	0.0
Staff Development		
Employee participation in training:		
– Classroom (Headcount)	32,184	26,096
– E-learning (Headcount)	43,421	59,177
Average no. of participants per training programme	28	27
Average training budget per employee (RM)	1,938	1,843
Total hours of training per employee	28	25
Compliance with minimum mandatory training ratio of 2.5%	2.72	3.07
Employee Welfare		
Total amount of staff loans approved (RM'000)	307,240	289,885
Total outstanding amount of staff loans (RM'000)	1,081,650	943,722
Benefits paid under the Group's protection insurance policies:		
(i) Personal Accident Insurance (RM'000)	154	121
(ii) Group Term Life Insurance (RM'000)	1,817	522

HUMAN CAPITAL DEVELOPMENT

GLOBALISATION, INTERNATIONALISATION AND DEREGULATION ARE SOME BUZZWORDS THAT COME TO MIND; FORCES THAT COMBINE TO CONSTANTLY SHAPE AND RESHAPE THE WAY BUSINESS IS DONE. ADVANCEMENTS IN INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) FURTHER ADD TO THE CHALLENGE. ALONG WITH THESE CHALLENGES COME NEW RISKS, HEIGHTENED COMPETITION AND NEW BUSINESS OPPORTUNITIES.

For Public Bank, over 45 years of excellence and beyond means having to learn, unlearn and relearn to keep pace with changes. Sustaining this momentum of excellence also calls for constant renewal and reinvigorating by focusing proactively on three pillars of sustainable growth – through the MIND, SPINE and HEART of the organisation.



Human Capital Development

MIND

– engine that generates the human capital strategies

- Public Bank has a clearly differentiated human capital strategy to achieve its mission
- The Bank has recognisable core capabilities that give it its competitive edge
- All staff in the bank are clearly and consistently informed

If the mind is a collection of thoughts, then an organisation is a collection of minds. The pillar of the Bank's business – its people – is fundamental to the Bank's continued success. Aligning its business strategy to external changes and mobilising its people to act quickly and vigorously are critical to the Bank's growth today.

Public Bank believes that strategic investments in human capital is the key to staying competitive. In 2011, the Bank invested more than RM28.6 million to implement a structured training plan for our staff force with programmes aimed at developing key competencies, sharpening technical know-how, upgrading both soft-skills and functional skills and enabling ICT savyness.

Training links the needs of the staff with the demands of the business and the direction of the Bank-wide strategy. Training also enables the Bank to deliver targeted learning and development opportunities that benefit not just its employees at the individual level, but ultimately the overall strength and capability of the entire organisation.





Management Seminars and Sales Conventions held yearly, are highlight events that bring together the Bank's key drivers at branches, in Head Office and its overseas operations. Such events are means of getting everyone aligned to the Group's business strategies and provide morale sustenance.

A personalised new year message from the Chairman at the beginning of the year adds a personal touch and go a long way in informing staff nationwide and across all levels, of the new thrust, direction and going-ons for the coming year.

Effective communication with the staff is a key component separating growth of the group or stagnation. Information relating to employment matters, the Bank's business direction and strategies as well as factors affecting the Bank are quickly conveyed to staff via different channels, including interchange sessions, focus group meetings, an intranet site, an in-house publication, morning briefings and training programmes.

Human capital has been the bastion of excellence for Public Bank. To perpetuate this excellence, the Bank will continue to promote and develop its human assets to be competent, multi-skilled, customer-oriented and motivated to strive for continuous advancement.

SPINE

- infrastructure that facilitates execution of business strategies

- Public Bank retains top quality talent with the right skills and experience in all key jobs
- The Bank's supporting system and structures, such as its performance management system, encourages desired behaviours and performance
- The Bank's people and resources are deployed in a way that best support the execution of its business

For many years, Public Bank has invested in developing its current and potential leaders. Leadership development is based on the ongoing identification of key position holders, their succession candidates and high potential employees across all business units, from branches to regional offices and from subsidiaries to overseas branches.

The Bank is not only actively addressing its immediate needs but also keeping a firm eye on its future requirements; embarking on recruitment drives to attract new talents into the organisation.

Mobility to Enrich Experience

For Public Bank, career mobility is not only a means for staying competitive. It is also the preferred means of adapting human resources to organisational change. Mobility enables employees to enrich their professional experience and move ahead in their careers.

Human Capital Development



Various forms of career mobility are used to develop employees' potential in new business lines enabling them to develop new capabilities:

- *functional mobility*. Mobility does not automatically involve a change of position; it may encompass professional development through the enrichment of skills, abilities and knowledge
- *geographical mobility*. This involves moving employees to a new state or in the case of international mobility, to another country
- *inter-company mobility*. Employees move from one Group entity to another

Although the diversity of the Group's businesses provides enormous scope for career mobility, its decisions on mobility take into account employees' individual aspirations while ensuring that optimal use is made of their existing skills.

Retaining Our Talents

As part of the Bank's staff retention programme, packages and career paths for certain positions have been reviewed to increase career advancement opportunities and ensure market competitiveness.

The Bank's management has come up with clearly defined KPIs which are communicated and cascaded down to all staff so as to inculcate the desired performance behaviours.

These KPIs are also made measurable and quantifiable to ensure an equitable reward system.

As a strategy to retain and build future capabilities, a transparent appraisal system where staff will be given the opportunity to provide feedback and skills gaps are identified, has been put in place, so as to improve performance. This appraisal system is constantly being modified to keep up with changes in staff expectations and the Bank's business needs and strategies.

Creating a great place to work is a core priority in enabling Public Bank to be recognised not only within the financial services sector, but also, more generally, in the employment market as a preferred organisation to work for.

Learning Opportunities and Investment

Public Bank believes that to attract and retain talented and high performing people, it needs to offer excellent learning and development opportunities so that staff can build fulfilling careers within the organisation.

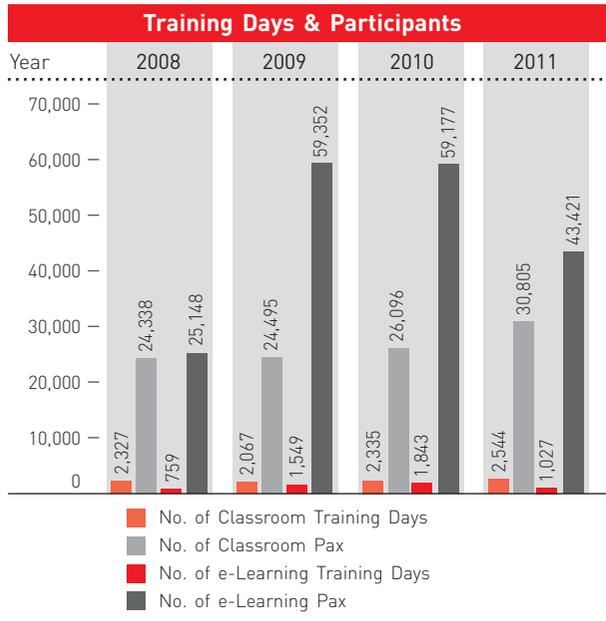
Training is designed to provide employees with opportunities for learning so that they can achieve their career goals and prepare for future changes. Training also provides a means to become better acquainted with the Group and its corporate culture, its environment, and regulations governing banking activities. In support of this training policy, the Bank's Knowledge and Learning Centre provides a venue for bringing together employees from across the Group.

To be effective, training initiatives are closely coordinated and monitored as a long-term training programme.

As part of the Bank's building blocks to support its human capital, the development of its employees continues to be a huge investment. Employees are sent for both internal and external training comprising technical development and certification programmes. About 85% of the Bank's in-house training programmes tapped on both internal and external expertise with the objective of developing highly customised programmes based on the needs of the Bank.

management skills to selling skills. Courses in the e-learning platform are accredited learning hours equivalent to 1 to 7 hours of classroom training. A total of 43,421 participants have completed courses in the e-learning platform in 2011. This means that 80% of all staff have enrolled and completed at least 2 e-learning courses in the year while some 20% have completed 3 courses in the e-platform.

Public Bank's investment in staff development therefore remains well above the minimum requirement by Bank Negara Malaysia.



Supporting Business Directions

The emphasis is not only on what is being taught but also how much is being learnt; and how much of what has been learnt is translated into superior on-the-job practice. The development of human capital is very much a supportive part of the Bank's business plan. To ensure value, training needs are periodically assessed and reviewed in line with the ever-changing operating and business environment.

To ensure that the effects of training endeavors find their way into enhanced workplace performance, classroom training is complemented with a structured on-the-job training and job attachment under the guidance of experienced line supervisors. The progress of each trainee is monitored and remedial action is speedily identified and implemented. The Bank places great stress on "microwave training" to prepare all staff to perform their functions competently in the shortest period.

Instilling Professionalism

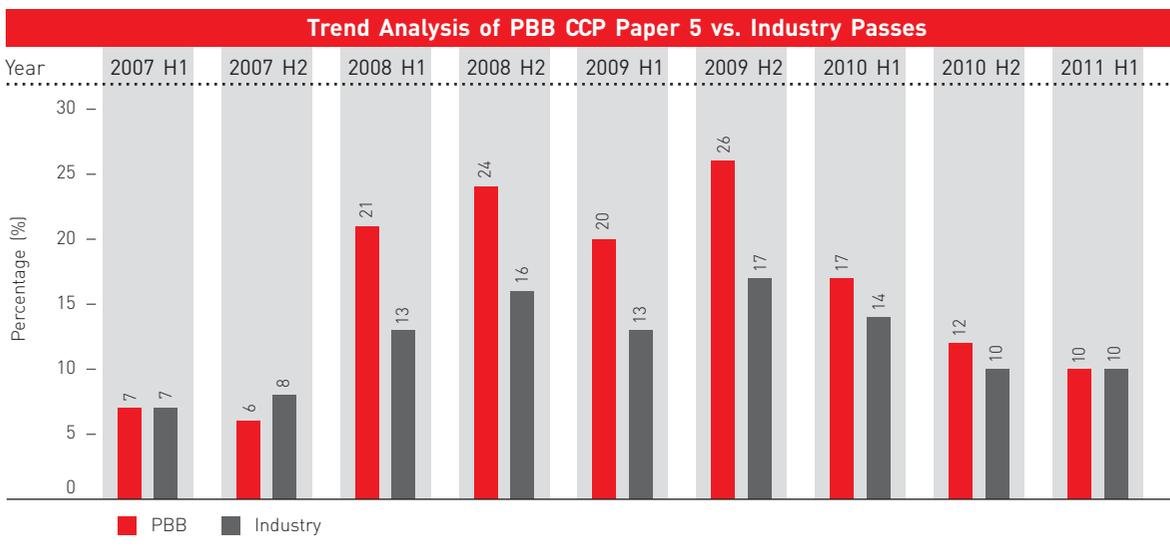
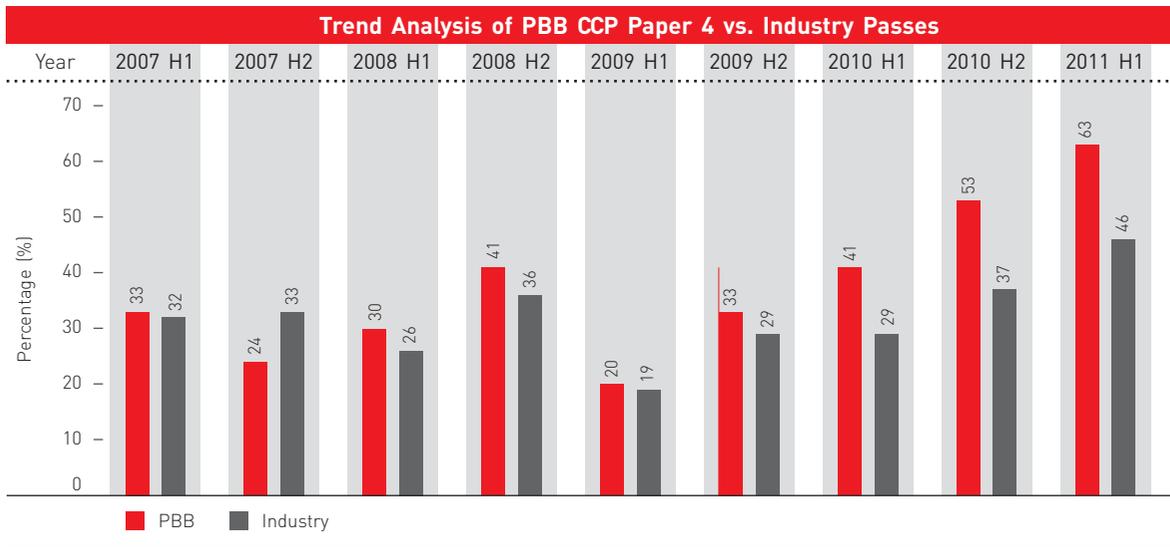
Professionalism is consciously and consistently instilled throughout the Bank as staff are encouraged to become certified through qualifications such as the Certified Credit Personnel, Certified Financial Planner, Registered Financial Planner, Chartered Islamic Finance Professional, Certified Documentary Credit Specialist, Pre-Contract Examination and Certificate Examination for Investment Linked Life Insurance.

The Bank's training centre in Bangi has a total of 6 computer labs and 12 open classrooms. Utilisation of classrooms has been in excess of 80% with a total of 2,544 classroom training days being conducted. A total of 30,805 participants were trained – which means that 80% of the Bank's staff would have attended at least 2 classroom courses while the remaining 20% would have attended at least one classroom course.

In order to disseminate information and knowledge speedily, the Bank has since 2005, embarked into the e-learning platform. Courses offered on the e-platform ranges from product knowledge to regulations and from leadership and

The human resource policies of the Bank are designed to attract employees of the highest caliber and to motivate them to excel in their careers, as well as to uphold the Bank's brand equity and culture of quality service.

Human Capital Development



HEART

- values and culture binding the organisation

- The Bank has a well defined corporate philosophy (who we are and who we stand for) which is well understood by all staff
- The Bank's compensation and reward system encourages desired behaviours in line with the corporate philosophy
- The Bank's culture is one of listening, learning and constantly renewing

The hallmark of a successful organisation is not only in the number of awards it obtains nor the number of customers it serves. It comes from the core values which have been ingrained in the organisation since inception. An organisation may have a vision that sets its goals; a mission that guides its directions. However, it is the values that form the foundation that carries the organisation safely through its journey.

Living Our Values

The key to the Bank's success is its unique work culture. In order to bring staff together to better appreciate the organisation's core values and to build better rapport and team spirit through experiential learning, the Bank has implemented a value engagement process via a series of 2-day programmes. These programmes focus on "living the values" and culture and are targeted at staff of all levels throughout the organisation.

Taking Ownership, Sharing Successes

In Public Bank, we take ownership, act wisely, stretch ourselves and succeed together. We want our employees to share in Public Bank's success. While the Bank ensures that basic pay and benefits are competitive, employees' total remuneration and incentives are also geared to their performance and take into consideration the Group's results.

For 2011, the Public Bank Group continued to award performing staff generously. RM174 million was paid out in performance bonus to all levels of staff with top performers being paid bonus of up to 26 months of salary. Generous cash awards were also granted to branches which topped the selected KPIs, to encourage team spirit and engagement.

In appreciation of staff's long service, the Group, continues to show recognition for loyalty with long service awards. In 2011, a total of 2,125 staff were presented with long service award gold medallions at a total value of RM4.6 million.

Caring for the Wellbeing of Our Staff

The Public Bank Group is committed to creating a conducive and pervasive industrial climate for its employees. As such, the Group has taken proactive measures to maintain a cordial relationship with the National Union of Bank Employees while adhering closely to the Code of Conduct for Industrial Harmony. The Group also adopts an open door policy to allow employees access to appropriate channels of communication for feedback and grievance resolution.

Initiatives to promote staff recreation includes a user-friendly leave management system that enables staff to better plan their leave and vacations. Activities such as football matches, family outings, staff social gatherings and annual dinners with staff presentations were held not only to help provide a healthy diversion from work but also to enhance a sense of camaraderie and team spirit amongst staff.

To provide the social safety net for employees to continue to sustain a quality lifestyle and peace of mind after retiring from the Bank, income replacement plans in the form of Defined Benefits and Defined Contributions Scheme are set up over and above the statutory EPF scheme to cater for different categories of employees in the Bank. In 2011, RM32.4 million was paid out under the Defined Benefits Scheme.

In the unfortunate event of death and long term disability sustained while in service, the Bank provides other forms of relief via its gratuity, compensation, and insurance schemes. RM2 million was paid out to staff and their next-of-kin as death and disability benefits in 2011.

Human Capital Development

A Healthy Body Makes A Happy and Productive Staff

The Bank is committed to the belief that a healthy body and mind will have a positive impact on a staff's professional and personal life.

In line with the Bank's objectives to promote a balanced work life, employee assistance programmes were initiated to provide staff with avenues to deal with work or social pressures. Among them are programmes on total wellness, stress management and counselling, first aid as well as health talks.

Adhering to the saying that "Prevention is Better than Cure", the Bank encourages all employees to attend the biennial medical checkups at the Bank's panel of clinics or hospitals to enable staff to have an update of their health status and facilitate early detection and treatment of any health conditions resulting from an unhealthy lifestyle. A comprehensive medical benefit scheme which includes specialist treatment and hospitalisation for staff and their immediate family complements the total health benefit package of the Bank's employees.

The Bank also supports lifelong learning through both in-house and extracurricular activities. We operate two staff libraries with a comprehensive range of reading materials, covering professional development reference materials as well as self-help books on subjects such as emotional well-being, positive attitude and others. Other literature of diverse topics and interests are provided so that staff have an avenue to pursue their hobbies and interests to balance their lifestyle.

Encouraging Corporate Social Responsibility

Public Bank also places great importance on Corporate Responsibility. The Bank's corporate responsibility with regard to business objectives are mutually reinforcing with its focus on corporate social responsibility, underlining the Bank's belief that a stable and high standard of social life and well-cared-for physical environment will contribute towards a robust and positive business environment.

Towards this end, and to inculcate the habit of recycling among participants, recycling bins are placed on all floors at Knowledge & Learning Centre. Incorporated as part of our leadership programme, participants are also required to undertake community projects; providing them and the Bank with the opportunity to contribute back to society. Among the projects undertaken are visits to orphanages and the old folks homes.

From a holistic viewpoint, Public Bank believes that family members of staff are critical in providing staff with a solid support system. This year, the Bank initiated a series of parenting workshops where staff are given professional guidance on how to bond with their teenage children. In so doing, the Bank hopes to promote harmony in the family while contributing to moulding the future generation.

To support the Government's call to increase the marketability and employability of the country's graduates, the Bank participated in the Skim Latihan 1 Malaysia Programme. Graduates from underprivileged families are provided with soft skills training, job placement opportunities and a monthly allowance of RM1,000.

Conclusion

Public Bank's 45 years of excellence was built on deep and lasting relationships with its customers and all stakeholders through the efforts of its people. In each phase of the Bank's journey, the Bank has communicated its goals and strategies to establish and reinforce a common culture that solidifies its corporate identity and the PB brand. The Bank's seamless teamwork across business lines has also always been a key factor in its success.

Going beyond, the Bank will continue to actively engage in all the 3 pillars of sustainable growth – through the MIND, SPINE and HEART of the organisation. Public Bank's premise has always been to treasure its human capital. As such the Bank has crafted a human capital strategy not only to attract the desired talents but also to retain and develop these talents to their greatest potential.

CALENDAR OF SIGNIFICANT EVENTS 2011

Corporate



24-25 January

A two-day National Sales Convention 2011 was held at the Sunway Resort Hotel & Spa, Selangor which was attended by 1,400 sales and marketing staff of the Public Bank Group from both the Malaysian and overseas operations.

