



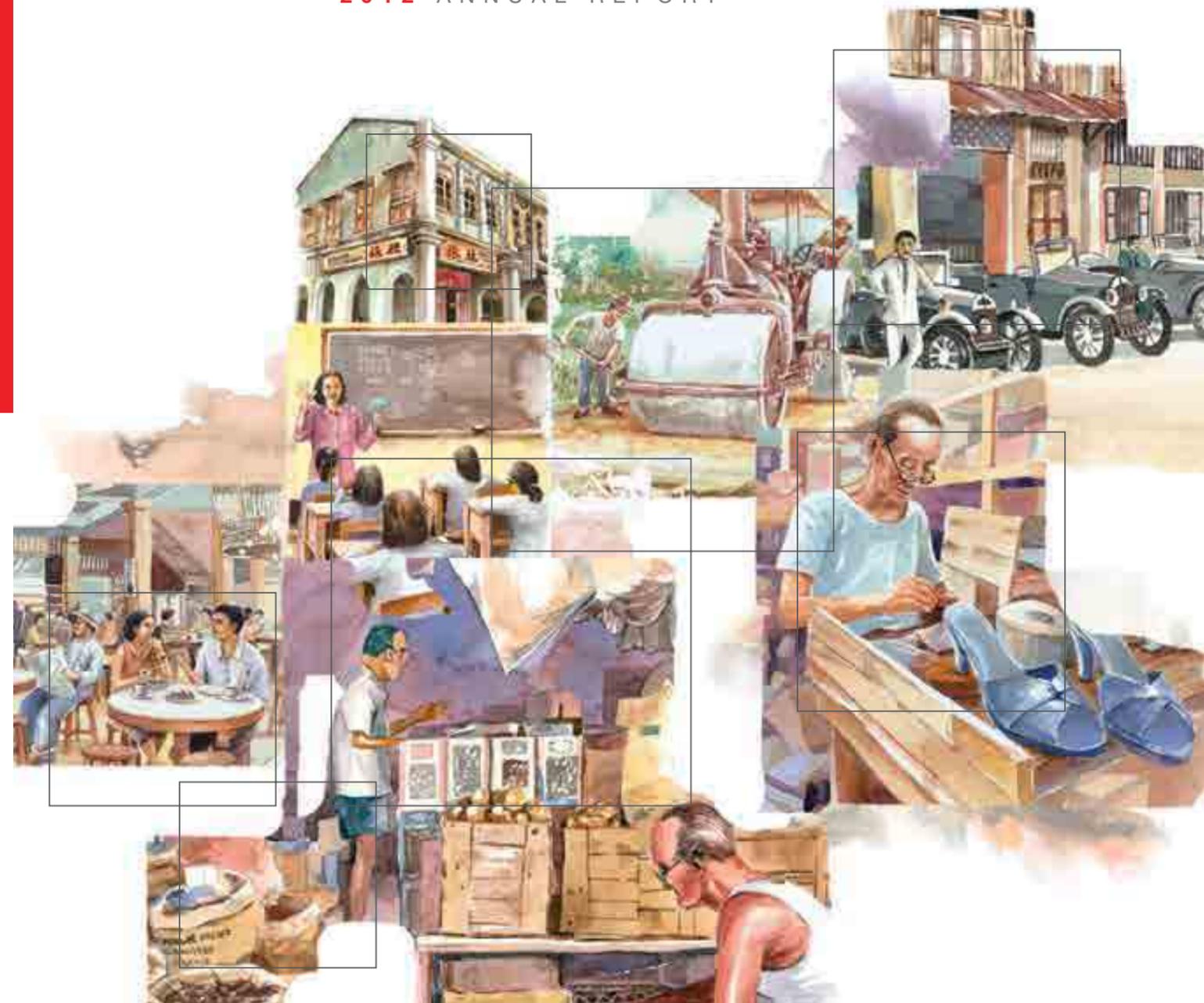
PUBLIC BANK
(6463-H)

Public Bank Berhad (6463-H)

RESILIENT ALWAYS

2012 ANNUAL REPORT

RESILIENT ALWAYS



2012 Annual Report

PUBLIC BANK BERHAD (6463-H)

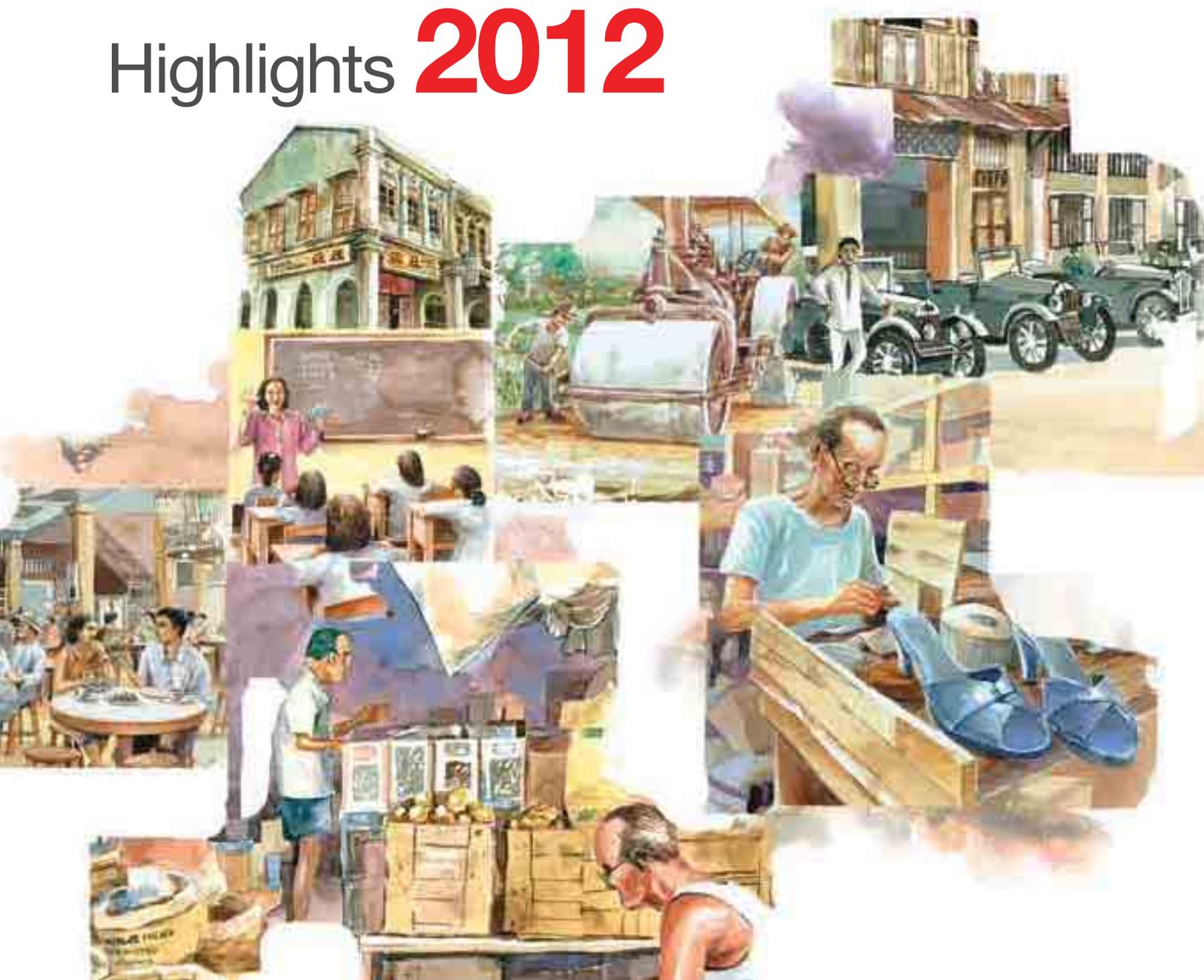
Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur
Tel: 603 2163 8888/603 2163 8899 Fax: 603 2163 9917

www.publicbank.com.my

RESILIENT ALWAYS is reflected through Malaysia's rich tapestry of old-world trades that have been woven into our social fabric today. They are symbols of resilience and resoluteness as they can still be found in our towns despite changing trends. Through these times, Public Bank has reached out to many of these entrepreneurs and helped them evolve and remain relevant.

Public Bank is a company of enduring strength and resilience as time and momentum marches onwards. Over the years, we have overcome challenging market environments and global economic crises to demonstrate resilience in weathering adversity. We credit our endurance to a visionary approach to managing our business, and to the commitment of our people. The outstanding and resilient track record of the Group is a testament of our consistently strong financial and business performance. We are well-placed to forge ahead to continue delivering excellence to our customers and shareholders in the coming years and beyond.

Highlights **2012**



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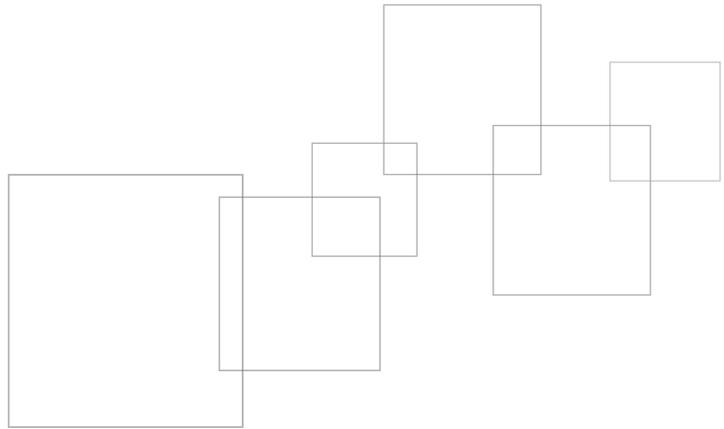
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CORPORATE PHILOSOPHY

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**

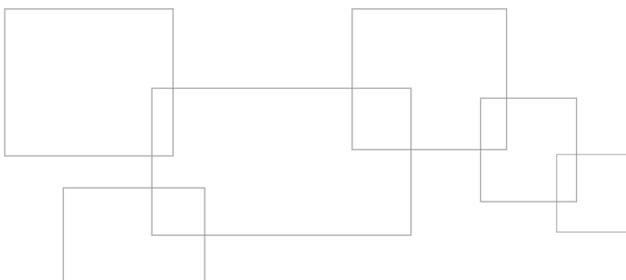
- By promoting the well-being of its staff through attractive remuneration and fringe benefits
- By promoting good staff morale through proper staff training and development and provision of opportunities for career advancement

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

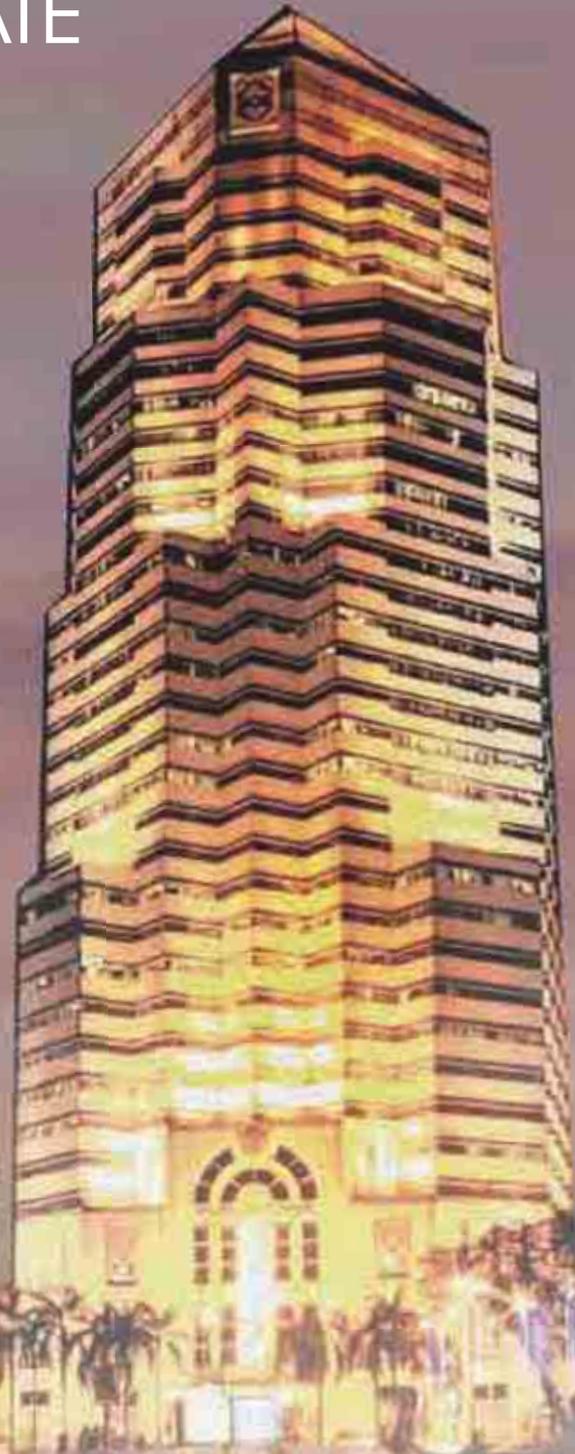
FOR THE **COMMUNITY** It Serves

- 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**

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 47th 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, 18 March 2013 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 2012 and the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To re-elect Dato' Haji Abdul Aziz bin Dato' Dr. Omar who retires by rotation pursuant to Article 111 of the Company's Articles of Association. **Ordinary Resolution 2**
3. To re-elect Lai Wai Keen who retires pursuant to Article 109 of the Company's Articles of Association. **Ordinary Resolution 3**
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 4**
 - 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 5**
 - iii. "THAT Tan Sri Dato' Sri Tay Ah Lek, 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**
 - iv. "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**
 - v. "THAT Dato' Yeoh Chin Kee, 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 8**
 - vi. "THAT Lai Wan, 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 9**
5. To approve the payment of Directors' fees of RM2,174,600 for the financial year ended 31 December 2012. **Ordinary Resolution 10**
6. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2013, subject to approval of Bank Negara Malaysia, and to authorise the Directors to fix the Auditors' remuneration. **Ordinary Resolution 11**

Notice of Annual General Meeting

As Special Business

To consider and if thought fit, to pass the following Special Resolution:

7. Proposed Amendments to the Articles of Association of PBB.

Special Resolution

“THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 attached to this Annual Report be and are hereby approved and in consequence thereof, the new set of Articles of Association incorporating the amendments be adopted AND THAT the Directors and Secretary be and are hereby authorised to carry out all the necessary steps to give effect to the amendments.”

By Order of the Board

Dato' Chia Lee Kee

MAICSA 7008270

Company Secretary

Kuala Lumpur

21 February 2013

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 11 March 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 47th 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 47th AGM.
3. A Member entitled to attend, speak and vote at this 47th 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 47th 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 47th AGM.

Explanatory Note on Special Business:

The proposed Special Resolution, if passed, will enable the Company to comply with the amendment to Paragraph 7.21 of the Main Market Listing Requirements dated 22 September 2011 and to reflect the names of current members of the Board of the Company.

APPENDIX 1

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF PUBLIC BANK

The details on the proposed amendments to the Articles of Association of PBB are as set out below:

1. Proposed Insertion of New Article

Article 84A (Appointment of multiple proxies)

Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

Rationale

Bursa Malaysia had per letter dated 22 September 2011 required public listed companies to amend their articles of association so as to allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds. The amendment of the articles of association to cater for this must be made by the public listed companies latest by 31 December 2013.

2. Proposed Amendment of Existing Article 88 (Directors)

The Directors as at the date of adoption of these Articles are TAN SRI DATO' SRI DR. TEH HONG PIOW, TAN SRI DATO' **DATUK SERI UTAMA** THONG YAW HONG, **TAN SRI** DATO' SRI TAY AH LEK, DATO' **SRI** LEE KONG NAM @ LEE KONG LAM, DATO' YEOH CHIN KEE, ~~TENGGU ABDUL RAHMAN IBNI SULTAN HAJI AHMAD SHAH AL-MUSTAIN BILLAH~~, DATO' HAJI ABDUL AZIZ BIN **DATO' DR. OMAR** and ~~DATO' DR. HAJI MOHAMED ISHAK @ ISHAK BIN HAJI MOHAMED ARIFF~~, **QUAH POH KEAT, TANG WING CHEW, LAI WAN and LAI WAI KEEN.**

Rationale

The proposed amendments are to reflect the names of the current members of the Board of PBB.

The proposed amendments to the Articles of Association of PBB as stated above have been approved by Bank Negara Malaysia on 15 January 2013.

FINANCIAL CALENDAR

FINANCIAL YEAR 2012

DIVIDENDS

1st Interim Single Tier Dividend of 20%

Notice : 23 July 2012 (Monday)
Entitlement : 7 August 2012 (Tuesday)
Payment : 15 August 2012 (Wednesday)

2nd Interim Single Tier Dividend of 30%

Notice : 6 February 2013 (Wednesday)
Entitlement : 25 February 2013 (Monday)
Payment : 5 March 2013 (Tuesday)

ANNUAL GENERAL MEETING

21 FEBRUARY 2013

(Thursday)

NOTICE OF ANNUAL GENERAL MEETING

18 MARCH 2013

(Monday)

47TH ANNUAL GENERAL MEETING

ANNOUNCEMENT OF CONSOLIDATED RESULTS

18 APRIL 2012
WEDNESDAY

Unaudited results for 1st quarter
ended 31 March 2012

23 JULY 2012
MONDAY

Unaudited results for 2nd quarter
and half-year ended 30 June 2012

18 OCTOBER 2012
THURSDAY

Unaudited results for 3rd quarter
ended 30 September 2012

6 FEBRUARY 2013
WEDNESDAY

Audited results for 4th quarter and
financial year ended 31 December 2012

FINANCIAL HIGHLIGHTS

PROFIT BEFORE TAX

RM 5.10b

	Group		Bank	
	2012	2011 [#]	2012	2011 [#]
PROFITABILITY (RM'MILLION)				
Operating revenue	14,058	12,756	10,630	9,436
Operating profit	5,386	5,200	4,765	4,367
Profit before tax expense and zakat	5,104	4,878	4,682	4,328
Net profit attributable to equity holders of the Bank	3,869	3,684	3,749	3,451

KEY BALANCE SHEET DATA (RM'MILLION)				
Total assets	274,625	250,559	228,384	206,563
Loans, advances and financing	196,052	175,953	162,969	143,385
Deposits from customers	225,042	200,371	181,688	159,384
Shareholders' equity	17,944	15,722	16,823	14,757

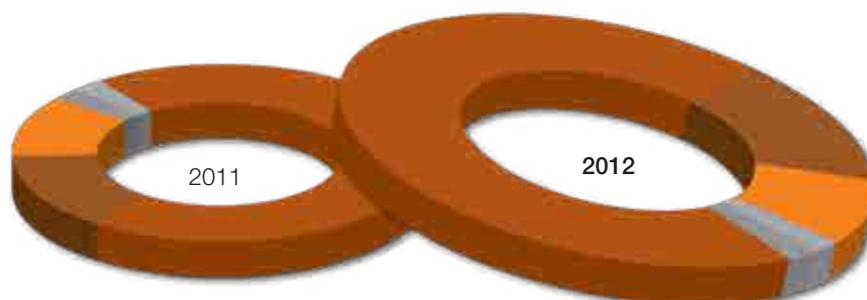
FINANCIAL RATIOS (%)				
Profitability Ratios				
Net interest margin on average interest bearing assets ¹	3.1	3.3	2.9	3.0
Net return on equity ²	24.5	26.8	25.4	26.7
Return on average assets	1.9	2.0	2.2	2.2
Return on average risk-weighted assets	3.0	3.2	3.3	3.4
Capital Adequacy Ratios				
Tier I capital ratio	11.4	11.2	13.6	13.5
Risk-weighted capital ratio	14.6	15.6	14.5	15.6
Asset Quality Ratio				
Gross impaired loans ratio	0.7	0.9	0.6	0.8

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.

[#] Restated as a result of retrospective application of MFRS 139.

SIMPLIFIED GROUP BALANCE SHEET

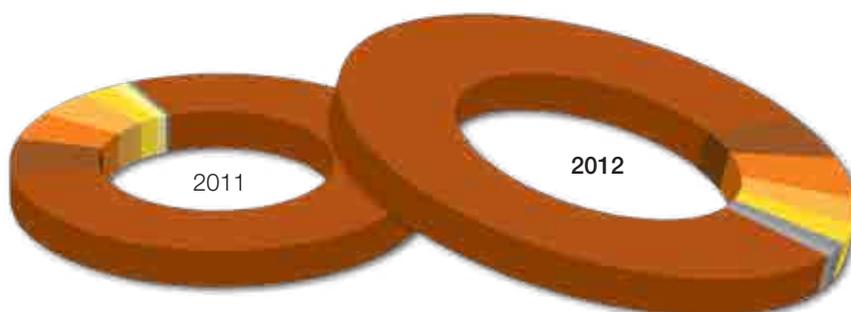


ASSETS 2011

70.2%	✂	Loans, advances and financing
14.0%	✂	Portfolio of financial investments
11.2%	✂	Cash and balances with banks and reverse repurchase agreements
2.4%	✂	Other assets (including intangible assets)
2.2%	✂	Statutory deposits with Central Banks

ASSETS 2012

71.4%	✂	Loans, advances and financing
14.6%	✂	Portfolio of financial investments
9.8%	✂	Cash and balances with banks and reverse repurchase agreements
2.1%	✂	Other assets (including intangible assets)
2.1%	✂	Statutory deposits with Central Banks



LIABILITIES & EQUITY 2011

80.0%	✂	Deposits from customers
6.3%	✂	Deposits from banks
4.9%	✂	Reserves
4.5%	✂	Debt securities issued and other borrowed funds
2.6%	✂	Bills and acceptances payable and other liabilities
1.4%	✂	Share capital
0.3%	✂	Non-controlling interests

LIABILITIES & EQUITY 2012

81.9%	✂	Deposits from customers
4.7%	✂	Deposits from banks
5.2%	✂	Reserves
3.6%	✂	Debt securities issued and other borrowed funds
3.0%	✂	Bills and acceptances payable and other liabilities
1.3%	✂	Share capital
0.3%	✂	Non-controlling interests

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' SRI DR. TEH HONG PIOW

Non-Executive Chairman

PSM, SSAP, SPMJ, SIMP, SSIJ, DSAP, DPMJ,
Datuk Kurmia 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)

LAI WAN

Independent Non-Executive Director

BA (Econs Hons)

LAI WAI KEEN

Independent Non-Executive Director

BEc (Hons), LLB

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 HELP DESK

Tel : 603-2176 6455, 2176 6458
Fax : 603-2163 9917
E-mail : pbbcosec@publicbank.com.my

STOCK EXCHANGE LISTING

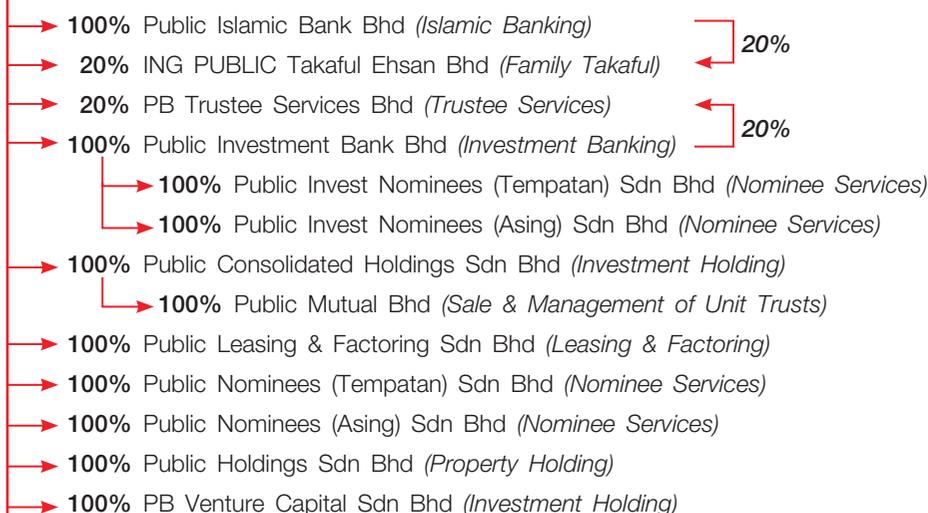
Main Market of Bursa Malaysia Securities Berhad
(Listed since 6 April 1967)

GROUP CORPORATE STRUCTURE

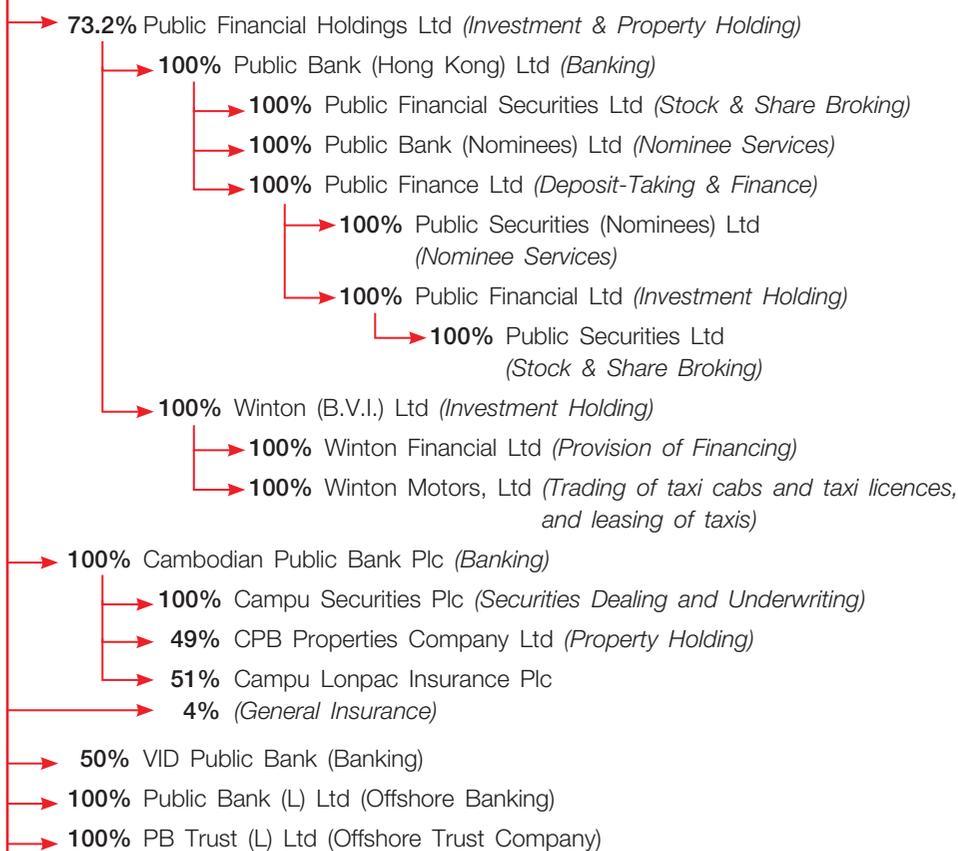
as at 23 January 2013



Malaysian Companies



Overseas and Offshore Companies



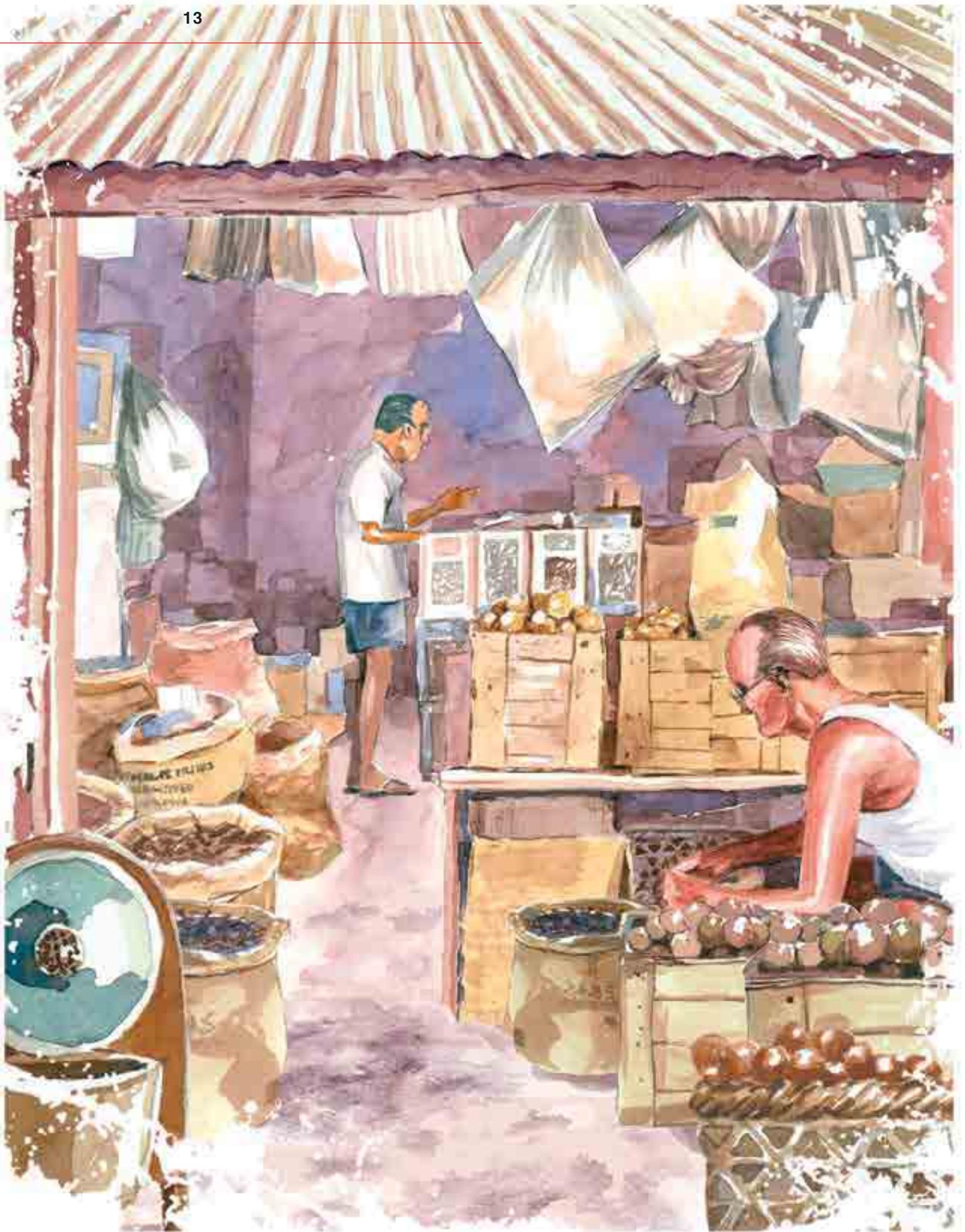
Notes:

- 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 108 to 112 in the Financial Statements section of this Annual Report.



Sundry shops used to be small, dimly-lit spaces with a haphazard arrangement of goods, storing nearly everything a household could possibly need. Today, the essence of the trade remains but the form has changed tremendously with the introduction of supermarket chains that offer variety, convenience and quality.

Resilient Always



CORPORATE PROFILE



46-Year Journey of Growth

Conceptualised as ‘a bank for the public’ by its Founder and Chairman, Tan Sri Dato’ Sri Dr. Teh Hong Piow, Public Bank commenced business on 6 August 1966, and was listed on the Kuala Lumpur Stock Exchange (KLSE) on 6 April 1967.

To-date, 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.

As a leading financial services provider in Malaysia, the Public Bank Group offers a comprehensive range of financial products and 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 377 branches and employing over 17,600 people, the Public Bank Group caters to the financial needs of over eight million customers in Malaysia and in other countries in which the Group operates.

With total assets of RM274.62 billion as at the end of 2012, the Public Bank Group is the third largest banking group in Malaysia and ranked number six by asset size in Southeast Asia. Public Bank is the largest non-government-linked corporation in Malaysia with a market capitalisation of RM57.52 billion as at the end of 2012.

With its unbroken track record of strong and consistent profitability in the last 46 years, the Public Bank Group has demonstrated its strong and consistent ability to execute and meet its key performance indicators and brand promise to its customers. The PB Brand has been built based on integrity, honesty and excellent service delivery. These are complemented by accountability, excellent corporate governance, strong corporate culture, prudent management and competitive products and services.

Corporate Profile



The Public Bank Group continued to deliver its 46th year of unbroken profitability track record and remains the third largest banking group in Malaysia with total assets of RM275 billion.

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 retail consumers and small- and medium-sized enterprises (“SMEs”), and strives to further increase its leadership in this broad-based 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 infrastructure and processes and practices to deliver prompt and consistent service to meet the needs of its customers.