1 February

Tan Sri Datuk Seri Utama Thong Yaw Hong was conferred the Seri Utama Mahkota Wilayah (SUMW) by His Majesty, Yang di-Pertuan Agong XIII in conjunction with the Federal Territories Day. The Award which carries the title "Datuk Seri Utama" was the Malaysian Government's appreciation towards Tan Sri Thong's invaluable contributions to the country.



12 March

The Public Bank Management Seminar was held at the Sunway Resort Hotel & Spa, Selangor with over 1,300 staff from the Public Bank Group's domestic and overseas business units attending.

Public Bank's Managing Director, Tan Sri Dato' Sri Tay Ah Lek inaugurated the seminar with a keynote address and reviewed the Public Bank Group's overall performance for 2010 and business targets for 2011. Participants were urged to stay ahead of the competitors and to continuously undertake policies and strategies set by management to meet new market needs.



Calendar of Significant Events 2011
Corporate



14 March

A record turnout of 4,400 shareholders attended the Public Bank 45th Annual General Meeting held at the Shangri-La Hotel, Kuala Lumpur. Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow gave an opening address followed by the review of the Public Bank Group's performance for 2010 by the Co-Chairman Tan Sri Datuk Seri Utama Thong Yaw Hong.

29 March

Mr. Tang Wing Chew was appointed Public Bank's new Independent Non-Executive Director. He was also appointed as an Independent Non-Executive Director of two subsidiaries i.e. Public Islamic Bank Berhad and Public Investment Bank Berhad.



5 April

A strategic alliance between ING Management Holdings (Malaysia) Sdn. Bhd., Public Bank and Public Islamic Bank saw the setting up of ING Public Takaful Ehsan Berhad which was officially launched by the late Deputy Governor of Bank Negara Malaysia, Y.Bhg. Datuk Mohd Razif Abd. Kadir.



17 June

As a leading financier in the domestic car market, Public Bank participated in a road show in conjunction with the launch of the new Perodua Myvi. A motorcade of 10 units of Myvi led by Managing Director of Perodua made a stop-over at Public Bank for a reception where the first three new Myvi customers who took up the Bank's hire purchase facility were presented with the keys to their cars.

24 June

Campu Securities Plc, a wholly-owned subsidiary of Cambodian Public Bank Plc was officially opened by His Excellency Keat Chhon, Cambodia Deputy Prime Minister, Minister of Economy and Finance and Chairman of Securities and Exchange Commission of Cambodia at its premise located on the 6th Floor of the Campu Bank Building.



24 June

A Business Working Session with Cambodian Public Bank (Campu Bank) was held with a total of 56 participants comprising of Campu Bank's Senior Management, selected Heads of Departments, Branch Managers and Sales and Marketing officers in attendance. Led by the Bank's Executive Director, Dato' Sri Lee Kong Lam and Chief Operating Officer, Dato' Chang Kat Kiam, the session was to review Campu Bank's business performance and ensure that the business strategies were effectively carried out.



Calendar of Significant Events 2011 Corporate



11 July

Cambodia Securities Exchange presented Campu Securities Plc the membership certificate at its inauguration ceremony. The ceremony was presided by His Excellency Keat Chhon, Cambodia Deputy Prime Minister, Minister of Economy and Finance and Chairman of Securities and Exchange Commission of Cambodia.

23 July

A book entitled "Lessons of Success – The Legacy of Tan Sri Dato' Sri Dr. Teh Hong Piow" was launched by Founder and Chairman Tan Sri Dato' Sri Dr. Teh Hong Piow in conjunction with Public Bank's 45th Anniversary celebration. Written by Dr. Victor Tan, CEO of KL Strategic Change Consulting Group, the book put together Tan Sri Teh's philosophies, management methods and business strategies.



8 August – 12 August

Business Meetings with Branch Managers and HP Centre Heads were held over four days at Menara Public Bank. A total of 250 Branch Managers, 27 HP Centre Heads and 48 selected HP Business Managers nationwide participated in the business meetings.

Corporate Social Responsibility



16 February

In celebrating the Lunar Year festive season, Public Bank brought goodwill and cheer to 100 needy patients of the Tung Shin Hospital, Kuala Lumpur by distributing hampers and ang pows worth RM20,000.

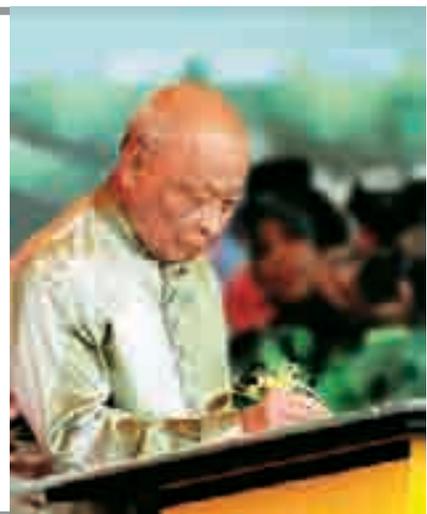
19 February

Deposit & Channel Management Department organised a great birthday party for Orang Asli children at Tabika Kemas Orang Asli located at KM24, Jalan Pahang, Gombak. The children were treated to A&W meals besides the birthday cakes and presents.



7 April

The SMK (P) Methodist Kuantan – Public Bank Marching Band Building was officiated by His Royal Highness Sultan Haji Ahmad Shah Al-Mustain Billah, the Sultan of Pahang. Public Bank had contributed a total sum of RM140,000 towards the construction of the building.



Calendar of Significant Events 2011 Corporate Social Responsibility



13 June

IJN Foundation received the second year annual grant of RM100,000 from Public Bank to assist with the operational and management cost of the newly setup "Halfway House", a facility that provides free accommodation to the families of needy patients undergoing treatment at Institut Jantung Negara.

22 June

Public Bank contributed RM60,000 to the National Award for Management Accounting ("NAfMA") 2011, as the main sponsor of the programme for the seventh consecutive year since 2004.



25 June

In conjunction with the World Environment Day and the United Nation's International Year of Forests, Deposit & Channel Management Department embarked on a tree planting initiative at Sekolah Jenis Kebangsaan (Tamil) Ladang Ampar Tenang, Dengkil, Selangor.

The planting of trees, which was participated by the school children will improve the landscape of the newly opened school and also promote the students' awareness on taking care of the environment.



Calendar of Significant Events 2011 Corporate Social Responsibility



19-20 July

Public Bank contributed RM25,000 as one of the silver sponsors of the National Tax Conference 2011. Jointly organised by the Inland Revenue Board of Malaysia and the Chartered Tax Institute of Malaysia, the conference served as a platform to discuss and increase the understanding on the latest development in the taxation administration system at national and international level.

13 August

The staff of Deposit & Channel Management Department organised a trip to Klang to visit the elderly of Rumah Warga Emas Klang, Selangor. In conjunction with the visit, the staff donated 2 wheelchairs for the use of the aged occupants.



8 September

In conjunction with the Hari Raya festive season, 220 children at the Pediatric Institute of Kuala Lumpur General Hospital received goodie hampers and 'Duit Raya' worth a total of RM18,000 from Public Bank.

Calendar of Significant Events 2011 Corporate Social Responsibility



2 October

In support of the underprivileged single mothers, Deposit & Channel Management Department organised a grooming and make-up workshop for twenty single mothers of Rumah Caring Kajang to boost their self-confidence. The courage and strength of the single mothers to raise their families on their own are admirable.

24 March & 10 November

Two blood donation drives were organised in 2011 which was held at the Grand Lobby of Menara Public Bank. A total of 463 staff and customers stepped forward to donate blood to the National Blood Centre.



6 December

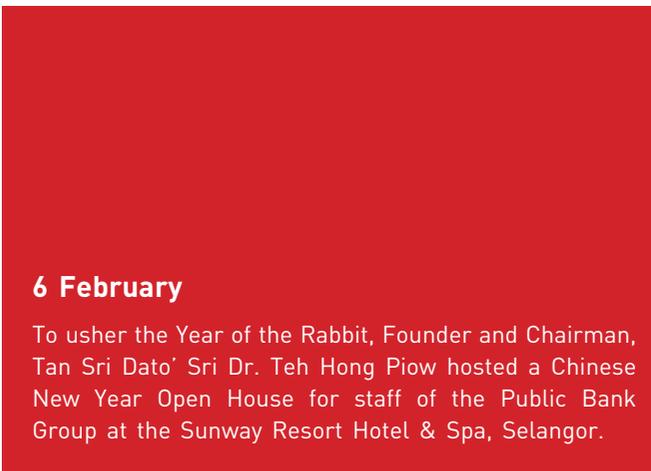
Three outstanding individuals were presented with the "MIM-Public Bank Manager of the Year" awards in the programme organised for the fifth year by the Malaysian Institute of Management in collaboration with Public Bank as the main sponsor. The programme is aimed at promoting the development of managerial talent and excellence in management practices in the country with Public Bank committing to a total funding of RM300,000 of the 5-year programme which started in 2007.

Staff Relations



24 January

Top sales performers including those from overseas were recognised for their performance in 2010 in the various areas of sale of financial products and received their coveted trophies from the Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.



6 February

To usher the Year of the Rabbit, Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow hosted a Chinese New Year Open House for staff of the Public Bank Group at the Sunway Resort Hotel & Spa, Selangor.



12 March

A total of 101 awards were presented to the winning branches for the 2010 Branch Performance Awards, including the coveted Founder and Chairman Award for the Overall Best Branch which was won by China Street branch of Sarawak.

Calendar of Significant Events 2011 Staff Relations



7 May

In support of the objective to strengthen the spirit of cooperation and understanding between the Government, employers and workers, a contingent of 105 Public Bank staff participated in the 2011 Labour Day Rally. Organised by the Ministry of Human Resource, the event was held at the Stadium Putra, Kompleks Sukan Negara Bukit Jalil, Kuala Lumpur with the theme 'Employees Realises Nation's Transformation'.

28 May

142 staff received various professional certifications from IBBM at the Graduation and Awards Ceremony which saw the largest contingent of Public Bank graduates for the fourth year running. The event held at J.W. Marriott Hotel was graced by the Chairman of IBBM, Y.Bhg. Tan Sri Azman Hashim.



23 July

A total of 3,000 staff of Public Bank Head Office and its Subsidiaries turned up in full force at the Mines International Exhibition and Convention Centre, Selangor to celebrate 'Public Bank's 45 Years of Excellence'. The event was graced by Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.

Calendar of Significant Events 2011 Staff Relations



29 July & 19 August

A special working session was organised to further motivate the Personal Financial Executives ("PFE") and Bancassurance Sales Executives ("BSE"). During the session, new campaigns and incentives were launched to boost sales and selected PFEs and BSEs were invited to share their success story as inspiration.

22 October

A total of 4,000 staff of Public Bank Wilayah Persekutuan and Selangor branches converged at the Mines International Exhibition and Convention Centre, Selangor to celebrate 'Public Bank's 45 Years of Excellence' which was graced by the Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.



Calendar of Significant Events 2011

Awards and Accolades



27 January

The National Annual Corporate Report Awards 2010 (NACRA) named Public Bank 2009 Annual Report the Platinum Award winner for the Most Outstanding Annual Report besides two other awards namely the Industry Excellence Award for Main Board Companies in the Finance Sector and the Gold Award for the Best Annual Report in Bahasa Malaysia.

11 March

Public Bank won the Bronze Award in the Finance Category of the Putra Brand Awards 2011 organised by the Association of Accredited Advertising Agents Malaysia.



23 March

Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, was announced The BrandLaureate – Tun Dr. Mahathir Mohamad Man of The Year 2010-2011. The award organised by the Asia Pacific Brands Foundation, honoured Tan Sri Teh with this inaugural award in recognition of his achievements and contributions towards Malaysia's financial industry.



Calendar of Significant Events 2011
Awards and Accolades

23 March

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder & Chairman of Public Bank, was awarded Asia's Best CEO (Investor Relations) for Malaysia by Corporate Governance Asia in their 1st Asian Excellence Recognition Awards 2011.



31 March

For the sixth consecutive year, Public Bank was the recipient of the Best Brand in the Financial Services – Banking category in the BrandLaureate Award 2010-2011 for Corporate Branding organised by the Asia Pacific Brands Foundation.

31 March

Corporate Governance Asia, a Hong Kong based quarterly journal on corporate governance awarded Public Bank with Malaysia's Best Investor Relations and Best CSR Asia in their 1st Asian Excellence Recognition Awards 2011.



Calendar of Significant Events 2011 Awards and Accolades



19 April

The Bank of New York Mellon presented Public Bank with Straight Through Processing Excellence Award 2010.

23 May

Public Bank was bestowed the CGC Top SMI Supporter Award 2010 for commercial banks category for the 5th time by Credit Guarantee Corporation.



1 June

Public Bank was accorded the Gold Winner Award (Bank category) for the 8th year in the Reader's Digest Trusted Brands Award 2011.



Calendar of Significant Events 2011 Awards and Accolades



21 June

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder & Chairman of Public Bank was bestowed Asian Corporate Director Recognition Award 2011 for Malaysia for the second year by Corporate Governance Asia, an authoritative journal on corporate governance in the region.

13 July

Public Bank was named The Edge Most Profitable Company in Finance Sector in The Edge Billion Ringgit Club Corporate Awards 2011.



9 September

Leading Hong Kong-based financial publication FinanceAsia awarded Public Bank the Best Bank in Malaysia 2011 for the 13th consecutive year and the Best Asian Bank 2011 for the 3rd time.



Calendar of Significant Events 2011 Awards and Accolades



14 September

Public Bank was honoured with two awards by Alpha Southeast Asia, a Hong Kong based financial publication, namely the Best Bank in Malaysia and the Best SME Bank in Malaysia.

22 September

FinanceAsia ranked Public Bank No. 1 for Best Managed Company, Best Corporate Governance, Most Committed To A Strong Dividend Policy and Corporate Social Responsibility and ranked No. 2 for Best Investor Relations in their 'Asia's Best Managed Companies 2011 Poll'.



27 September

Public Bank was the overall winner of the Malaysian Business - CIMA Enterprise Governance Awards 2011 for the 4th consecutive year. Public Bank was also named 1st Runner-up for Best Return to Shareholder category.

Calendar of Significant Events 2011 Awards and Accolades

15 November

Public Bank 2010 Annual Report was awarded the Gold Award winner for the Most Outstanding Annual Report in the National Annual Corporate Report Awards 2011 (NACRA) and two other awards namely the Industry Excellence Award for Main Board Companies in the Finance Sector and the Platinum Award for the Best Annual Report in Bahasa Malaysia.



24 November

The Asia Pacific Brands Foundation (APBF) presented Tan Sri Dato' Sri Dr. Teh Hong Piow with "The BrandLaureate Premier Brand Icon Leadership Award 2011". Dr KK Johan, President of APBF presented the award to Tan Sri Dato' Sri Dr. Teh Hong Piow.

Calendar of Significant Events 2011

Product and Services



3 January

Public Bank and ING Insurance launched the PB-ING One Care Plus, PB-ING One Health Plus and PB-ING One Health Extreme under the PB-ING One Solution Plan series of bancassurance products underwritten by ING Insurance Berhad.

8 January

A 'PB Investment Prosperity' Campaign which offered two investment plans was launched in conjunction with the Chinese New Year Celebration.



15 March

"U \$ave V Reward" Campaign was launched to encourage savings and to reward loyal customers. The campaign which ended on 30 September saw customers winning total cash prizes worth RM2 million.



Calendar of Significant Events 2011
Product and Services



19 March & 20 March

Investment Seminars for high net worth customers in Sarawak and Johor were organised by Public Bank in the Sarawak Region and Southern Region 1 in conjunction with the launching of the first PB Series of Funds i.e. PB Asia Emerging Growth Fund, PB Sukuk Fund and PB Bond Fund.

28 March

Following the success of PB-ING Power Plus Plan, another savings endowment plan known as PB-ING Power Plus 2 Plan (PP2) was launched. The PP2 was fully taken-up by 4 May 2011 before the end of the subscription period.



PB-ING Power Plus² Plan



6 May

Public Bank presented the winners of the 'PB Gold Rush' Campaign with a total of 118 prizes comprising 18 monthly prizes of 18 grams of gold per customer and a Grand Prize of 1 kg of gold valued at almost RM150,000 in the form of Public Bank Gold Investment Account.

Calendar of Significant Events 2011 Product and Services



8 August

In support of the Government's 2010 Budget initiative to provide affordable insurance protection plan to all Malaysians, Public Bank and ING Insurance launched the 1Malaysia Micro Protection Plan, a group term insurance plan.



22 August

Public Islamic Bank launched a deposit investment product, "Istismar Account-i" (IA-i) which catered to Muslim and non-Muslim individuals, businesses and organisations. Structured under the Shariah concept of Wakalah Bil Istithmar, the IA-i refers to an 'investment agency' contract.

6 September

Public Bank commenced the distribution and sale of three new units trust funds under the PB Series of Funds managed by Public Mutual Berhad i.e. PB Asia Emerging Growth Fund, PB Sukuk Fund and PB Bond Fund which focused on growth prospects for Asia supported by resilient consumption expenditure.



Calendar of Significant Events 2011 Product and Services



10 September

In conjunction with the distribution of the first PB Series of Funds i.e. PB Asia Emerging Growth Fund, PB Sukuk Fund and PB Bond Fund and to build rapport with the high net worth customers in Northern Region, an Investment Seminars was organised. It was also an opportunity to promote sales of the unit trust products to this group of customers.

4 October

Public Bank and Sin Chew Media Corporation signed a collective service agreement to implement the Collection Service via Cash Deposit Terminal (CDT) and Cheque Deposit Machine (CDM) which enable Sin Chew customers to make payment of advertisement fees to Sin Chew at all Public Bank CDTs and CDMs located at Public Bank branches throughout the country.



BURSA MALAYSIA LISTING REQUIREMENTS COMPLIANCE INFORMATION

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

(i) Utilisation of Proceeds Raised from Corporate Proposals

On 3 August 2011, the Bank issued the fifth tranche of Subordinated Notes ("the Notes") amounting to RM3.0 billion under its RM5.0 billion Subordinated Medium Term Note Programme. The proceeds have been used for working capital, general banking and other corporate purposes. The salient features of the Notes are as disclosed in Note 22 to the financial statements.

The proceeds raised from corporate proposals in prior years have been used for working capital, general banking and other corporate purposes, as intended.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.

(ii) Share Buy Back

During the financial year ended 31 December 2011, Public Bank bought back a total of 20,000 of its ordinary shares of RM1.00 each ("PBB Shares") which are listed and quoted as "Local" on the Main Market of Bursa Malaysia ("PBB Local Shares") in the open market. The details of the PBB Local Shares bought back during the year were as follows:

Monthly Breakdown 2011	Number of PBB Local Shares Bought Back	Buy Back Price Per PBB Local Share (RM)			Average Cost Per PBB Local Share* (RM)	Total Cost* (RM)
		Lowest	Highest	Average		
January	10,000	13.40	13.40	13.40	13.45	134,475
July	10,000	13.40	13.40	13.40	13.45	134,476
Total	20,000	13.40	13.40	13.40	13.45	268,951

* Inclusive of transaction cost

All the PBB Local 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 2011, a total of 29,800,704 PBB Shares bought back were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

Disclosed in accordance with Paragraph 12.23, Appendix 12D of the Listing Requirements of Bursa Malaysia.

Bursa Malaysia Listing Requirements Compliance Information

(iii) Options or Convertible Securities

No options or convertible securities were issued by Public Bank during the financial year ended 31 December 2011 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2011.

Disclosed in accordance with Appendix 9C, Part A, item 15 of the Listing Requirements of Bursa Malaysia.

(iv) Depository Receipt Programme

Public Bank did not sponsor any depository receipt programme during the financial year ended 31 December 2011.

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

(v) Sanctions and/or Penalties

There was no sanction and/or penalty imposed on Public Bank and its subsidiary companies, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2011.

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

(vi) Non-audit Fees

The amount of non-audit fees paid to external auditors by the Group and the Bank for the financial year ended 31 December 2011 amounted to RM916,000 and RM403,000 respectively.

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

(vii) Variation in Results

There were no profit estimate, forecast or projection issued by Public Bank and its subsidiary companies during the financial year ended 31 December 2011.

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

(viii) Profit Guarantee

There was no profit guarantee given by Public Bank and its subsidiary companies during the financial year ended 31 December 2011.

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

(ix) Material Contracts

There were no material contracts entered into by Public Bank and its subsidiary companies involving directors' and major shareholders' interests, which subsisted at the end of the financial year ended 31 December 2011 or, if not then subsisting, entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Malaysia.

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

Public Bank did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia as the recurrent related party transactions of a revenue or trading nature entered into by the Public Bank Group qualified as exempted transactions as defined under Paragraph 10.08(11)(e), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia.

Disclosed in accordance with Paragraph 10.09(2)(b) of the Listing Requirements of Bursa Malaysia.

MALAYSIAN ECONOMY: REVIEW AND OUTLOOK

I. Global Perspective:

Global activity saw a twin speed world in 2011. Most advanced economies continued to face headwinds from weak labour and sluggish housing markets and stresses in private and public balance sheets. The crisis in the European Union ("EU") deepened and spread from small countries such as Greece and Portugal to larger countries such as Spain and Italy. The crisis triggered rating downgrades for economies such as Italy, Spain and Portugal. Political unrest in the Middle East and North Africa region, which drove up global oil prices, and the earthquake and tsunami in Japan had negatively affected global growth in 2011. The International Monetary Fund projected global growth to slow to 4% in 2011.

In view of the sluggish economic activity, major central banks in most advanced economies have maintained their loose policy conditions. The US Federal Reserve has kept its federal funds rate unchanged at 0% to 0.25% and anticipated that the weak economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014. The Bank of Japan has kept its key rate low at around 0% to 0.1%. In the euro area, the European Central Bank cut its main refinancing rate to 1% in December 2011.

In Emerging Asia, growth has remained resilient. Activity in Emerging Asia weakened only modestly. However, domestic demand remained strong and several commodity-exporting countries benefited from the rise in commodity prices through mid-2011.

II. Malaysian Economy: Review

The performance of the Malaysian economy in 2011 was respectable. The Malaysian economy continued to sustain its strong fundamentals, amidst support from accommodative fiscal and monetary policies. For 2011, the economy is expected to grow by 5% to 5.5%.

In the third quarter of 2011, Malaysia's GDP growth accelerated to 5.8% due to stronger domestic demand (Table 1). The strong domestic demand was driven by higher household and business spending, and implementation of public sector projects. On the supply side, growth in most economic sectors strengthened in the third quarter of 2011, led by the services and manufacturing sectors

(Table 2). Growth in the manufacturing sector was spurred by higher activity in domestic-oriented industries.

Table 1

Malaysia: Real GDP by Expenditure Components, 2010-2011 (at constant 2000 prices)

	% Annual Change			
	2010	2011		
		1Q	2Q	3Q
Aggregate Domestic Demand	6.3	7.3	5.6	9.0
Consumption	5.2	7.6	6.4	9.9
Private sector	6.5	6.7	6.4	7.3
Public sector	0.5	11.7	6.6	21.7
Gross Fixed Capital Formation	9.8	6.5	3.2	6.1
Exports of Goods and Services	9.9	1.4	4.1	4.2
Imports of Goods and Services	15.1	8.4	3.2	3.2
GDP	7.2	5.2	4.3	5.8

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2011.

Table 2

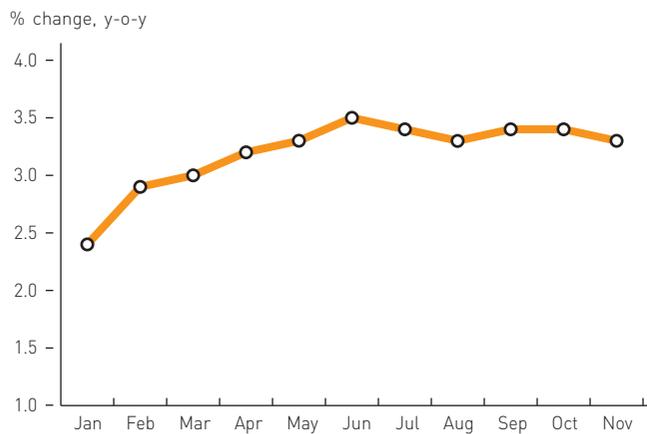
Malaysia: Real GDP by Economic Activity, 2010-2011 (at constant 2000 prices)

	% Annual Change			
	2010	2011		
		1Q	2Q	3Q
Agriculture	2.1	-0.2	6.9	8.2
Mining	0.2	-4.2	-9.2	-6.1
Manufacturing	11.4	5.5	2.1	5.1
Construction	5.1	3.8	0.6	3.0
Services	6.8	7.0	6.8	7.0
GDP	7.2	5.2	4.3	5.8

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2011.

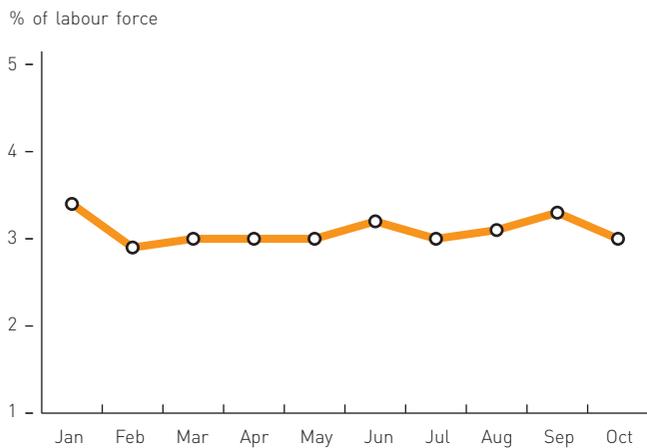
Inflation remained manageable in 2011. Headline inflation peaked at 3.5% in June 2011 (Graph 1). The labour market conditions remained stable with the unemployment rate sustained at 3% in October 2011 (Graph 2).

Graph 1
Malaysia: Headline Inflation, 2011



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

Graph 2
Malaysia: Unemployment Rate, 2011

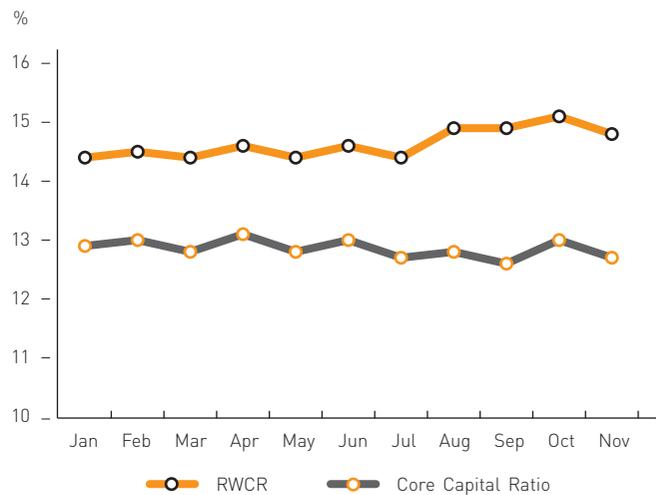


Source: Department of Statistics, Malaysia, Principal Statistics of Labour Force, October 2011.

Banking System

The strength of the Malaysian economy lies in its strong banking system. The banking system remained well-capitalised with low levels of impaired loans and strong liquidity buffers in 2011. The risk-weighted capital ratio and the core capital ratio of the banking system were healthy at 14.8% and 12.7%, respectively in November 2011 (Graph 3). Net impaired loans ratio remained low at 1.9% (Graph 4). The liquidity in the banking system was ample with the loan-to-deposit ratio sustained at 78.4% at end-November 2011 (Graph 5). Bank credit to households and businesses expanded healthily with annual total loan growth sustained at 12.8% in November 2011 (Graph 6). The banking system continued to tap on stable retail deposits to fund their lending business. Annual deposit growth was at 11.7% in November 2011 (Graph 7).

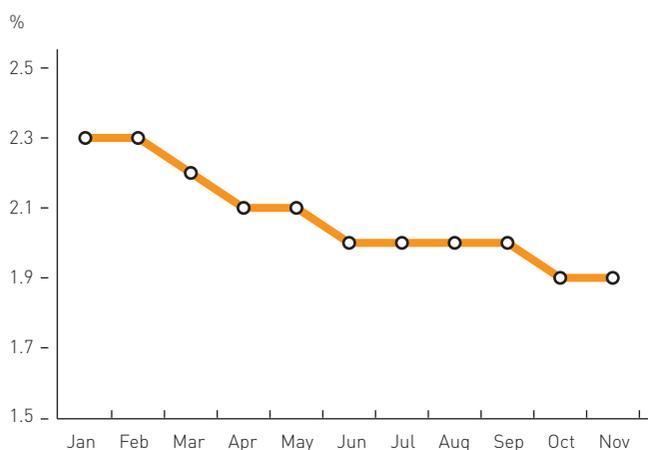
Graph 3
Banking System: Capital Strength, 2011



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

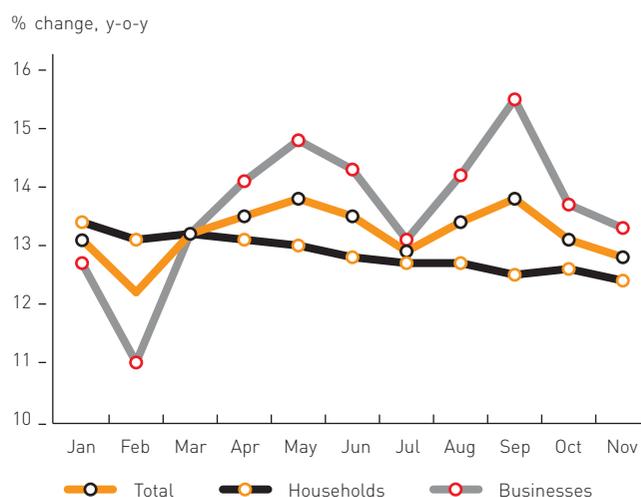
Malaysian Economy: Review and Outlook

Graph 4
Banking System: Net Impaired Loans Ratio, 2011



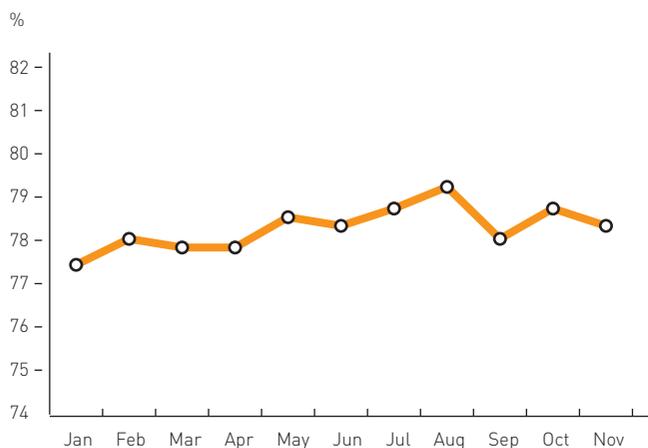
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

Graph 6
Banking System: Loan Growth, 2011



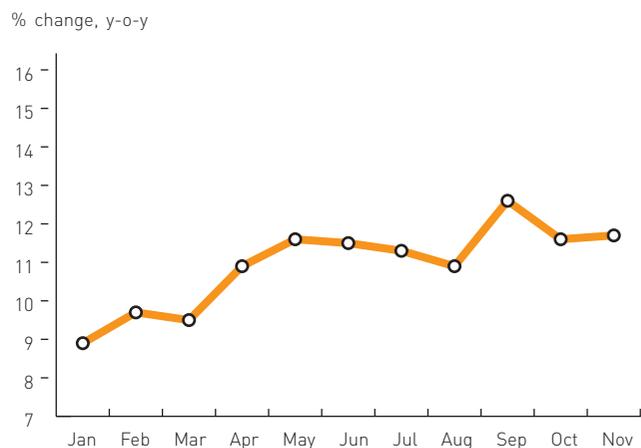
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

Graph 5
Banking System: Loan-Deposit Ratio, 2011



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

Graph 7
Banking System: Deposit Growth, 2011



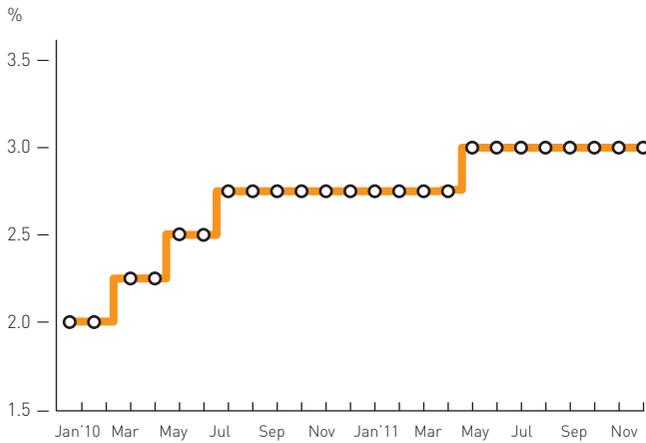
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

Monetary Policy

Monetary conditions continued to remain stable. Despite several moves by Bank Negara Malaysia ("BNM") to revise up its Overnight Policy Rate from 2% in February 2010 to 3% in May 2011 (Graph 8), key lending rates remained low (Graph 9). During the year, deposit rates remained stable (Graph 10).

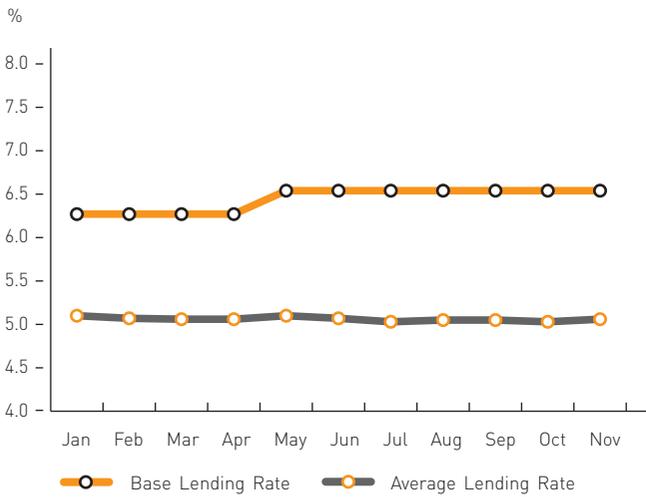
Meanwhile, the Statutory Reserve Requirement, which was held at 1% since March 2009, was raised three times to 4% between April 2011 and July 2011, as a pre-emptive measure to manage the build-up of excessive liquidity.

Graph 8
Malaysia: Bank Negara Malaysia Overnight Policy Rate, 2010-2011



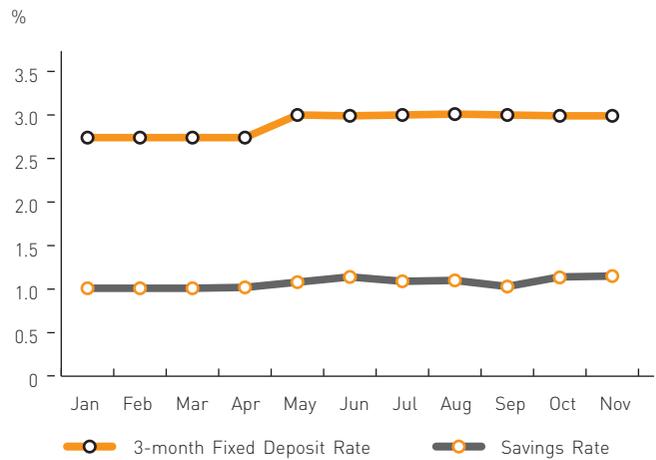
Source: Bank Negara Malaysia, Monetary Policy Statements.

Graph 9
Malaysia: Lending Rates of Commercial Banks, 2011



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

Graph 10
Malaysia: Deposit Rates of Commercial Banks, 2011

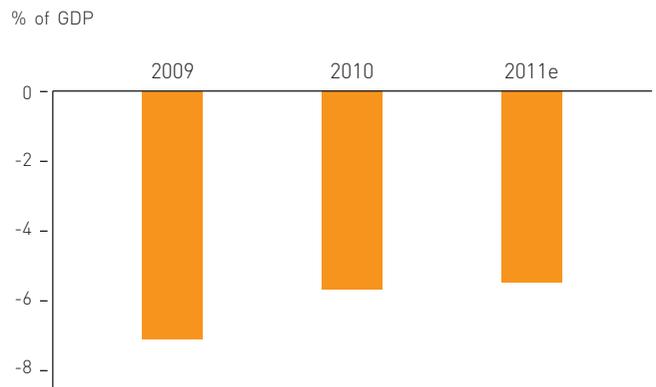


Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

Fiscal Policy

The Government committed to reduce its fiscal deficit from 5.6% of GDP in 2010 to 5.4% in 2011 (Graph 11). In the third quarter of 2011, Federal Government's external debt remained low at 2.1% of GDP.

Graph 11
Malaysia: Federal Government Fiscal Balance, 2009-2011



Note: e Estimate
 Source: Ministry of Finance, Malaysia, Economic Report, 2011/2012.

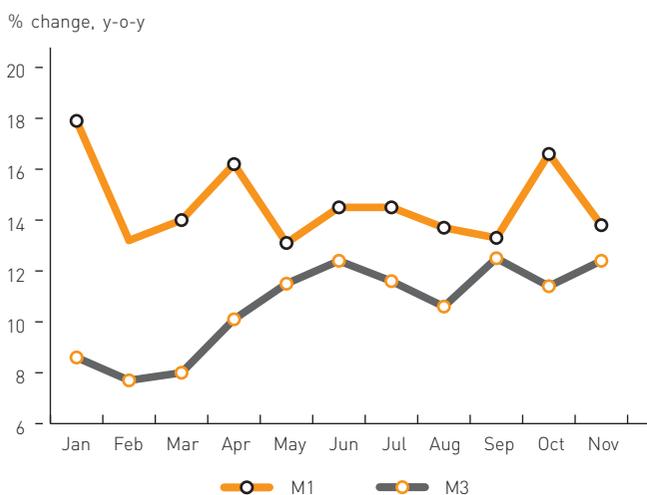
Malaysian Economy: Review and Outlook

Monetary Aggregates

Monetary aggregates continued to expand in 2011. Growth in broad money supply (M3) accelerated by 12.4% in November 2011 (Graph 12), reflecting higher credit to private sector and portfolio inflows.

Graph 12

Malaysia: Monetary Aggregates, 2011



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, November 2011.

External Position

With large surplus in the trade account, the current account surplus of the balance of payments remained high at 12.5% of gross national income ("GNI") in the third quarter of 2011 (Table 3). As at end-December 2011, international reserves of BNM increased to US\$133.6 billion, sufficient to finance 9.7 months of retained imports and 4 times the short-term external debt (Graph 13). Total external debt of the country was at 32% of GNI as at end-September 2011.