Core Business Growth

In the retail lending business, the Public Bank Group remains focused on growing its loans in 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 2012, Public Bank maintained its leading position in residential mortgages, passenger vehicle financing and commercial property financing in Malaysia, with market shares of 19.1%, 26.4% and 33.7% respectively.

Corporate Profile

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 2012, total deposits from customers of Public Bank in Malaysia recorded a growth rate of 13.0%, which is above the domestic banking industry's growth rate of 8.4%. This reflects the high level of confidence that customers place in Public Bank to safeguard 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 lending to SMEs.

The Public Bank Group continues to intensify its effort to grow fee-based businesses through its wholly-owned subsidiary, Public Mutual, which contributes a significant proportion of the non-interest income of the Group. Public Mutual has remained a dominant player in the private sector fund management industry in Malaysia with a leading market share of 40.8% as at the end of 2012 due to its superior fund performance, strong distribution capabilities and strong brand.

Multiple Delivery Channels

The Public Bank Group has a large and well distributed branch network of 255 branches in Malaysia to better service its large customer base of individuals and business enterprises. The Group further expanded its wide network of self service machines to 522 Automated Teller Machines, 532 Cheque Deposit Machines, 405 Cash Deposit Terminals and 186 Cash Recycling Machines for greater customer convenience.

The Group has also expanded its internet banking and mobile banking service capabilities for greater access by customers to its 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

Today, the Public Bank Group's overseas operations comprise 122 branches, with 83 branches in Hong Kong, 3 branches in China, 24 branches in Cambodia, 7 branches in Vietnam, 4 branches in Laos, a branch in Sri Lanka and 3 representative offices in Shanghai, Shenyang and Taipei.

Strong Financial Ratings

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



Corporate Profile



Awards and Accolades

The Public Bank Group continues to earn recognition and trust for its strong and sustained financial performance and prudent management. In 2012, Public Bank was honoured with 36 awards, including many 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

As a responsible corporate citizen, the Public Bank Group remains committed to uphold its corporate social responsibility ("CSR") in the areas of nation building, development of the market place and enrichment 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 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.

The Group believes that in fulfilling its corporate social responsibilities, the Group also enhances its corporate image, reputation, goodwill and brand value.

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



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

1967



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

Corporate Milestones

1987



Completed the acquisition of PB Securities Sdn Bhd on 1 October 1987

1990



Establishment of a wholly-owned off-shore banking subsidiary, Public Bank (L) Ltd, in the Federal Territory of Labuan

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 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

Corporate Milestones

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 254 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 2012

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

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

2012

- Pre-tax profit surpassed RM5 billion for the 1st time

CUSTOMER CARE



Customer Service Excellence is Our Commitment

The Public Bank Group subscribes to its corporate philosophy of providing excellent customer service to all its customers. Public Bank's strong reputation for service excellence has become its powerful long-term competitive advantage. The Group's adherence to its corporate tagline "Excellence is Our Commitment" reflects the commitment of all levels of management and staff to continuously enhance customer satisfaction by exceeding customer expectations.

In an increasingly competitive industry where many products are highly commoditised, 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 Public Bank Group's commitment to customer care is manifested in its continuous investment 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 an evidence of the excellent customer service culture which has built long-lasting customer relationship, 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 them 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 has 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 at the branch counters and turnaround time for each stage of loan processing. To ensure uniform and high standards of service across the Public Bank branch network, 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. Steps continue to be taken to ensure the ISO certification will continue to be reaffirmed in the foreseeable future.

Customer Care

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 78% of the customers at the counters were served within the 2-minute SWT in 2012.

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

Direct interaction with customers in branches helps to nurture and cement long-term customer relationships. Therefore, 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.

Public Bank’s “Service Ambassadors” initiative remains a key initiative to sustain superior customer service. Since its implementation in 2007, the Bank has appointed over 550 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.



Customer Care

Public Bank has established an Account Management Unit to ensure account management concept is implemented systematically and effectively in all its branches. The role of this unit is to enhance business development and prevent customer attrition. Among the immediate functions of the unit include actively marketing trade bills and deposits, foreign exchange and remittance business as well as improving overdraft and trade bills utilisation. The Account Management Executives are required to maintain regular contact with valued customers to determine their banking needs or business requirements.

Besides the CSRs, Public Bank has over 1,360 well-trained Sales and Marketing Executives, Financial Executives, Share Investment Executives, Merchant Sales Executives and Red Carpet Banking Executives across its 255 branches in Malaysia 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 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

Public Bank continues to provide customers with easy access to services at their convenience as increasingly sophisticated customers are demanding for services to be made available whenever they need them. The Public Bank Group has been investing in self-service technologies to better serve its large customer base.

With technology being one of a key enabler to support superior customer service standards, Public Bank has expanded its self-service channels such as the Automated Teller Machines, Cheque Deposit Machines, Cash Deposit Terminals and Cash Recycling Machines to 1,645 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.

Customer Care



Prompt Complaint Resolution System

The Public Bank Group continues to take customer complaints seriously with increased efforts to sustain 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 remains active at branches to ensure superior delivery standards. Under the “Living Our Service Values Campaign”, which inculcates in branch staff the desired 7 behaviours, including the practice of **G**reeting, **U**sing name, **E**ye contact, **S**miling and **T**hanking you (“**G.U.E.S.T.**”), DVD role plays are distributed to branch for them to practise the desired service behaviour and reinforce the service values. The Public Bank Group also continues to enhance its customer service delivery standards by gaining customer feedback through customer questionnaire.

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 2012



LARC

Shareholders keep their faith in Teh

Public Bank
MAMPU MELAKUKAKAN TRANSFORMASI

Shareholders of Public Bank have expressed confidence in the leadership of Teh Hong Lim, Chairman of the Board, during the annual general meeting held on 27 October 2012.

The meeting was held at the Grand Ballroom of the Sheraton Hotel, Kuala Lumpur. Teh Hong Lim, Chairman of the Board, opened the meeting by welcoming the shareholders and expressing his appreciation for their continued support and confidence in the Bank's management.

He stated that the Bank has achieved significant milestones in the past year, including the successful completion of its recapitalisation and the implementation of its strategic plan. He also highlighted the Bank's commitment to providing high-quality financial services to its customers and to contributing to the economic growth of the country.

The meeting was attended by over 100 shareholders, including institutional investors and retail investors. The agenda included the presentation of the annual report, the election of directors and auditors, and the approval of the dividend payment.

The annual report for 2011 was presented by the Chief Executive Officer, Tan Sri P. Ganesan. The report highlighted the Bank's strong performance in 2011, with a 5.5% increase in earnings and a 10% increase in assets under management. It also outlined the Bank's strategic focus for 2012, which includes strengthening its core banking operations, expanding its retail banking services, and investing in technology to enhance its operational efficiency.

The meeting concluded with a vote of confidence in the Board and the management of the Bank. The Chairman thanked the shareholders for their support and expressed his confidence in the Bank's future prospects.

JULY 2012

Dividen 48 sen sesaham

Public Bank isihlah peruntukan bayaran RM1.68b

Public Bank mengumumkan bahawa ia telah mengumumkan bayaran dividen sebanyak 48 sen sesaham kepada pemegang sahamnya. Bayaran dividen ini adalah bayaran tertinggi yang pernah dibayar oleh Public Bank kepada pemegang sahamnya.

Bayaran dividen ini akan dibayar kepada pemegang saham yang telah mendaftar pada 11 September 2012. Bayaran dividen ini akan dibayar dalam bentuk tunai kepada pemegang saham yang telah mendaftar pada 11 September 2012.

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Analysts remain upbeat on Public Bank

Analysts remain upbeat on Public Bank's performance and prospects for the future. They expect the bank to continue to grow and improve its financial performance in the coming years.

The analysts cited the bank's strong capital position, its focus on core banking operations, and its commitment to providing high-quality financial services to its customers as key factors driving their positive outlook.

They also noted the bank's successful completion of its recapitalisation and its implementation of its strategic plan, which they believe will further strengthen the bank's financial position and improve its operational efficiency.



Boost for cops

Bank hands over two vans to increase police presence

Public Bank has handed over two police vans to the Kuala Lumpur Police Department to increase police presence in the city. The vans will be used for patrolling and monitoring the city streets.

The donation is part of the bank's commitment to social responsibility and community support. Public Bank has been supporting various community initiatives and projects since its inception.

The donation of the two police vans is a significant contribution to the police force and will help them to better serve the community. Public Bank is proud to be a part of the community and to support the police in their efforts to maintain law and order in the city.

走一趨

Public Bank remains committed to growth within the region

Public Bank is committed to growth within the region and is focused on providing high-quality financial services to its customers. The bank is investing in technology and expanding its retail banking services to meet the needs of its customers.

Public Bank is also committed to social responsibility and community support. The bank is supporting various community initiatives and projects, including the donation of police vans to the Kuala Lumpur Police Department.

Public Bank is proud to be a part of the community and to support the police in their efforts to maintain law and order in the city. The bank is committed to providing high-quality financial services to its customers and to contributing to the economic growth of the country.

Public Bank Q3 earnings 5.5% higher

Public Bank reported a 5.5% increase in earnings for the third quarter of 2012. This is a result of the bank's strong performance in its core banking operations and its focus on providing high-quality financial services to its customers.

The bank's earnings were driven by a 10% increase in assets under management and a 5% increase in net interest income. The bank also reported a 5% increase in non-interest income, which was primarily driven by its investment banking and asset management services.

Public Bank's strong performance in the third quarter of 2012 is a testament to the bank's commitment to providing high-quality financial services to its customers and to contributing to the economic growth of the country. The bank is confident that it will continue to grow and improve its financial performance in the coming years.

RM2.5b profit for Public Bank

Public Bank shows steady momentum and a resilient customer base

Public Bank reported a profit of RM2.5 billion for the third quarter of 2012. This is a result of the bank's strong performance in its core banking operations and its focus on providing high-quality financial services to its customers.

The bank's profit was driven by a 10% increase in assets under management and a 5% increase in net interest income. The bank also reported a 5% increase in non-interest income, which was primarily driven by its investment banking and asset management services.

Public Bank's strong performance in the third quarter of 2012 is a testament to the bank's commitment to providing high-quality financial services to its customers and to contributing to the economic growth of the country. The bank is confident that it will continue to grow and improve its financial performance in the coming years.

Public Bank perusaha
Dividen RM1.68 bilion

Public Bank mengumumkan bahawa ia telah mengumumkan bayaran dividen sebanyak RM1.68 bilion kepada pemegang sahamnya. Bayaran dividen ini adalah bayaran tertinggi yang pernah dibayar oleh Public Bank kepada pemegang sahamnya.

Bayaran dividen ini akan dibayar kepada pemegang saham yang telah mendaftar pada 11 September 2012. Bayaran dividen ini akan dibayar dalam bentuk tunai kepada pemegang saham yang telah mendaftar pada 11 September 2012.



Public Bank's new headquarters building in Kuala Lumpur.



Making and mending shoes by hand was a way of life for many shoemakers in the past. A painstaking process, it was nevertheless a tradition that was passed on from generation to generation. While this trade has remained resilient, the way it's crafted has changed tremendously with the advent of technology and designer shoemakers.

Resilient Always



FIVE-YEAR GROUP FINANCIAL SUMMARY

Year Ended 31 December	2012	2011 [#]	2010 [#]	2009	2008
OPERATING RESULTS (RM'Million)					
Operating profit	5,386	5,200	4,738	4,015	3,948
Profit before tax expense and zakat	5,104	4,878	4,086	3,321	3,379
Net profit attributable to equity holders of the Bank	3,869	3,684	3,048	2,517	2,581

KEY BALANCE SHEET DATA (RM'Million)					
Total assets	274,625	250,559	226,988	217,136	196,163
Loans, advances and financing	196,052	175,953	154,864	135,336	118,386
Total liabilities	255,981	234,140	212,644	205,421	185,934
Deposits from customers	225,042	200,371	176,872	170,892	151,185
Core customer deposits	177,035	157,297	143,639	127,623	111,204
Paid-up capital	3,532	3,532	3,532	3,532	3,532
Shareholders' equity	17,944	15,722	13,692	11,023	9,537
Commitments and contingencies	79,458	70,847	69,206	61,435	52,867

SHARE INFORMATION AND VALUATION					
Share Information					
Per share (sen)					
Basic/Diluted earnings	110.5	105.2	87.2	73.3	76.9
Net dividend					
– Cash dividend	50.0	48.0	45.5	41.3	41.0
– Share dividend	–	–	–	1 for 68	1 for 35
Net assets	512.4	448.9	391.0	319.4	284.2
Share price as at 31 December (RM)					
– Local	16.28	13.38	13.02	11.30	8.85
– Foreign	16.30	13.20	13.00	11.26	8.75
Market capitalisation (RM'Million)	57,521	47,066	45,964	39,868	31,152
Valuations (Local Share)					
Net dividend yield (%)	3.1	3.6	3.5	3.7	4.6
Net dividend yield (including share dividend) (%)	3.1	3.6	3.5	5.1	7.5
Dividend payout ratio (%)	45.3	48.3	52.3	56.6	53.2
Dividend payout ratio (including share dividend) (%)	45.3	48.3	52.3	79.3	84.8
Price to earnings multiple (times)	14.7	12.7	14.9	15.4	11.5
Price to book multiple (times)	3.2	3.0	3.3	3.5	3.1

PROFIT BEFORE TAX

 **RM 5.10b**

GROSS IMPAIRED LOANS RATIO

0.7%

Five-Year Group Financial Summary

CUSTOMER DEPOSITS

 **12.3%**

GROSS LOANS

 **11.3%**

Year Ended 31 December	2012	2011 [#]	2010 [#]	2009	2008
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net interest margin on average interest bearing assets ¹	3.1	3.3	3.4	3.2	3.2
Net return on equity ²	24.5	26.8	27.1	26.1	30.4
Return on average assets	1.9	2.0	1.8	1.6	1.8
Return on average risk-weighted assets	3.0	3.2	3.1	2.8	3.2
Cost/income ratio	30.5	29.8	30.7	32.6	31.2
Asset Quality Ratios					
Net loan to deposit ratio	87.1	87.8	87.6	79.2	78.3
Gross impaired loans ratio ³	0.7	0.9	1.1	1.4	1.0
Loan loss coverage	126.0	113.8	94.2	120.3 [^]	159.7
Capital Adequacy Ratios					
Tier I capital ratio	11.4	11.2	11.3	10.5	8.3
Risk-weighted capital ratio	14.6	15.6	14.2	14.6	13.7
Capital base (RM'Million)	26,298	25,416	19,992	18,221	15,775
Tier 1 – equity capital	16,544	14,334	12,040	9,161	8,157
– debt capital	3,893	3,916	3,896	3,964	1,440
Tier 2 – loan impairment reserves	1,038	1,073	1,002	2,052	1,760
– debt capital	4,870	6,138	3,102	3,218	4,419
Others	(47)	(45)	(48)	(174)	(1)
PRODUCTIVITY RATIOS					
No. of employees	17,625	17,511	17,369	17,169	16,160
Gross loan per employee (RM'000)	11,222	10,148	9,013	8,015	7,467
Deposits per employee (RM'000)	12,768	11,443	10,183	9,953	9,356
Profit before tax per employee (RM'000)	290	279	235	193	209
MARKET SHARE (%)					
Domestic market share					
Loans, advances & financing	16.7	16.4	16.3	15.9	14.8
Deposits from customers	15.2	14.9	14.8	16.3	15.5
Core customer deposits	16.7	16.1	16.3	15.4	14.7

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 2012 are based on a more stringent criteria on classification of impaired loans under MFRS/FRS 139. FYE 2008 is based on 3 months classification under BNM/GP3.

[^] Restated due to the adoption of FRS 139.

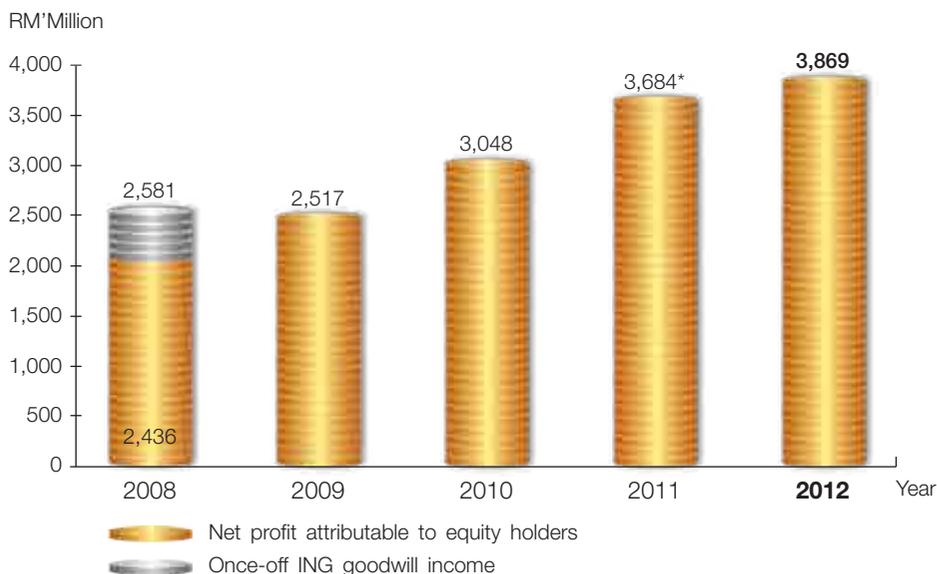
[#] Restated as a result of retrospective application of MFRS 139. For FYE 2010, only relevant balance sheet items have been restated to position as at 1 January 2011.

SUMMARY OF FIVE-YEAR GROUP GROWTH

Resilient Performance Amid Challenging Environment

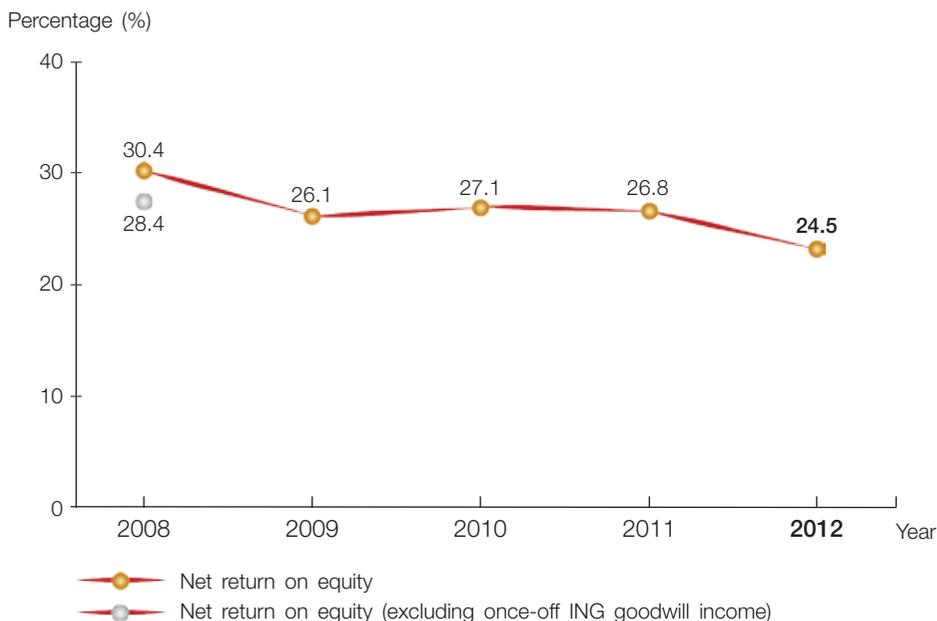
Enhancing Shareholder Value

Commendable Profit Track Record



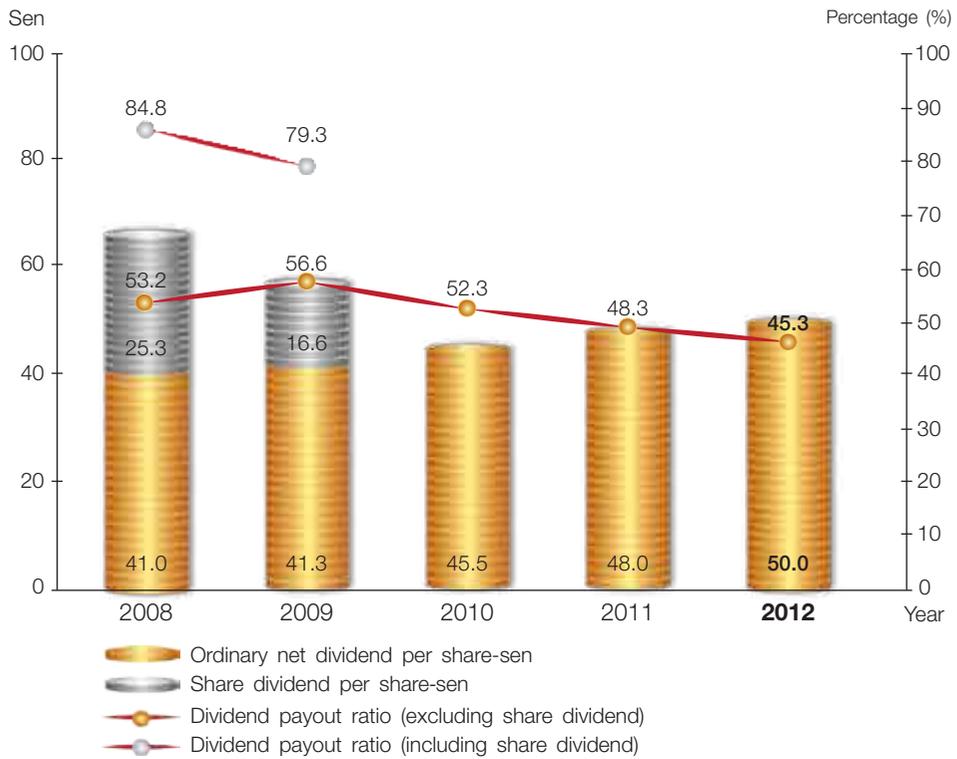
* Restated due to retrospective application of MFRS 139 which resulted in a change in accounting policy on collective assessment allowance for loans

Attractive Shareholder Return

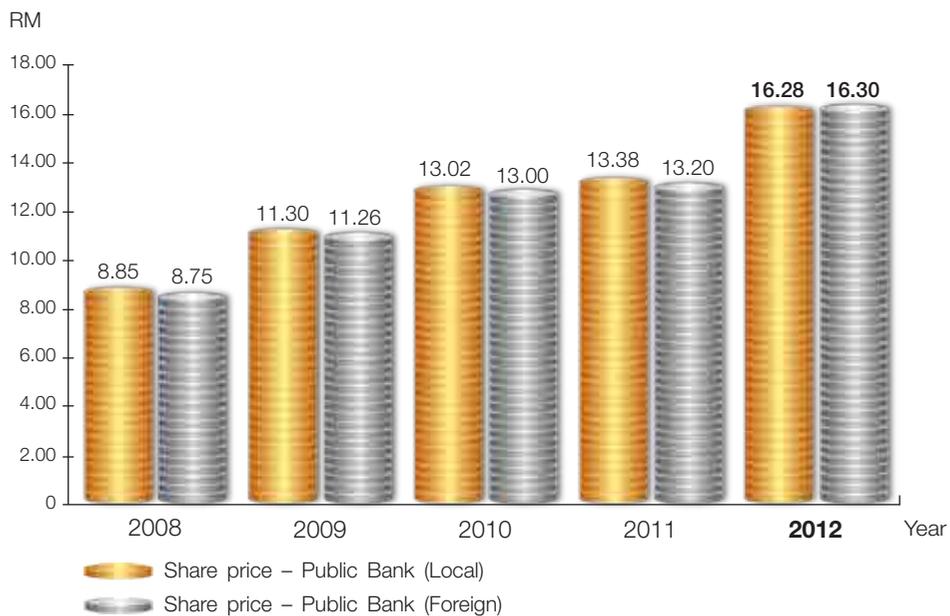


Summary of Five-Year Group Growth

Healthy Dividend Payout



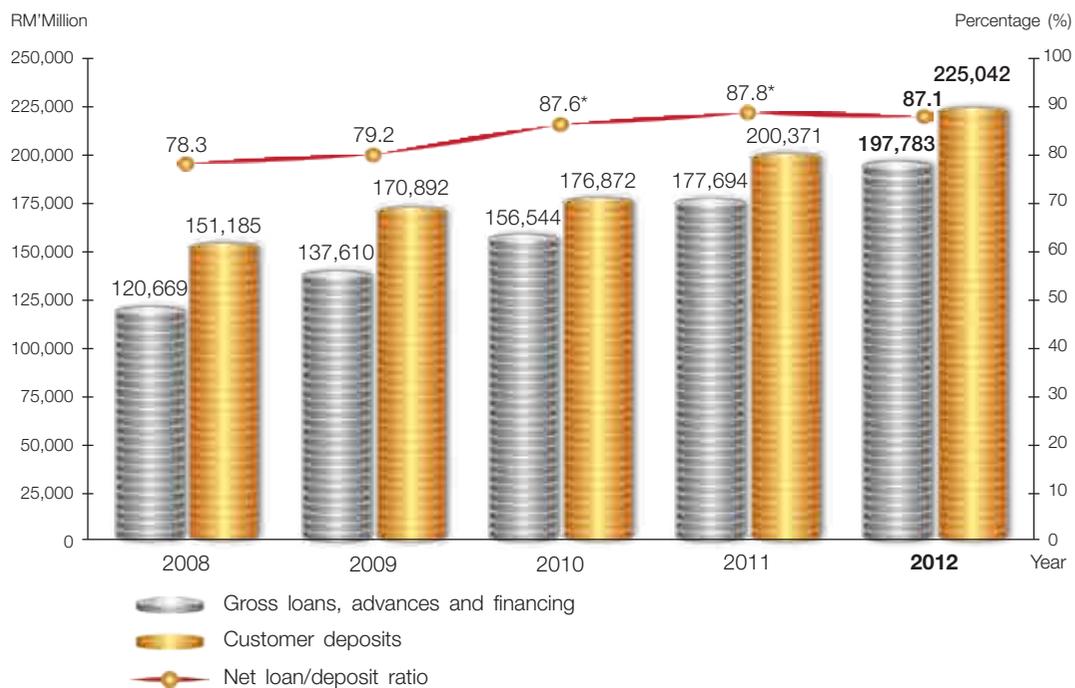
Improving Share Price



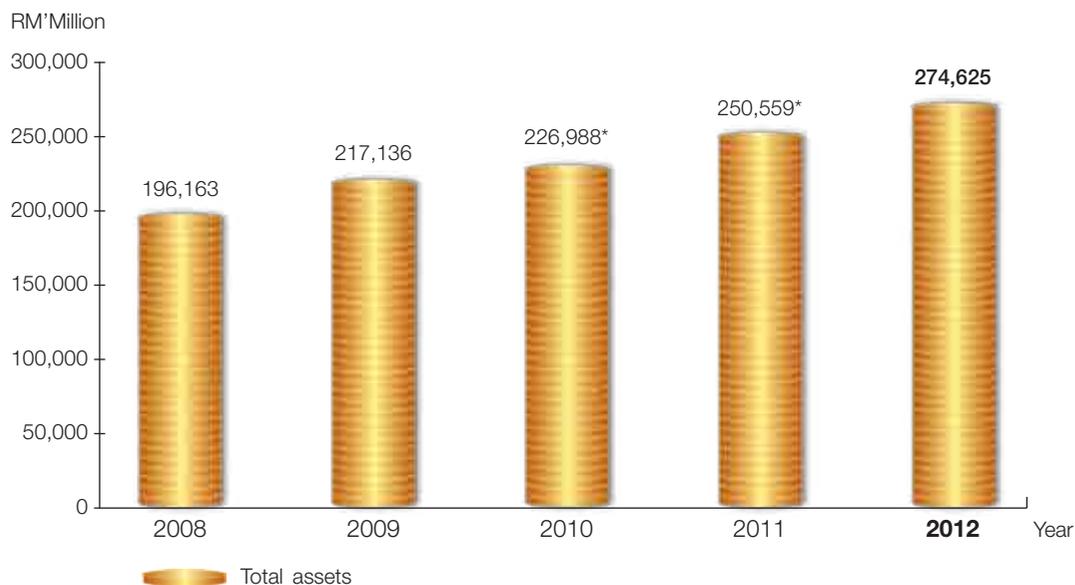
Summary of Five-Year Group Growth

Healthy Balance Sheet Growth

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



Steady Asset Growth

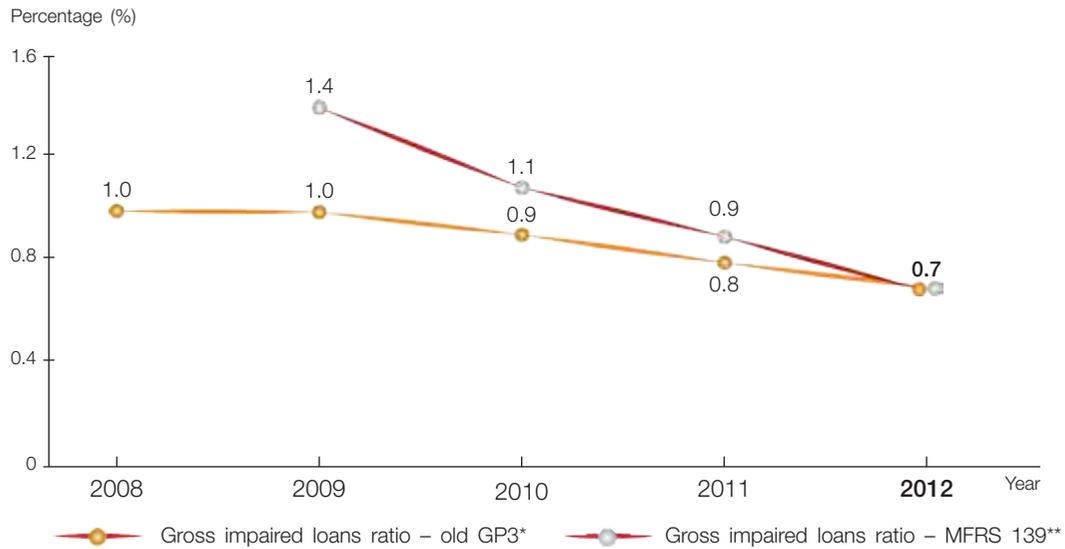


* Restated due to retrospective application of MFRS 139 which resulted in a change in accounting policy on collective assessment allowance for loans

Summary of Five-Year Group Growth

Solid Asset Quality

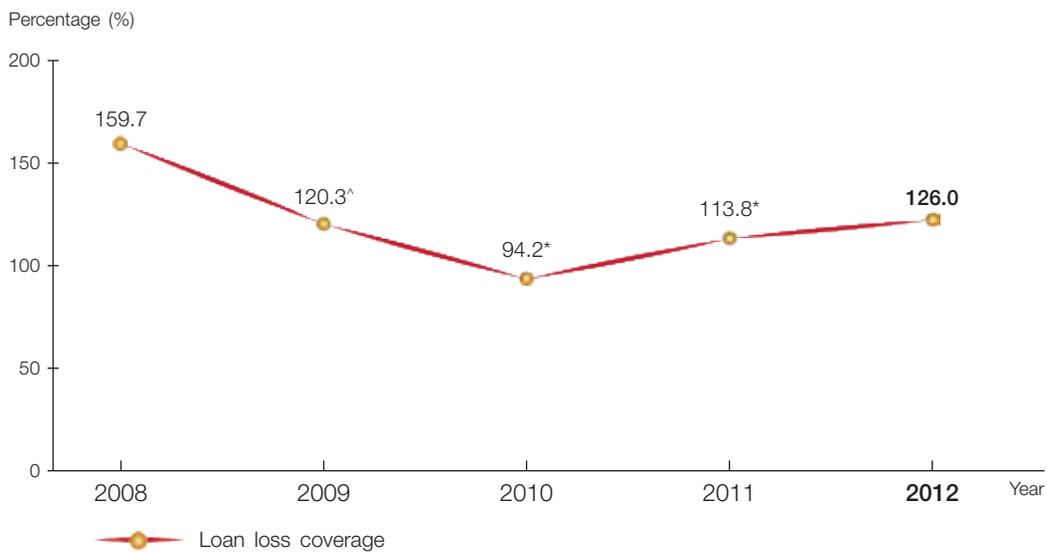
Low Gross Impaired Loans Ratio



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

** MFRS 139 - loans in arrears for 3 months or more and significant loans below 3 months which show indications of impairment

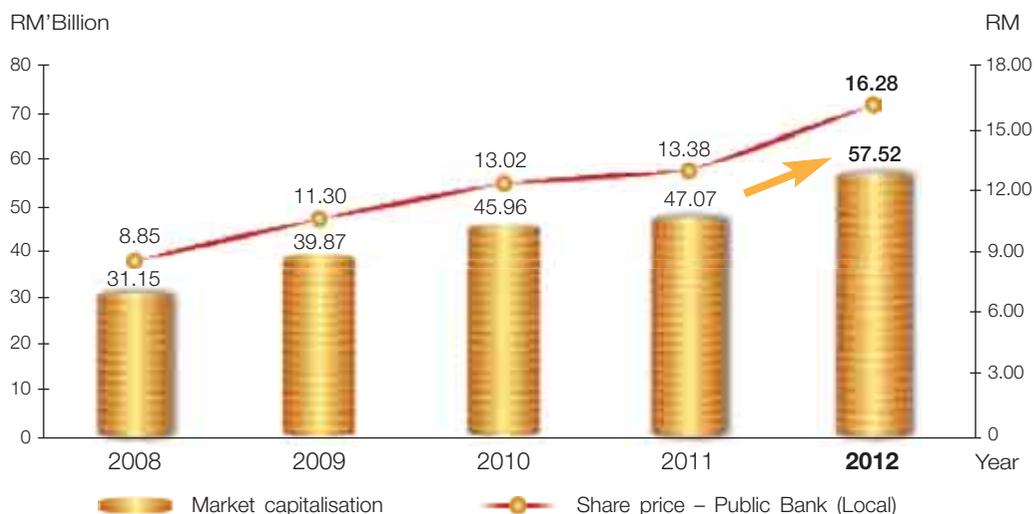
High Loan Loss Reserves



[^] Restated due to adoption of FRS 139 which resulted in more stringent criteria on the classification of impaired loans

* Restated due to retrospective application of MFRS 139 which resulted in a change in accounting policy on collective assessment allowance for loans

MARKET CAPITALISATION & RANKING



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

Year	2008	2009	2010	2011	2012
Ranking	3rd	5th	4th	5th	2nd

KEY INTEREST BEARING ASSETS & LIABILITIES

	2012			2011		
	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	180,773	5.57	10,073	160,131	5.70	9,120
Balances with banks	21,423	2.67	572	29,335	2.67	784
Financial assets and financial investments	34,675	3.02	1,046	23,685	2.93	693
Total	236,871	4.94	11,691	213,151	4.97	10,597
Interest Bearing Liabilities						
Deposits from customers	186,742	2.67	4,979	158,544	2.48	3,939
Deposits from banks	16,024	2.09	336	24,960	2.54	634
Recourse obligations on loans and financing sold to Cagamas	268	3.62	10	14	4.25	1
Debt securities issued and other borrowed funds	10,186	3.85	392	9,125	3.61	330
Total	213,220	2.68	5,717	192,643	2.55	4,904

SEGMENTAL ANALYSIS

2011

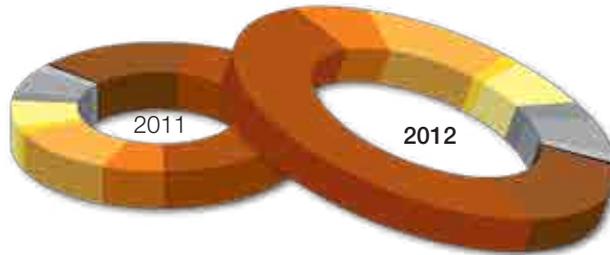
Domestic

- 16.9%  Hire purchase
- 46.1%  Retail operations
- 6.6%  Corporate lending
- 12.0%  Treasury and capital market operations
- 1.5%  Investment banking
- 6.8%  Fund management
- 2.3%  Others

Overseas

- 5.8%  Hong Kong SAR
- 1.7%  Cambodia
- 0.3%  Other countries

Operating Revenue



2012

Domestic

- 16.0%  Hire purchase
- 48.0%  Retail operations
- 6.9%  Corporate lending
- 11.8%  Treasury and capital market operations
- 1.3%  Investment banking
- 6.2%  Fund management
- 2.6%  Others

Overseas

- 5.3%  Hong Kong SAR
- 1.6%  Cambodia
- 0.3%  Other countries

2011

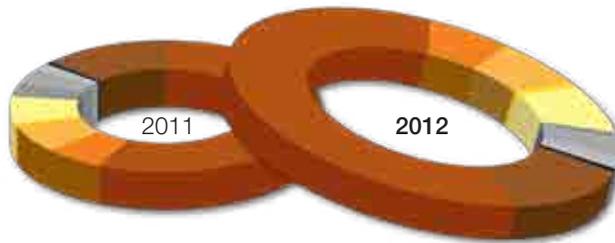
Domestic

- 13.2%  Hire purchase
- 57.0%  Retail operations
- 6.3%  Corporate lending
- 6.6%  Treasury and capital market operations
- 1.0%  Investment banking
- 6.6%  Fund management
- 3.2%  Others

Overseas

- 3.6%  Hong Kong SAR
- 1.9%  Cambodia
- 0.6%  Other countries

Profit Before Tax



2012

Domestic

- 13.1%  Hire purchase
- 58.5%  Retail operations
- 6.3%  Corporate lending
- 6.6%  Treasury and capital market operations
- 0.9%  Investment banking
- 7.3%  Fund management
- 0.9%  Others

Overseas

- 3.6%  Hong Kong SAR
- 2.2%  Cambodia
- 0.6%  Other countries

2011

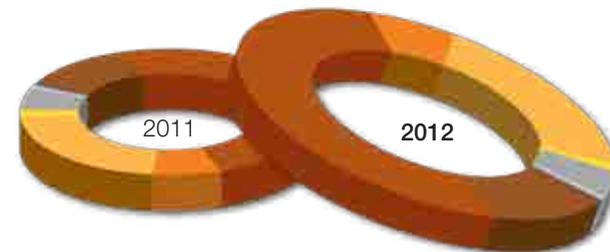
Domestic

- 12.8%  Hire purchase
- 49.3%  Retail operations
- 7.5%  Corporate lending
- 22.0%  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



2012

Domestic

- 12.7%  Hire purchase
- 51.0%  Retail operations
- 7.3%  Corporate lending
- 21.5%  Treasury and capital market operations
- 1.3%  Investment banking
- 0.1%  Fund management
- 0.1%  Others

Overseas

- 4.7%  Hong Kong SAR
- 1.1%  Cambodia
- 0.2%  Other countries

GROUP QUARTERLY PERFORMANCE

2012	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2012
FINANCIAL PERFORMANCE (RM'Million)					
Operating revenue	3,373.4	3,465.8	3,588.8	3,630.1	14,058.1
Net interest income and income from Islamic banking business	1,479.3	1,511.8	1,564.0	1,543.3	6,098.4
Operating profit	1,275.2	1,323.4	1,395.3	1,391.9	5,385.8
Profit before tax expense and zakat	1,245.6	1,240.3	1,312.5	1,305.5	5,103.9
Profit attributable to equity holders of the Bank	940.8	952.7	983.3	992.5	3,869.3
Earnings per share (sen)	26.9	27.2	28.1	28.3	110.5
Net dividend per share (sen)	–	20.0	–	30.0	50.0

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 and 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	1,173.1	1,261.9	1,231.1	1,211.8	4,877.9
Profit attributable to equity holders of the Bank	884.1	954.9	931.9	913.4	3,684.3
Earnings per share (sen)	25.2	27.3	26.6	26.1	105.2
Net dividend per share (sen)	–	20.0	–	28.0	48.0

Restated as a result of retrospective application of MFRS 139.

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.

	2012 RM'000	2011# RM'000
VALUE ADDED		
Net interest income	5,254,645	4,974,931
Net income from Islamic banking business	843,766	868,342
Other operating income	1,648,298	1,565,297
Other operating expenses excluding staff costs and depreciation	(582,283)	(566,948)
Allowance for impairment on loans, advances and financing	(279,244)	(326,755)
(Impairment)/writeback of impairment on other assets	(6,626)	1,598
Share of results of equity accounted associated companies	3,985	3,210
Value added available for distribution	6,882,541	6,519,675

DISTRIBUTION OF VALUE ADDED		
To employees:		
Personnel costs	1,611,362	1,495,789
To the governments:		
Taxation	1,192,165	1,153,436
To providers of capital:		
Dividends paid to shareholders	1,751,063	1,681,020
Non-controlling interests	42,488	40,214
To reinvest in the Group:		
Depreciation	167,253	145,947
Retained profits	2,118,210	2,003,269
Total distributed	6,882,541	6,519,675

Restated as a result of retrospective application of MFRS 139.



23.4% Employees
17.3% Governments
26.1% Providers of capital
33.2% Reinvestment in the Group

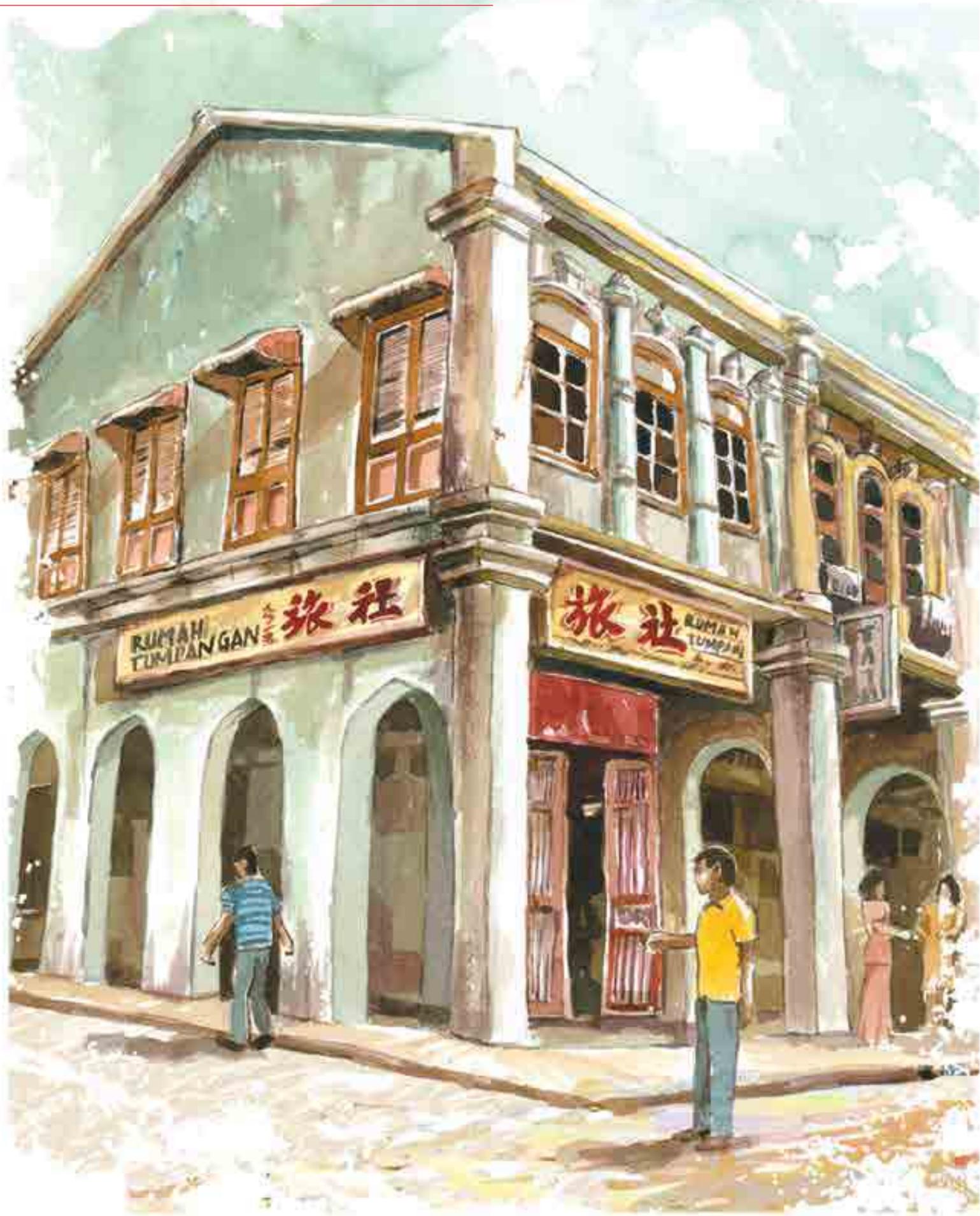


22.9% Employees
17.7% Governments
26.4% Providers of capital
33.0% Reinvestment in the Group



The humble guest house in Malaysia originated in colonial days as accommodation for visiting officials as well as travellers. Today, these guest houses have transformed into delightful boutique hotels, whilst retaining its charm and appeal, reminiscent of the past.

Resilient Always



2012 AWARDS & ACHIEVEMENTS

AWARDS & ACCOLADES

THE MANY AWARDS THAT THE PUBLIC BANK GROUP HAS GARNERED OVER THE YEARS SPEAK VOLUMES OF ITS UNWAVERING COMMITMENT TO ITS CORPORATE MISSION “TO SUSTAIN THE POSITION OF BEING THE MOST EFFICIENT, PROFITABLE AND RESPECTED PREMIER FINANCIAL INSTITUTION IN MALAYSIA”.

The recognition of the Public Bank Group's exemplary performance reflects the market and industry's assessment of our achievements – key ingredients to sustain profitability in the more turbulent economy ahead.

These awards and recognition also motivate every employee of the Group in its pursuit of excellence to keep the Group ahead of its competitors.



ALPHA SOUTHEAST ASIA

- 1a  Best Bank in Malaysia 2012
2012, 2011, 2010, 2009, 2008, 2007
- 1b  Institutional Investor Corporate Awards 2012 Ranked Top 3 Companies in the following categories:
 - Most Consistent Dividend Policy
 - Strongest Adherence to Corporate Governance 2012, 2011

ASIAMONEY

-  Overall Best Managed Company in Malaysia – Large Cap 2011, 2008, 2007

2012 Awards & Achievements



ASIA PACIFIC BRANDS FOUNDATION

- 2 The BrandLaureate Awards 2011–2012 for Best Brands in Financial Services – Banking Award 2012, 2011, 2010, 2009, 2008, 2007
- The BrandLaureate – SME Best Brands Awards 2011

ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA

- 3 Silver Award for Finance Category in the Putra Brand Awards 2012, 2010

ASIAN BANKING & FINANCE

- 4 Domestic Retail Bank of the Year – Malaysia 2012 2012, 2011, 2009, 2007

AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD

- 5 AUD/NZD Straight-Through-Processing Excellence Award in 2011

BANK OF NEW YORK MELLON

- 6 The Bank of New York Mellon Straight-Through Processing Award 2011 2011, 2010

BRAND FINANCE PLC

- 7 Brand rating of AAA-
- Ranked No. 3 in Malaysia in the Brand Finance Top 500 Banking Brands 2012

2012 Awards & Achievements



CORPORATE GOVERNANCE ASIA

◆ Corporate Governance Asia Recognition Award 2012 for Malaysia
2012, 2011, 2010, 2009, 2008, 2006

8 ◆ 2nd Asian Excellence Recognition Awards 2012:

8a – Best Corporate Social Responsibility for Malaysia

8b – Best Investor Relations Company for Malaysia
2012, 2011

CREDIT GUARANTEE CORPORATION

9 ◆ Top SMI Supporter Award 2011 under the Commercial Bank Category
2011, 2010, 2009, 2008, 2007, 2005

DEUTSCHE BANK

◆ Deutsche Bank's 2011 EUR Straight-Through Processing Excellence Award
2011, 2010

FINANCEASIA

10a ◆ Best Asian Bank 2012
2012, 2011, 2010, 2008

10b ◆ Best Bank in Malaysia 2012
2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999

2012 Awards & Achievements



FINANCEASIA (CONT'D)

- ◆ Asia's Best Company Poll 2012
 - Ranked 2nd in the Best Managed Company
 - Ranked 3rd in the Best Corporate Governance
 - Ranked 3rd in the Best Investor Relations
 - Ranked 3rd in Most Committed to a Strong Dividend Policy

FROST & SULLIVAN

- 11 ◆ Automotive Finance Company of the Year 2012
2012, 2011, 2010, 2009, 2007

JP MORGAN CHASE BANK

- 12 ◆ J.P. Morgan Quality Recognition Award 2011 for achieving outstanding Straight-Through Processing rates in the payment transfer operations:
 - MT103 Elite Quality Recognition Award
2011, 2010, 2008, 2007, 2006, 2005
 - MT202 Elite Quality Recognition Award
2011, 2010, 2008, 2007, 2006, 2005

2012 Awards & Achievements



MALAYSIAN INVESTOR RELATIONS ASSOCIATION

- 13 Malaysia Investor Relations Awards 2012
 - 13a – Quality of Annual Reports/Formal Disclosure – Malaysia
 - 13b – Quality of One-on-One Meetings – Malaysia

NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

- 14a Overall Excellence Award for Most Outstanding Annual Report of the Year – Gold Award 2012, 2011, 2006
- 14b Best Annual Report in Bahasa Malaysia – Platinum Award 2012, 2011, 2009, 2008, 2007, 2006

READER'S DIGEST

- 15 Reader's Digest Trusted Brands Gold Award 2012 for the Bank category in Malaysia 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004

THE ASIAN BANKER

- 16 Best Retail Bank in Malaysia 2011
 - Strongest Bank in Malaysia 2012

THE ASSET

- Best Domestic Bank in Malaysia 2012 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002

2012 Awards & Achievements



WORLD FINANCE

- ◆ Best Banking Group in Malaysia 2012
2012, 2011, 2010, 2009

YAZHOU ZHOUKAN

- ◆ Ranked 2nd in the 2012 Top 10 Malaysian Banks in terms of total assets
2012, 2011

CHAIRMAN'S AWARDS 2012

- 17 ◆ Best CEO (Investor Relations) 2012 for Malaysia by Corporate Governance Asia
- ◆ Asian Corporate Director Recognition Award 2012 for Malaysia by Corporate Governance Asia.

PAST AWARDS

ALPHA SOUTHEAST ASIA

- ◆ Institutional Investor Corporate Awards 2011 Ranked Top 3 Companies in the following category:
 - Most Organised Investor Relations
 - Most Consistent Dividend Policy
 - Strongest Adherence to Corporate Governance
- ◆ Best SME Bank in Malaysia
2011, 2010, 2009, 2007
- ◆ Top 10 Largest Dividend Players in Southeast Asia (2006–2010)
 - Ranked 2nd in the Total Dividend Yield category

ASIAMONEY

- ◆ Best Domestic Bank in Malaysia
2008, 2007, 2004, 2003, 2002, 2001, 1999
- ◆ Asiamoney Corporate Governance Poll
 - Best Overall for Corporate Governance in Malaysia
2011, 2009, 2008
 - Best for Disclosure and Transparency in Malaysia
2011, 2009, 2008
 - Best for Shareholders' Rights and Equitable Treatment in Malaysia
2011, 2009, 2008
 - Best for Responsibilities of Management and the Board of Directors in Malaysia
2011, 2008
- ◆ Best Investor Relations 2011
- ◆ Asiamoney's Poll of Polls:
 - Best Overall Company in Malaysia for Corporate Governance 2004–2008
- ◆ Asiamoney Awards for Best Managed Companies
 - Malaysia's Overall Best Managed Company 2004
 - The 5th Malaysia Best Managed Companies 1999
 - Top 10 Best Managed Companies 1997
- ◆ The Best Company Overall For Investor Relations In Malaysia 2001
- ◆ The Strongest Bank in Malaysia and Fourth Strongest Bank in Asia 2001

ASIA ENTREPRENEUR ALLIANCE WORLDWIDE

- ◆ Asia Pacific Super Excellent Brand 2008 Award

ASIA PACIFIC BRANDS FOUNDATION

- ◆ BrandLaureate Awards 2009 Societe Award: Best Brands in Philanthropy and Humanity

ASIAN INSTITUTE OF MANAGEMENT

- ◆ Management Awards of Asia for Financial Management Category 1996

ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA

- ◆ Bronze Award for Finance Category in the Putra Brand Awards 2011

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

BANK OF NEW YORK MELLON

- ◆ Outstanding Payment Formatting and Straight Through Rate Award
2009

BANK CENTRAL ASIA, INDONESIA

- ◆ Asia Pacific Most Supportive Partner
2010

DEWAN BAHASA & PUSTAKA

- ◆ Banking Institution Language Award for Commercial Bank Category 2009
- ◆ Anugerah Citra Wangsa Malaysia Incentive Award for Financial Institution 2007
- ◆ Anugerah Citra Wangsa Malaysia For The Private Sector Annual Report
2007, 2006
- ◆ Anugerah Citra Wangsa Malaysia Merit Award for Annual Report in Bahasa Malaysia
2005, 2003
- ◆ Anugerah Citra Wangsa Malaysia Special Jury's Award For Annual Report in Bahasa Malaysia
2002, 2001

Past Awards

DEWAN BANDARAYA KUALA LUMPUR

- ◆ Federal Territory Kuala Lumpur 2007 Building Beautification & Illumination Competition
 - Champion, Bank category
 - Datuk Bandar Trophy for Bank category
- ◆ Beautiful Compound Competition For Private Sector Complex/Building Category 1994

EMERGING MARKETS INVESTOR MAGAZINE

- ◆ Best Bank In Malaysia 2001

ENTREPRENEUR DEVELOPMENT ASSOCIATION

- ◆ 8th Asia Pacific International Honesty Enterprise Keris Award 2010

EUROMONEY

- ◆ Best Bank in Malaysia
2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 1999, 1998, 1993
- ◆ 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

FAR EASTERN ECONOMIC REVIEW

- ◆ Ranked No. 2 in the Review 200: Asia's Leading Companies Award
2003, 2002, 2001, 2000

FIABCI

- ◆ Award Of Distinction For The Best Commercial Development Building 1999

FINANCEASIA

- ◆ Annual Asia's Best Managed Companies 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
- Best Corporate Social Responsibility
2011, 2010
- Best Investor Relations *2008*
- Most Committed to Consistent Good Dividends
2007

Ranked No. 2

- Best Investor Relations
2010, 2009, 2007
- Most Committed to a Strong Dividend Policy
2009
- Best Corporate Social Responsibility
2009
- Best Commitment to Strong Dividends
2006

Ranked No. 3

- Best Managed Company *2006*
- Best Corporate Governance *2006*

- ◆ Deal Of The Month – Public Bank's USD200 Million Hybrid Tier-1 Offering
2006
- ◆ Best Bank Capital Deal Of The Year – Public Bank's USD200 Million Hybrid Tier-1 Offering
2006
- ◆ Asia's Best Managed Companies
2005, 2004

FINANCIAL INSIGHTS

- ◆ Innovation Awards 2007 for Operational Processes

GLOBAL FINANCE

- ◆ Best Bank in Malaysia
2004, 2003, 2002, 2000
- ◆ Best Emerging Market Bank in Malaysia
2010, 2009
- ◆ Best Foreign Exchange Provider for Malaysia in the World's Best Foreign Exchange Providers
2012, 2011

Past Awards

INSTITUTIONAL INVESTOR RESEARCH GROUP

- ◆ Best Investor Relations 2004

INSTITUTE OF PUBLIC RELATIONS MALAYSIA

- ◆ Anugerah Kristal 2004 (Special Mention) Consumer Public Relations Category:
PB Manchester United MasterCard

INVESTOR RELATIONS MAGAZINE

- ◆ Certificate of Excellence for Investor Relations 2009
- ◆ Best Investor Relations in the Singapore Market by a Malaysian Company 2007
- ◆ 'Highly Commended' Award for Best Investor Relations In The Singapore Market By A Malaysian Company 2006

JP MORGAN

- ◆ Quality Recognition Award for achieving Best-in-Class Straight Through Processing rates in the payment transfer operations
 - 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

KPMG

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

KUALA LUMPUR STOCK EXCHANGE BERHAD

- ◆ KLSE Corporate Excellence Awards 2003, 2002, 2001, 2000
- ◆ KLSE Corporate Award for Best Corporate Disclosure in Annual Report 2003
- ◆ KLSE Corporate Sectoral Award for the Finance and Closed-End Fund Sector 2001, 2000

MALAYSIAN BUSINESS

- ◆ Malaysian Business – CIMA Enterprise Governance Awards
 - Overall Winner 2011, 2010, 2009, 2008
 - Best Return to Shareholders – First Runner-up 2011
 - Best Corporate Social Responsibility – Merit Awards 2011
 - Best Return to Shareholders 2010, 2009, 2008
 - Best Corporate Social Responsibility 2010, 2009
- ◆ Malaysian Business Corporate Social Responsibility Awards 2007
 - Overall Winner
 - Best Innovation in Corporate Social Responsibility Awards
- ◆ 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.

- ◆ Malaysia Service to Care Champion 2011 Award for Conventional Banking category
- ◆ Best of Malaysia Branded Service Champion 2009 Award for Local Consumer Banking Category

MALAYSIA DESIGN TECHNOLOGY CENTRE

- ◆ National Creative & Innovation Award 2004

Past Awards

MALAYSIAN INSTITUTE OF MANAGEMENT

- ◆ Partenaire de Valeuris' (Values Partner) Award 2006

MALAYSIAN MERGERS AND ACQUISITIONS ASSOCIATION

- ◆ 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

MINISTRY OF INTERNATIONAL TRADE & INDUSTRY

- ◆ Industry Excellence Award Under The Service Export Excellence For The Financial Category 1994

MINORITY SHAREHOLDER WATCHDOG GROUP

- ◆ Malaysian Corporate Governance Index Awards
 - Corporate Governance Hall of Fame Award 2010
 - Overall Excellence Award
2011, 2010, 2009, 2008
 - Distinction Award
2011, 2010
 - Industry Excellence Award for Finance Sector
2011, 2010, 2008
 - Best Conduct of AGM Award
2011, 2010, 2009
 - Corporate Governance Challenge Trophy 2008

MINORITY SHAREHOLDER WATCHDOG GROUP AND NOTTINGHAM UNIVERSITY BUSINESS SCHOOL, MALAYSIA CAMPUS CORPORATE GOVERNANCE SURVEY

- ◆ Ranked No. 1
2007, 2006

NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

- ◆ Overall Excellence Award for Most Outstanding Annual Report of the Year – Platinum Award
2010, 2009, 2008, 2007
- ◆ Overall Excellence Award for Most Outstanding Annual Report of the Year
2005, 2004, 2003, 2002, 1997, 1990

- ◆ Best Annual Report in Bahasa Malaysia – Gold Award
2010, 2006

- ◆ Best Annual Report in Bahasa Malaysia
2005, 1997, 1994

- ◆ Industry Excellence Award for Companies Listed on Main Market in the Finance Sector
2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997

- ◆ Best Design Annual Report – Platinum Award
2007

- ◆ Commendation Award for Bahasa Malaysia Annual Report
1996, 1995, 1990

- ◆ Commendation Award for Best Accounting Information
1995, 1994, 1989

RAM RATING SERVICES

- ◆ RAM Heritage Hall Awards for Evolutionary Award 2010

SIRIM

- ◆ Bank-Wide ISO 9001:2000 Quality Management Systems Certification 2001 for “Provision of Customer Service at the Front Office”
- ◆ Bank-Wide ISO 9001:2000 Quality Management Systems Certification 2003 for “Provision of Customer Service in Loan Delivery”

SMI ASSOCIATION

- ◆ Sahabat SMI Award for 2005

STATE BANK OF VIETNAM

- ◆ Medal “For The Course Of Vietnamese Banking” 2002

Past Awards

THE ASIAN BANKER

- ◆ Best Automobile Lending Award
2011, 2009
- ◆ Best Retail Bank in Malaysia
2009, 2008, 2007, 2006, 2005, 2004, 2003, 2001
- ◆ Excellence in Retail Financial Services Awards 2009
 - Best Retail Bank in Asia Pacific
 - Best Deposit Product/Campaign
- ◆ The Asian Banker Achievement Award Commitment to Investors 2008

TECHNOLOGY BUSINESS REVIEW

- ◆ Award for Excellence 2006 in Banking and Finance for Local Bank

THE ASIAN BANKING AWARDS 2000

- ◆ Most Outstanding Customer Service Programme Category

THE ASSET

- ◆ Platinum Award for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations
2011, 2010, 2009
- ◆ Best Local Currency Structured Product, Malaysia – PB Asian ACES 2009
- ◆ Asia's Best Bank Capital Issue for PBB's USD200 million Hybrid Tier-1 Offering 2007
- ◆ Best Company in Malaysia for Corporate Governance 2007
- ◆ A Leader in Corporate Governance in Malaysia 2003

THE BANKER

- ◆ Bank of the Year for Malaysia
2011, 2009, 2008, 2005, 2001

THE EDGE BILLION RINGGIT CLUB CORPORATE AWARDS

- ◆ Most Profitable Company in the Finance Sector 2011
- ◆ Highest Returns to Shareholders Over Three Years 2010
- ◆ Highest Returns on Equity Over Three Years 2010

THE MALAYSIAN BOOK OF RECORDS

- ◆ Most Award-Winning Bank Certification 2010

THE WALL STREET JOURNAL

- ◆ Asia's 200 Most Admired Companies Survey:
 - Malaysia's Overall Most Admired Company
2010, 2009
 - 1st in Long Term Vision 2009
 - 1st in Financial Reputation 2009
 - 2nd in Corporate Reputation 2009
 - 2nd in Quality 2009
 - 3rd in Innovation 2009
 - 3rd Most Admired 2008
 - 3rd in Long Term Vision 2008
 - 3rd in Financial Reputation 2008
 - 3rd in Corporate Reputation 2008
 - 2nd of Top 10 Malaysian Companies 2006
 - 1st in Financial Soundness 2006
 - 1st in Reputation 2006

YAZHOU ZHOUKAN

- ◆ Ranked 2nd 2011 Top 10 Malaysian Bank in Total Asset
- ◆ Ranked in 2009 Top 20 Chinese Businesses in Malaysia

Past Awards

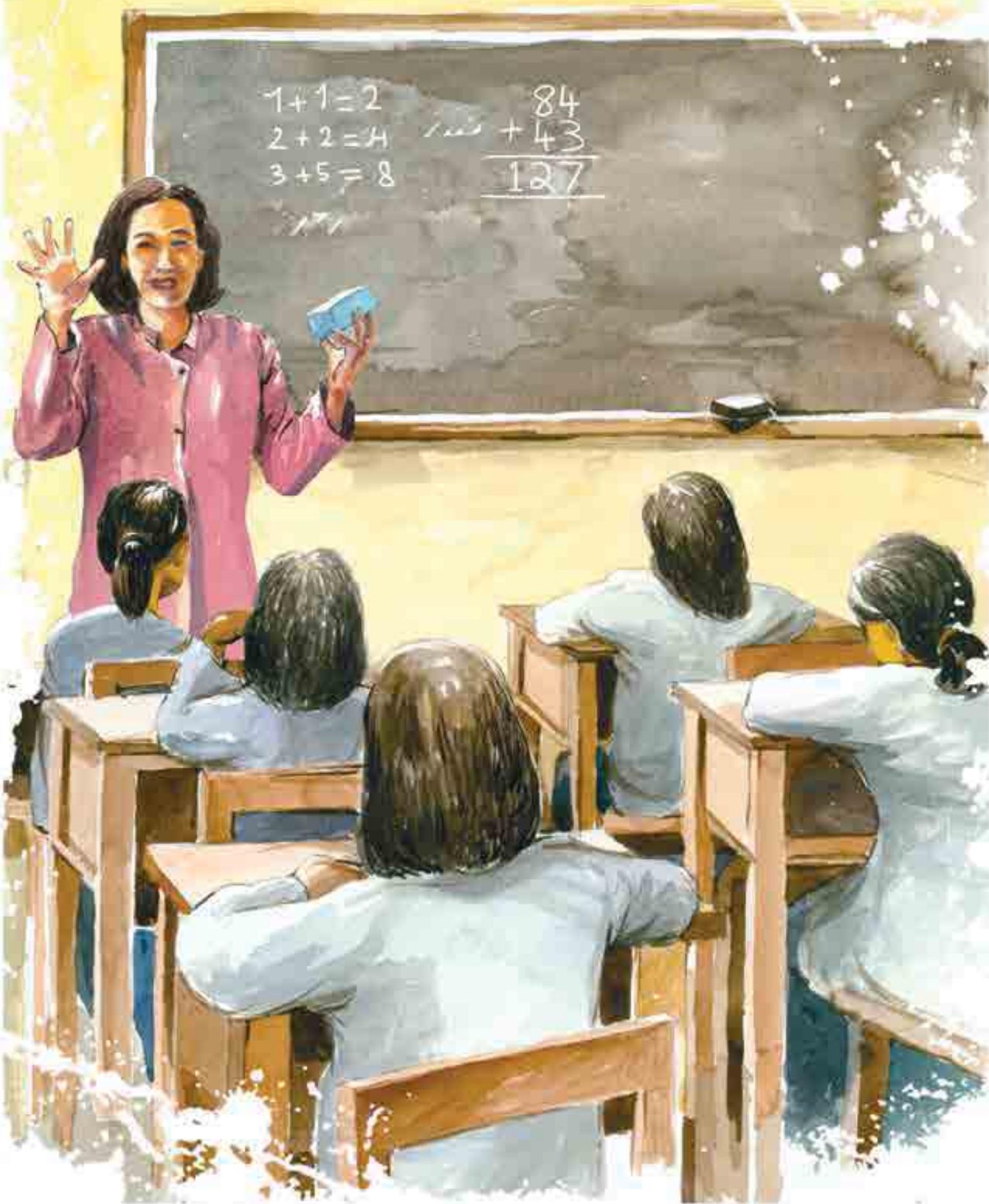
CHAIRMAN'S PAST AWARDS

- ◆ 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
- ◆ 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 The Asia Money & Finance



Education is the cornerstone of society. It empowers and enlightens the next generation for a better tomorrow. The way we learn however, continues to evolve. From traditional classroom learning to online learning, technology today has had a significant impact on education and has revolutionised the teaching as well as the learning process.