Table 3

Malaysia: Current Account Balance, 2010-2011

	2010		2011		
	3Q	4Q	1Q	2Q	3Q
Current Account Balance (RM billion)	20.2	23.8	25.9	23.4	26.6
% of GNI	10.7	11.9	13.1	11.5	12.5

Source: Bank Negara Malaysia, Quarterly Bulletin, Third Quarter 2011.

Graph 13

Malaysia: International Reserves, 2011



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, various issues.

Ringgit Exchange Rate

From January 2011 to December 2011, the ringgit depreciated against the US dollar (-2.9%), euro (-0.8%), pound sterling (-2.3%) and Japanese yen (-7.6%). Against the regional currencies, the ringgit appreciated against the Thai baht (2.2%), but depreciated against the Singapore dollar (-2.3%), Philippines peso (-2.9%), Indonesian rupiah (-0.9%), Korean won (-1.4%) and Chinese renminbi (-7.4%).

III. Prospects, 2012

Weak Growth in Advanced Economies

Growth is expected to be weak in most advanced economies in 2012. Private consumption in the US will continue to be hampered by the sluggish labour market and anaemic housing prices, while firms will remain cautious in their investments. The EU economy will be constrained by fiscal austerity and tight credit conditions. The global financial market volatility could intensify funding pressure on banks, amplifying risk aversion behaviour and lead to slow credit growth.

Asia: Sustainable Growth

In Asia ex-Japan, although slackening external demand could weigh on export growth, solid domestic demand is expected to support economic activity in the region. Intra-regional trade will continue to spur regional growth.

Malaysian Economy: Review and Outlook

Furthermore, the region's sound fiscal position and high foreign reserves should provide buffer to the region. Asian economies have the scope to use a range of measures to stimulate economic activity. Inflation pressure should abate with the slowdown in the increase in international commodity prices and the expected weakness in major industrial countries.

Malaysia: Still in a Bright Spot

For 2012, the outlook for the Malaysian economy is expected to remain favourable. While the outlook is affected by adverse external environment, strong economic fundamentals coupled with pragmatic macroeconomic policies and implementation of the Economic Transformation Programme ("ETP") will enhance domestic sources of growth. Domestic demand is expected to play a more significant role in driving economic expansion in 2012 (Table 4). Measures in Budget 2012 including cash transfers to low-income households and civil servant pay hikes should lead to higher disposable income and create multiplier effects on the economy. Public and private investments are expected to accelerate with the implementation of projects under the ETP, the 10th Malaysia Plan and Budget 2012. Other important initiatives including continued services sector liberalisation, incentives for investments in the financial sector and assistance to small- and medium-sized enterprises will further accelerate investment growth in 2012. Furthermore, Malaysia should continue to gain from sustained intra-regional trade.

Table 4
Malaysia: Real GDP by Expenditure Components, 2012
(at constant 2000 Prices)

	% Annual Change
Aggregate Domestic Demand	7.6
Consumption	6.3
Private sector	7.1
Public sector	3.0
Gross Fixed Capital Formation	11.7
Exports of Goods and Services	2.5
Imports of Goods and Services	3.6
GDP	5.0 – 6.0

Source: Ministry of Finance, Malaysia, Economic Report, 2011/2012.

On the supply side, growth is expected to remain broad-based (Table 5). A strong performance is projected for the construction sector, supported by the commencement of large infrastructure projects. The manufacturing sector is expected to continue to be supported by strong domestic-oriented industries. Strong domestic economic activities and steady regional trade will continue to spur growth in the services sector.

Table 5
Malaysia: Real GDP by Economic Activity, 2012
(at constant 2000 Prices)

	% Annual Change
Agriculture	4.1
Mining	2.5
Manufacturing	4.5
Construction	7.0
Services	6.5
GDP	5.0 – 6.0

Source: Ministry of Finance, Malaysia, Economic Report, 2011/2012.

Backed by the healthy domestic economy and sustained intra-regional trade, the Malaysian Government expects the economy to grow by 5% to 6% in 2012. Inflation is expected to moderate as global food and fuel prices leveled off in recent months. The Government is to take a gradual approach to further rationalise its price controls and subsidies to prevent spike up in inflation. Monetary policy will remain accommodative to support growth.

The banking sector will continue to provide steady access to credits for households and businesses. The new Financial Sector Blueprint will further enhance the role of the banking sector as an effective and efficient financial intermediary. There will be further deepening and increased liquidity in financial markets as new foreign banks and a wider range of financial instruments combine to increase the efficiency of the financial markets.

INVESTOR INFORMATION

Stock Market Performance in 2011

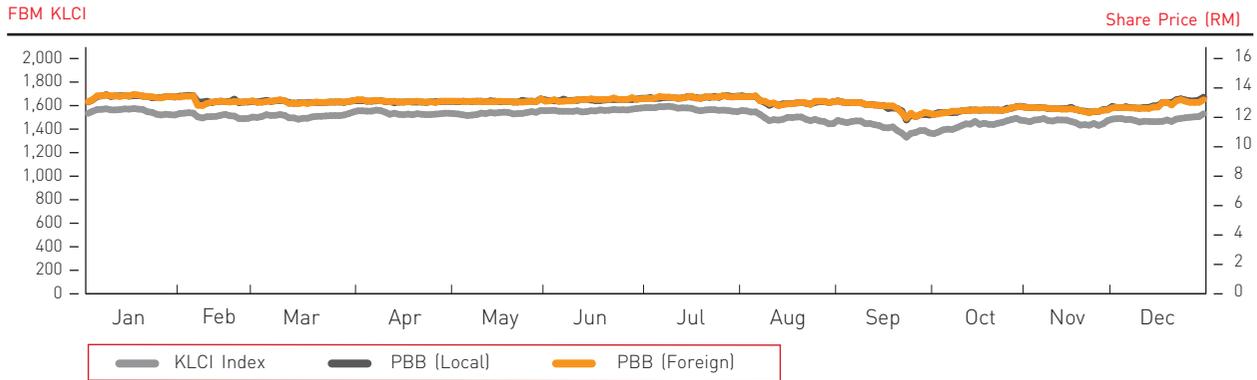
Following the strong stock market performance in 2010, the Malaysian stock market had a strong start in 2011, with the FTSE Bursa Malaysia Composite Index ("FBM KLCI") hitting an early high of 1,570 points on 18 January 2011. However, towards the end of January 2011, global equity markets experienced renewed volatility following the political unrest in the Middle East and North African countries, which led to higher crude oil prices and inflationary concerns. The earthquake and tsunami in Japan on 11 March 2011 and the subsequent threat of a nuclear disaster further soured investor confidence. As a result, the FBM KLCI fell to a low of 1,484 points on 15 March 2011.

Buoyed by encouraging reports that 46 of the 131 Entry Point Projects of the Economic Transformation Programme received investment commitments totalling RM95 billion, the FBM KLCI recovered to a high of 1,562 points on 7 April 2011. Although the Barisan Nasional retained its two-third majority in the Sarawak state election, the FBM KLCI failed to scale new heights as a result of a confluence of external factors such as the Euro zone sovereign debt crisis, the downgrade in the outlook of the United States of America ("US") sovereign debt as well as inflationary concerns in China. Due to the lack of further fresh domestic leads in the market, the FBM KLCI stabilised and registered a modest gain of 4% in the first half of 2011.

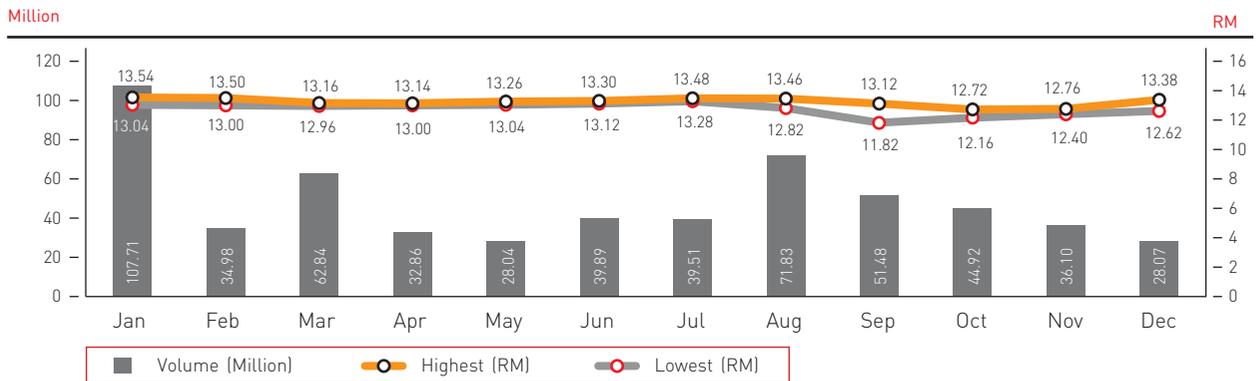
The FBM KLCI plunged by almost 16% in the third quarter of 2011 following the fall in global equity markets as a result of weakening US and global economic indicators, continued concerns on the Euro zone sovereign debt crisis, as well as the downgrade of the US sovereign debt rating. News that Standard & Poor's cut the long term credit rating of the US from AAA to AA+ rocked the global equity markets. As a result, the FBM KLCI slumped to a low of 1,332 points on 26 September 2011.

The local bourse staged an impressive recovery in the fourth quarter of 2011 from the sharp fall in the previous quarter, with the benchmark FBM KLCI gaining nearly 12% in October 2011 on the back of increased optimism that a solution could be found to the European debt crisis. A second bailout package for Greece was announced and a proposal was put forth to increase the flexibility of the European Financial Stability Facility to allow the Greek government to purchase bonds in the secondary market for the purpose of recapitalising its banks. Meanwhile, Bank Negara Malaysia's announcement of a higher third quarter Gross Domestic Product ("GDP") growth of 5.8% as compared to the first quarter and second quarter GDP growth of 4.6% and 4.0% respectively, reinvigorated investor confidence. Although the challenging external environment is expected to dampen Malaysia's economic growth, domestic demand will continue to support growth, underpinned by expansion in private investments and domestic consumption. In 2011 the FBM KLCI gained 0.8% to close at 1,531 points on 30 December 2011.

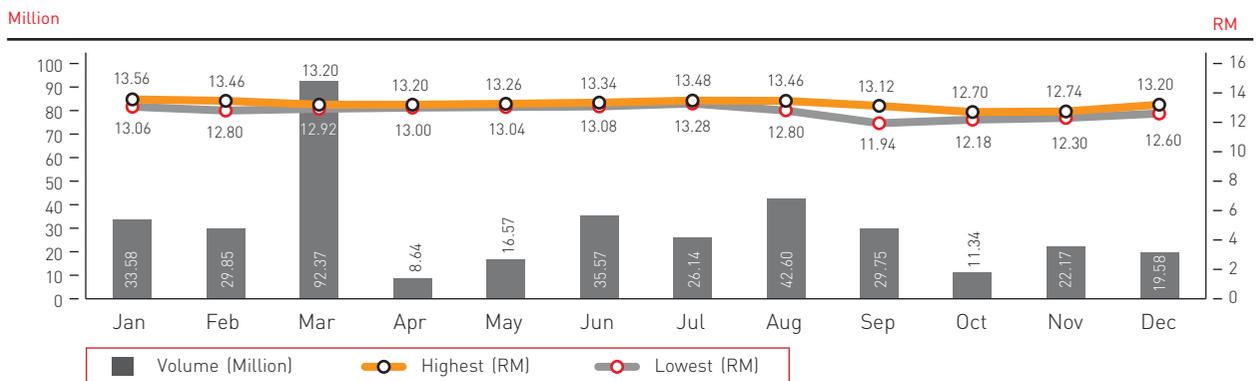
Public Bank (Local) Share and Public Bank (Foreign) Share Prices and FBM KLCI in 2011



Public Bank (Local) Share Transactions in 2011



Public Bank (Foreign) Share Transactions in 2011



Investor Information

Public Bank Share Price Performance In 2011

Both Public Bank (Local) share and Public Bank (Foreign) share prices started the year strongly, trading broadly in line with the stock market performance, reaching a high of RM13.54 and RM13.56 respectively on 7 January 2011 and 17 January 2011 respectively. Although the stock market slid after reaching a high of 1,574 points on 17 January 2011, the announcement of a strong 2010 financial results, which exceeded analysts' expectations, together with a second interim cash dividend of 25% less 25% income tax and a single tier cash dividend of 8%, supported the Bank's share prices at around RM13 in the first three months of the year.

In May 2011, Bank Negara Malaysia raised the Overnight Policy Rate by 25 basis points to 3%, reflecting the positive outlook of the economy. Both Public Bank (Local) share and Public Bank (Foreign) share prices continued to rise in line with the stronger economic outlook. The improvement in the share prices was particularly encouraging as the percentage of shares held by foreigners fell to 24.52% as at the end of June 2011 from 26.52% as at the end of December 2010.

Public Bank (Local) share and Public Bank (Foreign) share prices further strengthened in the second half of the year, in line with the strong performance of the FBM KLCI, which climbed to a new high of 1,595 points on 8 July 2011. Both Public Bank (Local) share and Public Bank (Foreign) share prices continued to rise following the announcement of Public Bank's strong second quarter results together with an interim single tier cash dividend of 20% to close at RM13.36 and RM13.40 respectively on 25 July 2011.

However, August 2011 and September 2011 saw increased volatility in global equity markets, exacerbated by concerns of weak US economic growth and the sovereign debt crisis in Euro zone. The external concerns resulted in widespread sell down in the global equity markets, sending share prices on a downward spiral. Both Public Bank (Local) share and Public Bank (Foreign) share prices fell to a low of RM11.82 and RM11.94 respectively on 26 September 2011, in tandem with the decline in FBM KLCI to a low of 1,332 points and the drop in prices of other stocks on Bursa Malaysia.

In October 2011, the global equity market improved after European Union leaders came closer to an agreement to resolve the debt crisis in the Euro zone. The share prices of Public Bank (Local) shares and Public Bank (Foreign) shares recovered strongly to close at RM12.50 and RM12.52 respectively on 17 October 2011. The strong ascent in share prices was consistent with the improved sentiments in the global and local stock market as well as the announcement of Public Bank's strong third quarter financial results, which helped boost investors' interest in finance stocks. In line with the rise in the FBM KLCI, Public Bank (Local) shares and Public Bank (Foreign) share prices rose to close at RM13.38 and RM13.20 respectively on 30 December 2011.

In 2011, the Public Bank (Local) share and Public Bank (Foreign) share prices increased by 2.8% and 1.5% respectively from RM13.02 and RM13.00 respectively as at the end of 2010 to RM13.38 and RM13.20 respectively as at the end of 2011. Including the total gross dividends of 53 sen per share paid during the year, shareholders of Public Bank (Local) shares and Public Bank (Foreign) shares would have enjoyed a total return of 6.8% and 5.6% respectively for 2011 based on the closing share prices of RM13.38 and RM13.20 for Public Bank (Local) share and Public Bank (Foreign) share respectively as at the end of 2011, which outperformed the 2011 FBM KLCI's return of only 0.8%.

Despite the tumultuous year in the equity market, the performance of Public Bank (Local) share price and Public Bank (Foreign) share price had been commendable. Public Bank's value in terms of market capitalisation rose by 2.4% or RM1.11 billion to RM47.07 billion as at the end of 2011 from RM45.96 billion a year ago. However, the total average daily volume and the average daily value of Public Bank shares traded decreased by 0.6 million shares per day and RM3.4 million per day respectively as compared to 2010, bringing the total average daily volume and value of Public Bank shares traded in 2011 to 3.7 million shares and RM48.6 million respectively.

ANALYSIS OF SHAREHOLDINGS

as at 30 January 2012

Authorised Share Capital : RM10,000,000,000
 Issued and Paid-up Share Capital : RM3,531,925,834 comprising 3,531,925,834 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 Based on Record of Depositors

Size of shareholdings	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	10,932	12.60	359	0.41	356,039	0.01	13,951	*1
100 – 1,000	13,241	15.26	559	0.65	6,528,920	0.19	282,259	0.01
1,001 – 10,000	42,942	49.48	4,078	4.70	136,158,978	3.89	17,249,071	0.50
10,001 – 100,000	10,402	11.98	2,578	2.97	263,102,379	7.51	71,950,128	2.05
100,001 – 175,106,256 (less than 5% of issued shares*2)	1,081	1.24	616	0.71	1,826,445,901	52.15	829,035,637	23.67
175,106,257 (5% of issued shares*2) and above	1	*1	–	–	351,001,867	10.02	–	–
Total	78,599	90.56	8,190	9.44	2,583,594,084	73.77	918,531,046	26.23
Grand Total	86,789 (100%)				3,502,125,130 (100%)			

Notes:

*1 Less than 0.01%.

*2 Excluding a total of 29,800,704 Public Bank (PBB) shares bought-back by PBB and retained as treasury shares as at 30 January 2012.

Analysis of Shareholdings

Directors' Direct and Indirect Interests in Shares in the Company and in Subsidiary Company Based on Register of Directors' Shareholdings

Shares Held in the Company

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares* ⁵	No. of Shares Held	% of Issued Shares* ⁵	No. of Shares Held	% of Issued Shares* ⁵
Tan Sri Dato' Sri Dr. Teh Hong Piow	22,464,802	0.64	820,835,261* ¹	23.44	843,300,063	24.08
Tan Sri Datuk Seri Utama Thong Yaw Hong	7,633,342	0.22	857,785* ²	0.02	8,491,127	0.24
Tan Sri Dato' Sri Tay Ah Lek	6,898,951	0.20	354,315* ²	0.01	7,253,266	0.21
Dato' Sri Lee Kong Lam	380,866	0.01	434,957* ³	0.01	815,823	0.02
Dato' Yeoh Chin Kee	150,000	* ⁴	-	-	150,000	* ⁴
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	532,037	0.02	-	-	532,037	0.02

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 person(s) 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 29,800,704 PBB shares bought-back by PBB and retained as treasury shares as at 30 January 2012.

Shares Held in Subsidiary Company

- Shares Held in Public Financial Holdings Limited (PFHL)

Name	Direct Interests	
	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Tay Ah Lek	350,000	0.03

Share Options Held in Subsidiary Company

- Share Options Held under the PFHL Employees' Share Option Scheme

Name	No. of Options Held	Option Price (HKD)
Tan Sri Dato' Sri Tay Ah Lek	1,230,000	6.35

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and indirect interests of 843,300,063 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 and associated companies to the extent that PBB has interests.

Substantial Shareholders Based on 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	22,464,802	0.64	820,835,261* ¹	23.44	843,300,063	24.08
Employees Provident Fund Board	389,611,581	11.13	–	–	389,611,581	11.13
Consolidated Teh Holdings Sdn Bhd	82,952,747	2.37	172,952,816* ¹	4.94	255,905,563	7.31
Sekuriti Pejal Sdn Bhd	210,195,124	6.00	40,412,856* ¹	1.15	250,607,980	7.15

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 29,800,704 PBB shares bought-back by PBB and retained as treasury shares as at 30 January 2012.

Top Thirty Securities Account Holders Based on Record of Depositors

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

Name	No. of Shares Held	% of Issued Shares*
1. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	351,001,867	10.02
2. Kumpulan Wang Persaraan (Diperbadankan)	134,399,748	3.84
3. AmanahRaya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	125,703,791	3.60
4. Sekuriti Pejal Sdn Berhad	108,127,058	3.09
5. Sekuriti Pejal Sdn Berhad	102,068,066	2.91
6. AmanahRaya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	75,396,263	2.15
7. Kepunyaan Chintamani Sdn Bhd	70,867,058	2.02
8. Consolidated Teh Holdings Sdn Berhad	61,332,882	1.75
9. AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia</i>	58,131,797	1.66
10. Selected Securities Sdn Bhd	51,753,368	1.48
11. Selected Holdings Sdn Berhad	39,397,539	1.12
12. HSBC Nominees (Asing) Sdn Bhd <i>BNP Paribas Secs Svs Lux For Aberdeen Global</i>	35,236,214	1.01
13. Kayakita Corporation Sdn Bhd	35,068,235	1.00

Analysis of Shareholdings

Top Thirty Securities Account Holders Based on Record of Depositors (Cont'd.)