Resilient Always



BOARD OF DIRECTORS



Board of Directors

Tan Sri Dato' Sri Dr. Teh Hong Piow (5th from left) flanked from left to right by, Tang Wing Chew, Dato' Haji Abdul Aziz bin Dato' Dr. Omar, Dato' Yeoh Chin Kee, Tan Sri Dato' Sri Tay Ah Lek, Tan Sri Datuk Seri Utama Thong Yaw Hong, Dato' Sri Lee Kong Lam, Quah Poh Keat, Lai Wan, Lai Wai Keen, Dato' Chia Lee Kee



BOARD OF DIRECTORS' PROFILE

Tan Sri Dato' Sri Dr. Teh Hong Piow

Non-Executive Chairman

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 82, began his banking career in 1950 and has 63 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 for Malaysia
- Value Creator: Malaysia's Outstanding CEO 2010
- The BrandLaureate – Tun Dr. Mahathir Mohamad Man of the Year Award 2010-2011

- Best CEO (Investor Relations) 2011 for Malaysia
- Asian Corporate Director Recognition Award 2011 for Malaysia
- The BrandLaureate Premier Brand Icon Leadership Award 2011
- Best CEO (Investor Relations) 2012 for Malaysia
- Asian Corporate Director Recognition Award 2012 for Malaysia

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.

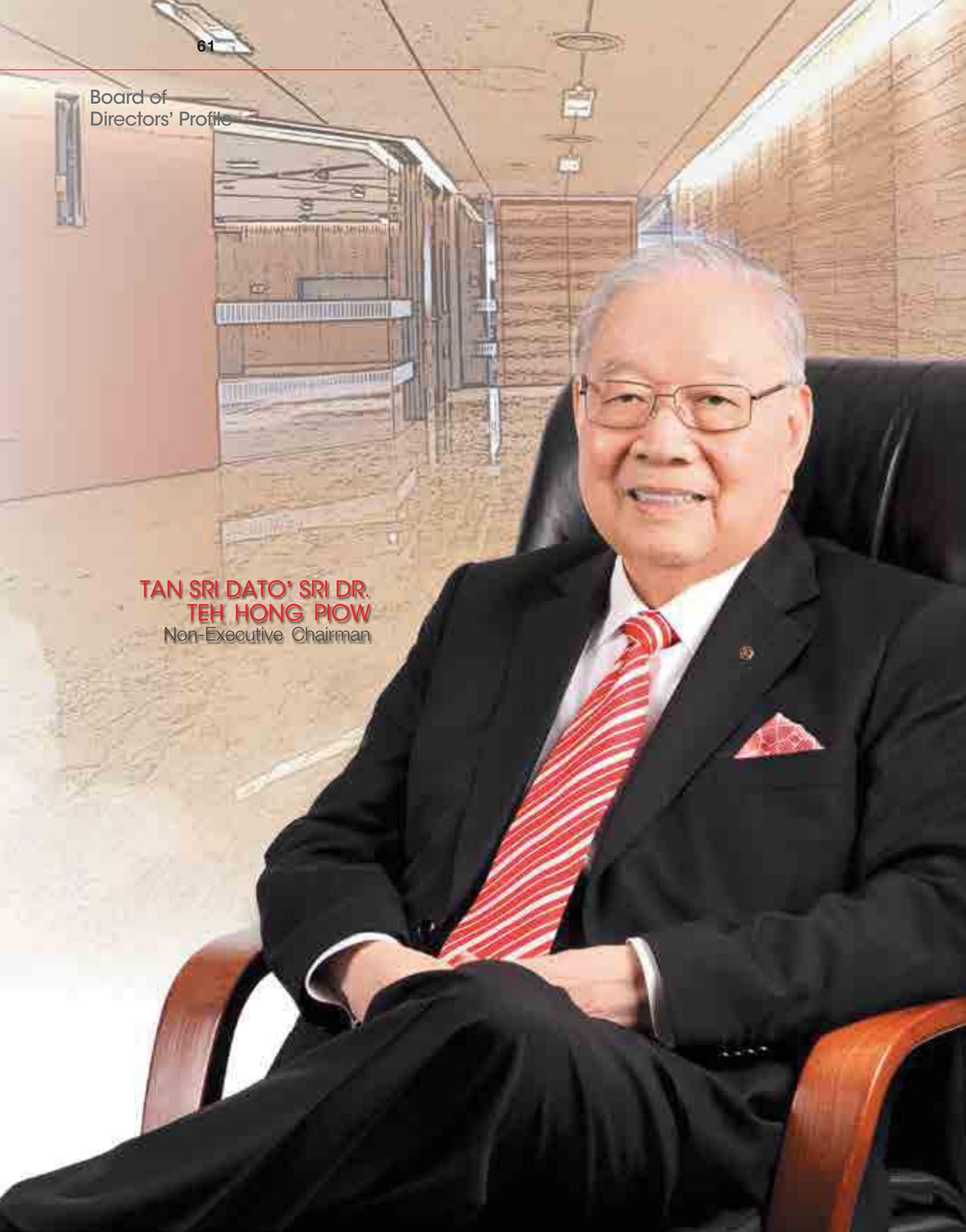
He is an Emeritus Fellow of the Malaysian Institute of Management and is a Fellow of the Institute of Bankers Malaysia; the Chartered Institute of Bankers, United Kingdom; the Institute of Administrative Management, United Kingdom; and the Institute of Chartered Secretaries and Administrators, Australia.

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 18 Board meetings which were held in the financial year ended 31 December 2012.

Board of
Directors' Profile

**TAN SRI DATO' SRI DR.
TEH HONG PIOW**
Non-Executive Chairman



Board of Directors' Profile

Tan Sri Datuk Seri Utama Thong Yaw Hong

Independent Non-Executive Co-Chairman

Tan Sri Datuk Seri Utama Thong Yaw Hong, aged 82, 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 and Campu Securities 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 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 18 Board meetings which were held in the financial year ended 31 December 2012.



Board of Directors' Profile

Tan Sri Dato' Sri Tay Ah Lek

Managing Director/Chief Executive Officer

Tan Sri Dato' Sri Tay Ah Lek, aged 70, has 52 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 an Emeritus Fellow of the Malaysian Institute of Management and is a Fellow of CPA Australia, the Financial Services Institute of Australasia, and the Institute of Bankers Malaysia.

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 18 Board meetings which were held in the financial year ended 31 December 2012.



Board of Directors' Profile



Dato' Sri Lee Kong Lam

Executive Director

Dato' Sri Lee Kong Lam, aged 71, has 45 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, Campu Lonpac Insurance Plc and Campu Securities Plc, and several other subsidiaries of Public Bank.

Dato' Sri Lee attended all the 18 Board meetings which were held in the financial year ended 31 December 2012.

Board of Directors' Profile

Dato' Yeoh Chin Kee

Non-Independent Non-Executive Director

Dato' Yeoh Chin Kee, aged 70, began his banking career in 1961 and has 52 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 18 Board meetings which were held in the financial year ended 31 December 2012.



Board of Directors' Profile



Dato' Haji Abdul Aziz bin Dato' Dr. Omar

Independent Non-Executive Director

Dato' Haji Abdul Aziz bin Dato' Dr. Omar, aged 65, 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. He was the President and Chief Executive Officer of a Malaysian bank from 1986 to 1993. His 44 years experience 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 18 Board meetings which were held in the financial year ended 31 December 2012.

Board of Directors' Profile

Quah Poh Keat

Independent Non-Executive Director

Quah Poh Keat, aged 60, 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, Campu Lonpac Insurance Plc, Campu Securities 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 18 Board meetings which were held in the financial year ended 31 December 2012.



Board of Directors' Profile



Tang Wing Chew

Independent Non-Executive Director

Tang Wing Chew, aged 68, 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 46 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).

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 18 Board meetings which were held in the financial year ended 31 December 2012.

Board of Directors' Profile

Lai Wan

Independent Non-Executive Director

Lai Wan, aged 69, was appointed as a Director of Public Bank on 26 April 2012. He is a member of the Audit Committee and the Risk Management Committee.

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

Mr Lai has 39 years of experience in the banking and finance related industries. He had served Bank Negara Malaysia for 20 years and the last position held before his resignation in 1985 was as the Deputy Manager, Bank Examination Department.

Mr Lai had working experience in three finance companies from 1985 to 1994 where he had held senior management positions.

Mr Lai was appointed the President/Chief Executive Officer of a Malaysian bank in 1997 until his retirement on 31 December 2000.

Upon retirement from full time employment, Mr Lai continued to be engaged in finance related industries through his directorships in various companies.

Mr Lai attended all the 14 Board meetings held from April 2012 to December 2012, following his appointment as a Director on 26 April 2012.



Board of Directors' Profile



Lai Wai Keen

Independent Non-Executive Director

Lai Wai Keen, aged 58, was appointed as a Director of Public Bank on 29 May 2012. She is a member of the Audit Committee and the Risk Management Committee.

Ms Lai holds a Bachelor of Economics (Hons) – Business Administration degree from the University of Malaya and a LLB degree from the University of London.

She possesses extensive experience with Bank Negara Malaysia (BNM) and Perbadanan Insurans Deposit Malaysia (PIDM), concentrated in senior management and project leader positions, including significant central banking assignments.

Ms Lai has over 20 years of banking regulatory experience with BNM, including in bank regulation, corporate communications, international negotiations and relations, deposit insurance systems and protection scheme for insurance policy holder.

She was seconded to PIDM as General Manager, Policy and International in 2005 until her retirement in January 2011.

Ms Lai attended all the 13 Board meetings held from May 2012 to December 2012, following her appointment as a Director on 29 May 2012.

Board of Directors' Profile

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.



LETTER TO OUR STAKEHOLDERS

Milestone pre-tax profit of RM5.10 billion

Best in return on equity, cost efficiency and asset quality among our peers

Retaining market leadership in core business segment

In 2012, the recovery of the global economy remained slow as the European sovereign debt crisis was still unresolved in the absence of concerted resolutions among the affected economies. The crisis continued to be a threat to the stability of the already fragile Eurozone financial system and casting wider negative impact worldwide. Further, the economic growth of the United States of America remained slow although there were positive signs emerging towards the end of the year that indicated improvement in unemployment rate, stabilisation of income growth and measures that helped address some fiscal issues.

The Asian economies, on the other hand, played a vital role in powering the global growth where the world is currently experiencing a shift in the economic and financial strength from the West to the East. Backed by stronger domestic economies, the Asian economies remained resilient in the first half of 2012. However, signs of moderation had emerged in the second half of 2012, with the reported economic slowdown in China, Asia's power house and world's second largest economy. Even domestic demand in the emerging economies were showing signs of moderation amid prolonged external uncertainties.

While the Malaysian economy is not insulated from the impact of unfavourable external conditions, domestic demand continues to drive the economic growth with the trend expected to carry on into 2013. The Government of Malaysia is committed to maintaining macroeconomic stability and strengthening domestic demand by vigorously executing and implementing the programmes under the Economic Transformation Programmes, the New Economic Model of the 10th Malaysia Plan and Budget 2013. The Malaysian economy is expected to strengthen further with a projected growth of between 4.5% and 5.5% in 2013, while the banking system in Malaysia remains stable, buoyed by strong capitalisation, healthy liquidity and strong asset quality.

The Public Bank Group continues to grow and maintain its market share in the Malaysian domestic market by consistently executing its proven core business strategy of organic growth, reinforced by its prudent risk management philosophy and dedicated staff team work. The Group's regional operations in Hong Kong, Cambodia, Vietnam, Laos and Sri Lanka demonstrated resilience despite the external uncertainties and intense market competition.



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

Letter to Our Stakeholders

TO OUR SHAREHOLDERS

Delivering Another Milestone Financial Results

The Public Bank Group achieved yet another milestone financial results in 2012. After having crossed the RM4 billion mark in pre-tax profit in 2010, the Group surpassed the RM5 billion mark in 2012 with a record pre-tax profit of RM5.10 billion and net profit attributable to shareholders of RM3.87 billion. The comparative pre-tax profit and net profit attributable to shareholders for 2011 were restated to RM4.88 billion and RM3.68 billion from the previously reported RM4.61 billion and RM3.48 billion respectively. The upward restatements of the pre-tax profit and net profit attributable to shareholders for 2011 amounting to RM267 million and RM200 million respectively, were the consequence of the retrospective application of the Malaysian Financial Reporting Standards ("MFRS") 139, which resulted in a lower collective assessment allowance on the Group's loans and financing. Accordingly, the Group's pre-tax profit and net profit attributable to shareholders for 2012 were 4.6% and 5.0% higher than the restated corresponding results in 2011. Should the effects of such restatements be excluded, the Group's pre-tax profit and net profit attributable to shareholders for 2012 would have increased by 10.7% and 11.1% respectively. Given the financial results in 2012, the Group continued to triumph in achieving an unbroken track record of profitability for a straight 46 years since it commenced operations. The Group continued to deliver its promise to its shareholders for sustainable performance and consistently enhanced shareholder value.

The Public Bank Group recorded a strong return on equity ("ROE") of 24.5% for 2012, which was the highest ROE amongst its peer banking groups in Malaysia as well as being one of the highest in the Asia Pacific region. The Group is pleased to be able to keep to its commitment to deliver consistently high value to its shareholders despite facing a challenging economic landscape throughout 2012.

Although the Public Bank Group continued to face intense competition in both its domestic and overseas operations as competitors aggressively stepped up their efforts in pursuing market share gains and exerting downward pressure on net interest margin, the Group remained focused on achieving



growth momentum in its core lending and deposit-taking businesses, proactively managing its net yield and asset quality as well as maintaining a healthy liquidity position. The Group also actively sought cross-selling opportunities with both its existing and new customers to further increase its income across a range of services and products. Thus, despite the challenging business environment, the Group's total income grew by 4.6% to RM7.75 billion in 2012.

Taking cognisance of the importance of ensuring cost efficiency in enhancing shareholders' return, the Public Bank Group adopted prudent cost management discipline by actively promoting higher levels of productivity in its resources, enhancing efficiency in processes and optimum utilisation of infrastructures. This has resulted in the Group being able to maintain an efficient cost-to-income ratio of 30.5% as compared to the banking industry's average cost-to-income ratio of 46.0%. Notwithstanding this, the Group is always mindful of the need to invest and has continuously invested, especially in human capital development and innovative infrastructure, to sustain long term business growth.

Letter to Our Stakeholders

The Public Bank Group's balance sheet position remained strong, with its loan and financing assets expanding by 11.3% from RM177.69 billion in 2011 to RM197.78 billion as at the end of 2012. Domestic lending assets expanded at a faster pace during the year, growing by 12.5%, which was above the Malaysian banking industry's growth rate of 10.4% in 2012. Lending to the retail sector remained the main focus of the Group with concentration in lending for the financing of residential properties, purchase of passenger vehicles and to the small- and medium-sized enterprises ("SMEs"). As at the end of 2012, the Group's retail loan and financing portfolios made up 85.9% of its total loans and financing. The Group continued to command market leadership in domestic lending for residential mortgages, commercial property financing and passenger vehicles financing with improved market shares of 19.1%, 33.7% and 26.4% respectively. The Group's domestic market share for overall loans and financing stood at 16.7% as at the end of 2012.

The Public Bank Group's funding position remained robust, supported by its strong retail deposit franchise and large depositor base of over five million customers. With the continuous support of its valued customers, the Group's total deposits from customers grew by 12.3% during the year from RM200.37 billion to RM225.04 billion. The domestic customer deposits grew by 13.0% compared to the domestic banking industry's growth of 8.4% in 2012. The strong domestic deposit growth was mainly attributed to the steady net inflows of fixed deposits and the low-cost savings and current account ("CASA") deposits. The Group's domestic fixed deposits and CASA deposits grew by 14.4% and 11.6% respectively, outperforming the Malaysian banking industry's growth of 8.8% in fixed deposits and 10.3% in CASA deposits in 2012. The resilient funding position resulted in the Group's loan-to-deposit ratio remaining stable and healthy at 87.1%.

Notwithstanding the strong loan growth in 2012, the Public Bank Group's loan impairment allowance decreased by 14.5% from RM327 million in 2011 to RM279 million in 2012, with further improvement in gross impaired loan ratio to 0.7% as compared to the Malaysian banking industry's average gross impaired loan ratio of 2.0% as at the end of 2012. This was further supported by the Group's healthy

loan loss coverage ratio of 126.0%, which was significantly higher than the coverage ratio of 100.9% for the Malaysian banking industry as at the end of 2012. These achievements of the Group were directly attributed to the strong asset quality as a result of the Group's consistently prudent approach in credit policies and effectiveness in credit assessment, approval, monitoring and recovery processes.

Sustainable Performance over Medium-Term

The Public Bank Group has consistently maintained outstanding financial performance over the past five years despite the continued challenging economic environment following the global financial crisis in 2008. Since the end of 2007, the Group has achieved the following:

- Expanded its balance sheet with total assets growing from RM174.16 billion to RM274.62 billion as at the end of 2012;
- Almost doubled its gross loans, advances and financing from RM101.00 billion to RM197.78 billion as at the end of 2012, with the Group's market share of the domestic banking industry's loans and financing rising from 14.4% to 16.7% as at the end of 2012;
- Improved its customer deposit base by 78.6% from RM126.03 billion to RM225.04 billion as at the end of 2012 and maintained 15.2% market share in the domestic banking industry's customer deposits as at the end of 2012;
- Profit before tax increased by 69.9% from RM3.00 billion to a new high of RM5.10 billion in 2012;
- Net profit attributable to shareholders grew by 82.2% from RM2.12 billion to RM3.87 billion in 2012;
- Built up its shareholders' equity by 92.1% from RM9.34 billion to RM17.94 billion as at the end of 2012;
- Delivered consistently above industry high return on equity of 24.5% for 2012; and
- Ensured uncompromised quality asset as evidenced from improved gross impaired loan ratio from 1.4% to 0.7% as at the end of 2012.

Letter to Our Stakeholders

	2007 RM' Billion	2012 RM' Billion	Variance
Total assets	174.16	274.62	▲ 57.7%
Gross loans, advances and financing	101.00	197.78	▲ 95.8%
Deposits from customers	126.03	225.04	▲ 78.6%
Profit before tax	3.00	5.10	▲ 69.9%
Net profit attributable to shareholders	2.12	3.87	▲ 82.2%
Shareholders' equity	9.34	17.94	▲ 92.1%
Return on equity	26.3%	24.5%	▼ (1.8%)
Gross impaired loan ratio	1.4%	0.7%	▼ (0.7%)

Strategic Direction Going Forward

The Public Bank Group will continue with its proven business strategy to pursue organic growth and sustain its premier status in the Malaysian banking industry. Backed by the resilient successful business model as evidenced in the commendable performance track records, the Group not only managed to withstand financial crises in the past, but emerged stronger each time post crisis. The Group's prudent business risk appetite and its established credit risk policies, risk management infrastructure and processes have enabled

the Group to maintain the best asset quality as reflected in the lowest gross impaired loan ratio in the Malaysian banking industry despite consistent double-digit growth in loans and financing year after year. With the external uncertainties continuing to loom over the economy and increasing competitive pressure on net interest margins as banks seek to gain market share, it is important that the Group further reinforces its current core business strategies, while remaining alert and responsive to market changes.



Letter to Our Stakeholders

- ***Sustaining Organic Growth Momentum***

Retail consumer and commercial banking businesses remain the core strategic focus of the Public Bank Group's business growth, as these businesses contributed to more than 70% of the Group's profit and collectively accounted for 85.9% of the Group's loan and financing portfolios as at the end of 2012.

One of the key drivers that is keeping the Public Bank Group's lending business momentum growing is its concerted efforts to deepen relationships with its core customers, primarily the retail consumers and the SMEs. Proactive product innovation and packaging based on customers' needs, competitive pricing, effective delivery channels, focused marketing initiatives and strong PB branding are contributing positively to the strong loan growth of the Group.

The Public Bank Group's lending business growth will continue to be supported by growth in the retail banking segment, namely home mortgages, hire purchase financing for passenger vehicles and retail commercial loans to SMEs.

Over the past two years, pre-emptive regulatory measures, such as the 70% loan-to-value ratio cap on loan and financing for the third residential property, higher real property gain tax and the more stringent lending guidelines issued by Bank Negara Malaysia ("BNM") on responsible finance were introduced to discourage borrowers from over-gearing and to curb speculative property purchases. As a result, the overall domestic property market in 2012 moderated in terms of prices and demand. However, the more affordable low and mid-range residential properties continued to receive rising demand from the urban young population for housing needs.

The Public Bank Group continues to anchor its growth opportunities in this segment of the residential property market, which represents a major portion of the Group's home mortgage portfolio. As at the end of 2012, about 70% of the Public Bank's home mortgages were granted in the region of between RM100,000 and RM500,000 to finance the purchase of affordable residential properties. The Government's initiatives, such as the 1Malaysia People's Housing ("PR1MA") and My First Home Scheme, which were introduced to promote home ownership amongst lower and middle income families, would further benefit the Group given that its lending direction on home mortgages is geared towards owner-occupied and the broader base mass market segment.

2012 continued to be a challenging year for the passenger vehicle hire purchase financing business in Malaysia with dwindling effect from the impact of the disrupted global supply and production lines arising from the 2011 devastating earthquake and tsunami in Japan and floods in Thailand. The challenging condition was further amplified by the introduction of the pre-emptive responsible financing guidelines by BNM in the early part of 2012. As a result, the overall sale of vehicles and hire purchase loan approvals in the market were affected. Although the market has since adapted to the new requirements and sales volume improved in the second half of 2012, the impact of the potential decrease in vehicle prices once the revised National Automotive Policy comes into effect in the near future, continued to generate concerns amongst the automotive industry players, financiers and consumers. Despite facing these challenging conditions in the passenger vehicle market, the Public Bank Group's domestic hire purchase loan approvals remained strong, averaging above RM1 billion per month in 2012, and the trend is expected to be sustained going forward. These were attributed to Public Bank's strong market presence, extensive partnership network with car dealers, superior loan delivery track record and excellent customer service.

Letter to Our Stakeholders

With the heavy reliance on SMEs to spur the domestic activities in Malaysia, SMEs continue to play a major role in keeping the Malaysian economy on a steady growth path. 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 RM16.96 billion in 2012 and accounted for 26.9% of the Group's total domestic loans approved during the year. As part of its strategic plan to further expand on its SME portfolio, the Group intends to diversify its product offerings from the current property financing concentrated base, which includes the expansion of working capital and trade financing, as well as remittance business, while seeking to broaden and deepen its relationship with customers.

- **Upholding Asset Quality**

As the Public Bank Group continues to expand its loan and financing portfolios, the Group is mindful of the uncompromised stand in upholding the superior asset quality of its loan and financing portfolios. This is achieved by consistently embracing a combination of both preventive and proactive measures in its lending activities, such as setting strict and prudent credit policies, emphasising on strong discipline and "know your customer" culture in the credit assessment and approval processes, and ensuring timely collection, efficient and proactive restructuring and rescheduling processes as well as rehabilitation of impaired loans.

The outcome of the stringent credit discipline is reflected in the low level of impaired loans and financing of the Public Bank Group with its impaired loan ratio standing at 0.7% as at the end of 2012. The Group takes pride in being the Malaysian banking group with the lowest impaired loan ratio, despite the consistent double-digit growth in its loan and financing portfolios year after year.

In addition, the Public Bank Group's loan loss coverage ratio which stood at 126.0% as at the end of 2012 was also higher and more prudent than the Malaysian banking industry's coverage ratio of 100.9% as at the end of 2012, despite the write-back of excess collective assessment allowance of RM1.15 billion arising from the full adoption of MFRS 139 on 1 January 2012.

With the implementation of MFRS 139, the collective assessment allowance is to be determined based on historical loss experience. Accordingly, this has resulted in a lower collective assessment allowance on the Group's loans and financing reflecting the superior asset quality of the loans and financing of the Group.

The Public Bank Group will continue to pursue its strategy of organic business growth whilst maintaining its stringent credit standards and commendable record of superior quality loan and financing portfolios.

- **Driving Fee-based Revenue**

Growing fee-based revenue remains a key long-term strategic initiative in sustaining long-term profitability growth and improving ROE of the Public Bank Group. The fee-based revenue strategy, which attracts a low or zero capital cost, promotes greater capital efficiency in view of the changes to the regulatory capital framework under Basel III, which imposes generally higher capital requirements on banks. To facilitate this strategic initiative, the Group invested extensively in resources, particularly in its people as the Group strengthened the underlying infrastructure in its unit trust, bancassurance and wealth management businesses.

The Public Bank Group's unit trust management business undertaken through its wholly-owned subsidiary, Public Mutual, continued to show commendable performance, outperforming the Malaysian unit trust industry in 2012. Public Mutual remained the market leader in the private unit trust business with 100 funds and total net asset value of RM54.6 billion under its management as at the end of 2012. Despite the intense competition in the highly saturated fund management market, it still managed to capture 40.8% of the overall market share as at the end of the year. Public Mutual has obtained the approval from the Securities Commission in 2012 as one of the approved pioneer providers for the first set of Private Retirement Schemes in Malaysia. This signified another milestone achievement for the Group to participate in an inaugural national initiative to encourage sole proprietors to build up their retirement savings, and employers to provide extra benefits for their workers beyond their mandatory contribution.

Letter to Our Stakeholders

On the bancassurance front, it was announced that on 11 October 2012, ING has reached an agreement with AIA Group Ltd (“AIA”) for the sale of ING’s insurance operations in Malaysia to AIA. With the approvals from the regulators and the completion of the sale, the Public Bank Group’s strategic bancassurance tie-up with the enlarged AIA will remain. The alliance is expected to contribute positively to the Group’s long-term fee-based revenue as it will enable the Group to continue to provide life, health, and investment-linked insurance products to its wide network of customers in Malaysia and Hong Kong through the various distribution channels of the Group.

As an alternative to the conventional deposit products and an avenue to generate fee-based revenue, the Public Bank Group also actively offers alternative savings products such as foreign currency deposit accounts and gold investment accounts. In 2012, foreign currency deposits stood at RM5.92 billion whilst gold investment accounts totalled 4.87 tonnes of gold valued at RM798 million.

Moving forward, growing fee-based revenue remains one of the Public Bank Group’s key strategies with focus on its unit trust business, bancassurance and various other fee-based generating products and services. The Group will continue to enhance its cross-selling initiatives with both existing and new customers in order to increase its fee-based revenue opportunities. Strategic key performance indicators (“KPIs”) measurements will be introduced by the Group to achieve this objective.

- **Ensuring Liquid Balance Sheet**

As the Public Bank Group continued to expand the asset side of its balance sheet by pursuing organic business growth, the Group had ensured that its funding base remained stable and healthy to support its asset growth. The Group sought to tap on its extensive retail customer base for retail deposits as they tend to be less volatile compared to funding from wholesale deposits. The Group’s retail deposit franchise remained strong, with its net loan-to-deposit ratio standing at a healthy level of 87.1% as at the end of 2012 and with deposits from individuals accounting for 56.3% of its total core customer deposits.

The Public Bank Group’s policy of self-sufficiency in funding the lending business is also consistently applied to the Group’s banking subsidiaries and 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.

- **Practising cost discipline**

Cost management is another key driver to enhance shareholder value. The discipline of cost management and improving productivity is even more crucial to ensure cost effectiveness in this challenging and competitive operating environment. To maintain efficiency and enhance productivity, the key initiatives undertaken by the Public Bank Group include retaining the right people to do the job, providing effective training and coaching to improve the staff’s competency and productivity, enhancing work processes and infrastructure by emphasising on straight through processing while ensuring strict compliance with internal controls, and prioritising the deployment of resources and technology to where it is most effective.

When benchmarked against its peers, the Public Bank Group, with its cost-to-income ratio of 30.5% for 2012, remained the most cost-efficient bank in Malaysia, as well as in comparison with the leading banks in the Asia Pacific region. The Group takes pride with humility in this achievement, particularly when many major banks around the world and region have been forced to make painful decisions to reduce their staff force in their bid to maintain a sustainable cost structure.

Preserving Shareholder Value

The ultimate measure of a company’s success is the extent to which it enriches shareholders. For the Public Bank Group, maximising shareholder value remained a high priority and its ability to build and to preserve the long-term intrinsic value of its shareholders’ investment in Public Bank is clearly proven through its consistent and strong performance while balancing its responsibility to its customers, employees and community.

Letter to Our Stakeholders

- **Managing Capital Proactively**

In order to optimise shareholder value, one of the key goals of the Public Bank Group is to proactively manage its capital structure to ensure efficient deployment of its valuable and scarce resources to drive optimum return on equity whilst striking a balance between the need for capital to support the organic growth strategies for the Group and the need to conserve capital to meet the more stringent Basel III regulatory capital regime as well as to meet shareholders' expectations of return on their investment.

The Basel III standards, a prudent global regulatory reform imposed on the global banking system after the 2008 and 2009 financial crisis, pose an imminent challenge for banks and financial institutions to maintain a higher level of shareholders' capital 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 via 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.

The Public Bank Group is well-positioned to meet the new regulatory requirements without restraining the Group's organic business growth strategies by proactively managing its capital structure and assessing its capital needs, as well as maintaining maximum financial flexibility to pursue strategic objectives whilst maximising shareholder value.

- **Paying Out Consistent Dividend**

Public Bank will pay a 2nd interim single tier dividend of 30 sen per share. The Board of Directors does not propose the payment of any final dividend. The 2nd interim single tier dividend of 30 sen, together with the 1st interim single tier dividend of 20 sen paid in August 2012 will mean that shareholders would receive a total net dividend of 50 sen per share for 2012. This translates into a net dividend yield of 3.1% based on the share price of RM16.28 per Public Bank (Local) share as at the end of 2012. The total dividends paid and to be paid to shareholders for 2012 would amount to RM1.75 billion, representing 45.3% of the Group's net earnings for 2012.

Taking into consideration the allocation of capital resources by the Public Bank Group to support its organic business growth strategies and fulfilling the requirements under the Basel III capital framework, 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 BNM as required by the Banking and Financial Institutions Act, 1989.

- **Consistently Delivering Superior Returns to Shareholders**

The Public Bank Group had consistently delivered superior returns to its shareholders, both over the medium-term and the long-term, which clearly demonstrated its defensive qualities.

Taking a 5-year medium term period, a shareholder of Public Bank who purchased 1,000 Public Bank (Local) shares at a price of RM11.00 per Public Bank (Local) share at the end of 2007 with an investment outlay of RM11,000 and held it for 5 years to the end of 2012 would have received gross dividends totalling RM2,742 and have 1,043 Public Bank (Local) shares worth RM16,980 based on the closing share price of RM16.28 per share as at the end of 2012. Together with the dividends received, this investment would have given the shareholder an annual rate of return on investment of 13.3% or a total return of 79.3% 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 2012, 135,398 Public Bank shares worth RM2,204,279 based on the share price of Public Bank (Local) shares of RM16.28 at the end of 2012. In addition, he would have received a total gross dividend of RM843,836 whilst having only invested a capital outlay of RM48,760, including subscription for all rights issues. The dividends received and the appreciation in share value translate to a remarkable compounded annual rate of return of 19.5% for each of the 45 years that this shareholder has held the shares in Public Bank since it was listed in 1967.



TO OUR CUSTOMERS

Meeting Customers' Expectations

The banking industry landscape in Malaysia, and in the countries and region where the Public Bank Group has presence, remained intensely competitive particularly in the retail banking segment, where banks engaged aggressively for bigger market share. With easy access to information, customers are increasingly well-informed on the products and services offered by the banks in the market. From the perspective of the customers, the Group believes what truly sets a financial provider apart from its competitors is not its products and services alone, but the quality of service that the customers received and experienced. For the Group, providing excellent customer service, starting from the first touch-point is the key success factor that differentiates the Group from its peers.

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 promote long-term customer loyalty, trust and value. It is by embracing this practice consistently across the Group that allows the Group to continually enjoy the strong and loyal customer following that we have today.

With its extensive geographical reach and presence in the communities that it serves, together with its strong and deep customer relationships, the Public Bank Group also seeks to meet its customers' expectations by proactively identifying and fulfilling their needs with effective and responsive banking solutions. In its lending business, the Group continued to support businesses, particularly SMEs

and participated in the growing domestic economy by providing easy access to credit at competitive terms. For SMEs, the Group has been actively providing credit facilities under various loan schemes covered by Credit Guarantee Corporation and initiatives by the Government. In the domestic retail consumer segment, the Group had approved more than RM32.03 billion new domestic loans in 2012 for the purchase of residential mortgages and for passenger vehicles financing. The strong growth of the Groups' lending business of 11.3% in 2012, which was primarily focused on retail consumers and SMEs, was a clear demonstration of the Group's commitment to support the needs of its loan customers.

Given the Public Bank Group's strong financial performance and reputation of adopting prudent credit risk policies, the Group provides its depositors the assurance and comfort that their hard earned savings is in the safe protection of a strong and sound repository. The Group also offers various alternative savings and investment products for customers who seek to enhance returns on their savings in the prevailing low interest rate environment whilst taking on low to moderate level of risks with such products.



Letter to Our Stakeholders

Consistently Maintaining Service Quality

In keeping up with its aim to consistently provide quality service to its customers, the Public Bank Group seeks to constantly improve compliance levels on its stringent loan service delivery standards and its quantitative customer service delivery standards at the frontline of branches, which include a 2-minute standard waiting time to serve customers at branch counters. Public Bank continued to maintain 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”.

The ISO certification of customer service delivery standards demonstrates the Public Bank Group’s ability to achieve consistently high customer service delivery standards across its entire branch network, providing assurance to customers that they can expect to enjoy the same consistent high level of customer experience wherever the Group is present. The Group also 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 proactive steps taken to help service providers meet these standards. Constant upskilling of service providers, redeployment of resources and increasing the availability of self service terminals at branch premises are part of the proactive initiatives taken to continuously meet the high customer service delivery standards of the Group.

Investing in Customer Service Infrastructure

Always aligning to its customers’ needs with customer service placed on the top of the agenda, the Public Bank Group continued to invest further in the Group’s multi-channel customer service delivery infrastructure. In 2012, the Group added to its domestic distribution channel by increasing its domestic branch network to 255 branches. The Group also expanded its wide network of self service machines by adding and replacing Automated Teller Machines (“ATMs”) and Cash Deposit Terminals (“CDTs”) with 186 more efficient bi functional Cash Recycling Machine (“CRMs”), and added 26 Cheque Deposit Machines (“CDMs”), bringing the Group’s total domestic network of self service machines to 1,645 units comprising a combination of ATMs, CDMs, CRMs and CDTs. In promoting greater customer comfort and accessibility, the Group also continued to upgrade the self service terminal vestibules in its domestic branches to house more self service terminals with improvement on the layout. In addition, the Group is also a member of the Malaysian Electronic Payment System (“MEPS”) ATM network, which provides domestic customers access to more than 10,000 ATM facilities nationwide.

Strong support from individual customers

The Public Bank Group’s persistent pursuit of the delivery of excellence in customer service and its commitment to invest significant resources in this key aspect of the business have yielded positive results with high level of customer loyalty and retention, as well as brand appreciation. This strong customer allegiance is reflected in the Group’s high market share of individual customers. The Group has a 17.8% domestic market share of individual savings deposits as at the end of 2012, and an overall domestic market share of individual core customer deposits of 18.6%. Domestic deposits from individuals accounted for 55.7% of core customer deposits as at the end of 2012. The Group also enjoyed the largest market share in the domestic residential mortgage and passenger vehicle hire purchase financing market of 19.1% and 26.4% respectively as at the end of 2012, which are mainly financing extended to individual borrowers.

Letter to Our Stakeholders

TO OUR STAFF

Our People are Our Most Important Asset

The remarkable success of the Public Bank Group today is attributed to its diverse team of committed, competent and dedicated employees who are focused on delivering a common goal of performance excellence. Building on its high performance culture, the Group has proactively nurtured an effective, integrated and focused workforce of over 17,600 employees, which collectively represents the most valuable asset of the Group.

Nurturing Staff Competency

To meet the Public Bank Group's commitment to serve its customers well, it is imperative that the Group has the right people with the right knowledge, attitude and skill sets. In its firm commitment to enhance the value of its human capital, the Group continues to invest significant management and financial resources in nurturing its talents by providing significant opportunities and space for their professional and personal development. The Group has long 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 2012, over 53,000 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 327 internal training courses on the intranet, with more than 46,000 participants completing e-learning courses. Reflecting our commitment to invest in the Group's human capital, total training expenditure of RM34.0 million was incurred in 2012.

Besides equipping the staff with the necessary skills and capabilities 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.

Paving the Way for Smooth Succession Planning

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. Put in place 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. In 2012, there were few retirements of key senior management personnel in Public Bank and the vacancies were filled by internal promotion of the earmarked candidates who have the requisite experience and skills, resulting in a smooth and uninterrupted transition.

Rewarding based on Performance

The principle of the Public Bank Group's performance-based remuneration system, where rewards are 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, exhibiting traits of maximum productivity, effective communication and teamwork.

The Public Bank Group's consistent payout of high performance-driven rewards over the years also encourages the staff to take forward looking holistic views when discharging their responsibilities. This promotes longer term superior performance of the Group as the staff push the boundaries of performance year after year in striving for high rewards and the satisfaction of personal achievement within the risk management culture of the Group.

Letter to Our Stakeholders

Increasing Productivity

Another key strategy for the Public Bank 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 by placing top priority emphasis on continuous upskilling of its employees via training, knowledge and personal development, coaching and mentoring, and by implementing a 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, and are well above the industry's level:

	PBB			Industry Average* RM'000
	2007 RM'000	2012 RM'000	Variance	
Loans per staff	7,098	11,222	↑ 58.1%	8,052
Deposits per staff	8,821	12,768	↑ 44.7%	10,423
Profit before tax per staff	210	290	↑ 38.1%	210

* Based on latest available industry data

Inculcating Values of Trust, Honesty and Integrity

The Public Bank Group continues to uphold, and instil in all its staff, a culture 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 strict adherence to the Group's policy of zero tolerance for dishonesty and lack of integrity is absolutely necessary to build and sustain the trust and confidence of the public as the Group carries out its primary role as a custodian of public funds and maintains its reputation as a trusted and respected leading financial institution in Malaysia and in the Asia-Pacific region.

Providing Career Path and Advancement

The Public Bank Group's commitment to its employees, 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 a career path and advancement within the Group. This is evident from the low staff attrition rate of 8% and a high 95% of managerial appointments were filled from staff within the Group in 2012.

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

Letter to Our Stakeholders

TO OUR COMMUNITY

The Public Bank Group's commitment of excellence to its stakeholders extends to encompass the community that the Group serves and where it operates its business activities. In fulfilling its corporate responsibility, the Group seeks to conduct its business activities transparently, prudently, ethically and responsibly in the community it serves.

Contributing to The Country's Development

Since incorporation in 1966, the Public Bank Group has grown into one of the leading financial services providers in Malaysia. With that growth comes the responsibility to contribute positively to the development, growth and stability of the Malaysian financial system. The stable Malaysian financial system, in return, sets the backdrop of a robust and resilient economy which allows room for the Government and BNM to focus on continued socio-economic development of the country. In promoting its core commercial banking business, the Group plays a proactive role in the promotion of domestic and international trade activities and facilitating the circulation of money through efficient credit creation and mobilisation of customer deposits.

Holding strong to the Public Bank Group's prudent credit culture and lending policies, the Group continues to uphold its firm commitment to exercise socially-responsible lending practices which take into consideration the aggregate debt obligations and the financial health of borrowers to avoid the over-gearing of borrowers and its consequential adverse impact. The Group's long established stringent lending policies are in line with BNM's call for responsible lending and greater vigilance against the background of growing concern on the escalation of household debt.

Public Bank, together with its bancassurance partner, also jointly offers the 1Malaysia Micro Protection Plan. This group term insurance plan, with premium 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 retail consumers and SMEs continue to benefit the wider community. The financial strength of the Group and its strong reputation 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 overall domestic financial system. With the largest market share of the residential mortgage business, the Group is helping to promote higher level of home ownership by Malaysians. In 2012, the Group approved more than 69,000 loans for home purchases in Malaysia, of which more than 3,200 were for financing of low cost homes to promote home ownership amongst lower income Malaysians.

The Public Bank 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. The Group had actively promoted the various loan schemes of the Credit Guarantee Corporation in order to provide less privileged SMEs with access to banking facilities and working capital, thereby helping these SMEs to sustain their business operations in the challenging socio-economic environment.

With its excellent track record of continuous strong financial performance, the Public Bank Group is a major contributor to the fiscal revenue of the country with tax payments totalling RM4.22 billion for the past 5 years since the beginning of 2008, with RM1.21 billion of taxes being paid in 2012 alone.

Moving forward, the Group will strive to maintain its sustainable healthy financial performance in order to continuously contribute significantly to the finances of the Government and the financing of the development efforts of the nation over the longer term.

Letter to Our Stakeholders

Giving Back to the Community

The corporate responsibility of the Public Bank Group also extends to a wide range of corporate social responsibility (“CSR”) initiatives where the Group strives to give back meaningfully to the community that supports its business and corporate activities.

In supporting efforts of environment preservation, the Public Bank Group together with the Malaysian Nature Society and in collaboration with the Ministry of Natural Resources and Environment, were involved in a multi-year tree planting and maintenance project at a flood retention pond in Cheras, Kuala Lumpur since 2007, which resulted in more than 12,000 trees being planted to help improve the urban ecosystem and to reduce the carbon footprint at the pond which forms part of the Kuala Lumpur city flood management system.

To further contribute to the environment’s sustainability, the Public Bank Group elected to adopt the “green” concept in the construction of Public Mutual Berhad’s new head office building located in Kuala Lumpur, with the hope to encourage the property development industry to move towards similar direction. The design and layout of the building incorporates a host of green features and has been awarded the pre-certification “Gold” rating by both the US Green Building

Council under the Leadership in Energy and Environmental Design Green Building Rating System; as well as by the Malaysia Green Building Index certification system.

Other key CSR initiatives undertaken in 2012 included providing continued financial assistance to the IJN Foundation for the setup of a dormitory to house families of needy patients undergoing treatment in IJN, the continued support of the Universiti Tunku Abdul Rahman in its research studies in the field of banking and finance and contributing two mobile police stations to the Royal Malaysian Police to assist in increasing police presence in identified areas under its Crime Awareness Programme. The Public Bank Group also supports projects and events that promote healthcare, education, professional development, disaster relief and national pride.

Through corporate volunteerism and leveraging on staff engagement, 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. All these efforts reflect the integration of sustainability into our corporate culture, and the Public Bank Group’s mission and strategies for its banking business.



Letter to Our Stakeholders

AWARDS AND RECOGNITION

The awards and recognition accorded by reputable domestic and international publications and independent organisations to the Public Bank Group 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 2012 alone, the Group was recognised with a total of 36 awards and recognition of excellence conferred on the Group and its management.

Excellent Corporate Governance

The strong corporate governance of the Public Bank Group forms the foundation of a long-term relationship between the Group and its stakeholders, which include customers, regulators, employees and shareholders, and is a key contributing factor to the long-term success of the Group.

In 2012, Public Bank's pursuit of excellence in corporate governance and its long embedded culture of transparency and integrity continued to be recognised with the following:

- Corporate Governance Asia's 2nd Asian Excellence Recognition Awards 2012 for Best Corporate Social Responsibility, Best Investor Relations by a Malaysian company and Corporate Governance Asia Recognition Award 2012
- The Alpha Southeast Asia's Institutional Investor Corporate Awards 2012 for Strongest Adherence to Corporate Governance

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 46 years of unbroken profitability, continued to be accorded best bank and best managed company awards by various international organisations and publications in 2012, which include:

- Overall Best Managed Company in Malaysia (Large Cap) by Asiamoney
- Best Retail Bank in Malaysia and Strongest Bank in Malaysia by The Asian Banker
- Best Bank in Malaysia and Best Asian Bank by FinanceAsia
- Best Bank in Malaysia by Alpha Southeast Asia
- Domestic's Retail Bank of the Year - Malaysia by Asian Banking and Finance
- Best Banking Group in Malaysia by World Finance
- Best Domestic Bank in Malaysia by The Asset

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 Corporate Governance Asia's 2nd Asian Excellence Recognition Awards 2012 for Best CEO (Investor Relations) for Malaysia and Asian Corporate Director Recognition Award 2012 for Malaysia.

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 staff to continue its relentless pursuit of the delivery of excellence to all its stakeholders.

Letter to Our Stakeholders

PROSPECTS

The outlook of the Malaysian economy, in which the Public Bank Group largely operates, continues to be stable and supportive of growth despite headwinds from the vulnerable external economic conditions, and the rapidly changing regulatory landscape for banks.

Whilst the Malaysian economy is forecasted to grow between 4.5% and 5.5% in 2013, underpinned by domestic demand, there remain some key challenges that the Public Bank Group needs to address and overcome. These include:

- The spillover effects of the economic slowdown and financial market volatility arising from the unresolved crisis in the advanced economies, and the imminent slowdown of China, which may adversely affect the demand of Malaysia's export and investment flows.
- Intensification of competition amongst participants in the Malaysian banking and financial services sector leading to greater pressure on pricing of products.
- The higher capital requirements for financial institutions 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 cost-effective balance sheet management strategies to sustain profitability in light of the more challenging interest-margin environment, while continuing its focus in raising its fee-based income stream to a more significant level in the medium-term. On the service delivery front, the Group will need to uphold its superior customer service and delivery excellence.

Given the Public Bank Group's strong financial performance track record, backed by excellent asset quality and its healthy capital structure, and most importantly, the firm commitment to excellence of all levels of staff, the Group has the capacity, from a position of strength, to seize opportunities to expand and grow its business as well as to implement its key strategies to meet the challenges in 2013 and beyond, thereby continuing to contribute to the stability and integrity of the financial system and play its appropriate role in the long-term development of the Malaysian economy.

Certainly, the Public Bank Group, having overcome all the challenges faced in its 46-year journey thus far, will be ever 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 years to come and beyond.

TARGETS FOR 2013

For 2013, the Public Bank Group's key performance targets are:

KEY PERFORMANCE BENCHMARKS	2013 TARGETS
Return on Equity	> 20%
Risk Weighted Capital Ratio	> 12%
Gross Impaired Loan Ratio	< 1%
Cost to Income Ratio	< 32%
Loan Growth	11% to 12%
Deposit Growth	11% to 12%

The setting of the Public Bank Group's key performance targets for 2013 has taken into account the Group's achievements in 2012, together with risk appetite of the Group, the regulatory requirements under the Basel III capital regime and the prevailing medium-term economic outlook.

Letter to Our Stakeholders

ACKNOWLEDGEMENT

To our customers and shareholders, we would like to express our gratitude for your trust, confidence and unwavering support to the Public Bank Group.

We would like to commend and acknowledge the management and 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 extend our warmest welcome to Mr Lai Wan and Ms Lai Wai Keen, who joined us as Independent Non-Executive Directors in April 2012 and May 2012 respectively, both bringing on board deep knowledge and vast banking skills and experience.

The Board and Management would also like to thank BNM and all other relevant authorities for their continuous 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

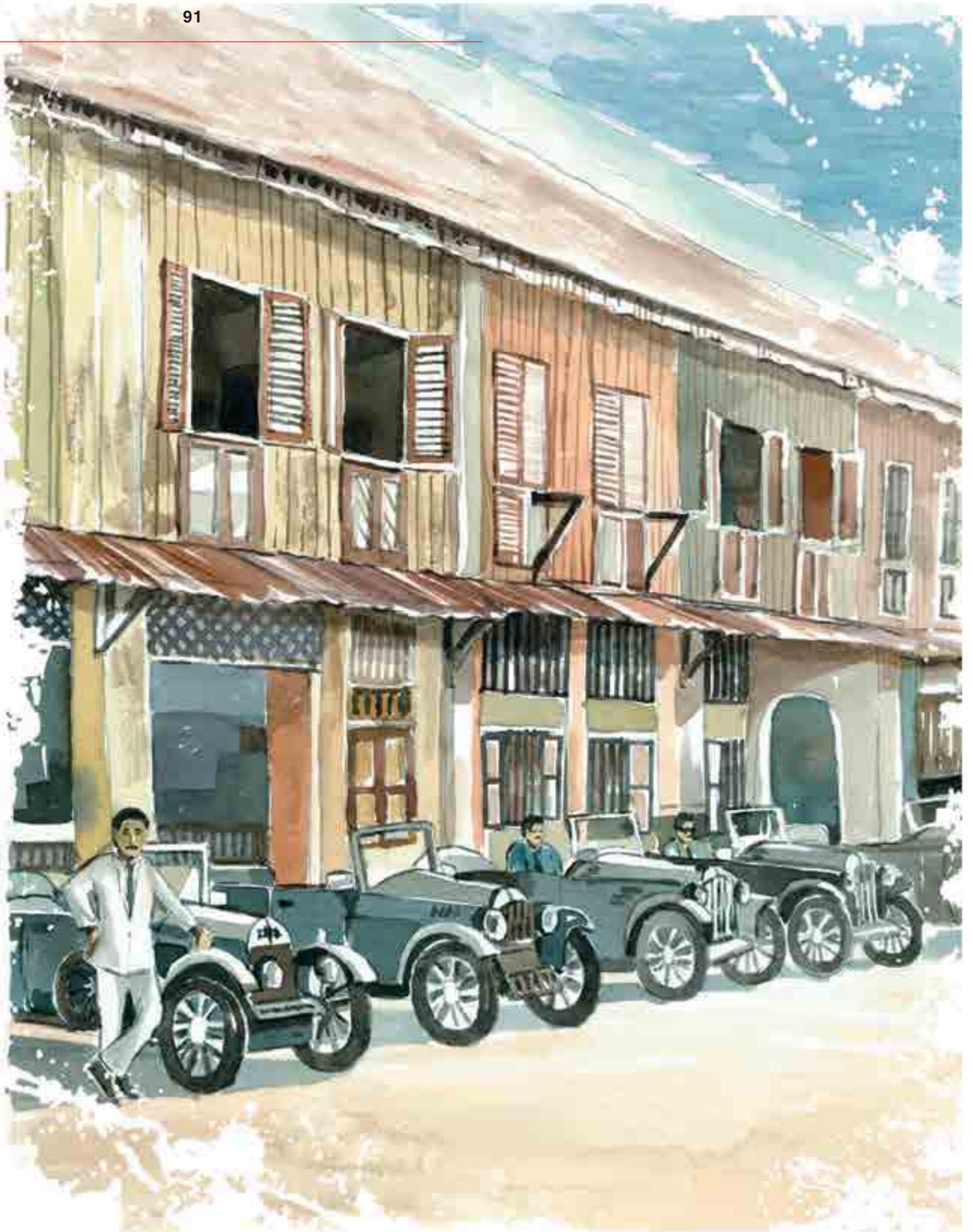
MR LAI WAN
Director

MS LAI WAI KEEN
Director



From the days of the first car in Malaysia and on to the introduction of the national car, the automotive industry has grown by leaps and bounds. Through the years, the industry has impacted society in terms of mobility. What was once considered a luxury is now a necessity with more Malaysians owning cars than ever before.

Resilient Always



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is fully committed to maintaining the highest standards in corporate governance, professionalism and integrity in driving Public Bank to create and deliver long-term sustainable shareholder value.

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 principles and requirements of corporate governance set out in the Bank Negara Malaysia (BNM) Guidelines on Corporate Governance for Licensed Institutions (BNM Guidelines on Corporate Governance) and the Bursa Malaysia Main Market Listing Requirements.

Public Bank has in 2012 complied with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012), save for one of the recommendations that the tenure of an independent director should not exceed a cumulative term of 9 years.

The Board of Directors, Management and staff are pleased that Public Bank has continued to receive accolades and recognitions in 2012 for its excellent corporate governance and sound corporate conduct, the significant awards of which include the following:

Corporate Governance Awards

- Corporate Governance Asia Recognition Award 2012 presented by Corporate Governance Asia
- Strongest Adherence to Corporate Governance in the Institutional Investor Corporate Awards 2012 presented by Alpha Southeast Asia

Best Bank Awards

- Best Asian Bank 2012 award presented by FinanceAsia
- Best Bank in Malaysia 2012 award presented by FinanceAsia
- Best Banking Group in Malaysia 2012 award presented by World Finance
- Best Bank in Malaysia 2012 award presented by Alpha Southeast Asia
- Strongest Bank in Malaysia 2012 award presented by Asian Banker
- Best Domestic Bank in Malaysia 2012 award presented by The Asset
- Best Retail Bank in Malaysia 2011 award presented by Asian Banker
- Domestic Retail Bank of the Year - Malaysia 2012 presented by Asian Banking Finance
- Overall Best Managed Company in Malaysia - Large Cap 2011 presented by Asiamoney

Best Corporate Reporting Award

- Overall Excellence Gold Award for Most Outstanding Annual Report of the Year in the National Annual Corporate Report Awards (NACRA) 2012

The full list of the awards and accolades received by the Public Bank Group in 2012 and to-date is on pages 44 to 55 of this annual report.

Statement on Corporate Governance

BOARD OF DIRECTORS

Size and Composition of Board

The size of the Board is appropriate given the complexity and geographical spread of Public Bank's business, and the significant time demands placed on the Non-Executive Directors who also serve as Members of Board Committees.

The 10 Members of the Board are persons of high calibre and integrity, and they possess the appropriate skills, knowledge, experience and competencies to address key risks and major issues relating to the Bank's policies and strategies. The Directors more than adequately 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.

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank is widely acclaimed both domestically and internationally as a banking grandmaster. He has received numerous awards for his par excellence achievements as a banker, Chief Executive Officer and business leader. 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 wide experience and knowledge of the financial industry 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. He had acquired extensive experience and depth of knowledge relating to the banking and financial industry while serving BNM.

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 prominent 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 distinguished background and outstanding calibre have led to 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 possesses extensive banking experience through his 19 years as an Executive Director and 15 years as Non-Executive Director of Public Bank. Dato' Haji Abdul Aziz bin Dato' Dr. Omar has a wealth of skills and knowledge garnered from his tenure as a past Chief Executive Officer of a Malaysian bank and from his experience in industries relevant to the Bank's business. Quah Poh Keat is highly experienced in auditing, tax and insolvency practices in Malaysia and overseas, and he has wide exposure to major business sectors. Tang Wing Chew has extensive skills and competency in banking and finance related industries, from his long service with BNM and from his tenure as a previous Chief Executive Officer of a finance company and as a previous Chief Executive Officer of an insurance company.

Following approvals obtained from BNM, Lai Wan was appointed as an Independent Non-Executive Director on 26 April 2012 and Lai Wai Keen was appointed as an Independent Non-Executive Director on 29 May 2012. Lai Wan has gained wide experience in the banking and finance related industries from his long service with BNM and finance companies, and from his tenure as a previous President/Chief Executive Officer of a Malaysian bank. Lai Wai Keen possesses vast experience in banking regulations, corporate communications, deposit insurance systems and protection scheme for insurance policy holders, having served BNM for over 20 years and Perbadanan Insurans Deposit Malaysia (PIDM) for more than 6 years.

The appointment of the 2 new Directors reflects the Board's attention to the need to infuse "new blood" into the Board.

The appointment of Lai Wai Keen reflects that the Board recognises the value of a woman member of the Board and is an initial step taken by the Board towards achieving a more gender diversified Board.

The profile of each of the Member of the Board is as presented on pages 60 to 70 of this annual report.

Statement on Corporate Governance

Board Balance and Independence of Directors

The Board comprises 2 Executive Directors and a strong presence of 8 Non-Executive Directors of whom 6 or 60% of the Board are Independent Non-Executive Directors.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of Public Bank. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Bank's business and the reporting of monthly business performances.

The Nomination Committee and the Board have upon their annual assessment, concluded that each of the 6 Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out in BNM Guidelines on Corporate Governance and the Bursa Malaysia Main Market Listing Requirements.

One of the recommendations of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and Board have determined at the annual assessment carried out that Tan Sri Datuk Seri Utama Thong Yaw Hong, who has served on the Board for 26 years, and Dato' Haji Abdul Aziz bin Dato' Dr. Omar, who has served on the Board for 13 years, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of Public Bank. Tan Sri Datuk Seri Utama Thong Yaw Hong and Dato' Haji Abdul Aziz bin Dato' Dr. Omar have been demonstrably independent in carrying out their roles as Members of the Board and Board Committees, notably in fulfilling their roles as Chairman (in the case of Tan Sri Datuk Seri Utama Thong Yaw Hong)/Co-Chairman (in the case of Dato' Haji Abdul Aziz bin Dato' Dr. Omar) of the Audit Committee and Risk Management Committee.

Tan Sri Datuk Seri Utama Thong Yaw Hong's and Dato' Haji Abdul Aziz bin Dato' Dr. Omar's designation as Independent Non-Executive Directors have received the approval of BNM.

Each of the 6 Independent Non-Executive Directors has provided an annual confirmation of his or her independence to the Nomination Committee and the Board.

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.

Duties and Responsibilities of the Board

The Board delegates the day-to-day management of Public Bank's business to the Board Executive Committee, but reserves for its consideration significant matters such as the following:

- Approval of financial results
- Declaration of dividends
- Risk appetite setting
- Short-term and medium-term business plans
- Annual budget
- Governance structure for implementation of Internal Capital Adequacy Assessment Process (ICAAP) and Public Bank Group ICAAP Framework
- Capital Management Plan
- Credit policy
- Appointment of key responsible persons

The Board delegates and confers some of the Board's authorities and discretion on the Executive Directors as well as on properly constituted Committees comprising Non-Executive Directors.

The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct 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 charting the course of the Bank's business operations whilst providing effective oversight of the Management's performance, risk assessment and controls over business operations.

Statement on Corporate Governance

The principal responsibilities of the Board include the following:

- Formulating the Bank's annual business plans, and the medium-term and long-term strategic plans
- Approving the Bank's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets
- Prescribing the minimum standards and establishing policies on the management of credit risks and other key areas of the Bank's operations
- Overseeing of the Bank's business operations and financial performance
- Ensuring that the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls, are in place and properly implemented
- Undertaking various functions and responsibilities as specified in the 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 Board level.

The Non-Executive Directors are independent of the Management. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels, and they engage with the external and internal auditors to address matters concerning the management and oversight of the Bank's business and operations.

The Board has defined the roles and responsibilities of Non-Executive Directors, which include the following:

- Providing independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board
- Ensuring effective check and balance in the proceedings of the Board

- Mitigating any possible conflict of interest between the policy-making process and day-to-day management of the Bank
- Constructively challenging and contributing to the development of the business strategies and direction of the Bank

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.

Statement on Corporate Governance

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient audit findings deliberated 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 issues and views raised at the Risk Management Committee meetings which 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 there is adequate and sufficient time for discussion of items on the agenda.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The 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 allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. There is a process in place for Non-Executive Directors to seek clarification or obtain details concerning the Board agenda papers from the Management or the Company Secretary or if they deem necessary to take independent professional advice at the Company's expenses. 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 top secret, would only be distributed to Directors at the Board meeting itself.

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.

Statement on Corporate Governance

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their full attendance at the Board meetings held during the financial year ended 31 December 2012, as reflected below:

Name of Director	Scheduled Board Meetings ³	Attendance at Board Meetings
Non-Independent		
Tan Sri Dato' Sri Dr. Teh Hong Piow <i>Non-Executive Chairman</i>	18	18
Tan Sri Dato' Sri Tay Ah Lek <i>Managing Director/ Chief Executive Officer</i>	18	18
Dato' Sri Lee Kong Lam <i>Executive Director</i>	18	18
Dato' Yeoh Chin Kee <i>Non-Executive Director</i>	18	18
Independent		
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Executive Co-Chairman</i>	18	18
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Non-Executive Director</i>	18	18
Quah Poh Keat <i>Non-Executive Director</i>	18	18
Tang Wing Chew <i>Non-Executive Director</i>	18	18
Lai Wan ¹ <i>Non-Executive Director</i>	13	13
Lai Wai Keen ² <i>Non-Executive Director</i>	12	12

Notes:

¹ Appointed on 26 April 2012

² Appointed on 29 May 2012

³ 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, competent and knowledgeable, on new statutes and directives issued by the regulatory authorities. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on 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 closed periods 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 works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

Training and Development of Directors

Directors' training is an on-going process as Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the financial industry and business landscape both domestically and internationally.

During the financial year 2012, the Members of the Public Bank Board had attained training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated sessions and through reading materials. The Directors had attended the high level Financial Institutions Directors' Education (FIDE) Programme developed by BNM and PIDM in collaboration with the International Centre for Leadership in Finance (ICLIF). The FIDE Programme is designed with a specific focus on financial

Statement on Corporate Governance

sector issues and challenges, and leverages on international and local experts in the field of 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.

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/her completion of the MAP. He/She is required to complete the MAP within 4 months of his/her appointment.

Lai Wan and Lai Wai Keen, who were appointed as Directors of Public Bank on 26 April 2012 and 29 May 2012 respectively, have attended and successfully completed the MAP.

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

Conferences, seminars and training programmes attended by Directors in 2012 included the following areas:

CORPORATE GOVERNANCE/RISK MANAGEMENT

- Corporate Integrity
- Financial Institutions Directors' Education (FIDE) Core Programmes
- Bursa Malaysia Governance Programme: Corporate Governance Blueprint and Malaysian Code on Corporate Governance 2012
- Bursa Malaysia Governance Programme: Governance, Risk Management & Compliance - What Directors Should Know
- FIDE Elective Program: Governance & Ethics Program
- Directors' Obligations under the Securities and Futures Ordinance and Corporate Governance Code

BOARD LEADERSHIP

- Foresight: Learning on Navigating the Future
- ICLIF Leading Voices: Creating Cross-Border Champions
- Mandatory Accreditation Programmes
- FIDE Forum: Breakfast Talk on Human Capital Management in the Boardroom
- FIDE Forum: Board of Directors – Value Creation vs Compliance
- Disqualification of Independent Director

ISLAMIC BANKING

- Workshop on Mudharabah Contract
- Global Islamic Finance Forum
- Basel III: Is the Islamic Banking Industry Ready

Statement on Corporate Governance

BANKING, FINANCE & ECONOMY

- Malaysian Institute of Accountants (MIA) Conference 2012: A-Z of Accounting for Changes in Foreign Exchange Rates
- Malaysian Financial Reporting Standards (MFRS) Convergence
- FIDE Elective Program: Internal Capital Adequacy Assessment Process (ICAAP) Program
- Seminar on Renminbi Settlement for Trade and Investment in Malaysia: Future Prospects
- FIDE Forum: Breakfast Talk on Global Consumer Banking Survey 2012 - The Consumer Takes Control
- Understanding the ICAAP
- FIDE Forum: Roundtable Discussion on Banking Industry
- The Audit Committee's Oversight Role on Financial Reporting
- Malaysian Financial Reporting Standards Update 2012

IT/INSURANCE

- FIDE Elective Program: IT Automation and Disaster Recovery Programme
- FIDE Forum: Breakfast Talk on "Insurance Banana Skins – Risks Facing Insurers and the Way Forward"

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 or her current term of appointment as approved by BNM, is also subject to the prior approval of BNM for the re-appointment.

The Nomination Committee is responsible for assessing the performance of Directors whose current 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.

Statement on Corporate Governance

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 Director 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 an attendance allowance of RM1,000 for each Board meeting that they attend.