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

Name	No. of Shares Held	% of Issued Shares*
14. Kepunyaan Perindustrian Sdn Berhad	32,876,470	0.94
15. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For Prudential Fund Management Berhad</i>	31,875,871	0.91
16. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	29,403,592	0.84
17. LPI Capital Bhd	28,812,490	0.82
18. Tong Meng Industries Limited	28,091,117	0.80
19. Selected Securities Sdn Bhd	27,689,294	0.79
20. Kayakita Corporation Sdn Bhd	27,506,647	0.79
21. LPI Capital Bhd	26,864,332	0.77
22. Selected Holdings Sdn Berhad	25,935,882	0.74
23. HSBC Nominees (Asing) Sdn Bhd <i>TNTC For Saudi Arabian Monetary Agency</i>	23,919,502	0.68
24. Securities Holdings Sdn Berhad	23,778,200	0.68
25. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i>	23,707,706	0.68
26. AmanahRaya Trustees Bhd <i>As 1Malaysia</i>	23,493,382	0.67
27. Valuecap Sdn Bhd	22,758,500	0.65
28. HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Matthews Pacific Tiger Fund</i>	22,511,386	0.64
29. Tan Sri Dato' Sri Dr. Teh Hong Piow	22,464,802	0.64
30. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (Saudi Arabia)</i>	20,605,207	0.59
	1,690,778,266	48.28

Note:

* Excluding a total of 29,800,704 PBB shares bought-back by PBB and retained as treasury shares as at 30 January 2012.

AUTHORISED AND ISSUED SHARE CAPITAL

Authorised Share Capital

The authorised share capital as at 30 January 2012 is RM10,000,000,000 divided into 10,000,000,000 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
30.03.2005	5,000,000,000	10,000,000,000

Issued and Paid-up Share Capital

The issued and paid-up share capital as at 30 January 2012 is RM3,531,925,834 comprising 3,531,925,834 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

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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	1,025,362 *	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,834,843,985
12.07.2002	458,710,997 *	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

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
28.01.2005	20,743,000	Exercise of share options under PBB ESOS at option price of RM4.92 per share	3,376,510,324
31.01.2005	2,415,001	Exercise of share options under PBB ESOS as follows: – 15,475 shares at option price of RM1.64 per share – 985,926 shares at option price of RM3.56 per share – 104,200 shares at option price of RM3.40 per share – 954,400 shares at option price of RM4.60 per share – 355,000 shares at option price of RM4.92 per share	3,378,925,325
07.02.2005	10,466,250	Exercise of share options under PBB ESOS as follows: – 2,406,250 shares at option price of RM3.56 per share – 2,250,000 shares at option price of RM4.60 per share – 5,810,000 shares at option price of RM4.92 per share	3,389,391,575
21.02.2005	7,511,743	Exercise of share options under PBB ESOS as follows: – 26,106 shares at option price of RM1.64 per share – 3,364,187 shares at option price of RM3.56 per share – 377,950 shares at option price of RM3.40 per share – 2,883,000 shares at option price of RM4.60 per share – 860,500 shares at option price of RM4.92 per share	3,396,903,318

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
25.02.2005	639,342	Exercise of share options under PBB ESOS as follows: - 6,094 shares at option price of RM1.64 per share - 236,373 shares at option price of RM3.56 per share - 14,875 shares at option price of RM3.40 per share - 291,000 shares at option price of RM4.60 per share - 91,000 shares at option price of RM4.92 per share	3,397,542,660
01.08.2005	12,813,748	Exercise of share options under PBB ESOS as follows: - 14,482 shares at option price of RM1.64 per share - 1,382,291 shares at option price of RM3.56 per share - 194,275 shares at option price of RM3.40 per share - 1,397,700 shares at option price of RM4.60 per share - 6,670,000 shares at option price of RM4.92 per share - 3,155,000 shares at option price of RM6.37 per share	3,410,356,408
31.10.2005	2,114,074	Exercise of share options under PBB ESOS as follows: - 1,063 shares at option price of RM1.64 per share - 442,561 shares at option price of RM3.56 per share - 96,950 shares at option price of RM3.40 per share - 424,800 shares at option price of RM4.60 per share - 1,014,500 shares at option price of RM4.92 per share - 134,200 shares at option price of RM6.37 per share	3,412,470,482
09.11.2005	3,737,523	Exercise of share options under PBB ESOS as follows: - 1,269 shares at option price of RM1.64 per share - 1,429,354 shares at option price of RM3.56 per share - 238,525 shares at option price of RM3.40 per share - 1,537,875 shares at option price of RM4.60 per share - 204,000 shares at option price of RM4.92 per share - 326,500 shares at option price of RM6.37 per share	3,416,208,005
15.11.2005	660,400	Exercise of share options under PBB ESOS as follows: - 163,100 shares at option price of RM3.56 per share - 61,700 shares at option price of RM3.40 per share - 390,100 shares at option price of RM4.60 per share - 45,500 shares at option price of RM4.92 per share	3,416,868,405
05.12.2005	504,684	Exercise of share options under PBB ESOS as follows: - 217,309 shares at option price of RM3.56 per share - 35,375 shares at option price of RM3.40 per share - 202,500 shares at option price of RM4.60 per share - 23,500 shares at option price of RM4.92 per share - 26,000 shares at option price of RM6.37 per share	3,417,373,089

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
13.01.2006	3,553,363	Exercise of share options under PBB ESOS as follows: - 2,587 shares at option price of RM1.64 per share - 391,750 shares at option price of RM3.56 per share - 77,325 shares at option price of RM3.40 per share - 519,300 shares at option price of RM4.60 per share - 71,000 shares at option price of RM4.92 per share - 86,000 shares at option price of RM6.37 per share - 2,405,401 shares at option price of RM5.67 per share	3,420,926,452
18.01.2006	115,100	Exercise of share options under PBB ESOS as follows: - 8,600 shares at option price of RM3.56 per share - 83,500 shares at option price of RM4.60 per share - 23,000 shares at option price of RM4.92 per share	3,421,041,552
08.02.2006	329,363	Exercise of share options under PBB ESOS as follows: - 45,938 shares at option price of RM3.56 per share - 2,425 shares at option price of RM3.40 per share - 27,500 shares at option price of RM4.60 per share - 7,500 shares at option price of RM4.92 per share - 7,000 shares at option price of RM6.37 per share - 239,000 shares at option price of RM5.67 per share	3,421,370,915
28.02.2006	3,922,364	Exercise of share options under PBB ESOS as follows: - 302 shares at option price of RM1.64 per share - 234,931 shares at option price of RM3.56 per share - 20,125 shares at option price of RM3.40 per share - 293,500 shares at option price of RM4.60 per share - 63,500 shares at option price of RM4.92 per share - 255,000 shares at option price of RM6.37 per share - 3,055,006 shares at option price of RM5.67 per share	3,425,293,279
09.03.2006	8,050,287	Exercise of share options under PBB ESOS as follows: - 1,282 shares at option price of RM1.64 per share - 296,195 shares at option price of RM3.56 per share - 3,125 shares at option price of RM3.40 per share - 314,600 shares at option price of RM4.60 per share - 108,000 shares at option price of RM4.92 per share - 402,390 shares at option price of RM6.37 per share - 6,924,695 shares at option price of RM5.67 per share	3,433,343,566
14.03.2006	12,000	Exercise of share options under PBB ESOS at option price of RM5.67 per share	3,433,355,566

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
14.08.2006	1,960,920	Exercise of share options under PBB ESOS as follows: - 2,094 shares at option price of RM1.64 per share - 94,596 shares at option price of RM3.56 per share - 11,625 shares at option price of RM3.40 per share - 212,500 shares at option price of RM4.60 per share - 40,000 shares at option price of RM4.92 per share - 115,000 shares at option price of RM6.37 per share - 1,485,105 shares at option price of RM5.67 per share	3,435,316,486
22.08.2006	13,588,150	Exercise of share options under PBB ESOS as follows: - 17,923 shares at option price of RM1.64 per share - 411,452 shares at option price of RM3.56 per share - 44,250 shares at option price of RM3.40 per share - 555,000 shares at option price of RM4.60 per share - 72,900 shares at option price of RM4.92 per share - 319,000 shares at option price of RM6.37 per share - 12,167,625 shares at option price of RM5.67 per share	3,448,904,636
04.09.2006	1,147,600	Exercise of share options under PBB ESOS as follows: - 34,600 shares at option price of RM3.56 per share - 83,500 shares at option price of RM4.60 per share - 51,500 shares at option price of RM4.92 per share - 978,000 shares at option price of RM5.67 per share	3,450,052,236
22.09.2006	754,127	Exercise of share options under PBB ESOS as follows: - 16,127 shares at option price of RM3.56 per share - 22,000 shares at option price of RM4.60 per share - 7,000 shares at option price of RM4.92 per share - 16,000 shares at option price of RM6.37 per share - 693,000 shares at option price of RM5.67 per share	3,450,806,363
20.11.2006	1,735,884	Exercise of share options under PBB ESOS as follows: - 2,698 shares at option price of RM1.64 per share - 31,886 shares at option price of RM3.56 per share - 6,500 shares at option price of RM3.40 per share - 130,500 shares at option price of RM4.60 per share - 19,000 shares at option price of RM4.92 per share - 542,500 shares at option price of RM6.37 per share - 1,002,800 shares at option price of RM5.67 per share	3,452,542,247

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
30.11.2006	3,142,529	Exercise of share options under PBB ESOS as follows: - 1,358 shares at option price of RM1.64 per share - 90,371 shares at option price of RM3.56 per share - 4,000 shares at option price of RM3.40 per share - 188,500 shares at option price of RM4.60 per share - 43,500 shares at option price of RM4.92 per share - 1,083,300 shares at option price of RM6.37 per share - 1,731,500 shares at option price of RM5.67 per share	3,455,684,776
05.12.2006	4,553,096	Exercise of share options under PBB ESOS as follows: - 4,092 shares at option price of RM1.64 per share - 161,211 shares at option price of RM3.56 per share - 18,793 shares at option price of RM3.40 per share - 349,600 shares at option price of RM4.60 per share - 78,000 shares at option price of RM4.92 per share - 1,655,200 shares at option price of RM6.37 per share - 2,286,200 shares at option price of RM5.67 per share	3,460,237,872
15.12.2006	2,407,500	Exercise of share options under PBB ESOS as follows: - 30,700 shares at option price of RM3.56 per share - 1,800 shares at option price of RM3.40 per share - 82,200 shares at option price of RM4.60 per share - 59,000 shares at option price of RM4.92 per share - 729,000 shares at option price of RM6.37 per share - 1,504,800 shares at option price of RM5.67 per share	3,462,645,372
22.12.2006	179,500	Exercise of share options under PBB ESOS as follows: - 17,500 shares at option price of RM4.60 per share - 50,000 shares at option price of RM6.37 per share - 112,000 shares at option price of RM5.67 per share	3,462,824,872
25.01.2007	7,252,589	Exercise of share options under PBB ESOS as follows: - 473 shares at option price of RM1.64 per share - 184,208 shares at option price of RM3.56 per share - 14,800 shares at option price of RM3.40 per share - 234,500 shares at option price of RM4.60 per share - 43,500 shares at option price of RM4.92 per share - 3,230,108 shares at option price of RM6.37 per share - 3,545,000 shares at option price of RM5.67 per share	3,470,077,461
30.01.2007	16,102,248	Exercise of share options under PBB ESOS as follows: - 5,228 shares at option price of RM1.64 per share - 68,187 shares at option price of RM3.56 per share - 29,000 shares at option price of RM3.40 per share - 254,031 shares at option price of RM4.60 per share - 60,200 shares at option price of RM4.92 per share - 11,004,802 shares at option price of RM6.37 per share - 4,680,800 shares at option price of RM5.67 per share	3,486,179,709

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: - 16,239 shares at option price of RM3.56 per share - 775 shares at option price of RM3.40 per share - 35,100 shares at option price of RM4.60 per share - 11,000 shares at option price of RM4.92 per share - 1,971,000 shares at option price of RM6.37 per share - 764,500 shares at option price of RM5.67 per share	3,488,978,323
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: - 8,000 shares at option price of RM3.56 per share - 1,000 shares at option price of RM3.40 per share - 48,500 shares at option price of RM4.60 per share - 25,500 shares at option price of RM4.92 per share - 2,387,000 shares at option price of RM6.37 per share - 979,000 shares at option price of RM5.67 per share	3,492,427,323
23.02.2007	118,000	Exercise of share options under PBB ESOS as follows: - 3,500 shares at option price of RM4.60 per share - 49,000 shares at option price of RM6.37 per share - 65,500 shares at option price of RM5.67 per share	3,492,545,323
14.05.2007	5,659,529	Exercise of share options under PBB ESOS as follows: - 22,492 shares at option price of RM1.64 per share - 75,283 shares at option price of RM3.56 per share - 24,350 shares at option price of RM3.40 per share - 185,000 shares at option price of RM4.60 per share - 43,500 shares at option price of RM4.92 per share - 3,516,279 shares at option price of RM6.37 per share - 1,792,625 shares at option price of RM5.67 per share	3,498,204,852
17.05.2007	7,553,346	Exercise of share options under PBB ESOS as follows: - 3,371 shares at option price of RM1.64 per share - 114,070 shares at option price of RM3.56 per share - 31,507 shares at option price of RM3.40 per share - 216,500 shares at option price of RM4.60 per share - 54,300 shares at option price of RM4.92 per share - 4,608,696 shares at option price of RM6.37 per share - 2,524,902 shares at option price of RM5.67 per share	3,505,758,198
30.05.2007	224,369	Exercise of share options under PBB ESOS as follows: - 9,369 shares at option price of RM3.56 per share - 6,500 shares at option price of RM4.60 per share - 2,500 shares at option price of RM4.92 per share - 128,000 shares at option price of RM6.37 per share - 78,000 shares at option price of RM5.67 per share	3,505,982,567

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
04.06.2007	2,962,800	Exercise of share options under PBB ESOS as follows: - 43,000 shares at option price of RM3.56 per share - 1,000 shares at option price of RM3.40 per share - 117,000 shares at option price of RM4.60 per share - 34,000 shares at option price of RM4.92 per share - 1,931,000 shares at option price of RM6.37 per share - 836,800 shares at option price of RM5.67 per share	3,508,945,367
07.06.2007	33,900	Exercise of share options under PBB ESOS as follows: - 400 shares at option price of RM3.56 per share - 1,500 shares at option price of RM4.60 per share - 25,000 shares at option price of RM6.37 per share - 7,000 shares at option price of RM5.67 per share	3,508,979,267
10.07.2007	1,974,411	Exercise of share options under PBB ESOS as follows: - 379 shares at option price of RM1.64 per share - 47,133 shares at option price of RM3.56 per share - 91,000 shares at option price of RM4.60 per share - 15,500 shares at option price of RM4.92 per share - 1,201,900 shares at option price of RM6.37 per share - 618,499 shares at option price of RM5.67 per share	3,510,953,678
17.07.2007	7,444,206	Exercise of share options under PBB ESOS as follows: - 82,283 shares at option price of RM3.56 per share - 19,925 shares at option price of RM3.40 per share - 95,575 shares at option price of RM4.60 per share - 16,100 shares at option price of RM4.92 per share - 6,428,923 shares at option price of RM6.37 per share - 801,400 shares at option price of RM5.67 per share	3,518,397,884
20.07.2007	727,500	Exercise of share options under PBB ESOS as follows: - 3,000 shares at option price of RM3.56 per share - 21,000 shares at option price of RM4.60 per share - 10,000 shares at option price of RM4.92 per share - 512,000 shares at option price of RM6.37 per share - 181,500 shares at option price of RM5.67 per share	3,519,125,384
14.11.2007	6,071,344	Exercise of share options under PBB ESOS as follows: - 727 shares at option price of RM1.64 per share - 68,822 shares at option price of RM3.56 per share - 450 shares at option price of RM3.40 per share - 138,900 shares at option price of RM4.60 per share - 26,000 shares at option price of RM4.92 per share - 4,763,700 shares at option price of RM6.37 per share - 1,072,745 shares at option price of RM5.67 per share	3,525,196,728

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
16.11.2007	1,834,280	Exercise of share options under PBB ESOS as follows: - 32,006 shares at option price of RM3.56 per share - 29,075 shares at option price of RM3.40 per share - 86,969 shares at option price of RM4.60 per share - 16,000 shares at option price of RM4.92 per share - 1,117,231 shares at option price of RM6.37 per share - 552,999 shares at option price of RM5.67 per share	3,527,031,008
26.11.2007	849,375	Exercise of share options under PBB ESOS as follows: - 9,700 shares at option price of RM3.56 per share - 19,075 shares at option price of RM3.40 per share - 38,000 shares at option price of RM4.60 per share - 19,500 shares at option price of RM4.92 per share - 479,800 shares at option price of RM6.37 per share - 283,300 shares at option price of RM5.67 per share	3,527,880,383
17.12.2007	11,000	Exercise of share options under PBB ESOS at option price of RM6.37 per share	3,527,891,383
21.01.2008	701,527	Exercise of share options under PBB ESOS as follows: - 46,600 shares at option price of RM3.56 per share - 125 shares at option price of RM3.40 per share - 19,000 shares at option price of RM4.60 per share - 8,500 shares at option price of RM4.92 per share - 481,302 shares at option price of RM6.37 per share - 146,000 shares at option price of RM5.67 per share	3,528,592,910
05.02.2008	710,476	Exercise of share options under PBB ESOS as follows: - 11,109 shares at option price of RM3.56 per share - 4,700 shares at option price of RM4.60 per share - 8,000 shares at option price of RM4.92 per share - 502,167 shares at option price of RM6.37 per share - 184,500 shares at option price of RM5.67 per share	3,529,303,386
18.02.2008	1,595,474	Exercise of share options under PBB ESOS as follows: - 10,262 shares at option price of RM3.56 per share - 50 shares at option price of RM3.40 per share - 61,862 shares at option price of RM4.60 per share - 10,500 shares at option price of RM4.92 per share - 1,090,800 shares at option price of RM6.37 per share - 422,000 shares at option price of RM5.67 per share	3,530,898,860
21.02.2008	65,000	Exercise of share options under PBB ESOS as follows: - 2,500 shares at option price of RM4.60 per share - 41,500 shares at option price of RM6.37 per share - 21,000 shares at option price of RM5.67 per share	3,530,963,860

Authorised and Issued Share Capital

Issued and Paid-up Share Capital (Cont'd.)

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.03.2008	748,792	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 2,121 shares at option price of RM1.64 per share - 23,221 shares at option price of RM3.56 per share - 4,750 shares at option price of RM3.40 per share - 37,700 shares at option price of RM4.60 per share - 17,500 shares at option price of RM4.92 per share - 462,400 shares at option price of RM6.37 per share - 201,100 shares at option price of RM5.67 per share 	3,531,712,652
12.03.2008	213,182	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 18,982 shares at option price of RM3.56 per share - 11,500 shares at option price of RM4.60 per share - 5,500 shares at option price of RM4.92 per share - 123,000 shares at option price of RM6.37 per share - 54,200 shares at option price of RM5.67 per share 	3,531,925,834

* 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.