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2012 are as follows:

RM'000	Salary	Fees	Bonus	Other Emoluments	Benefits in-kind	Total
Executive Directors						
Tan Sri Dato' Sri Tay Ah Lek	2,028	215	5,572	1,696	41	9,552
Dato' Sri Lee Kong Lam	1,704	215	4,135	1,355	34	7,443
	3,732	430	9,707	3,051	75	16,995
Non-Executive Directors						
Tan Sri Dato' Sri Dr. Teh Hong Piow	–	290	–	14,191	33	14,514
Tan Sri Datuk Seri Utama Thong Yaw Hong	–	290	–	473	–	763
Dato' Yeoh Chin Kee	–	215	–	134	–	349
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	–	215	–	214	–	429
Quah Poh Keat	–	215	–	169	–	384
Tang Wing Chew	–	215	–	131	–	346
Lai Wan ¹	–	161	–	77	–	238
Lai Wai Keen ²	–	143	–	68	–	211
	–	1,744	–	15,457	33	17,234
Total	3,732	2,174	9,707	18,508	108	34,229

Notes:

¹ Appointed on 26 April 2012

² Appointed on 29 May 2012

Statement on Corporate Governance

COMMITTEES ESTABLISHED BY THE BOARD

The Board has established a number of Board Committees whose compositions and terms of reference are in accordance with the BNM Guidelines on Corporate Governance, and consistent with the recommendations of the MCGG 2012.

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 remain relevant and are up-to-date.

Board Committees

■ Audit Committee

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

The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 124 and 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 2012 is reflected as follows:

Name of Committee Members	Scheduled Meetings ³	Attendance at Audit Committee Meetings
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 <i>Independent Non-Executive</i>	16	16
Lai Wan ¹ <i>Independent Non-Executive</i>	10	10
Lai Wai Keen ² <i>Independent Non-Executive</i>	9	9

Notes:

¹ Appointed as Member on 26 April 2012

² Appointed as Member on 29 May 2012

³ Reflects the number of meetings scheduled during the time the Director held office

■ Nomination Committee

Public Bank's Nomination Committee comprises 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
- 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

Statement on Corporate Governance

- 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 assessment carried out for financial year 2012, 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 continue to uphold the highest governance standards in their conduct and that of the Board
- All the Members of the Board are well qualified to hold their positions as Directors of Public Bank in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities
- All the Directors comply with the standards of fit and proper approved by the Board which are consistent with the BNM Guidelines on Fit and Proper adopted by the Board for Key Responsible Persons and BNM Guidelines on Corporate Governance
- The Independent Directors comply with the definition of Independent Director as defined in the BNM Guidelines on Corporate Governance and the Bursa Malaysia Main Market Listing Requirements

- Tan Sri Datuk Seri Utama Thong Yaw Hong, Independent Non-Executive Director and Dato' Haji Abdul Aziz bin Dato' Dr. Omar, Independent Non-Executive Director, are demonstrably independent, and their length of service on the Board of 26 years and 13 years respectively do not in any way interfere with their exercise of objective judgement or their ability to act in the best interests of Public Bank
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of Public Bank, as they hold either one or only a few directorships in public listed companies as described below:
 - Holding only one directorship: 5 directors
 - Holding two directorships: 3 directors
 - Holding four directorships: 2 directors

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 2012 is reflected as follows:

Name of Committee Members	Scheduled Meetings	Attendance at Nomination Committee Meetings
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 <i>Independent Non-Executive</i>	5	5

Statement on Corporate Governance

■ 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.

The attendance of Members at the Remuneration Committee meetings held in 2012 is reflected as follows:

Name of Committee Members	Scheduled Meetings	Attendance at Remuneration Committee Meetings
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Independent Non-Executive</i>	4	4
Dato' Yeoh Chin Kee <i>Non-Independent Non-Executive</i>	4	4
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Independent Non-Executive</i>	4	4
Quah Poh Keat <i>Independent Non-Executive</i>	4	4
Tang Wing Chew <i>Independent Non-Executive</i>	4	4

■ 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.

Statement on Corporate Governance

The attendance of Members at the Risk Management Committee meetings held in 2012 is reflected as follows:

Name of Committee Members	Scheduled Meetings ³	Attendance at Risk Management Committee Meetings
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 <i>Independent Non-Executive</i>	12	12
Lai Wan ¹ <i>Independent Non-Executive</i>	8	8
Lai Wai Keen ² <i>Independent Non-Executive</i>	7	7

Notes:

¹ Appointed as Member on 26 April 2012

² Appointed as Member on 29 May 2012

³ 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 the Bank's credit policy for the Board's endorsement
- 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

Statement on Corporate Governance

■ 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

■ 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 119 of this annual report.

Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to providing a balanced, clear and comprehensive 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.

The Board is also committed to providing transparent and up-to-date disclosures of the performance of Public Bank and the Public Bank Group as reflected in the timely release of announcements on quarterly financial statements.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reports 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 17 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 review on a quarterly basis.

Details of these transactions are set out under Note 42 to the Financial Statements on pages 162 to 171 in the Financial Statements section of this annual report.

Internal Control

The Board has an 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.

The size and complexity of the operations of Public Bank and the Public Bank Group involve the 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 periodic 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 regulatory requirements, policies and standards and the effectiveness of internal control structures across the Bank and the Group.

The Statement on Risk Management and 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 three times a year to discuss their audit plan, audit findings and Public Bank's financial statements. At least two of 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 contents of their audit report.

Statement on Corporate Governance

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 in accordance with the assessment criteria set out in the Policies and Procedures for the Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services. 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.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2012 to the external auditors are set out below:

	Bank RM'000	Group RM'000
Fees paid/payable to KPMG		
• Audit	1,047	1,576
• Audit-Related	282	337
– Half-year Limited Review	150	175
– Validation of Perbadanan Insurans Deposit Malaysia Returns	105	135
– Review of Statement on Risk Management and Internal Control (Domestic)	13	13
– Review of Statement of Internal Control (Overseas)	8	8
– Corporate Governance (Overseas)	6	6
• Non-Audit*	408	441
Fees paid/payable to other auditors		
• Audit	146	1,553
• Audit-Related	–	211
– Review of Banking Return (Overseas)	–	98
– Half-Year Limited Review (Overseas)	–	62
– Information Security Assessment (Overseas)	–	24
– Review of Statement of Internal Control (Overseas)	–	23
– Directors Training (Overseas)	–	4
• Non-Audit*	–	39
Total	1,883	4,157

* The non-audit fees paid/payable to the external auditors were for consultancy services on Internal Capital Adequacy Assessment Process (ICAAP) project, 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 owing to their knowledge and understanding of the operations of the Bank and the Group.

Statement on Corporate Governance

EFFECTIVE COMMUNICATION WITH SHAREHOLDERS

The Public Bank Group recognises the paramount importance of shareholder communication as it is a key component to upholding the principles and best practices of corporate governance for the Group.

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. This practice of disclosure of information is not just established to comply with the requirements of Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, it also adopts the best practices as recommended in the Malaysian Code on Corporate Governance 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Public Bank Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is 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 annual report communicates comprehensive information of the financial results and activities undertaken by the Public Bank Group. As a licensed financial institution, Public Bank is required to provide disclosures that are in compliance with the 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. As a listed corporation, the contents and disclosure requirements of the annual report are also governed by the Bursa Malaysia Main Market Listing Requirements.

Commencing from financial reporting year beginning 1 January 2010, Public Bank has adhered to the requirements 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). The 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.

In addition, the Public Bank Group always strives to voluntarily make available in the Public Bank's annual report information and disclosures that extend well beyond the regulatory requirements in order to provide more extensive information which enable various stakeholders to have better appreciation of the Group's business strategies, operations, performance, challenges and quality of management.

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

Another key avenue of communication with its shareholders is Public Bank's annual general meeting, which provides a useful forum for shareholders to engage directly with the Bank's Directors and Senior Management. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Bank's Directors and Senior Management Officers.

At the annual general meeting 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 makes 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

Statement on Corporate Governance

on all significant corporate developments and business initiatives to keep the investment community and shareholders updated on the progress and strategic development of the business of the Public Bank Group.

To provide opportunity for regular dialogue between the fund managers and research analysts with the Bank's Senior Management Officers, Public Bank conducts briefings in conjunction with the release of its half year and annual results announcements. These briefings are intended to provide timely dissemination of the financial results of the Public Bank Group and to facilitate the research analysts to produce their analyses and reports so that these may be made available to investors and the media in a timely manner. Public Bank acknowledges the importance of the need to treat all shareholders fairly, thus, 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 dissemination 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 released in a timely manner, 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 releases 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 2012	21 February 2013	52	30 June 2013
Annual Report 2011	23 February 2012	54	30 June 2012
2012 Quarterly Results			
1st Quarter	18 April 2012	18	31 May 2012
2nd Quarter	23 July 2012	23	31 August 2012
3rd Quarter	18 October 2012	18	30 November 2012
4th Quarter	6 February 2013	37	28 February 2013

The Public Bank Group has consistently been able to achieve early issuance of annual reports and releases of quarterly financial results, even though BNM's approval is needed prior to the 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.

Statement on Corporate Governance

INVESTOR RELATIONS

The Public Bank Group strongly believes that transparency and 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 Senior Management personnel are directly involved in the Group's investor relations activities. With the active involvement of Senior 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
- Chang Siew Yen, Senior General Manager
- Ng Seiw Kuan, Director of Corporate Planning & Strategy
- Yik Sook Ling, Chief Financial Officer

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 issues press releases and conducts briefings to the media, equity research analysts and fund managers in conjunction with the release of the Public Bank Group's half yearly and annual results announcements. In addition to providing comprehensive insights into its financial performance, the Group also 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.

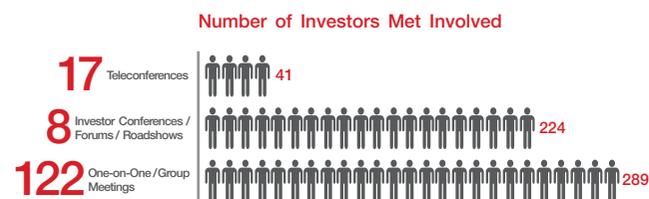
Senior Management Officers of the Public Bank Group continue to participate in presentations and investor meetings at investor conferences and forums that are held domestically and regionally. The Group's management personnel responsible for investor relations activities have built credibility and trust 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 through various 'investor relations' awards received during the year.

Statement on Corporate Governance

Investor Relations Activities in 2012



The extensive investor relations activities of the Public Bank Group and the high level of investor interest in Public Bank have led to a wide coverage of the Group by stock brokerages and equity research companies. This is reflected in a total of 31 contributors to the earnings estimates for Public Bank.

In addition to the above, shareholders and investors can 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

Chang Siew Yen

Senior General Manager

Chang Siew Yen is a qualified accountant. 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 and Senior General Manager in July 2012 to oversee Finance Division, Corporate Planning & Strategy Department and Information and Technology Division.

Contact Details

Telephone number: 603-21767460

E-mail: changsiewyen@publicbank.com.my

Ng Seiw Kuan

Director, Corporate Planning and Strategy

Ng Seiw Kuan is a holder of Bachelor of Arts (Economics) degree and a qualified accountant. Prior to joining Public Bank in his current position in 2010, he was attached to an international accounting firm for 17 years.

Contact Details

Telephone number: 603-21773170

E-mail: ngseiwkuan@publicbank.com.my

Yik Sook Ling

Chief Financial Officer

Yik Sook Ling is a qualified accountant, and had served as a Group Financial Controller before joining the Public Bank Group. She joined Public Bank in 2010 as Deputy Director of Finance Division. She was appointed Head of Finance Division and Chief Financial Officer in July 2012.

Contact Details

Telephone number: 603-21773310

E-mail: yiksookling@publicbank.com.my

PUBLIC FINANCIAL HOLDINGS LIMITED

Tan Yoke Kong

Executive Director

Tan Yoke Kong is a qualified accountant. He has over 31 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 11 January 2013.

RISK MANAGEMENT

The lingering sovereign debt crisis in the Eurozone coupled with the United States growth prospect which remains modest had weighed down the growth prospects of the key emerging economies and financial markets. While such external operating environment remains challenging, the banking regulatory authorities continue to introduce new regulatory and supervisory compliance requirements aim at strengthening the regulatory framework and standards of banking institutions to meet these challenges moving forward.

In spite of the challenging external operating environment and the intense competition in the banking industry, the Public Bank Group's business model remains unchanged. The Group continues to focus its pursuit for organic growth in retail operations. To support this growth, the Group's business activities and risk management capabilities are re-aligned and enhanced on an ongoing basis so as to proactively manage the key areas of risks to cope with the developments in the external operating environment. The risk framework, policies, systems, procedures and processes are subject to periodic review and refinement to create an effective enterprise-wide risk management framework to facilitate business growth.

With its commitment to strong corporate governance and implementation of sound risk management principles and best practices, the Public Bank Group is able to achieve another year of strong asset growth and sustainable profitability without compromising on its asset quality.

Risk Management Framework

A key aspect of an effective enterprise-wide risk management framework within the Public Bank Group is the inculcation of a risk awareness culture across all levels of staff in the Group as well as the commitment of all employees to the Group's Risk Management Framework. This risk awareness culture is reflected by the emphasis on strong corporate governance, organisational structure with clearly defined roles and responsibilities, effective communication and training, commitment to compliance with laws, regulations and internal controls, integrity in fiduciary responsibilities and clear policies, procedures and guidelines.

The key elements of the Risk Management Framework of the Public Bank Group are as follows:

- Risk Governance
- Risk Appetite
- Risk Management Processes



Risk Management

Risk Governance

The Public Bank Group's risk governance sets out the responsibilities for risk management and system of internal controls.

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

Board of Directors

The Board of Directors ("Board") is ultimately responsible for the adequacy and effectiveness of risk management and system of internal controls.

Risk Management Committee

The Board, through the Risk Management Committee ("RMC"), maintains overall responsibility for risk oversight within the Public Bank Group.

Risk Management

Dedicated Risk Committees

The dedicated risk committees established to assist 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, reviewing risk exposure and portfolio composition, and ensuring that infrastructure, resources and systems are put in place for effective risk management activities.

Shariah Committee

The key responsibilities of the Shariah Committee are to advise the Board on Shariah matters of the Islamic operations and to deliberate and endorse Shariah related matters. The Shariah Committee is supported by the Shariah compliance and research functions.

Independent Risk Management and Control Units

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

Business Units

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.

Audit Committee

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 approved risk policies and regulatory requirements.

Risk Appetite

Risk Appetite Statement of Public Bank Group

The Public Bank Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits set to govern, manage and control the Group's risk taking activities. The risk appetite statement of the Group is as follows:

"The Public Bank Group shall remain focused in retail operations and its strategic direction is to pursue organic growth in its lending and deposit-taking businesses, accelerate its fee-based revenue and sustain its superior asset quality with impaired loan ratio of below 1%, to enhance shareholder value. The Group shall maintain an optimal level of capital with capital ratios above the minimum regulatory capital requirements.

In its pursuit for organic growth in business, the Public Bank Group takes cognisance of the associated risks and will ensure the necessary risk management capabilities are put in place to manage such risks, continuously reinforce its prudent risk management practices and risk tolerance limits, uphold its strong corporate governance culture and practices in order to ensure regulatory compliance as well as preserve its reputation and maintain its existing external ratings assigned by the local and international rating agencies, in line with the country rating."

Integration of Risk Appetite with Operations

The Public Bank Group's risk appetite aligns to its strategic objectives, risk profile and capital plans and guides the formulation of business plans and budget, risk management and capital management.

Risk Management

Risk Management Processes

The key risk management processes for the main risk areas of the Public Bank Group are set out below.

RISK AREA	DEFINITION	RISK MANAGEMENT PROCESSES
Credit Risk (including concentration risk and counterparty credit risk)	Credit risk is the potential loss of revenue as a result of failure by the customers or counterparties to meet their contractual financial obligations.	<ul style="list-style-type: none"> Strong credit culture across the credit personnel in the Public Bank 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 Credit concentration model to measure credit concentration risk
Market Risk	Market risk is the risk of loss arising from movements in market variables, such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates	<ul style="list-style-type: none"> Review of economic conditions and implications Established market risk policies and limits Prohibition of derivative trading activities Periodic assessment and hedging of interest rate/ rate of return risk and foreign exchange risk of structural net open position
Liquidity and Funding Risk	Liquidity risk is the risk that the Public Bank Group is unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due or securing the funding requirements at excessive cost. Funding risk is the risk that the Group does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient	<ul style="list-style-type: none"> Pursue growth of core customer deposits Accumulation of liquefiable assets Subsidiaries are required to attain self-funding position Periodic liquidity stress test and contagion risk assessment
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"> Day-to-day management of operational risk through comprehensive system of internal controls New product or service introduced as well as variations are subject to a product evaluation process Various tools and methods are used to manage operational risk within an acceptable level
Reputation Risk	Reputation risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts, staff, community, other relevant parties or regulators (collectively known as stakeholders) that can adversely affect the Public Bank Group's ability to maintain existing, or establish new, business relationships and continued access to sources of funding	<ul style="list-style-type: none"> Governed by good corporate governance and compliance culture and ethical and trustworthy culture of conducting business Maintaining efficient customer service and delivery channels

Risk Management

RISK AREA	DEFINITION	RISK MANAGEMENT PROCESSES
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/Adviser 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
Residual Credit Risk	Risk of loss or increase of other risk such as legal, operational, liquidity and market risk as a result of the acceptance of collateral and guarantees which are not properly executed and managed	<ul style="list-style-type: none"> Checklist on the assessment of collateral and guarantees accepted to secure credit exposures is used to assess the effectiveness and completeness of existing practices and controls put in place for the management of collateral and guarantees The Residual Credit Risk Management Framework sets out the Public Bank Group's processes and procedures over the management of collateral and guarantees accepted to mitigate credit risk

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 173 to 247 of the Annual Report 2012)
- ii. Pillar 3 Disclosure (pages 308 to 369 of the Annual Report 2012)

Risk Management

Key Risk Management Initiatives

During the year, Public Bank Group has completed the following key initiatives to enhance its risk infrastructure and capabilities to ensure they remain relevant and effective in managing the associated risks brought about by the changing market place and regulatory environment:

Internal Capital Adequacy Assessment Process (“ICAAP”) and Capital Management

- Refinement of capital management framework to incorporate the requirements to set aside capital for identified and measurable Pillar 2 risks and the Basel III Capital Standards
- Enhancement of the risk infrastructures across credit, market and operational risk to incorporate the identification and measurement of Pillar 2 risks
- Monitoring of and responding to regulatory changes particularly in regard to Basel III Capital and Liquidity Standards
- Review of stress test policy to consider the impact of stress scenarios over a 3-year horizon through a more structured process to calibrate the capital targets
- Enhancement of the risk appetite statement for the Public Bank Group
- Engagement of an external consultant to provide quality assurance on the ICAAP implementation

Credit Risk

- Review of credit assessment standards in which the measurement for Debt Service Ratio is tightened in line with BNM’s Guidelines on Responsible Financing
- Implementation of the credit concentration measurement model to measure the level of concentration in the corporate and retail portfolios to determine the need to set aside capital to address credit concentration risk
- Review and enhancement of existing credit policies/procedures/manuals to ensure the acceptance of collateral and guarantees is properly executed and managed in mitigating the residual credit risk

Market Risk

- Secured stable United States Dollar funding by way of a balanced mix of foreign currencies core deposits, capital instruments and cross currencies swap funds

- Hedging the interest rate/profit rate risk on banking book via the use of interest/profit rate swaps and matched wholesale funding from Cagamas Berhad
- Established the Basel III Liquidity Standard Working Group to drive the Public Bank Group’s readiness in complying with the Basel III Liquidity Standards
- Reinforced focus on dealing only in non-derivative activities. Derivative transactions are restricted to hedging activities and dealing in non-hedging derivative transactions will require the specific approval from the Board
- Establishment of the policy on KLIBOR contributions developed in accordance to BNM’s Governance Principles on KLIBOR contributions which details the roles and responsibilities of parties involved and the governing bodies over the KLIBOR contribution process

Operational Risk

- Review and enhancement of existing operational guidelines, systems and procedures for robust internal controls to address the current fraud trend and cope with the changing business environment
- Implementation of additional compliance functions to help prevent and detect non-compliances of the business operations
- Strengthening information security including enhancing controls around data access and heightening monitoring of information flows to combat cyber crime and fraud

Anti-Money Laundering/Combating the Financing of Terrorism (“AML/CFT”)

- Strengthening of AML/CFT capabilities considering the rising threat of money laundering, the Financial Action Task’s 2012 revisions which emphasise the need for a risk-based approach, as well as regulators’ growing emphasis on the effectiveness of AML/CFT measures:
 - Enhancement of Management Information System and AML/CFT work processes to improve the effectiveness in conducting Customer Due Diligence and monitoring and detection of suspicious transactions
 - Enrichment of training programs to ensure staff are retrained and kept abreast with the latest developments relating to AML/CFT

ETHICS, INTEGRITY & TRUST

Subscribing to the belief that “An exemplary reputation for ethical dealings is itself a priceless corporate asset”, the Public Bank Group continues to commit substantial resources to perpetuate the highest level of integrity and ethical practice in its corporate culture.

Some of the key measures enunciated to instill honesty and integrity amongst its employees include:-

Fit and Proper Policy for Key Responsible Persons

Formalising a policy on Fit and Proper Policy 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

Investor Protection Policy

Heeding BNM’s and the Securities Commission call to preserve market integrity and promote confidence in the capital market, the Public Bank Group readily took steps to ensure, through the implementation of appropriate polices, systems and controls, due compliance with the following provisions in the Capital Markets and Services Act 2007:-

- Standard on “fit and proper” on its employees carrying out permitted capital market activities
- Investor protection provision
- Maintenance of a register of names

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

Ethics, Integrity & Trust

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 a whistle blowing instrument, the policy also provide channels of escalation to guide employees in directing their reports to the designated authorities as well as the disciplinary actions to be taken on those found 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

The above guidelines and polices are incorporated in the letter of offer and service undertaking to be read, understood and acknowledged by all employees 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 facilitate internalisation of such values amongst employees.

Anti-Money Laundering Policy

In support of the Government's and BNM's initiatives and efforts to prevent the use of the banking system for illicit and money laundering activities as well as the financing of terrorist activities, the Public Bank Group has set up an extensive infrastructure and processes to support such initiatives. 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:-

- Extensive 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 integral to the Group's corporate culture.
- Conducting stringent and vigorous vetting 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.
- Adopting strategic risk governance on employee remuneration to enable "claw back" in the event of fraud and employee misconduct.
- Strict enforcement of appropriate disciplinary action based on established disciplinary procedures on employees who are found to have contravened/breached such rules and regulations/policies.

The Public Bank Group does not stop at mere meticulous regulatory compliance, but more often than not, it chooses the course of highest integrity even when the law is permissive. The Group's commitment to engage and imbue its employees with such exemplary value has nurtured them into a breed of ethically conscientious PB bankers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors (“Board”) is responsible for the adequacy and effectiveness of the Public Bank Group’s (“the Group”) risk management and internal control system. The Board ensures that the system manages the Group’s key areas of risk within an acceptable risk profile to increase the likelihood that the Group’s policies and business objectives will be achieved. The Board continually reviews the system to ensure that this risk management and internal control system provides a reasonable but 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 risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and is guided by the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers*.

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.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

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

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control system 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 their risk management and 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.

Statement on Risk Management and Internal Control

- 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 their risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources. The minutes of the Audit Committee meetings are tabled to the respective 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 including the Group's capital management process. 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 Group Risk Appetite Statement which is drawn up annually and approved by the Bank's Board provides the direction to the Bank and its operating subsidiaries in the preparation of their business plans. Annual business plans which are prepared by the Bank and all major operating subsidiaries are reviewed and approved by their respective Boards. Annual budgets are also approved by the respective Boards. The performance of the Bank's business units and operating subsidiaries is 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 and annual or semi-annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities.
- The Boards and/or the Board Committees of the Bank and its major subsidiaries receive and review reports from management on a regular basis. These reports include the accounts and financial information reports, the 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, and the monthly or periodic progress reports on business operations which are tabled to the respective Boards and/or Board Committees 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 disposal 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 Risk Management and Internal Control for inclusion in the annual report of the Bank for the year ended 31 December 2012 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 effectiveness of the risk management and internal control system.

AUDIT COMMITTEE REPORT



Tan Sri Datuk Seri Utama Thong Yaw Hong (4th from left) flanked from left to right by, Lai Wai Keen, Tang Wing Chew, Dato' Yeoh Chin Kee, Dato' Haji Abdul Aziz bin Dato' Dr. Omar, Quah Poh Keat, Lai Wan

Audit Committee Report

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)

DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR

Independent Non-Executive Director

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

DATO' YEOH CHIN KEE

Non-Independent Non-Executive Director

DIMP
FCPA (Aust), F Fin (Aust)

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)

LAI WAN

Independent Non-Executive Director

BA (Econs Hons)

LAI WAI KEEN

Independent Non-Executive Director

BEd (Hons), LLB

1. ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee ("Committee") meetings held during 2012 are as follows:

Name of Committee Member	Attendance at Committee Meetings
Tan Sri Datuk Seri Utama Thong Yaw Hong Chairman/Independent Non-Executive Director	16/16
Dato' Haji Abdul Aziz bin Dato' Dr. Omar Co-Chairman/Independent Non-Executive Director	16/16
Dato' Yeoh Chin Kee Member/Non-Independent Non-Executive Director	16/16
Mr Quah Poh Keat Member/Independent Non-Executive Director	16/16
Mr Tang Wing Chew Member/Independent Non-Executive Director	16/16
Mr Lai Wan* Member/Independent Non-Executive Director	10/10
Ms Lai Wai Keen** Member/Independent Non-Executive Director	9/9

* Appointed as a Member with effect from 26 April 2012

** Appointed as a Member with effect from 29 May 2012

Audit Committee Report

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.

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.

Audit Committee Report

- 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.

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.

Audit Committee Report

- 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 on a quarterly basis the related party transactions entered into by Public Bank and the Public Bank Group.

4. TRAINING

Conferences, seminars and training programmes attended by the Committee members in 2012 included the following areas:

a. Corporate Governance/Risk Management

- Corporate Integrity
- Financial Institutions Directors' Education (FIDE) Core Programmes
- Bursa Malaysia Governance Programme: Corporate Governance Blueprint and Malaysian Code on Corporate Governance 2012
- Bursa Malaysia Governance Programme: Governance, Risk Management & Compliance - What Directors Should Know
- FIDE Elective Program: Governance & Ethics Program
- Directors' Obligations under the Securities and Futures Ordinance and Corporate Governance Code

b. Board Leadership

- Foresight: Learning on Navigating the Future
- ICLIF Leading Voices: Creating Cross-Border Champions
- Mandatory Accreditation Programmes
- FIDE Forum: Breakfast Talk on Human Capital Management in the Boardroom
- FIDE Forum: Board of Directors – Value Creation vs Compliance
- Disqualification of Independent Director

c. Islamic Banking

- Basel III: Is the Islamic Banking Industry Ready

d. Banking, Finance & Economy

- Malaysian Institute of Accountants (MIA) Conference 2012: A-Z of Accounting for Changes in Foreign Exchange Rates
- Malaysian Financial Reporting Standards (MFRS) Convergence
- FIDE Elective Program: Internal Capital Adequacy Assessment Process (ICAAP) Program

Audit Committee Report

- FIDE Forum: Breakfast Talk on Global Consumer Banking Survey 2012 – The Consumer Takes Control
- Understanding the ICAAP
- FIDE Forum: Roundtable Discussion on Banking Industry
- The Audit Committee's Oversight Role on Financial Reporting

e. IT/Insurance

- FIDE Elective Program: IT Automation and Disaster Recovery Programme
- FIDE Forum: Breakfast Talk on 'Insurance Banana Skins - Risks Facing Insurers and the Way Forward'

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 focusing 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 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 2012 are as follows:

	RM'000
Bank	21,818
Group	29,761

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



The resilience of the infrastructure industry has seen it through many vagaries of the economy. With the advent of technology and new types of equipment, innovative methods of construction have emerged. From shops to skyscrapers, the construction sector today is the third-largest in terms of productivity following manufacturing and agriculture and it remains a substantial economic driver for the country.

Resilient Always





BOARD EXECUTIVE COMMITTEE

TAN SRI DATO' SRI DR. TEH HONG PIOW

Chairman

A respected banking entrepreneur with a banking career spanning more than 61 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 52 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

Dato' Sri Lee, a qualified accountant, 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.



PUBLIC BANK

大众银行



Tan Sri Dato' Sri Dr. Teh Hong Piow flanked by
Tan Sri Dato' Sri Tay Ah Lek (left) and
Dato' Sri Lee Kong Lam (right)

GROUP MANAGEMENT PROFILE

DATO' CHANG KAT KIAM

*Chief Operating Officer,
Public Bank Berhad*

Holder of 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 PB Card Services & Support, Retail Lending Operations, Branch Business Review & Support, Loan Product Development & Trade Finance, Retail Financial Services, Overseas Operations, Share Investment Services and Treasury.

SULAIMAN BIN ABD MANAP

*Chief Operating Officer,
Public Bank Berhad*

Holder of Masters degree in Business Administration. Joined Public Bank in 1981 and experienced in both branch banking and Head Office credit. Appointed Head of Credit Operations in 2003 and Chief Operating Officer in July 2012. He oversees the Bank's Banking Operations, Property, Knowledge & Learning, Credit Administration & Supervision, HP Credit Control and Corporate Banking.

From left to right:

Sulaiman bin Abd Manap
Dato' Chang Kat Kiam



Group Management Profile

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 32 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.



*From left to right:
Teoh Cheng Soon
Abu Hassan Assari bin Ibrahim*

Group Management Profile

YEOH KIM HONG (MS)

*Chief Executive Officer,
Public Mutual Berhad*

Ms Yeoh, a qualified accountant, has more than 17 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*

Mr Tan, a qualified accountant, has over 31 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 prior to his appointment in Public Bank (Hong Kong). Mr Tan is a Fellow member of the Association of Chartered Certified Accountants, UK and an Associate member of the Institute of Chartered Secretaries and Administrators, UK.

*From left to right:
Yeoh Kim Hong
Tan Yoke Kong*



Group Management Profile

LEE HUAT OON

*General Manager/Chief Executive,
Public Finance Limited*

Mr Lee, a qualified accountant, has more than 25 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 Acting Chairman of The Deposit Taking Companies Association, a member of The Deposit-Taking Companies Advisory Committee, a member of the Banking and Finance Industry Training Board in Hong Kong and a director of The Hong Kong Mortgage Corporation Limited.

PHAN YING TONG

*Country Head,
Cambodian Public Bank Plc*

Holder of Masters degree in Business Administration, Mr Phan has a total of 31 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 24 branches located throughout Cambodia.



*From left to right:
Lee Huat Oon
Phan Ying Tong*

HEADS OF DIVISION

ABD RAZAK BIN MD DALI

*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 public relations, corporate communication, advertising and sports portfolio.

DATO' CHIA LEE KEE

*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.



Heads of Division

CHONG YOU LIN (MS)

*Senior General Manager,
PB Card Services & Support*

Holder of Bachelor of Arts (Economics) degree with 32 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.

CHAN CHEW FUNG (MS)

*Senior 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 and Senior General Manager in July 2012 overseeing Corporate Banking.

CHANG SIEW YEN (MS)

*Senior General Manager,
Finance/Corporate Planning & Strategy/Information Technology*

Ms Chang, a qualified accountant, 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 and Senior General Manager in July 2012.

YIK SOOK LING (MS)

Chief Financial Officer

Ms Yik, a qualified accountant, has served as a Group Financial Controller before joining the Public Bank Group in 2010 as Deputy Director. She was appointed Head of Finance Division and Chief Financial Officer in July 2012.

CHAI MING KIAT

Group Chief Internal Auditor

Mr Chai, a qualified accountant, has a total of 22 years experience in Auditing and Risk Management. Appointed Group Chief Internal Auditor in 2010 to oversee the Group's Internal Audit portfolio.

From left to right:

Abd Razak bin Md Dali, Dato' Chia Lee Kee, Chong You Lin, Chan Chew Fung,
Chang Siew Yen, Yik Sook Ling, Chai Ming Kiat

Heads of Division

EDDIE CHAN KOK KWAI

*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 retail loans. Mr Chan was promoted to General Manager in 2011.

KOAY SEOK KHIM (MS)

*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.



Heads of Division

LIM THEN FUI

*General Manager,
Compliance Division*

Mr Lim, a qualified accountant, has a total of 33 years experience in Bank Negara Malaysia and commercial banking. Joined Public Bank in 2001 and appointed Head of Risk Management Division in 2007. Mr Lim was promoted to General Manager in July 2012 and appointed Head of Compliance Division in January 2013.

MARLENE GOH (MS)

*General Manager,
Human Resource Division*

Holder of Bachelor of Social Science degree and has been in the HR field for the past 30 years. Has been with Public Bank since 1983. Appointed Director of Human Resource Division in 2011 and oversees the Group's Human Resource portfolio. Promoted to General Manager in July 2012.

TAN TECK KONG

*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.

TUAN HAJI A WAHAB BIN A RAMAN

*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.

CHAN CHIEW PENG (MS)

*Director,
Retail Financial Services Division*

Holder of Bachelor of Economics degree. Joined Public Bank Group in 1986. Held several managerial portfolios at Head Office before her appointment as Head of Retail Financial Services Division in September 2012.

From left to right:

Eddie Chan Kok Kwai, Koay Seok Khim, Lim Then Fui, Marlene Goh,
Tan Teck Kong, Tuan Haji A Wahab bin A Raman, Chan Chiew Peng

Heads of Division

JASMINE LOH SOOK LING (MS)

*Director,
Risk Management Division*

Ms Jasmine Loh, a qualified accountant, has a total of 22 years experience in Auditing, Finance and Risk Management. Joined Public Bank in 1999 and has held several managerial portfolios at Head Office before her appointment as Head of Risk Management Division in January 2013.

LIM LYE PING (MS)

*Director,
Treasury Division*

Holder of Bachelor of Economics degree. Joined Public Bank in 1994 and has more than 18 years experience in Treasury operations. Appointed Head of Treasury Division in May 2012.



Heads of Division

PATRICK LIM YOONG LENG

*Director,
Banking Operations Division*

Holder of Diploma in Management. Has a total of 32 years experience in Auditing and Banking Systems and Processes. Appointed Director of Banking Operations Division in 2010.

QUAH EWE LEE

*Director,
Credit Operations Division*

Holder of Bachelor of Social Science degree. Joined Public Bank in 1980 and experienced in both branch banking and Head Office credit. Appointed Head of Credit Operations in July 2012.

SIM GOAY CHYE

*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.

WONG MAN HOE

*Director,
HP Operations*

Holder of Masters degree in Business Administration. Joined the Public Bank Group in 1994. Has more than 15 years experience in both branch banking and hire purchase operations prior to his transfer to Head Office as Senior Manager in 2009. Appointed Head of HP Operations in May 2012.

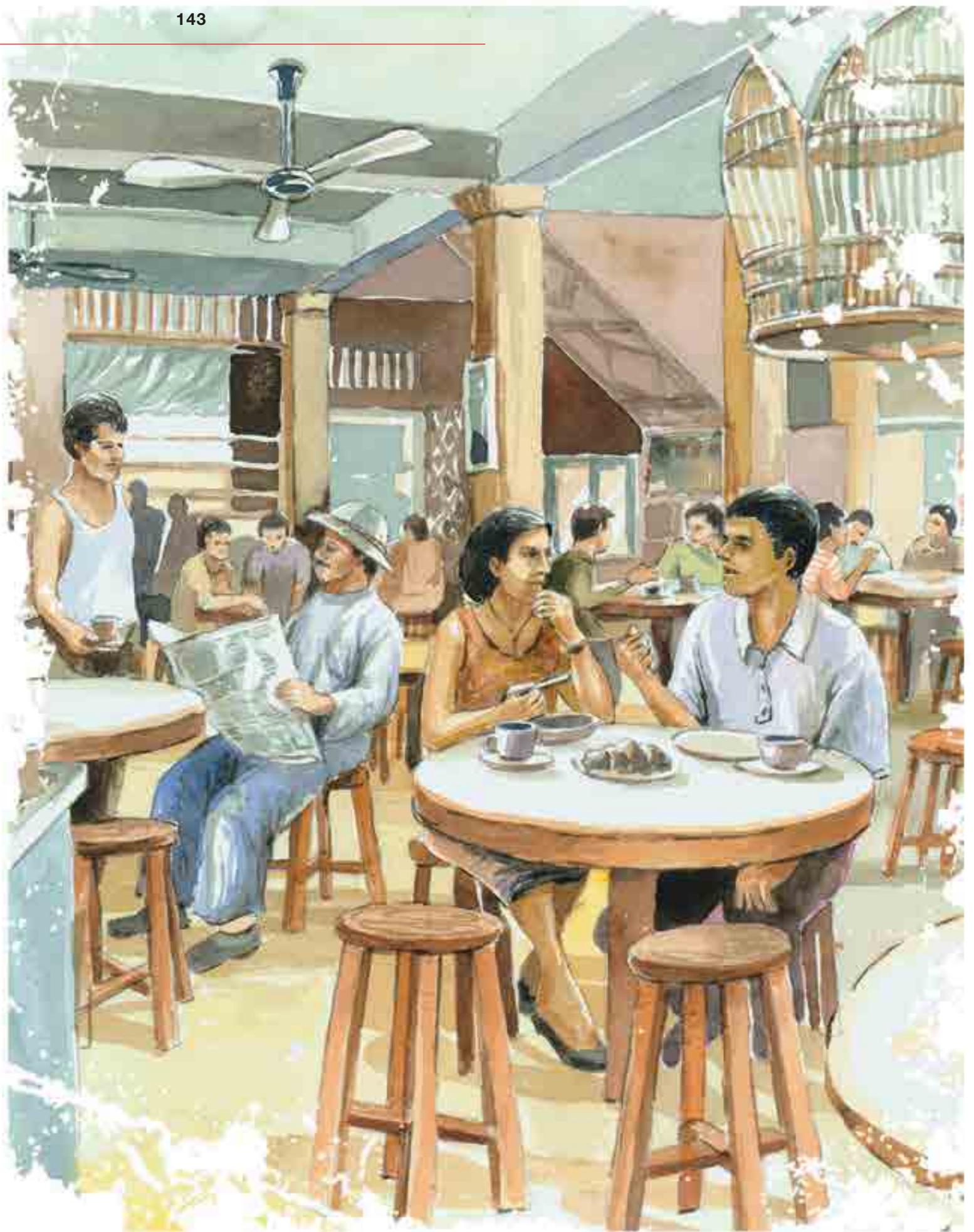
From left to right:

Jasmine Loh Sook Ling, Lim Lye Ping, Patrick Lim Yoong Leng,
Quah Ewe Lee, Sim Goay Chye, Wong Man Hoe



Kopitiam are firmly rooted in the hearts of Malaysians. Whilst the original establishments remain, the 'Kedai Kopi' scene has grown tremendously with trendy coffee shops springing up all over the country. Synonymous with the past, these outlets have become the in place to hang out.

Resilient Always



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TAN SRI DATO' SRI DR.
TEH HONG PIOW

OVERVIEW

Highlights of 2012

NET PROFIT

RM3.87 bil

2011: RM3.68 bil – restated

2011: RM3.48 bil – previously reported

↑ **11.1%*** ↑ **5.0%****

PRE-TAX PROFIT

RM5.10 bil

2011: RM4.88 bil – restated

2011: RM4.61 bil – previously reported

↑ **10.7%*** ↑ **4.6%****

EARNINGS PER SHARE

110.5 sen

2011: 105.2 sen – restated

2011: 99.5 sen – previously reported

↑ **11.1%*** ↑ **5.0%****

DOMESTIC LOAN GROWTH

2012: RM184.54 bil

2011: RM164.08 bil

↑ **12.5%**

DOMESTIC DEPOSIT GROWTH

2012: RM210.68 bil

2011: RM186.44 bil

↑ **13.0%**

TOTAL ASSETS

2012: RM274.62 bil

2011: RM250.56 bil

↑ **9.6%**

NET RETURN ON EQUITY

2011: 26.8%

24.5%

COST TO INCOME RATIO

2011: 29.8%

30.5%

GROSS IMPAIRED LOANS RATIO

2011: 0.9%

0.7%

RISK-WEIGHTED CAPITAL RATIO

2011: 15.0%

14.1%

* Growth based on previously reported comparatives

** Growth based on restated comparatives (restated with retrospective application of MFRS 139)

Overall Business Environment

The global economy continued to be dominated by uncertainty and volatility in 2012. Concerns around the slowing of the Chinese economy, uncertainty about the pace of recovery in the United States and the ongoing sovereign debt crisis in the Euro area have all continued to weigh heavily on the global economy. Despite the deeply-rooted issues in the United States and Europe which will take time to resolve, Asia is holding up well in a time of global uncertainties and the long-term prospects remain positive.

The Malaysian economy is expected to expand between 4.5% and 5.0% in 2012 amidst the global economic uncertainties mainly supported by robust domestic demand from private consumption and investment activities. However, being an open economy, Malaysia is not insulated from global developments. Slower growth in the United States and Europe as well as easing regional demand coupled with volatile commodity prices are expected to weigh on Malaysia's export performance. However, sustained private consumption and acceleration in investment activities where multiplier effects from construction and infrastructure-related projects under the Government's Economic Transformation Programme is expected to spill over to increase other investment and consumption activities, could provide some buffer against further external economic downturn. Against this backdrop, the Malaysian economy is anticipated to grow between 4.5% and 5.5% in 2013.

While the global financial system suffered shocks and stress, particularly in the United States and Europe, the Malaysian banking system remained resilient. Monetary policy continues to be supportive in providing a stable environment to promote growth. In view of resilient domestic demand and moderate inflation, Bank Negara Malaysia ("BNM") has kept the Overnight Policy Rate at 3% and Statutory Reserve Requirement at 4%. In the retail sector, consumer loans growth is expected to moderate in line with the new

Responsible Lending Guidelines issued by BNM coupled with consumers' more cautious approach, particularly in response to developments in the Malaysian property and automobile industry. One of the outcomes of the global financial crisis is that banking is expected to operate in a higher cost and more challenging business environment than it was before. Intense competition for retail loans and deposits as well as increased international regulatory reforms via Basel III will continue to increase cost of funding. Hence, net interest margins remained under pressure as a result of stiff competition for loans and deposits whilst the higher capital and liquidity requirements under Basel III will further add to the cost of funding. Despite the challenging operating conditions, the banking system's fundamentals remained sturdy with strong profitability, stable asset quality and healthy capitalisation. The banking system, with its risk-weighted capital ratio and Tier 1 capital ratio of 15.2% and 13.4% respectively as at the end of 2012, is well positioned to adopt the more stringent capital requirements under Basel III; whilst asset quality remained stable with gross impaired loans ratio further declining to 2.0% as at the end of 2012.

Despite the more challenging business environment, the Public Bank Group delivered another set of solid results demonstrating the Group's financial strength and continued success of its strategy. The Group's prudent and disciplined approach, consistent focus on its core businesses of lending to retail customers and small- and medium-sized enterprises ("SME") as well as in retail deposit-taking underpinned the Group's resilient and sustained strong performance. As the banking landscape evolves, the Group will continue to be nimble and effectively manage risks. Whilst mindful of the ongoing challenges, the Group is well placed to seize opportunities as they arise with its strong balance sheet and healthy liquidity profile.

Chairman's Review – Overview

Summary of Group Financial Performance

At a Glance

	2012	2011	Growth (%)
PROFITABILITY (RM'Million)			
Profit before tax expense and zakat	5,104	4,878 [^]	4.6
Net profit attributable to shareholders	3,869	3,684 [^]	5.0
Earnings per share (sen)	110.5	105.2 [^]	5.0
BALANCE SHEET (RM'Million)			
Total assets	274,625	250,559 [^]	9.6
Gross loans, advances and financing	197,783	177,694	11.3
Deposits from customers	225,042	200,371	12.3
Shareholders' equity	17,944	15,722 [^]	14.1
FINANCIAL INDICATORS (%)			
Net return on equity	24.5	26.8	(2.3)
Cost to income ratio	30.5	29.8	0.7
Gross impaired loans ratio	0.7	0.9	(0.2)
Loan loss coverage	126.0	113.8 [^]	12.2
Net loan to deposit ratio	87.1	87.8 [^]	(0.7)
Risk-weighted capital ratio	14.1	15.0 [^]	(0.9)
Tier 1 capital ratio	10.8	10.6 [^]	0.2
Common Equity Tier 1 Ratio	8.5 ^{^^}	8.0 ^{^^}	0.5

[^] Restated due to retrospective application of MFRS 139 which resulted in a change in accounting policy on collective assessment allowance for loans, advances and financing

^{^^} Based on Basel III capital ratio requirements



Chairman's Review – Overview

Summary of Group Financial Performance

Group Financial Summary

Continued Profit Growth

- Pre-tax profit rose by 4.6%* to RM5.10 billion in 2012. Based on previously reported pre-tax profit of RM4.61 billion, pre-tax profit growth was 10.7%.
- Net profit attributable to shareholders grew by 5.0%* to RM3.87 billion in 2012. Based on previously reported net profit of RM3.48 billion, net profit growth was 11.1%.
- Earnings per share increased by 5.0% to 110.5 sen.
- Net return on equity remained strong at 24.5% in 2012.
- Ranks No.1 in terms of cost efficiency amongst Malaysian banking groups with cost to income ratio of 30.5%, much lower than the banking industry's average cost to income ratio of 46.0%.

Balance Sheet Further Strengthened

- Despite intense market competition, gross loans, advances and financing grew by 11.3% or RM20.09 billion to RM197.78 billion as at the end of 2012 with domestic loans growing by 12.5%.
- Customer deposits expanded by 12.3% or RM24.67 billion to stand at RM225.04 billion as at the end of 2012 with domestic customer deposits growing by 13.0%.
- Total assets increased by 9.6% to RM274.62 billion as at the end of 2012 supported by healthy growth in loans and deposits.
- Net loan to deposit ratio remained stable and healthy at 87.1% as at the end of 2012.

Superior Asset Quality

- Ranks No.1 in terms of asset quality amongst Malaysian banking groups with gross impaired loans ratio of 0.7% as at the end of 2012, approximately one-third that of the Malaysian banking industry's gross impaired loans ratio of 2.0% as at the end of 2012.
- Loan loss coverage remained prudent at 126.0% as at the end of 2012, up 12.2% from 113.8% a year ago.

Healthy Level of Capital

- Tier 1 capital ratio and risk-weighted capital ratio continued to be healthy at 10.8% and 14.1% respectively as at the end of 2012.

* Growth based on restated comparatives with retrospective application of MFRS 139

The Board of Directors declared a second interim single tier dividend of 30 sen per ordinary share. Together with the first interim single tier dividend of 20 sen per ordinary share, the total dividend for 2012 would amount to a net dividend of 50 sen per ordinary share as compared to a net dividend of 48 sen per ordinary share for 2011. Total dividends paid and to be paid for 2012 would amount to RM1.75 billion, representing 45.3% of the Public Bank Group's net profit for 2012.

Chairman's Review – Overview

Summary of Group Financial Performance

Segmental Profitability

(i) Profit Before Tax By Business Segment

	2012		2011 [^]	
	RM'Million	% of Contribution	RM'Million	% of Contribution
Domestic Operations				
comprise of:				
Retail	2,986	58.5	2,780	57.0
Hire Purchase	668	13.1	645	13.2
Fund Management	372	7.3	322	6.6
Corporate Lending	322	6.3	308	6.3
Treasury and Capital Market	340	6.6	321	6.6
Investment Banking	45	0.9	51	1.0
Others*	46	0.9	154	3.2
Total domestic operations	4,779	93.6	4,581	93.9
Overseas Operations	325	6.4	297	6.1
Profit before taxation	5,104	100.0	4,878	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.

[^] Restated due to retrospective application of MFRS 139

- Retail Operations, being the core business of the Public Bank Group, contributed 58.5% to the Group's pre-tax profits in 2012, followed by Hire Purchase Operations and Fund Management Operations which contributed 13.1% and 7.3% respectively to the Group's pre-tax profits.
- Retail Operations' pre-tax profit increased by 7.4% from RM2,780.2 million in 2011 to RM2,986.4 million in 2012. The growth was mainly driven by higher net interest and finance income in line with healthy growth in loans and deposits as well as stable asset quality.
- Hire Purchase Operations' pre-tax profit in 2012 grew by 3.6%, an increase of RM23.5 million to RM668.3 million. The growth was mainly driven by healthy growth in hire purchase loans.
- Fund Management Operations achieved a 15.6% growth in its pre-tax profit from RM321.9 million in 2011 to RM372.2 million in 2012 on the back of healthy growth in net asset value of funds under management.
- Corporate lending recorded an increase in pre-tax profit by 4.8% or RM14.6 million from RM307.7 million in 2011 to RM322.3 million in 2012 mainly due to higher net interest income partially offset by lower loan recoveries from impaired loans due to certain once-off recoveries in 2011. Operating profit before loan loss allowances grew by 12.0% in 2012.
- Treasury and Capital Market Operations' pre-tax profit increased by 5.8% to RM339.4 million in 2012 mainly due to higher interest margin earned on treasury gapping activities.
- Investment Banking Operations reported satisfactory results with pre-tax profit of RM44.5 million in 2012.

Chairman's Review – Overview

Summary of Group Financial Performance

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

	2012		2011 [^]	
	RM'Million	% of Contribution	RM'Million	% of Contribution
In Malaysia	4,779	93.6	4,581	93.9
<i>of which:</i>				
<i>Public Bank Berhad*</i>	3,824	74.9	3,593	73.7
<i>Public Islamic Bank Berhad</i>	545	10.7	606	12.4
<i>Public Mutual Berhad</i>	372	7.3	322	6.6
<i>Public Investment Bank Berhad</i>	44	0.9	51	1.0
Outside Malaysia	325	6.4	297	6.1
<i>of which:</i>				
<u>Hong Kong</u>				
<i>Public Finance Ltd*</i>	117	2.3	129	2.6
<i>Public Bank (HK) Ltd*</i>	40	0.8	37	0.8
<u>Cambodia</u>				
<i>Cambodian Public Bank Plc</i>	109	2.1	89	1.8
Profit before taxation	5,104	100.0	4,878	100.0

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

[^] Restated due to retrospective application of MFRS 139

- Domestic operations accounted for 93.6% of the Public Bank Group's pre-tax profits in 2012 whilst overseas operations made up the remaining portion of 6.4%.
- Overseas operations recorded an increase of 9.6% in pre-tax profits to RM325.0 million in 2012 mainly due to strong profit growth from the Group's Cambodian operations. In terms of USD, the Group's Cambodian operations achieved a commendable 21.0% growth in pre-tax profits in 2012.

Chairman's Review – Overview

Summary of Group Financial Performance

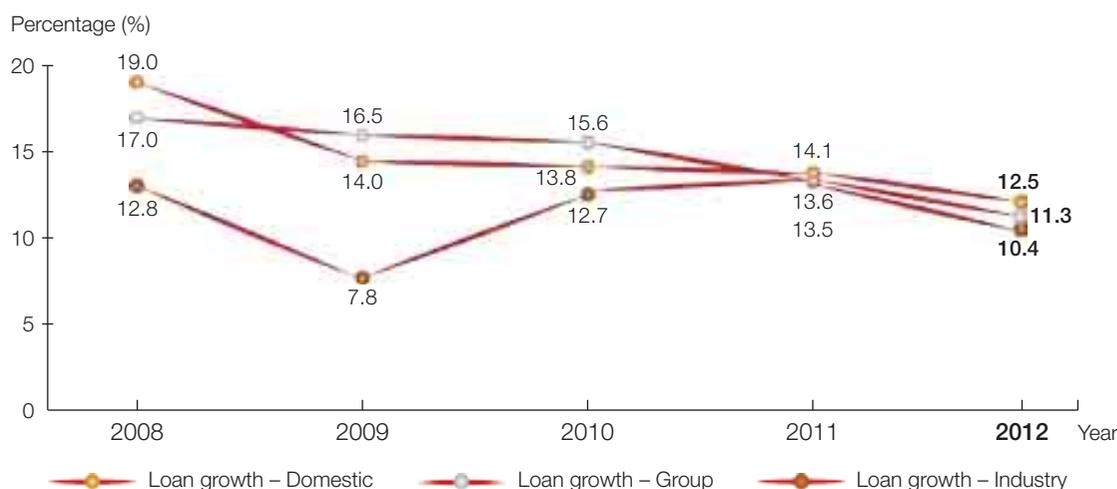
Loans, Advances and Financing

Healthy Loan Growth

	Outstanding (Gross)		Growth Rate	
	2012	2011	2012 %	2011 %
LOANS, ADVANCES AND FINANCING				
Domestic (RM'Million)	184,542	164,081	12.5	14.1
of which:				
Public Bank (RM'Million)	164,138	144,559	13.5	13.7
Public Islamic Bank Berhad (RM'Million)	20,423	19,493	4.8	17.5
Overseas (RM'Million)	13,241	13,613	(2.7)	7.0
of which:				
Public Bank (Hong Kong) Ltd (HKD'Million)	22,413	22,931	(2.3)	2.0
Public Finance Ltd (HKD'Million)	4,682	4,634	1.0	6.3
Cambodian Public Bank Plc (USD'Million)	679	611	11.1	6.5
Group (RM'Million)	197,783	177,694	11.3	13.5

- The Public Bank Group's gross loans, advances and financing expanded by 11.3% from RM177.69 billion as at the end of 2011 to RM197.78 billion as at the end of 2012.
- On the domestic front, gross loans grew at a faster rate of 12.5% in 2012. The contraction of the overseas loan portfolio by 2.7% in 2012 was mainly due to the challenging business environment in Hong Kong weighed down by the global economic uncertainty and intense competition. Nevertheless, in terms of USD, the Group's Cambodian operations achieved strong loan growth of 11.1% in 2012.

Loan Growth vs Industry

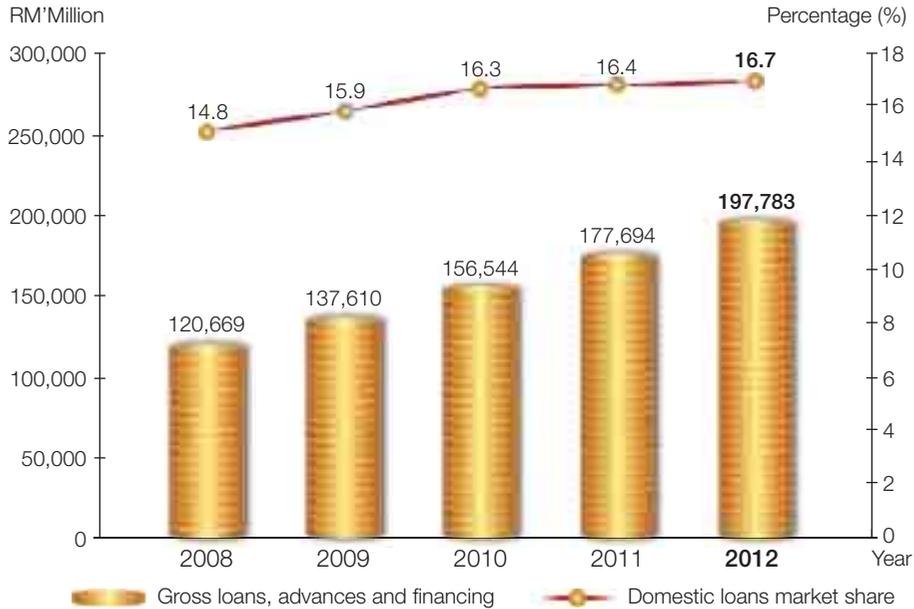


- Over the past five years, the Group's domestic loan growth rates were consistently above the industry's loan growth rates.

Chairman's Review – Overview

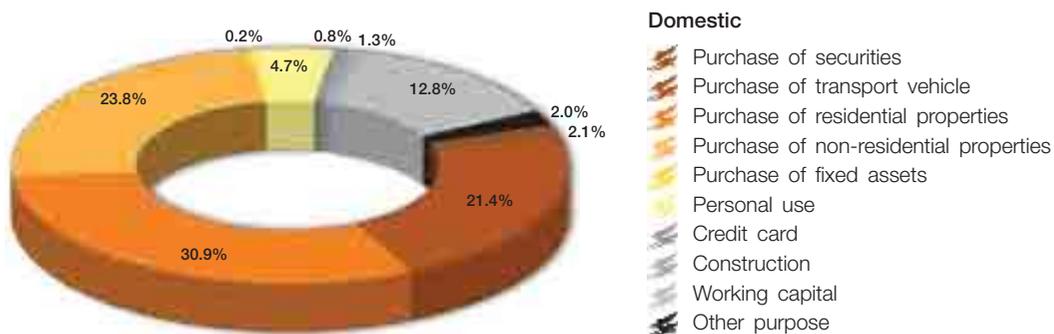
Summary of Group Financial Performance

Gross Loans - Outstanding Balance and Market Share



- Despite intense competition, the Public Bank Group has managed to maintain a strong market position in the domestic lending market with market share of 16.7% as at the end of 2012. In particular, the Group continued to command market leadership in domestic lending for residential mortgages, commercial property financing and passenger vehicles financing with market shares of 19.1%, 33.7% and 26.4% respectively as at the end of 2012.
- The lending activities of the Public Bank Group remained focused on the retail sector, with loans for the financing of residential properties and passenger vehicles as well as commercial lending to SMEs accounting for 72.0% of the Group's loan portfolio as at the end of 2012.
- The expansion of the Group's loans in 2012 was mainly driven by strong increase in lending to SMEs which grew at an impressive rate of 22.2% to RM38.97 billion and financing of residential properties which increased by 17.1% to stand at RM61.13 billion as at the end of 2012. Loans for the financing of passenger vehicles rose by 8.5% in 2012 to RM42.24 billion.

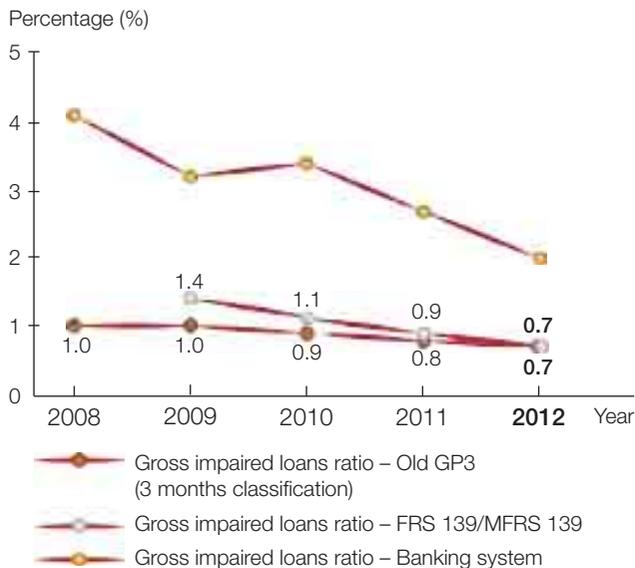
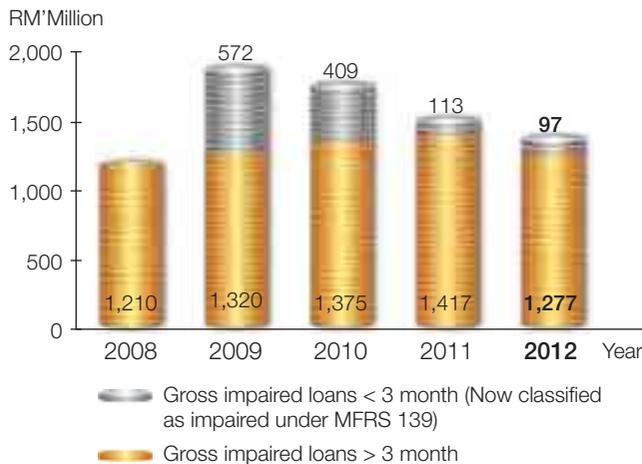
2012 Gross Loans - Economic Purposes



Chairman’s Review – Overview Summary of Group Financial Performance

Asset Quality

Excellent Asset Quality



- Although the Public Bank Group’s loan expansion has exceeded the industry average over the last five years, this has not been achieved at the expense of its credit quality. The Group’s gross impaired loans ratio has consistently remained the best in the banking industry, a testimony to the Group’s prudent credit policies and effective credit assessment, approval, monitoring as well as prompt and timely recovery efforts.
- Although total gross loans, advances and financing of the Group grew by RM20.09 billion in 2012, total gross impaired loans dropped to RM1.37 billion as at the end of 2012 as compared to RM1.53 billion a year ago.
- Over the past five years, the Group’s gross impaired loans ratio has consistently improved.
 - Based on the old GP3 classification of impaired loans (loans in arrears three months or more), gross impaired loans ratio improved from an already low 1.0% as at the end of 2008 to 0.7% as at the end of 2012.
 - Since 1 January 2010, the Group has applied the more stringent criteria for impaired loans classification with the adoption of FRS 139. Asset quality continued to improve to 0.7% as at the end of 2012, down from 0.9% as at the end of 2011 and 1.1% a year earlier.
- The Group’s gross impaired loans ratio has consistently remained approximately one third that of the banking industry’s gross impaired loans ratio over the past five years.
- The Group’s gross impaired loans ratio continued to remain well below the industry average in the consumer sector.
 - Gross impaired loans ratio for housing loans of 0.7% as at the end of 2012 was approximately one-third that of the industry average of 1.9%.
 - Gross impaired loans ratio for hire purchase financing of 0.6% as at the end of 2012 was also lower than the industry’s average of 1.2%.

	Public Bank Group	Industry Average
	2012	2011
	%	%

GROSS IMPAIRED LOANS RATIO BY TYPE

Consumer

Housing Loans	0.7	0.9	1.9
Hire Purchase	0.6	0.6	1.2

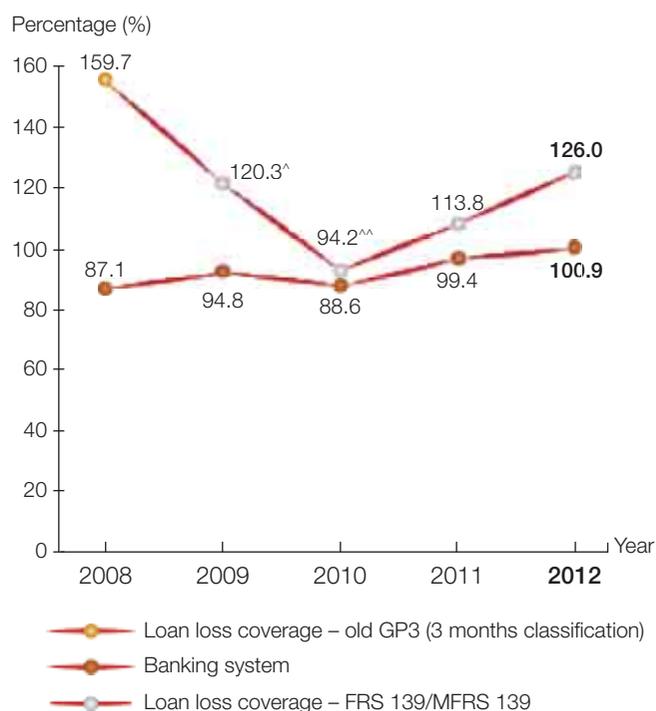
Chairman's Review – Overview

Summary of Group Financial Performance

	2012 RM'Million	2011 RM'Million
GROSS IMPAIRED LOANS BY GEOGRAPHICAL LOCATIONS		
Gross Impaired Loans	1,374	1,530
Domestic	1,213	1,348
Overseas	161	182
GROSS IMPAIRED LOANS RATIO		
	2012 %	2011 %
Domestic	0.7	0.8
of which:		
Public Bank	0.6	0.8
Public Islamic Bank	0.9	0.9
Overseas	1.2	1.3
of which:		
Public Bank (Hong Kong) Ltd	0.5	0.7
Public Finance Ltd	2.8	2.9
Cambodian Public Bank Plc	3.0	3.0
Group	0.7	0.9

- The Group's domestic asset quality remained strong. Despite a 11.3% growth in total loans in 2012, gross impaired loans further dropped to RM1.37 billion as at the end of 2012 from RM1.53 billion a year earlier. Gross impaired loans ratio decreased from 0.9% as at the end of 2011 to 0.7% as at the end of 2012 and remained the best amongst Malaysian banking groups.
- The asset quality of the Group's overseas operations continued to improve. Gross impaired loans and gross impaired loans ratio dropped to RM161.5 million and 1.2% respectively as at the end of 2012 from RM181.3 million and 1.3% respectively a year earlier.

Loan Loss Coverage



[^] Decrease in loan loss coverage due to more stringent criteria on the classification of impaired loans.

^{^^} Decrease in loan loss coverage due to write back of excess brought forward collective assessment allowance as a result of retrospective application of MFRS 139

- Apart from low gross impaired loans ratio, the Public Bank Group also maintained high levels of provisioning. Despite the write-back of excess collective assessment allowance due to the adoption of MFRS 139, the Group's loan loss coverage stood at 126.0% as at the end of 2012, which was higher and more prudent than the banking industry's coverage ratio of 100.9%.
- The Group's collective assessment allowance of RM1.53 billion as at the end of 2012 exceeded net impaired loans of RM1.17 billion by 1.3 times despite that more than 90% of the impaired loans are secured.