SUMMARY OF PROPERTIES OWNED BY PUBLIC BANK GROUP

as at 31 December 2011

Area	No. of Properties		Net Book Value (RM'000)
	Freehold	Leasehold	
Domestic			
PUBLIC BANK BERHAD			
Kuala Lumpur	2	–	258,540
Perak Darul Ridzuan	1	–	265
Sarawak	–	1	21
PUBLIC MUTUAL BERHAD			
Kuala Lumpur	1	1	9,297
Johor Darul Takzim	–	1	831
Pahang Darul Makmur	1	–	1,690
Pulau Pinang	1	–	1,842
Sarawak	–	2	2,554
Selangor Darul Ehsan	1	1	5,819
PUBLIC HOLDINGS SDN BHD			
Kuala Lumpur	5	4	108,162
Johor Darul Takzim	4	–	45,768
Kedah Darul Aman	1	–	1,457
Melaka	–	2	1,262
Pahang Darul Makmur	1	–	96
Perak Darul Ridzuan	3	1	5,201
Pulau Pinang	7	–	5,265
Sabah	–	2	1,950
Sarawak	1	3	4,881
Selangor Darul Ehsan	1	2	43,661
Overseas			
CAMBODIAN PUBLIC BANK PLC			
Phnom Penh	1	–	65,139
PUBLIC FINANCIAL HOLDINGS GROUP			
Hong Kong	–	31	350,696

Note:

The details of the top 10 properties as included in the above summary are disclosed in the following page.

TOP 10 LIST OF PROPERTIES OWNED BY PUBLIC BANK GROUP

as at 31 December 2011

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)
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	-	17 Years	46,436	2-1-1995	258,347
Basement, Ground Floor 1st-12th floor, Flat A & B on 14th Floor, 17th Floor, Flat A on 19th Floor, 21st Floor and Main Roof Public Bank Centre 120 Des Voeux Road Central Hong Kong	A shop unit on ground floor and basement; and office floors of a 23-storey commercial building	Public Bank (HK) Ltd's Main Branch and office	Leasehold 999 Years	831 Years (26-6-2842)	34 Years	5,451	30-5-2006**	100,813
Building No. 23 Street 114 Khan Daun Penh Phnom Penh Cambodia	10 storey building 2½ Basement on lot 23 & 24	Head Office and Phnom Penh Main Branch, Campu Properties Co. Ltd, Campu Securities Plc and Campu Lonpac Insurance	Freehold	-	2 Years	18,149	14-10-2009	65,139
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	Public Financial Holdings Group office; part of office space leased to third parties	Leasehold 150 Years	49 Years (18-2-2060)	29 Years	1,465	2-5-1994 (R)	55,984
Lot 59, Section 57 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia	Vacant land	Public Mutual's future new Head Quarters	Freehold	-	-	5,393	24-4-2006	53,621

Top 10 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 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	-	17 Years	36,222	12-8-1991	42,431
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 a 18-storey commercial building with shops and offices	Public Bank (HK) Ltd. & Public Finance Ltd.'s Mongkok Branch; storeroom of Public Financial Holdings Group; office space leased to third parties	Leasehold 150 Years	39 Years (27-5-2050)	24 Years	2,215	30-6-1994 (R)	37,076
1 Jalan Air Hitam Kawasan Institusi Bandar Baru Bangi 43000 Kajang Selangor Darul Ehsan Malaysia	5 blocks of integrated multi-storey building (L/B)	Public Bank's IT & Training Centre	Leasehold 99 Years	85 Years (2-9-2096)	14 Years	31,669	3-9-1997	36,383
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 Public Financial Holdings Group	Leasehold 999 Years	891 Years (14-8-2902)	44 Years	1,464	11-6-1993	34,316
Wisma Public Bank 300 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	14-storey office building (L/B)	Public Bank's Tiong Nam Branch	Freehold	-	24 Years	10,395	27-8-2003	22,481

Notes:

(L/B) Land and building

(R) Revaluation was performed as at 31 December 2011

** The acquisition date of 30 May 2006 is the date such property was acquired upon acquisition of Public Bank (Hong Kong) Limited by Public Financial Holdings Group

Public Financial Holdings Group hold the land portion of all properties by means of leases, in Hong Kong SAR.

INTERNATIONAL NETWORK



1. Malaysia



2. Cambodia



3. Vietnam



4. Laos



5. Sri Lanka



6. Hong Kong



7. People's Republic of China

GROUP CORPORATE DIRECTORY



PUBLIC BANK

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BRANCH	ADDRESS	TELEPHONE	FAX
FEDERAL TERRITORY			
Bangsar	36 & 38, Jalan Maarof Bangsar, 59100 Kuala Lumpur	03-22828929 03-22828930	03-22828917
Bintang Walk	150, Jalan Bukit Bintang 55100 Kuala Lumpur	03-21427969	03-21421241
Bukit Damansara	36 – 40, Medan Setia 2 Plaza Damansara, Bukit Damansara 50490 Kuala Lumpur	03-20954278 03-20954922	03-20943844 03-20949403
Changkat Thambi Dollah	85, 87 & 89, Changkat Thambi Dollah Off Jalan Pudu, 55100 Kuala Lumpur	03-21454492 03-21454498	03-21415266 03-21454462
Jalan Bukit Bintang	Sun Complex, Jalan Bukit Bintang 55100 Kuala Lumpur	03-21445755 03-21445759	03-21445751
Jalan Hang Lekiu	20 – 26, Jalan Hang Lekiu 50100 Kuala Lumpur	03-20781115 03-20787077	03-20726155
Jalan Ipoh	Wisma Yap Ka, 480, 3rd Mile, Jalan Ipoh 51200 Kuala Lumpur	03-40427487 03-40427488	03-40420032
Jalan Kelang Lama	3045 – 3051, Batu 4½ Jalan Kelang Lama, 58000 Kuala Lumpur	03-79811211 03-79811212	03-79816939
Jalan Kuchai Lama	44, 46, 48 & 50, Jalan 6/116B Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur	03-79804377 03-79804575 03-79804683	03-79843411
Jalan Pasar	44 & 46, Jalan Pasar 55100 Kuala Lumpur	03-21429110 03-21429144 03-21429160	03-21429916
Jalan Raja Chulan	Ground Floor, Wisma Lim Foo Yong 86, Jalan Raja Chulan, 50200 Kuala Lumpur	03-21418255 03-21418366	03-21422893 03-21487721
Jalan Raja Laut	Lot G3 & 1A.2, Bangunan KWSP 5, Jalan Raja Laut, 50350 Kuala Lumpur	03-26930722	03-26914624

Group Corporate Directory

BRANCH	ADDRESS	TELEPHONE	FAX
FEDERAL TERRITORY (Cont'd.)			
Jalan Sultan Sulaiman	Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur	03-20702711	03-22732101 03-22722145
Jalan Sungei Besi	12, Jalan Sungei Besi 57100 Kuala Lumpur	03-92214771 03-92215655	03-92212968
Jalan Tun H.S. Lee	Lot G.01, Plaza First Nationwide 161, Jalan Tun H.S. Lee 50000 Kuala Lumpur	03-20702121 03-20702234	03-20702250
Jalan Tun Sambanthan	68, Jalan Tun Sambanthan 50470 Brickfields, Kuala Lumpur	03-22725930 03-22736494	03-22736513
Jinjang	3476 & 3477, Garden Street Jinjang Utara, 52000 Kuala Lumpur	03-62523355 03-62523356	03-62522422
Kepong	147, 149, 151 & 153 Jalan Rimbulan Raya 1, Laman Rimbulan Kepong, 52100 Kuala Lumpur	03-62570032 03-62574690	03-62516611 03-62519386
KL City Main Office	Ground Floor, Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur	03-21638866 03-21767888	03-21639901
Medan Idaman	Medan Idaman Business Centre 4 & 6, Jalan 2/21D Batu 5, Jalan Gombak 53000 Kuala Lumpur	03-40234467 03-40234478	03-40234497
Mont' Kiara	1 & 3, Jalan Solaris 1, Solaris Mont' Kiara 50480 Kuala Lumpur	03-62036363	03-62037878 03-62036619
Overseas Union Garden	3 & 5, Medan Hujan Rahmat Taman Overseas Union 58200 Kuala Lumpur	03-77856409 03-77856410	03-77856412
Pandan Indah	1, 3 & 5, Jalan Pandan Indah 1/23 Pandan Indah, 55100 Kuala Lumpur	03-92747494 03-92742495	03-92746497
Pandan Jaya	44, Jalan Pandan 2/2 Pandan Jaya, 55100 Kuala Lumpur	03-92812199 03-92863149	03-92812206
Salak South	Ground Floor, 31 & 33, Jalan 3/108C Taman Sungai Besi, Salak South 57100 Kuala Lumpur	03-79802921 03-79805190	03-79805230
Segambut	73, 75 & 77, Jalan Segambut Pusat 51200 Kuala Lumpur	03-62527052 03-62527054	03-62526620 03-62527057

BRANCH	ADDRESS	TELEPHONE	FAX
FEDERAL TERRITORY (Cont'd.)			
Selayang	45, 47 & 49, Jalan 2/3A Pusat Bandar Utara Selayang 68100 Batu Caves, Kuala Lumpur	03-61205099 03-61368644 03-61368645	03-61368651 03-61383723
Sentul	36, 38 & 40, Jalan 14/48A Sentul Raya Off Jalan Sentul 51000 Kuala Lumpur	03-40421509 03-40421811	03-40421822
Seri Petaling	40 – 44, Jalan Radin Tengah Bandar Baru Seri Petaling 57000 Kuala Lumpur	03-90585711 03-90585712	03-90570415 03-90582026
Setapak	263, 265, 267 & 269 Jalan Genting Kelang, Setapak 53300 Kuala Lumpur	03-40219341 03-40219343	03-40219351
Taman Cheras	1, 3 & 5, Jalan 4/96A Taman Cheras Makmur 56100 Kuala Lumpur	03-91307840 03-91314182 03-91314367	03-91304586
Taman Connaught	80 & 82, Jalan Cerdas, Taman Connaught Cheras, 56000 Kuala Lumpur	03-91023649 03-91017152	03-91023645
Taman Desa	Lot 1A – 3A, Business Centre Taman Desa, Off Jalan Kelang Lama 58100 Kuala Lumpur	03-79837811 03-79837812	03-79818069 03-79803736
Taman Maluri	275 & 277, Jalan Mahkota Taman Maluri, Cheras, 55100 Kuala Lumpur	03-92857203 03-92859994	03-92856811
Taman Melawati	262 – 265, Jalan Bandar 12 Taman Melawati, 53100 Kuala Lumpur	03-41052003 03-41052004	03-41052009
Taman Midah	2, Jalan Midah 3, Taman Midah, Cheras 56000 Kuala Lumpur	03-91300234 03-91300533	03-91309226
Taman Tun Dr. Ismail	66, 68 & 70, Jalan Burhanuddin Helmi Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-77294672 03-77299440	03-77298754 03-77223719
Tiong Nam	Wisma Public Bank, 300, Jalan Raja Laut 50350 Kuala Lumpur	03-26939526 03-26939528 03-26939555	03-26914673
Wangsa Maju	22 – 26, Jalan 1A/27A, Section 1 Wangsa Maju, 53300 Kuala Lumpur	03-41428577 03-41428579	03-41429281
FEDERAL TERRITORY – PUTRAJAYA			
Putrajaya	66, Jalan Diplomatik, Presint 15 62050 Putrajaya	03-88887878	03-88811366

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BRANCH	ADDRESS	TELEPHONE	FAX
FEDERAL TERRITORY – LABUAN			
Labuan	Lucas Kong Building, 5, Jalan Merdeka 87007 Wilayah Persekutuan, Labuan	087-414201 087-414278	087-412388
SELANGOR			
Ampang	Wisma Saudagar, 420, Batu 5 Jalan Ampang, 68000 Ampang, Selangor	03-42562333 03-42562636	03-42578964
Bandar Bukit Tinggi	69 & 71, Jalan Batu Nilam 1 Bandar Bukit Tinggi 41200 Klang, Selangor	03-33231661 03-33236006 03-33236996	03-33237700 03-33237117
Bandar Puchong Jaya	9 & 10, Jalan Kenari 1, Bandar Puchong Jaya 47100 Puchong, Selangor	03-58821888 03-58821889	03-58821299 03-80766093
Bandar Puteri Puchong	1 & 3, Jalan Puteri 2/3, Bandar Puteri 47100 Puchong, Selangor	03-80627799 03-80628899	03-80627788
Bandar Sri Damansara	6, Jalan Tembaga SD5/2A Bandar Sri Damansara 52200 Kuala Lumpur	03-62725694 03-62725741 03-62725742	03-62725767 03-62747185
Bandar Sunway	48 & 50, Jalan PJS 11/28A, Bandar Sunway 46150 Petaling Jaya, Selangor	03-56364138 03-56362256	03-56316264 03-56363556
Banting	5, 7 & 9, Jalan Sultan Abdul Samad 42700 Banting, Selangor	03-31872466 03-31875992 03-31878587	03-31872488 03-31872708
Batang Kali	3, 4 & 5, Jalan CKC 1 Bandar Baru Batang Kali 44300 Ulu Selangor, Selangor	03-60571200 03-60572401 03-60572402	03-60572277 03-60572405
Bukit Beruntung	23 & 25, Jalan Melati 2B, Seksyen BB11 Bandar Bukit Beruntung 48300 Rawang, Selangor	03-60282168 03-60282170	03-60282173
Damansara Jaya	1, 3 & 5, Jalan SS 22/23, Damansara Jaya 47400 Petaling Jaya, Selangor	03-77298588	03-77288125
Damansara Utama	49, 51 & 53, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya, Selangor	03-77289376 03-77289406	03-77278064
Jalan Tapah	62, 64 & 66, Jalan Tapah Off Jalan Goh Hock Huat 41400 Klang, Selangor	03-33414889 03-33419036 03-33419037	03-33411353 03-33417455
Kapar	252, 252A & 256, Jalan Besar 42200 Kapar, Selangor	03-32500916 03-32500917 03-32502799	03-32500915

BRANCH	ADDRESS	TELEPHONE	FAX
SELANGOR (Cont'd.)			
Kajang	14, 15 & 16, Jalan Raja Haroun 43000 Kajang, Selangor	03-87335752 03-87368891 03-87368894	03-87365369 03-87367278
Kampung Baru Subang	34 – 36, Jalan Lebuh Besar Kampung Baru Subang 40150 Shah Alam, Selangor	03-78468986 03-78468012	03-78458713 03-78463351
Kelana Jaya	F-07, F-08 & F-09, Jalan SS 6/5B Dataran Glomac, Pusat Bandar Kelana Jaya 47301 Petaling Jaya, Selangor	03-78031267 03-78034928 03-78034981	03-78032478
Klang	28 – 34, Persiaran Sultan Ibrahim 41300 Klang, Selangor	03-33423567 03-33424048	03-33423566 03-33453825
Kota Damansara	A-1, A-2 & A-3, Sunway Giza Wall Jalan PJU 5/14, Dataran Sunway Kota Damansara 47810 Petaling Jaya, Selangor	03-61483766	03-61481677 03-61482677
Kuala Selangor	1 & 3, Jalan Raja Lumu 45000 Kuala Selangor, Selangor	03-32894193 03-32894194 03-32894195	03-32894133
Pandamaran	306, Jalan Besar, Pandamaran 42000 Port Klang, Selangor	03-31672830 03-31672831	03-31675440
Petaling Jaya New Town	1, 3 & 5, Jalan 52/2 46200 Petaling Jaya, Selangor	03-79570007 03-79570211	03-79579601
Petaling Jaya Old Town	N19 & O19, Jalan Pasar, Off Jalan Othman 46000 Petaling Jaya, Selangor	03-77835785 03-77836566	03-77836562
Port Klang	82, Lebuh Beringin, Off Jalan Berangan 42000 Port Klang, Selangor	03-31674550 03-31674668	03-31685510
Rawang	45, Jalan 1B, Batu 17, Taman Jati 48000 Rawang, Selangor	03-60924934 03-60924936 03-60924937	03-60917424 03-60924935
Sabak Bernam	2180 & 2181, Jalan Menteri 45200 Sabak Bernam, Selangor	03-32162500 03-32162805	03-32162809
SEA Park	8 & 10, Jalan 21/12, Sea Park 46300 Petaling Jaya, Selangor	03-78738931 03-78738932	03-78744798 03-78772086
Section 14	12, 14 & 16, Jalan 14/14 46100 Petaling Jaya, Selangor	03-79582585 03-79582586	03-79582593
Sekinchan	102, Jalan Sabak Bernam 45400 Sekinchan, Selangor	03-32411263 03-32411264	03-32411644
Semenyih	22B & 23, Jalan Besar 43500 Semenyih, Selangor	03-87238811 03-87238812	03-87237455

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BRANCH	ADDRESS	TELEPHONE	FAX
SELANGOR (Cont'd.)			
Seri Gombak	19, 21 & 23, Jalan SG 1/6 Taman Seri Gombak 68100 Batu Caves, Selangor	03-61886712 03-61889611	03-61852979 03-61886236
Seri Kembangan	1, Jalan Perusahaan 2 43300 Seri Kembangan, Selangor	03-89392000	03-89392110 03-89392120
Seri Setia	B01 & G01, Plaza Seri Setia, 1, Jalan SS9A/2 47300 Petaling Jaya, Selangor	03-78741944 03-78741966	03-78769411
Shah Alam	2, 4 & 6, Jalan Pahat G15/G Kompleks Otomobil, Persiaran Selangor Section 15, 40200 Shah Alam, Selangor	03-55100567 03-55101313 03-55101323	03-55101288
SS 2	61-1, 61-2 & 61-3, Jalan SS 2/75 47300 Petaling Jaya, Selangor	03-78740436 03-78741911 03-78741933	03-78741491
Subang Jaya	B1 – B4, Jalan SS 15/4D, Subang Jaya 47500 Petaling Jaya, Selangor	03-56332420 03-56332421	03-56347713
Sungai Buloh	Lot 403 & 404, Jalan 1A/1 Bandar Baru Sungai Buloh 47000 Sungai Buloh, Selangor	03-61561983 03-61562056 03-61562083	03-61562138 03-61568176
Sungai Chua	1 & 3, Jalan M/J 2, Taman Majlis Jaya Jalan Sungai Chua, 43000 Kajang, Selangor	03-87370228	03-87345570
Sungai Jarom	S11 – 12, Jalan Rajawali 42600 Sungai Jarom, Selangor	03-31912031 03-31912032	03-31912080
Sungai Pelek	24-C, Jalan Besar 43950 Sungai Pelek, Selangor	03-31411236 03-31411237	03-31411233
Taman Chi Liung	22, 24, 26 & 28, Lintang Menalu Taman Chi Liung, 41200 Klang, Selangor	03-33718482 03-33718899	03-33720319 03-33733394
Taman Indah	23, Jalan Kasturi 1, Plaza Kasturi Off Jalan Balakong, Batu 11 43200 Cheras, Selangor	03-90755202 03-90755211	03-90755769
Taman Mayang	21 & 23, Jalan SS 25/23, Taman Plaza 47301 Petaling Jaya, Selangor	03-78039247 03-78030124 03-78030151	03-78039447
Taman Muda	1 & 3, Jalan Bunga Tanjung 6A Taman Muda, 68000 Ampang Selangor	03-42961806 03-42969506 03-42979335	03-42961810
Taman Sentosa Klang	2 & 4, Jalan Dato' Yusof Shahbuddin 30 Taman Sentosa, 41200 Klang, Selangor	03-51613369	03-51613524

BRANCH	ADDRESS	TELEPHONE	FAX
SELANGOR (Cont'd.)			
Taman Sri Muda	2, Jalan Sepadu B25/B Taman Perindustrian Axis, Section 25 40400 Shah Alam, Selangor	03-51216394 03-51216395	03-51216372
Taman Taming Jaya	2-1-G, 2-1-1 & 2-1-2 Wisma Pauson, Jalan Taming Kanan 1 Taman Taming Jaya 43300 Balakong, Selangor	03-89614980 03-89614984 03-89614990	03-89610837 03-89614985
USJ	3, 5 & 7, Jalan USJ 10/1F 47620 UEP Subang Jaya, Selangor	03-56310776 03-56350617	03-56329196
JOHOR			
Bandar Baru Permas Jaya	17 & 19, Jalan Permas 10/1 Bandar Baru Permas Jaya 81750 Masai, Johor	07-3883252 07-3883253 07-3883254	07-3883259
Batu Pahat	116, 117 & 118 Jalan Chengal, Taman Makmur 83000 Batu Pahat, Johor	07-4320798 07-4332460 07-4344633	07-4319120 07-4320809 07-4332796
Bukit Pasir	36-2 & 36-3, Taman Bahagia Jalan Panchor 84300 Bukit Pasir, Muar, Johor	06-9856878 06-9857261 06-9859926	06-9856811
Chaah	3 & 5, Jalan Yong Peng Taman Sri Chaah 85400 Chaah, Johor	07-9262001 07-9262002	07-9262008
Endau	811 & 812, Jalan Aman Taman Bahagia, 86900 Endau, Johor	07-7944051 07-7944155	07-7944086
Jalan Abdullah	74, 76 & 78, Jalan Abdullah 84000 Muar, Johor	06-9518753 06-9518760	06-9519550 06-9533659
Johor Bahru	Level 1 & 12, Public Bank Tower 19, Jalan Wong Ah Fook 80000 Johor Bahru, Johor	07-2186888	07-2221988 07-2186877 07-2223813
Kahang	11 & 12, Jalan Parang 1, Taman Sri Kahang 86700 Kahang, Johor	07-7882294 07-7882295	07-7882297
Kluang	3A, 3B & 3C, Jalan Dato' Teoh Siew Khor 86000 Kluang, Johor	07-7735112 07-7735113	07-7735117 07-7727640
Kota Tinggi	10A, 10B & 10C, Jalan Tun Habab 81900 Kota Tinggi, Johor	07-8834192 07-8834195	07-8834190 07-8834852
Kulai	42-1, 42-2 & 42-3, Jalan Raya Kulai Besar, 81000 Kulai, Johor	07-6634166 07-6634167	07-6635761
Masai	1 & 3, Jalan Suria 3 Bandar Seri Alam, 81750 Masai, Johor	07-2522498 07-2522500	07-2511795

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JOHOR (Cont'd.)			
Mersing	21 & 22, Jalan Sulaiman 86800 Mersing, Johor	07-7992695 07-7992697	07-7992530 07-7993912
Muar	47, 48, 49 & 50 Jalan Sayang, 84000 Muar, Johor	06-9517505 06-9517520	06-9523033
Parit Raja	11 & 12, Jalan Kristal, Taman Kristal 2 86400 Parit Raja, Batu Pahat, Johor	07-4542855 07-4542857 07-4542859	07-4542844
Pekan Nenas	SH9 & SH10, Main Road 81500 Pekan Nenas, Johor	07-6995352 07-6995594	07-6995351
Pontian Kecil	761 & 762, Jalan Taib 82000 Pontian, Johor	07-6879601 07-6879602	07-6876144 07-6877844 07-6878424
Segamat	62H & 62I, Jalan Genuang 85000 Segamat, Johor	07-9313900 07-9313930	07-9310854
Simpang Renggam	17 & 19, Jalan Bintang Ria 1 Taman Bintang Ria 86200 Simpang Renggam, Johor	07-7550510 07-7550511 07-7550512	07-7550513
Skudai	2 & 4, Jalan Nakhoda 12 Taman Ungku Tun Aminah 81300 Skudai, Johor	07-5570007 07-5570008	07-5560303
Tangkak	125, Jalan Muar, 84900 Tangkak Johor	06-9782123 06-9782124	06-9783733
Taman Desa Cemerlang	2, 4 & 6, Jalan Johar 2 Taman Desa Cemerlang 81800 Ulu Tiram, Johor	07-8616450	07-8616884 07-8618934
Taman Johor Jaya	29, 31, 33 & 35, Jalan Rosmerah 2/10 Taman Johor Jaya 81100 Johor Bahru, Johor	07-3546755 07-3550095	07-3547113 07-3550512
Taman Munsyi Ibrahim	48 & 50, Jalan Dian 8 Taman Munsyi Ibrahim 81200 Johor Bahru, Johor	07-2346820 07-2346821	07-2346790
Taman Perling	31, 33 & 35, Jalan Persisiran Perling Taman Perling, 81200 Johor Bahru, Johor	07-2344608 07-2344919	07-2345850
Taman Sentosa	G1 & G2, Wisma Daiman 64, Jalan Sulam, Taman Sentosa 80150 Johor Bahru, Johor	07-3312266 07-3316521	07-3312666
Tampoi	14 & 16, Jalan Sri Bahagia 10 Taman Sri Bahagia, Off Jalan Tampoi 81200 Johor Bahru, Johor	07-2377184 07-2377519	07-2378042
Ulu Tiram	8, 9 & 10, Jalan Raya, Taman Tiram Baru 81800 Ulu Tiram, Johor	07-8613291 07-8613292	07-8612666 07-8633785

BRANCH	ADDRESS	TELEPHONE	FAX
PULAU PINANG			
Bandar Baru Air Itam	54, 56 & 58, Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang	04-8284088 04-8286088	04-8280678
Bagan Ajam	6862 – 6864, Jalan Bagan Jermal Bagan Ajam, 13000 Butterworth Pulau Pinang	04-3317822 04-3317823	04-3312248
Bandar Bayan Baru	5, 7, 9 & 11, Lorong Kampung Jawa Bandar Bayan Baru 11900 Bayan Lepas, Pulau Pinang	04-6438200 04-6438390	04-6441877
Bandar Seberang Jaya	11, Jalan Todak 2 Pusatbandar Bandar Seberang Jaya 13700 Seberang Jaya, Pulau Pinang	04-3971096 04-3971105	04-3905439 04-3971107
Bukit Mertajam	2644 – 2648, Jalan Che Bee Noor 14000 Bukit Mertajam, Pulau Pinang	04-5392205 04-5392207	04-5392164
Butterworth	85, 87 & 89, Jalan Selat, Taman Selat 12000 Butterworth, Pulau Pinang	04-3329837 04-3329839	04-3230349 04-3329836
Jalan Air Itam	27A-G-1, 27B-G-1 & 27C-G-1 Jalan Air Itam, 11500 Air Itam, Pulau Pinang	04-8288591 04-8288595	04-8288537
Jalan Datuk Keramat	Ground & 1st Floor 456, Jalan Datuk Keramat 10460 Pulau Pinang	04-2264571 04-2281045 04-2292459	04-2291978
Jalan Macalister	104, 104A & 104B, Jalan Macalister 10400 Pulau Pinang	04-2276842 04-2276843	04-2276850
Jalan Raja Uda	Ground & 1st Floor, 7320 – 7322 Jalan Raja Uda 12300 Butterworth, Pulau Pinang	04-3245297 04-3245298	04-3245301 04-3245303
Jelutong	407-A & 409-A, Jalan Jelutong 11600 Jelutong, Pulau Pinang	04-2813227 04-2825230	04-2825232
Kepala Batas	21 & 23, Jalan Bertam 13200 Kepala Batas Seberang Perai Utara, Pulau Pinang	04-5759085 04-5759086	04-5759088
Lebuh Macallum	Harbour Trade Centre, 2-1-20 & 2-1-30 2, Gat Lebuh Macallum 10300 Pulau Pinang	04-2628442 04-2627732	04-2630057
Nibong Tebal	3619 – 3620, Jalan Che Ahmad 14300 Nibong Tebal Seberang Perai Selatan, Pulau Pinang	04-5932216 04-5931433	04-5931590

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BRANCH	ADDRESS	TELEPHONE	FAX
PULAU PINANG (Cont'd.)			
Prai	2684 & 2685, Jalan Chain Ferry Taman Inderawasih, 13600 Prai Pulau Pinang	04-3901241 04-3901246	04-3902394
Pulau Pinang	87, Lebuh Bishop 10200 Pulau Pinang	04-2613415 04-2616755	04-2617417
Pulau Tikus	Ground & 1st Floor 58, Jalan Cantonment, Pulau Tikus 10250 Pulau Pinang	04-2286017 04-2286018 04-2286019	04-2287075
Relau	1 & 3, Jalan Relau 11900 Pulau Pinang	04-6443112 04-6443102	04-6443128
Simpang Ampat	19, 21 & 23, Jalan Keruing Kawasan Perniagaan Simpang Ampat 14100 Seberang Perai Selatan Pulau Pinang	04-5886744 04-5887000	04-5882434 04-5888080
Sungai Nibong	33, 35 & 37, Jalan Pantai Jerjak 13 Sungai Nibong, 11900 Pulau Pinang	04-6586000	04-6576212
Taman Bandar Raya	15 – 18, Lorong Sepakat Satu Taman Bandar Raya 14000 Bukit Mertajam, Pulau Pinang	04-5300288 04-5301951 04-5306327	04-5306195 04-5377288
MELAKA			
Air Keroh	26 & 27, Lorong Setia Satu Air Keroh Heights, 75450 Melaka	06-2327208 06-2327209	06-2327205
Batu Berendam	1, 3 & 5, Jalan Mutiara Melaka 4 Taman Mutiara Melaka, Batu Berendam 75350 Melaka	06-3176200 06-3176204 06-3176205	06-3170513
Masjid Tanah	Lot 367 & 368, Kompleks Perniagaan 78300 Masjid Tanah, Melaka	06-3847712 06-3847713	06-3845032 06-3847717
Melaka	60 – 68, Jalan Laksamana 75000 Melaka	06-2830233	06-2844552
Taman Malim Jaya	6 & 8, Jalan Suria 2 Taman Malim Jaya, 75250 Melaka	06-3346397 06-3346404	06-3346412
Taman Melaka Raya	566, 567 & 568, Jalan Merdeka Taman Melaka Raya, 75000 Melaka	06-2817527 06-2817528	06-2818806
Tengkera	300, 300A, 300B & 300-1 Jalan Ong Kim Wee, 75300 Melaka	06-2832052 06-2832054 06-2832072	06-2832159

BRANCH	ADDRESS	TELEPHONE	FAX
NEGERI SEMBILAN			
Bahau	120 & 121, Jalan Gurney 72100 Bahau, Negeri Sembilan	06-4544102 06-4544103	06-4545270
Gemas	12, Jalan Mahkamah 73400 Gemas, Negeri Sembilan	07-9481770 07-9481780	07-9481110
Kuala Pilah	564, Jalan Perpateh 72000 Kuala Pilah, Negeri Sembilan	06-4812277 06-4812299	06-4815544
Kuala Kelawang	128A & 128B, Jalan Syed Ali 71600 Kuala Kelawang, Jelebu Negeri Sembilan	06-6136925 06-6136926	06-6137110
Nilai	168 – 170, Jalan Besar 71800 Nilai, Negeri Sembilan	06-7991066 06-7991067	06-7991337
Port Dickson	866 & 867, Jalan Pantai 71000 Port Dickson, Negeri Sembilan	06-6472942 06-6472943	06-6474709 06-6474831
Rasah	1281 – 1284, Jalan Rasah 70300 Seremban, Negeri Sembilan	06-7620623 06-7628289	06-7616671 06-7637622
Seremban	44 – 46, Jalan Dato' Lee Fong Yee 70000 Seremban, Negeri Sembilan	06-7630661 06-7630662	06-7634500
Tampin	4707 & 4708, Jalan Besar 73000 Tampin, Negeri Sembilan	06-4412511 06-4412512	06-4414814
PERAK			
Ayer Tawar	139 & 141, Jalan Besar 32400 Ayer Tawar, Perak	05-6726399 05-6726400	05-6726402
Bagan Serai	244 & 244A, Jalan Besar 34300 Bagan Serai, Perak	05-7212842 05-7212843	05-7212845
Bidor	62D – 62E, Jalan Besar 35500 Bidor, Perak	05-4341257 05-4341258	05-4341241
Bercham	4, 6, 8 & 10, Persiaran Bercham Selatan 2 Taman Desa Kencana 31400 Ipoh, Perak	05-5468140 05-5483888	05-5473888 05-5480333
Chemor	12 – 16, Laluan Chemor Sinaran Desa Chemor Sinaran 31200 Chemor, Perak	05-2011124 05-2011125	05-2011573
Gunung Rapat	296 & 298, Jalan Raja Dr. Nazrin Shah Gunung Rapat, 31350 Ipoh, Perak	05-3131646 05-3131649 05-3113144	05-3132023

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BRANCH	ADDRESS	TELEPHONE	FAX
PERAK (Cont'd.)			
Ipoh Garden	133, 133A – D, Jalan Dato' Lau Pak Khuan 31400 Ipoh, Perak	05-5480951 05-5480952	05-5480958
Ipoh Main Office	7 – 13, Jalan Dato' Maharajalela 30000 Ipoh, Perak	05-2530115 05-2531034	05-2535505
Jalan Pasir Putih	135, 137 & 139, Jalan Pengkalan Barat Off Jalan Pasir Putih, 31650 Ipoh, Perak	05-3219892 05-3222453	05-3225714
Jalan Sultan Idris Shah	76, Jalan Sultan Idris Shah 30000 Ipoh, Perak	05-2551068 05-2551069	05-2556555
Jalan Yang Kalsom	46 – 54, Jalan Yang Kalsom 30250 Ipoh, Perak	05-2531514 05-2531998	05-2535528 05-2558430
Jelapang	291, 293 & 295, Jalan Silibin 30100 Ipoh, Perak	05-5264014 05-5264015	05-5264485
Kampar	3 & 4, Jalan Balai 31900 Kampar, Perak	05-4651044 05-4652160	05-4651400
Kamunting	27 – 29, Regat Kamunting Off Jalan Kamunting 34600 Kamunting, Perak	05-8081110 05-8081112	05-8079363
Kuala Kangsar	12, Jalan Daeng Selili 33000 Kuala Kangsar, Perak	05-7769894 05-7769895	05-7769892
Menglembu	67 – 73, Jalan Besar 31450 Menglembu, Perak	05-2811014 05-2814978	05-2815015 05-2815580
Parit Buntar	135 & 137, Jalan Taiping 34200 Parit Buntar, Perak	05-7160078 05-7160079 05-7160080	05-7160077
Pantai Remis	66 – 70, Jalan Damar Laut 34900 Pantai Remis, Perak	05-6771251 05-6771252	05-6771495
Pusing	293 – 295, Jalan Besar 31550 Pusing, Perak	05-2883942 05-2884077 05-2884078	05-2883975
Seri Manjung	393, 393A & 395, Jalan Samudera 2 Taman Samudera 32040 Seri Manjung, Perak	05-6882927 05-6882987 05-6885771	05-6881059 05-6884952
Simpang Pulai	39 & 41, Persiaran Sengat Baru 2 Taman Bersatu 31300 Simpang Pulai, Ipoh, Perak	05-3575360 05-3575361 05-3575362	05-3575043 05-3575358
Sitiawan	Lot 166 – 168, Jalan Raja Omar 32000 Sitiawan, Perak	05-6913526 05-6913527	05-6917198 05-6926875

BRANCH	ADDRESS	TELEPHONE	FAX
PERAK (Cont'd.)			
Sungai Siput	161 & 162, Jalan Besar 31100 Sungai Siput, Perak	05-5984114 05-5986116	05-5986081
Taiping	29 – 35, Jalan Kota 34000 Taiping, Perak	05-8085070 05-8085071	05-8057145 05-8077362
Tanjong Malim	Lot 336 – 337, Jalan Chong Ah Peng 35900 Tanjong Malim, Perak	05-4597602 05-4597603	05-4597605
Tanjong Piandang	12 & 14, Jalan Piandang 1 Taman Piandang Indah 34250 Tanjong Piandang, Perak	05-7255327 05-7257941 05-7257942	05-7257943
Teluk Intan	Wisma Boltex, Jalan Pasar 36000 Teluk Intan, Perak	05-6212325 05-6223282	05-6215518
KEDAH			
Alor Setar	1070 & 1071, Jalan Telok Wanjah 05200 Alor Setar, Kedah	04-7315411 04-7315412	04-7315778
Changlun	73, Jalan Sintok Pekan Baru, 06010 Changlun, Kedah	04-9241457 04-9241085	04-9241870
Gurun	39 – 41, Jalan Raya 08300 Gurun, Kedah	04-4686143 04-4686325	04-4687024
Jalan Kota	1557, Jalan Kota 05000 Alor Setar, Kedah	04-7310559 04-7311384	04-7317716
Jitra	9 & 10, Kompleks Jitra 06000 Jitra, Kedah	04-9174926 04-9174927	04-9174931
Kuala Ketil	45 & 46, Jalan Putra, Taman Tanjung Peteri 09300 Kuala Ketil, Kedah	04-4163278 04-4163318	04-4163103
Kulim	2, Jalan Tunku Putra 09000 Kulim, Kedah	04-4901090 04-4901096	04-4905105 04-4907502
Pokok Sena	A-01, Jalan Semarak 1 Taman Bandar Baru 06400 Pokok Sena, Kedah	04-7822000 04-7822008 04-7825872	04-7821019
Pulau Langkawi	23, 25 & 27, Jalan Pandak Mayah 4 Pusat Bandar Kuah 07000 Pulau Langkawi, Kedah	04-9667372 04-9667373	04-9667435
Sik	443 & 444, Jalan Tunku Ibrahim 08200 Sik, Kedah	04-4695691 04-4695764	04-4695664
Sungai Petani	83A-D, 84A-D & 85A-D Jalan Pengkalan, Susur Kiri Taman Pekan Baru 08000 Sungai Petani, Kedah	04-4217622 04-4217623 04-4217624	04-4211979 04-4213393

Group Corporate Directory

BRANCH	ADDRESS	TELEPHONE	FAX
PERLIS			
Kangar	9, Jalan Raja Syed Alwi, P.O.Box 43 01000 Kangar, Perlis	04-9763311 04-9763432	04-9760503
PAHANG			
Benta	21 & 22, Rumah Kedai LKNP 27300 Benta, Pahang	09-3238621 09-3238622	09-3238614
Bentong	25 – 27, Jalan Chui Yin 28700 Bentong, Pahang	09-2225653 09-2225659	09-2225663
Bureau de Change Resorts Hotel, Genting Highlands	7th Floor, Resorts Hotel Genting Highlands Resorts 69000 Genting Highlands, Pahang	03-61011237	03-61011257
Brinchang	MDCH 41 – 43, Bandar Baru Brinchang 39100 Brinchang, Cameron Highlands Pahang	05-4911590 05-4912682	05-4911508
Genting Highlands	Lot F/L 1.2, First World Hotel Genting Highlands Resort 69000 Genting Highlands, Pahang	03-64360088 03-64360145	03-64360099
Jalan Beserah	A379/1 – A379/4 Jalan Beserah, 25300 Kuantan, Pahang	09-5678461 09-5688088	09-5669272 09-5686366
Jerantut	1 & 2, Jalan Inderapura Bandar Inderapura 27000 Jerantut, Pahang	09-2661917 09-2661972 09-2662351	09-2661875 09-2671193
Kemayan	Ground Floor, 30 & 32 Jalan Besar, 28380 Kemayan, Pahang	09-2409824 09-2409866	09-2409825
Kuala Lipis	5G & 5H, Jalan Pekeliling 27200 Kuala Lipis, Pahang	09-3122077	09-3123588
Kuantan	79 – 85, Jalan Haji Abdul Aziz 25000 Kuantan, Pahang	09-5178288 09-5179822	09-5161519
Mentakab	16 – 18, Jalan Bunga Matahari 28400 Mentakab, Pahang	09-2775800 09-2775801	09-2773011
Raub	18 & 19, Bandar Raub Perdana Jalan Lipis, 27600 Raub, Pahang	09-3553471 09-3553502	09-3554918
Temerloh	10, 11 & 12, Jalan Ahmad Shah Bandar Sri Semantan 28000 Temerloh, Pahang	09-2965652 09-2965653 09-2965662	09-2965643 09-2965714
Triang	38 & 39, Jalan Temerloh 28300 Triang, Pahang	09-2553480 09-2553481	09-2553486

BRANCH	ADDRESS	TELEPHONE	FAX
TERENGGANU			
Chukai	KCP 1, Kemaman Centre Point 24000 Kemaman, Terengganu	09-8595962 09-8594069	09-8594943
Kuala Dungun	K-156 & K-157, Jalan Paka, Batu 48 23000 Kuala Dungun, Terengganu	09-8482511	09-8484549
Kuala Terengganu	1849, Bangunan Wisma Maju Jalan Sultan Ismail 20200 Kuala Terengganu, Terengganu	09-6226016 09-6226122 09-6226998	09-6220655 09-6233409
KELANTAN			
Gua Musang	Ground & 1st Floor, 42, Jalan Besar 18300 Gua Musang, Kelantan	09-9122600	09-9122603
Kota Bharu	PT Nos. 272, 282, 283, 284 & 285 Jalan Kebun Sultan 15300 Kota Bharu, Kelantan	09-7447143 09-7446944	09-7482110
Kuala Krai	91 & 92, Jalan Chin Hua 18000 Kuala Krai, Kelantan	09-9664028 09-9664027	09-9664042
Tanah Merah	443 – 445, Jalan Dato' Nik Mustapha 17500 Tanah Merah, Kelantan	09-9556139 09-9556244	09-9556944
Wakaf Siku	6, 7, 8 & 9, Wakaf Siku Jalan Sultan Yahya Petra 15200 Kota Bharu, Kelantan	09-7470111	09-7461177 09-7477676
SABAH			
Beaufort	Lot 6 & 7, Lo Chung Park 89808 Beaufort, Sabah	087-214844 087-214869	087-214839
City Parade	Lot No. 1-0-M45-M51, 1 Jalan Centre Point City Parade Centre Point Sabah 88000 Kota Kinabalu, P.O. Box 13026 88833 Kota Kinabalu, Sabah	088-251812 088-251813 088-258812	088-251816
Donggongan	Lot A-5 & A-6, Donggongan New Township Jalan Tapikong, 89500 Penampang, Sabah	088-722780 088-723780	088-727780
Inanam	Lot No. 1, 2 & 3, Block C, K.K. Taipan Inanam New Township, Jalan Tuaran 88450 Kota Kinabalu, Sabah	088-429112 088-429113 088-429114	088-429987
Jalan Apas	TB 1280 & TB 1281, Bintang Garden Mile 3, Jalan Apas 91000 Tawau, Sabah	089-913262	089-913936 089-913693
Jalan Pantai	39, Jalan Pantai 88000 Kota Kinabalu, Sabah	088-236800	088-238863
Keningau	1 & 2, Block A, Keningau Plaza 89000 Keningau, Sabah	087-335841 087-335846	087-335842

Group Corporate Directory

BRANCH	ADDRESS	TELEPHONE	FAX
SABAH (Cont'd.)			
Kota Belud	Lot B6 & B7, Kompleks Centenary Jalan Sabar, Locked Bag 3 89150 Kota Belud, Sabah	088-977784 088-977807	088-977798
Kota Kinabalu	Lot G.1 & Lot 1.1, Menara MAA 6, Lorong Api-Api 1, Api-Api Centre 88000 Kota Kinabalu, Sabah	088-239611 088-239612	088-236630
Lahad Datu	MDLD 0088, Jalan Teratai 91100 Lahad Datu, Sabah	089-884020 089-884021	089-882971
Lido	Lot 8, 9 & 10, Block P Taman Che Mei KM 5, Jalan Penampang, Lido 88300 Kota Kinabalu, Sabah	088-217125 088-245687	088-245496
Papar	Lot 8023, 162, Jalan Besar Pekan Papar, 89600 Papar, Sabah	088-912522 088-912523	088-912211
Prima Square	Lot 149, 150, 151 & 152, Block 15A, Phase II Prima Square, Mile 4, Jalan Utara 90000 Sandakan, Sabah	089-202288 089-202289 089-202290	089-201288 089-201688
Putatan	9 & 10, Putatan Town Phase I, Jalan Putatan Putatan, 88300 Kota Kinabalu, Sabah	088-771811	088-771815 088-771816
Sandakan	Wisma Sandaraya Third Avenue, 90000 Sandakan, Sabah	089-214257 089-214258	089-272815
Tawau	TB 304A & 304B, Block 34 Fajar Complex, 91000 Tawau, Sabah	089-761311 089-761322 089-761333	089-761355 089-771355 089-761270
SARAWAK			
Batu Niah	Lot 643, Batu Niah Town Extension 98200 Batu Niah, Sarawak	085-737111	085-737110
Bintangor	Lot No. 1585 & 1586, Jalan Kelupu 96500 Bintangor, Sarawak	084-693622	084-693255
Bintulu	29 – 32, Jalan Sommerville 97000 Bintulu, Sarawak	086-331433	086-336028
China Street	28, China Street 98000 Miri, Sarawak	085-417227 085-417228	085-419855
Jalan Central	3, Jalan Central, 96000 Sibu, Sarawak	084-335677	084-320052
Jalan Penrissen	384 – 388, Sentosa Central, Batu 7 Jalan Penrissen, 93250 Kuching, Sarawak	082-613377	082-615961

BRANCH	ADDRESS	TELEPHONE	FAX
SARAWAK (Cont'd.)			
Jalan Tun Zaidi	Lot 2775, 2776, 2778, 2779 & 2780 Block 10, 3rd Mile Jalan Tun Ahmad Zaidi Adruce 93250 Kuching, P.O. Box 1330 93726 Kuching, Sarawak	082-245220 082-245271 082-245272	082-245542
Kapit	63 – 64, Jalan Wharf 96800 Kapit, Sarawak	084-797677 084-797652	084-797628
Kuching City	102 – 110, Jalan Song Thian Cheok 93100 Kuching, Sarawak	082-417922	082-424248
Li Hua	2, Lorong Pahlawan 7B1 Jaya Li Hua Commercial Centre 96000 Sibu, Sarawak	084-216996	084-216236
Limbang	Lot 1082 – 1083, Jalan Buangsiol 98700 Limbang, Sarawak	085-212443 085-212511	085-212676
Marudi	59 & 60, Jalan Kapitan Lim Ching Kiat Marudi, 98050 Baram, Sarawak	085-755000 085-755009	085-755018
Medan Sentral	1, 2 & 3, Medan Sentral, Commercial Centre 97000 Bintulu, Sarawak	086-318883	086-318886
Miri	Moh Heng Building, 14, Jalan Bendahara 98000 Miri, Sarawak	085-412944 085-412955	085-417273
Mukah	41 & 42, Block 68, Mukah New Township 96400 Mukah, Sarawak	084-871900	084-871319
Padungan	7, 8 & 9, Jalan Chan Bee Kiew Off Jalan Padungan, 93100 Kuching, Sarawak	082-489904 082-489905	082-330488
Pelita	Lot 1254, Pelita Commercial Centre Jalan Cosmos, 98000 Miri, Sarawak	085-415728	085-425639 085-430639
Sarikei	51 – 52, Jalan Masjid, 96100 Sarikei, Sarawak	084-652490	084-653137
Sibu	2, 4, 6 & 8, Lorong 2, Jalan Tuanku Osman 96000 Sibu, Sarawak P.O. Box 591, 96007 Sibu, Sarawak	084-320088 084-316511	084-314088 084-335739
Sri Aman	840 & 841, Jalan Sabu Simanggang Town, Land District 95000 Sri Aman, Sarawak	083-323031 083-323032	083-323034
Stutong	71, 72 & 73, Stutong Parade Jalan Setia Raja 93350 Kuching, Sarawak	082-363889	082-368839
Wisma Saberkas	Lot G.01 & G.02A, Wisma Saberkas Off Jalan Green, Jalan Tun Abang Haji Openg 93000 Kuching, Sarawak	082-419889 082-428800	082-424662

Group Corporate Directory

BRANCH	ADDRESS	TELEPHONE	FAX
OVERSEAS BRANCHES			
Sri Lanka	340, R A de Mel Mawatha Colombo 0300, Sri Lanka Email Address: pbbstk@publicbank.com.lk Swift: PBBELKLX	94-11-2576288 [Country Head] 94-11-2576287 [Banking Service Manager] 94-11-2576289 94-11-2576290 94-11-2576291 94-11-2576292 [General Lines]	94-11-2573958
Lao P.D.R Vientiane Branch	100/1-4 Talat Sao Road P.O. Box 6614 Vientiane, Lao P.D.R. Email: pbbvte@publicbank.com.la Swift: PBBELALA	856-21-223395 [Country Head] 856-21-223394 856-21-216614 [General Lines]	856-21-222743
Savannakhet Branch	308/3 Sisavangvong Road P.O. Box 625 Savannakhet Province, Lao P.D.R. Email: pbbsvn@publicbank.com.la	856-41-252134 [Branch Manager] 856-41-252131 856-41-252132 [General Lines]	856-41-252133
Sikhai Branch	006, Luangphabang Road P.O. Box 6614 Vientiane, Lao P.D.R.	856-21-219868 [Branch Manager] 856-21-219869 856-21-219870 [General Lines]	856-21-219876

SUBSIDIARIES	ADDRESS	TELEPHONE	FAX
Public Investment Bank Berhad	Head Office: 25th Floor, Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur, Malaysia Email: pivb@publicinvestbank.com.my Website: www.publicinvestbank.com	03-21669382	03-21669362
	Branch Office: 27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur	03-20313011 03-20313733	03-20312533 03-20312530
Public Islamic Bank Berhad	Head Office: 14th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur, Malaysia Email: islamicbkg@publicislamicbank.com.my Website: www.publicislamicbank.com.my	03-21766000	03-21622224
	Branch: Kampung Baru 1-1, 1-2, 2-3, Plaza RAH No. 111, Jalan Raja Abdullah, Kg. Baru 50300 Kuala Lumpur	03-26927269 03-26928749	03-26927188 03-26987699
Public Mutual Berhad	Block B, Sri Damansara Business Park Persiaran Industri, Bandar Sri Damansara 52200 Kuala Lumpur Email: mktg@publicmutual.com.my Website: www.publicmutual.com.my (28 branches and 2 agency offices nationwide)	03-62796800	03-62779800
Public Invest Nominees (Tempatan) Sdn Bhd	27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur	03-20313011	03-20312533
Public Invest Nominees (Asing) Sdn Bhd	27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur	03-20313011	03-20312533
Public Nominees (Tempatan) Sdn Bhd	6th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21626077	03-21626078
Public Nominees (Asing) Sdn Bhd	6th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21626077	03-21626078
PB International Factors Sdn Bhd	7th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21622955	03-21622962

Group Corporate Directory

SUBSIDIARIES	ADDRESS	TELEPHONE	FAX
PB Trust (L) Ltd	Level 8(B), Main Office Tower Financial Park Labuan, Jalan Merdeka 87000 Federal Territory of Labuan, Malaysia Email: pbtrust@streamyx.com Website: www.pbtrust.com.my	06-087-411898	06-087-451193
Public Holdings Sdn Bhd	8th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21766000	03-21639903
PB Properties Sdn Bhd	8th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21766000	03-21639903
Public Bank (L) Ltd	Level 8(A) & (B), Main Office Tower Financial Park Labuan, Jalan Merdeka 87000 Federal Territory of Labuan, Malaysia Swift: PBLLMYKA	06-087-411898	06-087-413220
Public Financial Holdings Limited	2/F, Public Bank Centre 120 Des Voeux Road Central Central, Hong Kong Email: investor@publicbank.com.hk Website: www.publicfinancial.com.hk	852-25419222	852-28159232
Public Bank (Hong Kong) Limited	2/F, Public Bank Centre 120 Des Voeux Road Central Central, Hong Kong Email: contact@publicbank.com.hk Website: www.publicbank.com.hk (32 branches in Hong Kong, 3 branches in Shenzhen, China & 1 representative office in each of Shanghai, Shenyang, China & Taipei, Taiwan)	852-25419222	852-25410009
Public Finance Limited	Room 1105-07, Wing On House 71 Des Voeux Road Central Central, Hong Kong Email: info@publicfinance.com.hk Website: www.publicfinance.com.hk (42 branches in Hong Kong)	852-25259351	852-28450681
Winton (B.V.I.) Limited	Room 1101 – 1110, 11/F, Phase 1 Argyle Centre, 688 Nathan Road Mongkok, Kowloon, Hong Kong Website: www.wintongroup.com.hk (9 branches in Hong Kong)	852-23919388	852-23915366
Public Securities (Nominees) Limited	Room 1108, Wing On House 71 Des Voeux Road Central Central, Hong Kong	852-39292850	852-28455240

SUBSIDIARIES	ADDRESS	TELEPHONE	FAX
Public Securities Limited	Room 1101-3 and 1108, Wing On House 71 Des Voeux Road Central Central, Hong Kong Email: cs@publicsec.com.kh Website: www.publicsec.com.kh	852-39292800	852-28455240
Cambodian Public Bank Plc	Campu Bank Building No. 23, Street No. 114 Sangkat Phsar Thmey II Khan Daun Penh, Phnom Penh, Cambodia Swift: CPBLKHPP Website: www.campubank.com.kh www.cpbebank.com Email: campuhoe@campubank.com.kh {23 branches in Cambodia}	855-23-222880 855-23-222881 855-23-222882 (General Lines)	855-23-222887
Campu Securities Plc	6th Floor, Campu Bank Building No. 23, Street No. 114 Sangkat Phsar Thmey II Khan Daun Penh, Phnom Penh, Cambodia Email: campusec@campusecurities.com.kh Website: www.campusecurities.com	855-23-998880	855-23-999883
Campu Lonpac Insurance Plc	7th Floor, Campu Bank Building No. 23, Street No. 114 Sangkat Phsar Thmey II Khan Daun Penh, Phnom Penh, Cambodia Email: enquiries@campulonpac.com.kh Website: www.campulonpac.com.kh	855-23-966966	855-23-986273
OVERSEAS ASSOCIATED COMPANIES			
VID Public Bank	Hanoi Head Office 7th Floor, Prime Centre Building 53, Quang Trung Street Hai Ba Trung District, Hanoi, Vietnam Swift: VIDPVNV5 Email: vpb.han@hn.vnn.vn (Hanoi HO), vidpbho@vnn.vn (GD) Website: www.vidpublicbank.com.vn {7 branches in Vietnam}	844-39439130 (General Director) 844-39438999 844-39439011 844-39439012 (General Line)	844-39439005

FORM OF PROXY



Number of shares held	CDS Account No.									

"A" I/We _____ NRIC/Co. No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Tel No. _____ being a Member of PUBLIC BANK BERHAD, hereby appoint

_____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

or failing him, _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

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 46th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 19 March 2012 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)

Tel No. _____ being a Member of PUBLIC BANK BERHAD, hereby appoint

_____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

or failing him, _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

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 46th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 19 March 2012 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"	%
	100%

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

My/our proxy/proxies shall vote as follows:

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

No.	Ordinary Resolutions	First Proxy "A"		Second Proxy "B"	
		For	Against	For	Against
1.	Receipt of Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon				
2.	Re-election of Tan Sri Dato' Sri Tay Ah Lek as Director				
3.	Re-election of Quah Poh Keat as Director				
4.	Re-election of Tang Wing Chew as Director				
5.	Re-appointment of Tan Sri Dato' Sri Dr. Teh Hong Piow as Director				
6.	Re-appointment of Tan Sri Datuk Seri Utama Thong Yaw Hong as Director				
7.	Re-appointment of Dato' Sri Lee Kong Lam as Director				
8.	Approval of payment of Directors' fees				
9.	Re-appointment of Messrs KPMG as Auditors and authority to the Directors to fix the Auditors' remuneration				

Signed this _____ day of _____ 2012.

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 12 March 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 46th AGM.
- 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 this 46th AGM.
- A Member entitled to attend, speak and vote at this 46th AGM may appoint a proxy to attend, speak 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 2 proxies to attend and vote at this 46th AGM 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 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
Where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before this 46th AGM.

Please fold here to seal

Please fold here

To: **Share Registrar**
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

STAMP

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Past Award – Winning ANNUAL REPORTS

- 2011** NACRA Award
- Most Outstanding Annual Report – Gold Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award



2010



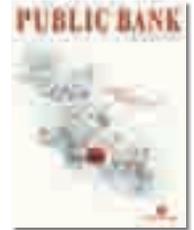
2009



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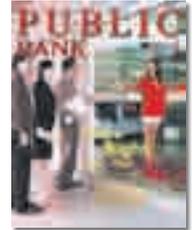
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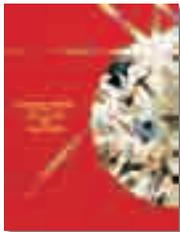
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1989



1988



1987



1986

- 2010** NACRA Award
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Gold Award

- 2009** NACRA Award
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award

- 2008** NACRA Award
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award

- 2007** NACRA Award
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award
 - Best Design Annual Report – Platinum Award

- 2006** NACRA Award
- Most Outstanding Annual Report – Gold Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award

- 2005** NACRA Award
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia

- 2004** NACRA Award
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia

- 2003** NACRA Award
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia
- CITRA Award
- Merit Award

- 2002** NACRA Award
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
- CITRA Award
- Special Jury Award

- 2001** NACRA Award
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
- CITRA Award
- Special Jury Award

- 2000** NACRA Award
- Industry Excellence Award – Finance Sector
- CITRA Award
- Main Award

- 1999** NACRA Award
- Industry Excellence Award – Finance Sector

- 1998** NACRA Award
- Industry Excellence Award – Finance Sector

- 1997** NACRA Award
- Best Annual Report in Bahasa Malaysia
 - Industry Excellence Award – Finance Sector

- 1996** NACRA Award
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
- 1995** NACRA Commendation Award
- Accounting Information
 - Annual Report in Bahasa Malaysia

- 1994** NACRA Commendation Award
- Accounting Information
 - Corporate Information
 - Annual Report in Bahasa Malaysia

- 1991** NACRA Award
- Best Accounting Information – NACRA Commendation Award
 - Corporate Information

- 1990** NACRA Award
- Best Accounting Information

- 1989** NACRA Award
- Most Outstanding Annual Report
 - Best Annual Report – Finance Sector

- NACRA Commendation Award
- Corporate Information
 - Accounting Information
 - Annual Report in Bahasa Malaysia

- 1988** MACRA Award
- Best Overall Annual Report
 - Best Corporate Information – NARA Award
 - Best Annual Report – Finance Sector

- 1987** MACRA Award
- Best Corporate Information – NARA Award
 - Best Annual Report – Finance Sector

- 1986** MACRA Award
- Best Corporate Information