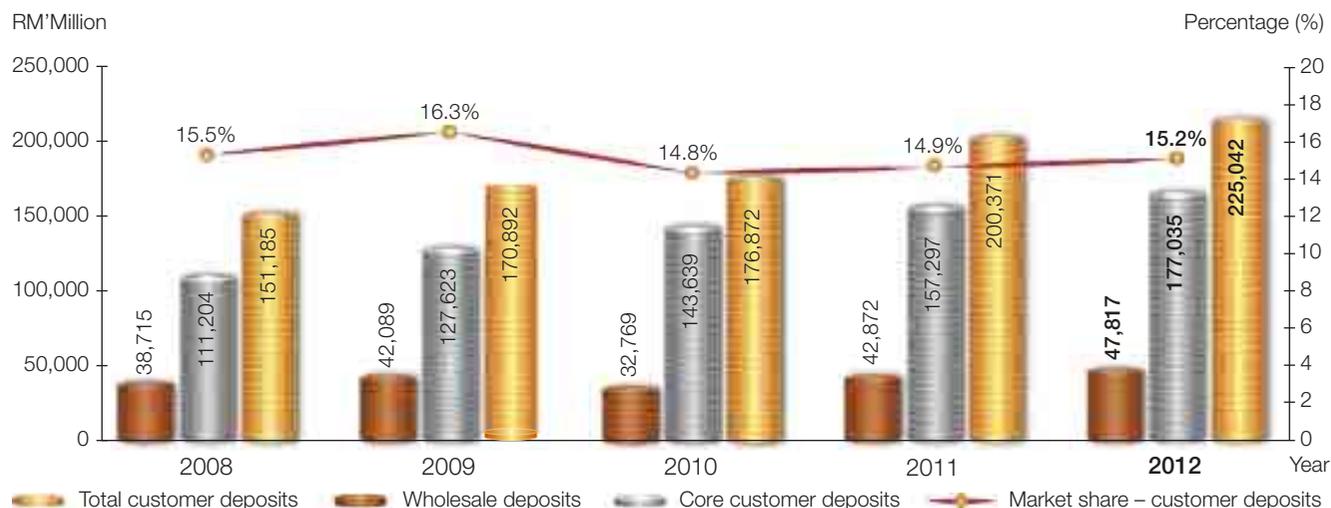
Chairman's Review – Overview

Summary of Group Financial Performance

Customer Deposits

Steady Customer Deposit Growth

Deposits - Outstanding Balance and Market Share



- The Public Bank Group's deposits from customer grew by 12.3% or RM24.67 billion to stand at RM225.04 billion as at the end of 2012. Core customer deposits expanded by 12.5% or RM19.74 billion to RM177.03 billion as at the end of 2012. Wholesale deposits which comprise mainly money market deposits and negotiable instruments of deposits also increased by 11.5% or RM4.94 billion to RM47.82 billion as at the end of 2012. The Group's domestic market share of customer deposits increased to 15.2% as at the end of 2012 from 14.9% as at the end of 2011.

	Outstanding		Growth Rate	
	2012	2011	2012 %	2011 %
TOTAL CUSTOMER DEPOSITS BY ENTITY				
Domestic (RM'Million)	210,680	186,445	13.0	14.7
of which:				
Public Bank (RM'Million)	181,688	159,384	14.0	13.2
Public Islamic Bank Berhad (RM'Million)	23,703	20,030	18.3	30.9
Overseas (RM'Million)	14,362	13,926	3.1	(2.6)
of which:				
Public Bank (Hong Kong) Ltd (HKD'Million)	25,009	24,218	3.3	(8.4)
Public Finance Ltd (HKD'Million)	3,830	3,456	10.8	10.6
Cambodian Public Bank Plc (USD'Million)	907	771	17.6	(2.7)
Group (RM'Million)	225,042	200,371	12.3	13.3

- Domestic customer deposits grew at faster rate of 13.0% to reach RM210.68 billion as at the end of 2012. Despite the highly competitive environment, the deposit growth of the overseas operations have improved from the previous year. In particular, Cambodian Public Bank Plc registered deposit growth of 17.6% in terms of USD.

Chairman's Review – Overview

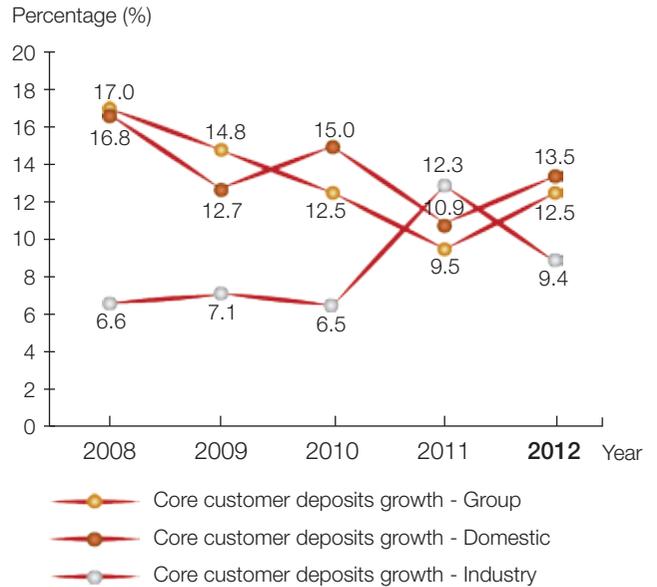
Summary of Group Financial Performance

2012 Customer Deposit Mix



- Core customer deposits which consist of demand deposits, savings deposits and fixed deposits accounted for 78.7% of the Group's total deposits from customers.
- Low cost deposits represent 25.0% of total deposits from customers.

Core Customer Deposit Growth vs Industry



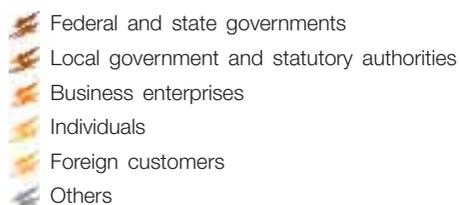
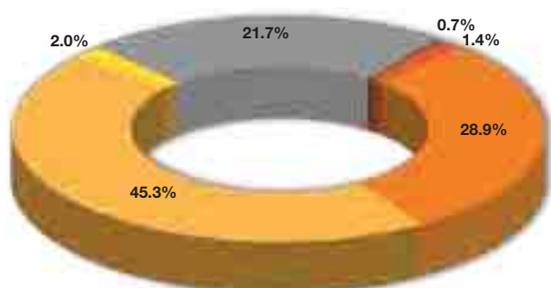
- The Group continued to focus on expanding its core customer deposits, particularly low cost deposits which comprise demand deposits and saving deposits through various deposit-taking activities.
- The robust growth in core customer deposits was mainly due to the Group's strong domestic franchise, highly acclaimed PB Brand, customer service excellence at its branch network as well as the large domestic depositor base of over five million customers.
- Domestic core customer deposits grew at a faster rate of 13.5%, outpacing the domestic industry's growth rate of 9.4% in 2012. As a result, the Group's domestic core customer deposits market share improved to 16.7% as at the end of 2012 from 16.1% as at the end of 2011.

Chairman’s Review – Overview Summary of Group Financial Performance

	Outstanding		Growth	Latest Available
	2012	2011	Rate	Industry Average
	RM'Million	RM'Million	%	%
DOMESTIC CORE CUSTOMER DEPOSITS				
Demand deposits	31,094	27,283	14.0	12.1
Savings deposits	21,293	19,677	8.2	7.0
Fixed deposits	110,542	96,621	14.4	8.8
	162,929	143,581	13.5	9.4
Market share	16.7%	16.1%		

- The strong domestic core customer deposits growth was attributed to healthy expansion of fixed deposits and low cost demand and savings deposits which grew by 14.4%, 14.0% and 8.2% respectively, outperforming the Malaysian banking industry's growth rates of 8.8%, 12.1% and 7.0% respectively.

2012 Customer Deposit By Type of Customers



- As at the end of 2012, 45.3% of the Group's deposits from customers are individual depositors. This represented a 18.3% domestic market share of customer deposits by individuals as at the end of 2012, providing the Group with a lower cost and stable deposit base.

Chairman's Review – Overview

Summary of Group Financial Performance

Funding and Liquidity

Stable Funding and Liquidity Position

	Outstanding		Growth Rate %	Composition %
	2012 RM'Million	2011 RM'Million		
FUNDING PROFILE				
Deposits from Customers				
Core customer deposits	177,035	157,297	12.6	65.7
Wholesale deposits	47,817	42,872	11.5	17.8
Other deposits	191	201	(5.2)	0.1
Other Deposits and Borrowings				
Deposits from banks	12,849	15,807	(18.7)	4.8
Bills and acceptances payable	3,049	2,095	45.5	1.1
Borrowings	865	895	(3.4)	0.3
Recourse obligations on loans sold to Cagamas	501	12	>100.0	0.2
Debt Capital				
Tier II subordinated notes	4,938	6,257	(21.1)	1.8
Innovative Tier 1 capital securities	1,956	1,969	(0.7)	0.7
Non-innovative Tier 1 stapled securities	2,188	2,197	(0.4)	0.8
Equity Capital				
Equity	17,944	15,722 [^]	14.1	6.7
	269,333	245,324	9.8	100.0

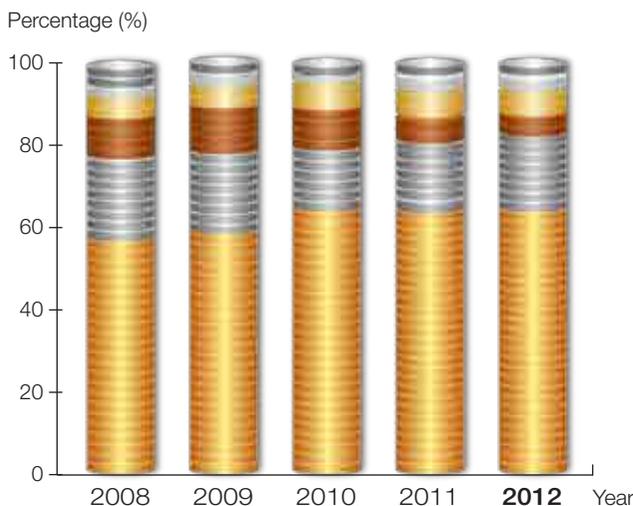
[^] Restated due to retrospective application of MFRS 139

- The Public Bank Group's total funding grew by 9.8% or RM24.01 billion to RM269.33 billion as at the end of 2012 mainly due to increase in customer deposits which expanded by RM24.67 billion in 2012.
- The Group's primary sources of funding are core customer deposits and wholesale deposits which accounted for 65.7% and 17.8% respectively of total funding.
- Equity and long-term funding which comprise Subordinated notes, Innovative Tier 1 capital securities and Non-innovative Tier 1 stapled securities accounted for 6.7% and 3.3% respectively of the Group's total funding base.

Chairman’s Review – Overview

Summary of Group Financial Performance

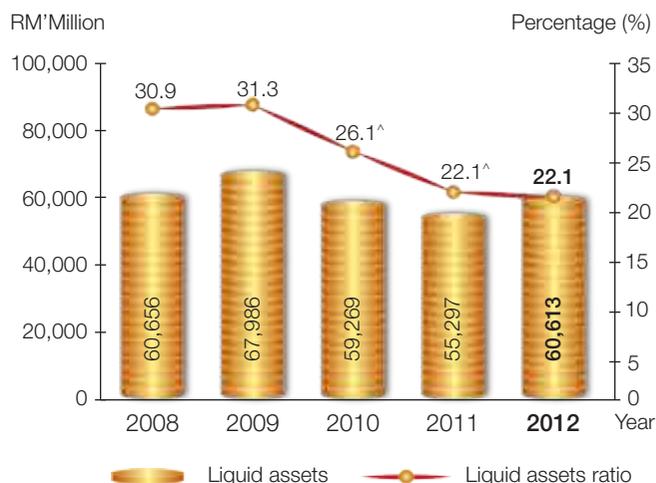
Group Funding Profile



YEAR	2008	2009	2010	2011	2012
Core customer deposits	57.9%	59.9%	64.6%	64.1%	65.7%
Wholesale deposits	20.1%	19.7%	14.7%	17.5%	17.8%
Deposits from banks	8.7%	10.6%	9.6%	6.4%	4.8%
Equity	5.0%	5.2%	6.2%	6.4%	6.7%
Debt capital funding	3.3%	3.5%	3.2%	4.3%	3.3%
Others	5.0%	1.1%	1.7%	1.3%	1.7%

- The recent crisis has validated that funding is the lifeblood of banking. The Group continued to focus on growing core customer deposits as a stable source of funds to finance lending to customers and ensuring a strong liquidity surplus is maintained. As a result of various initiatives undertaken to grow core customer deposits, the Group’s core customer deposits as a percentage of total funding has increased to 65.7% in 2012, from 64.1% in 2011 and 57.9% four years ago.

Liquid Assets Profile



[^] Restated due to retrospective application of MFRS 139

- The Group’s liquid assets stood at RM60.61 billion as at the end of 2012 and accounted for 22.1% of the Group’s total assets.
- 67.4% of the liquid assets comprise high quality liquid assets which includes cash placements with Central Bank, banks and government securities, thus providing a strong buffer against any adverse funding conditions.

Chairman's Review – Overview

Key Performance Indicators

The table below summarises the key performance indicators of the Public Bank Group and the 2013 targets set by the Group:

	2008	2009	2010	2011	2012	2013 Targets
KEY PERFORMANCE INDICATORS						
Profitability (%)						
Net return on equity	30.4	26.1	27.1	26.8	24.5	> 20%
Cost to income	31.2	32.6	30.7	29.8	30.5	< 32%
Asset Quality (%)						
Gross impaired loans ratio (MFRS 139)	–	1.4	1.1	0.9	0.7	< 1%
Balance Sheet (RM' Billion)						
Assets	196.2	217.1	227.0 [^]	250.6 [^]	274.6	–
Gross loans	120.7	137.6	156.5	177.7	197.8	11% – 12% growth
Deposits	151.2	170.9	176.9	200.4	225.0	11% – 12% growth

[^] Restated due to retrospective application of MFRS 139

Despite the challenging economic environment, the Public Bank Group has delivered another set of solid results and remain in good financial health. The Group's resilience and sustained performance is attributed to its consistent focus on building size and market share whilst maintaining a prudent approach in managing its asset quality. The Group's macro key performance objectives include sustaining strong organic business growth, maintaining its superior asset quality and improving productivity.

Profitability

- In terms of profitability, the Public Bank Group's net return on equity remained strong at 24.5% in 2012 underpinned by sustained strong profitability.
- The Group remained the most cost-efficient bank in Malaysia with cost to income ratio of 30.5% in 2012 further improving from 31.2% in 2008, reflecting disciplined cost management across the business operations.

Asset Quality

The Public Bank Group's asset quality remained the best in the domestic banking industry.

- The Group's gross impaired loans ratios further improved to 0.7% as at the end of 2012 from 1.4% as at the end of 2009 despite adopting the more stringent criteria of impaired loans classification under MFRS 139.

Balance Sheet Strength

- The Public Bank Group's strategy of pursuing strong organic business growth has yielded remarkable results in terms of balance sheet growth.
- Since the end of 2008,
 - Total assets increased by 40.0% to RM274.62 billion as at the end of 2012 from RM196.16 billion.
 - Total loans and deposits achieved double digit growth annually to reach RM197.78 billion and RM225.04 billion respectively as at the end of 2012 from RM120.67 billion and RM151.19 billion respectively.

2013 Targets

- For 2013, the Group targets to sustain net return on equity of more than 20% and cost to income ratio of below 32% whilst maintaining gross impaired loans ratio below 1%.
- The Group also aims to expand its loans and deposits by 11% to 12% in the next one year.

Chairman's Review – Overview

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.

	Public Bank Group	2012 Latest Industry Average	Rank#	Public Bank Group	2011 Latest Industry Average	Rank#
KEY FINANCIAL INDICATORS						
Profitability (%)						
Pre-tax return on average equity	30.9	17.4	1	33.8 [^]	17.4	1
Pre-tax return on average assets	1.9	1.6	1	2.0 [^]	1.6	1
Cost to income ratio	30.5	46.0	1	29.8	46.0	1
Productivity (RM'000)						
Pre-tax profit/employee	290	210	1	279 [^]	210	1
Gross loans/employee	11,222	8,052	1	10,119	8,052	1
Deposits/employee	12,768	10,423	1	11,411	10,423	1
Asset Quality (%)						
Gross impaired loans ratio	0.7	2.0	1	0.9	2.7	1
Loan loss coverage	126.0	100.9	2	113.8 [^]	99.4	2
Growth Rate (%)						
Gross loans (domestic)	12.5	10.4	NA	14.1	13.6	NA
Customer deposits (domestic)	13.0	8.4	NA	14.7	14.3	NA

Benchmarked against the five largest domestic commercial banking groups

NA Not available

[^] Restated due to retrospective application of MFRS 139

Total assets of the Public Bank Group accounted for a sizeable 13.3% share of the domestic industry's total assets as at the end of 2012. The Group's domestic market share of gross loans and customer deposits remained strong at 16.7% and 15.2% respectively as at the end of 2012.

Profitability

- The Public Bank Group continued to maintain its pole position in the domestic commercial banking sector in terms of profitability and cost efficiency.
- The Group's pre-tax return on average equity and pre-tax return on average assets of 30.9% and 1.9% respectively were above the banking industry's average of 17.4% and 1.6% respectively.
- The Group's cost to income ratio of 30.5% was the lowest amongst Malaysian banking groups and was much lower than the industry average of 46.0%.

Chairman's Review – Overview

Benchmarking Against Banking Industry's Performance

Productivity

- In an environment of intense competition and narrowing net interest margin, only the most efficient banks will be able to deliver consistently strong shareholder returns. The Public Bank Group with its reputed disciplined approach to cost management continued to review and improve its business processes to further enhance efficiency and productivity.
- The Group's pre-tax profit per employee, gross loans per employee and deposits per employee grew by 3.9%, 10.9% and 11.9% to RM290,000, RM11.2 million and RM12.8 million respectively as at the end of 2012 and continued to rank No. 1 in terms of productivity per employee amongst its domestic commercial banking peers.

Asset Quality

- The Public Bank Group has consistently maintained its top ranking position in terms of asset quality amongst its domestic peers.
- The Group's gross impaired loans ratio continued its downward trend to 0.7% as at the end of 2012 from 0.9% a year ago, which was approximately one-third the industry average of 2.0% as at the end of 2012.
- The Group's loan loss coverage stood at 126.0% as at the end of 2012, an improvement from 113.8% as at the end of 2011 and higher than the industry average of 100.9% as at the end of 2012.

The tables below compare the key financial indicators of the Public Bank Group with those of the key domestic banks in Malaysia as well as leading regional banks in the Asia Pacific ("AP") 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	24.5	30.5	0.7	126.0
Malaysia				
Malayan Banking Berhad	16.3	48.7	1.9	104.7
CIMB Group Holdings Berhad	16.3	55.8	4.2	84.0
RHB Capital Berhad	15.0	45.5	3.1	70.3
Hong Leong Bank Berhad	16.0	44.2	1.6	134.3
AMMB Holdings Berhad	14.7	42.4	2.2	121.8

* The key financial indicators of the other key domestic banks in Malaysia are based on their latest published results.

The Public Bank Group continued to be in the forefront amongst its banking peers in Malaysia in terms of profitability, asset quality and cost efficiency with the highest return on equity of 24.5% and lowest gross impaired loans ratio of 0.7% as well as lowest cost to income ratio of 30.5%.

Chairman's Review – Overview

Benchmarking Against Banking Industry's Performance

Comparison Against Leading Regional Banks

Banks	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	24.5	30.5	0.7
SINGAPORE			
DBS Group	11.7	43.8	1.3
UOB	12.5	41.4	1.6
OCBC	13.0	39.7	0.8
HONG KONG			
Hang Seng Bank	22.9	33.0	0.3
Hongkong and Shanghai Bank Corporation Limited of Hong Kong ("HSBC HK")	24.8	40.1	0.4
AUSTRALIA			
ANZ Bank	14.6	48.1	1.2
Commonwealth Bank of Australia	18.7	46.0	0.8
National Australia Bank	14.2	41.3	1.3
CHINA			
Industrial and Commercial Bank of China	24.2	33.1	0.9
Bank of China	18.7	42.0	0.9
China Construction Bank	24.2	33.2	1.0
Agricultural Bank of China	23.0	40.7	1.3

* The key financial indicators of the other leading regional banks are based on their latest published results.

When benchmarked against the leading banks in the AP region, the Public Bank Group's key financial indicators remained outstanding. The Group's net return on equity of 24.5% was the second highest in the AP region. In terms of cost efficiency, the Group's cost to income ratio of 30.5% ranks No.1 amongst the leading regional banking groups. The Group's gross impaired loans ratio of 0.7% was amongst the top three as compared to the leading regional banking groups.

Chairman's Review – Overview

Capital Management

The key objective of the Public Bank Group's capital management is to proactively manage its capital to support its business growth and maintain a strong capital position whilst optimising returns to shareholders. This involves ongoing review and approval by the Board of Directors of the level and composition of the Group's capital, assessed based on the following key objectives:

- Compliance with regulatory capital requirements
- Alignment of capital levels to the Group's risk appetite and business and strategic plans
- Maintenance of strong external credit ratings of AAA by domestic rating agency and A3/A- (in line with country rating) by international rating agencies
- Maintaining an appropriate balance between optimising returns to shareholders and prudent capital management processes

Capital Planning

The Public Bank Group's capital management activities are governed by its Group Capital Management Framework, which has been enhanced by its Internal Capital Adequacy Assessment Process ("ICAAP"). Under the ICAAP, the Group has conducted a comprehensive assessment of all material risks that it is exposed to and evaluated the adequacy of its capital levels to support its business activities. This involves the preparation of detailed strategic capital management plan over the medium term horizon of three years, which incorporates its business and strategic plans, and assessment of the operating environment in order to determine the demand for capital. Capital stress tests under various economic conditions are conducted on these results in order to ensure that the Group's capital levels are sufficiently robust to absorb losses that may be experienced during an economic downturn. Based on these assessments, the Group sets its internal capital targets incorporating sufficient capital buffers to withstand any unexpected economic shocks.

Capital Adequacy Ratios

The table below shows the capital composition and capital adequacy ratios of the Public Bank Group and Public Bank as at the end of 2012:

	Public Bank Group		Public Bank	
	2012 RM'Million	2011* RM'Million	2012 RM'Million	2011* RM'Million
Equity Capital	16,544	14,334	16,478	14,301
Additional Tier 1 Capital Instruments	3,893	3,916	3,893	3,916
Tier 1 Capital	20,437	18,250	20,371	18,217
Tier 2 Capital	5,909	7,211	5,562	6,859
Total Capital	26,346	25,461	25,933	25,076
Less: Investment in subsidiary and associated companies and holdings of other financial institutions' capital instruments	(48)	(45)	(4,209)	(4,031)
Capital Base	26,298	25,416	21,724	21,045
Risk-weighted assets	179,527	163,027	149,774	134,888
Capital Adequacy Ratios[#]				
Tier 1 Capital ratio	10.8%	10.6%	12.9%	12.8%
Total Capital ratio	14.1%	15.0%	13.8%	14.9%

* Restated after incorporating the effects of changes in accounting policy due to transition to MFRS framework

[#] After deducting second interim dividends

Chairman's Review – Overview Capital Management

The Group and the Bank's capital adequacy ratios after deducting second interim dividends remained healthy at 14.1% and 13.8% respectively as at the end of 2012, and were well above the regulatory minimum capital requirements.

Regulatory Environment

The Public Bank Group's regulatory capital is governed by Bank Negara Malaysia's ("BNM") Capital Adequacy Framework guidelines. On 28 November 2012, BNM issued its finalised Basel III capital adequacy guidelines, with a phased implementation timeline commencing 1 January 2013, and full phase-in by 1 January 2019. These Basel III capital adequacy guidelines are designed to strengthen capital standards and the resilience of the banking system.

Under BNM's Basel III capital adequacy guidelines, the minimum capital adequacy ratios are progressively increased from 1 January 2013 to 1 January 2019, and are inclusive of the phased introduction of a new capital conservation buffer of 2.5%. Additional capital requirements, including a new counter-cyclical buffer ranging from 0% to 2.5%, will be detailed out by BNM at a later stage.

In its Basel III capital adequacy guidelines, BNM has introduced additional capital deductions from Common Equity Tier 1 capital whereby new items such as intangible assets and investments in banking and insurance subsidiaries and associates are now deductible from Common Equity Tier 1 capital. Tighter requirements pertaining to write-off and/or conversion to equity have also been introduced for Tier 1 and Tier 2 capital instruments. In addition, existing Tier 1 and Tier 2 capital instruments which do not contain these stringent write-off or conversion features will be gradually phased-out from inclusion in regulatory capital, commencing from 1 January 2013.

The Public Bank Group has incorporated these Basel III capital adequacy requirements in its capital plan as well as in setting its internal capital targets, with a view to meeting the higher minimum capital adequacy requirements ahead of BNM's implementation deadline. As at the end of 2012, the Group is well-placed to achieve this objective, with its capital at the following levels:

Capital Position based on Basel III Requirements			
	Public Bank Group	Public Bank	Minimum Basel III requirements *
Common Equity Tier 1 ratio	8.5%	7.5% #	7.0%
Tier 1 capital ratio	10.6%	10.0% #	8.5%
Total capital ratio	14.0%	13.7%	10.5%

* Minimum capital requirements inclusive of the capital conservation buffer of 2.5%, which is fully effective on 1 January 2019, ie. at the end of the phase-in period. These minimum capital requirements exclude the counter-cyclical buffer and any other buffers yet to be introduced by BNM.

Assuming full deduction of investment in banking and insurance subsidiaries and associates from Common Equity Tier 1 capital. However, BNM's guidelines allow a transitional phase-in of such deduction at 20% per annum commencing 1 January 2014.

On a forward-looking basis, the Group is well-positioned to sustain its capital ratios above BNM's minimum requirements as a result of its strong earnings-generation capacity and superior asset quality, coupled with its proactive capital management initiatives.

Chairman's Review – Overview

Capital Management

Capital Initiatives

In recent years, the Public Bank Group's 3-year capital plan has been constantly realigned, initially to incorporate the Basel III capital requirements first proposed by the Basel Committee for Banking Supervision in 2010, and then later, BNM's Basel III capital requirements issued in 2012. Within this period, the Group has diligently monitored all ongoing developments affecting regulatory capital requirements, as well as related capital market developments, with a view to building the most optimum capital structure possible to enable it to sustain its superior return on equity for shareholders.

Equity Capital

Since the Basel Committee for Banking Supervision announced the finalised rules for the impending introduction of the Basel III regulatory capital requirements in December 2010, the Public Bank Group has built up its equity capital from 7.2% as at the end of 2010 to 8.5% currently. This achievement was accomplished wholly via organic growth strategies such as profit retention and disciplined management of credit and investment portfolios. The Group will closely monitor the capital buffer requirement to be introduced by BNM and will continue to assess the need for further enhancement of equity capital in line with regulatory requirements and its risk appetite as well as business needs.

As at the end of 2012, the Public Bank Group has 29.8 million treasury shares which had been previously purchased under its share buy-back programme. These shares are available for sale, the proceeds of which will further enhance the Group's equity capital.

Additional Tier 1 and Tier 2 Capital Instruments

On 20 June 2012, the Public Bank Group redeemed its USD400 million Subordinated Debt. There were no issuances of replacement Tier 2 capital instruments as the Group already had sufficient Tier 2 capital to sustain its immediate capital requirements. On a forward-looking basis, the Group has developed plans to address the gradual maturity of its existing Tier 1 and Tier 2 capital instruments, and to a lesser extent, their gradual phase-out from inclusion in regulatory capital under the Basel III requirements, and is actively assessing the market conditions on the issuance of replacement capital instruments containing Basel III-compliant features, in order to ensure the cost-efficiency of such issuances.

Dividends

Despite the more stringent capital requirements under Basel III and the implementation of the Public Bank Group's ICAAP, the Group has continued to maintain a healthy dividend payout of 45.3% in 2012. Moving forward, the Group will continue to maintain a healthy level of dividend payout due to its strong profit generation capacity, superior asset quality and continuous pursuit of capital efficiency.

Commitment to Efficient Capital Management

The Public Bank Group remains committed to maintaining a healthy level of capital which is sufficient to support its business growth strategies and to absorb losses under economic stress, whilst maximising returns to shareholders. The Group will continue to monitor further developments on capital requirements by regulators and will continuously realign its capital plan and capital management strategies to accommodate these developments.

Chairman’s Review – Overview

Credit Ratings

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

In June 2012, Public Bank’s long-term and short-term financial institution 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 reputable franchise in the consumer segment as well as among small- and medium-sized enterprises, underscored by its excellent asset quality and commendable profit track record. 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 November 2012, Standard & Poor’s (“S&P”) 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 earnings, 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.

In January 2013, Moody’s Investors Service reaffirmed Public Bank’s long-term deposit rating of A3 and revised its short-term deposit rating to P-2 based on Moody’s new Consolidated Global Bank Rating Methodology.

BUSINESS OPERATIONS REVIEW

Domestic Retail Banking & Financing Operations



At a Glance

	2012	2011	Growth %
Segment profit (RM'Million)	3,654.7	3,425.0 [^]	6.7
Retail operations	2,986.4	2,780.2 [^]	7.4
Hire purchase	668.3	644.8 [^]	3.6
Gross loans, advances and financing (RM'Billion)	160.88	142.05	13.3
Retail operations	120.44	104.95	14.8
<i>of which:</i>			
– Residential properties	58.00	48.81	18.8
– SME	36.57	29.64	23.4
– Personal loans	7.52	7.85	(4.3)
Hire purchase	40.43	37.10	9.0
Loans approval (RM'Billion)	52.21	47.31	10.4
Retail operations	37.48	33.23	12.8
<i>of which:</i>			
– Residential properties	17.31	13.94	24.1
– SME	16.96	12.39	36.9
Hire purchase	14.73	14.08	4.6
Gross impaired loans ratio (%)	0.7	0.8	(0.1)
Retail operations	0.7	1.0	(0.3)
<i>of which:</i>			
– Residential properties	0.7	0.9	(0.2)
– SME	0.8	1.1	(0.3)
Hire purchase	0.6	0.6	–

[^] Restated due to retrospective application of MFRS139

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

Highlights

- Retail and hire purchase operations achieved growth in pre-tax profits of 7.4% and 3.6% respectively in 2012.
- The Public Bank Group continued to maintain market leadership in residential property financing, commercial property financing and passenger vehicle hire purchase financing with market shares of 19.1%, 33.7% and 26.4% respectively as at the end of 2012, up from 18.1%, 32.9% and 25.9% respectively as at the end of 2011.
- Loans for residential properties and passenger vehicle hire purchase financing grew by 18.8% and 9.0% respectively.
- Loans approval for residential properties and hire purchase financing increased by 24.1% and 4.6% respectively.
- Loans approval for SME achieved impressive growth of 36.9% whilst outstanding loans to SME grew by 23.4%.
- Gross impaired loans ratio for residential properties, passenger vehicle hire purchase financing and SME lending remained low and healthy at 0.7%, 0.6% and 0.8% respectively.

The Public Bank Group's domestic retail banking and financing portfolio comprise mainly of consumer credit and lending to small- and medium-sized enterprises ("SMEs"). The Group has a significant domestic market share in these two segments as a result of sustained robust growth achieved in these businesses over the years. As at the end of 2012, these two segments accounted for 97.2% of the Group's domestic retail banking and financing portfolio.

Domestic Consumer Credit

The Public Bank Group's domestic consumer credit comprise:

- Residential property financing
- Passenger vehicle hire purchase financing
- Personal consumer financing
- Credit and debit cards
- Share margin financing

Residential Property Financing

The development and sales of residential properties continued to be the main growth driver of the Malaysian property market. Despite rising property prices, residential property development projects continued at an active pace

with high sales take-up particularly in urban and high growth areas such as Kuala Lumpur, Pulau Pinang and Johor Bahru as well as in locations expected to have convenient access to the future Mass Rapid Transit ("MRT") stations which are currently under construction.

Notwithstanding credit-tightening measures introduced by Bank Negara Malaysia ("BNM") to curb rising household debts and speculation on property prices, residential property financing continued to grow steadily in 2012 supported by strong demand for homes and higher disposable income of buyers.

Performance Review

The Public Bank Group's domestic lending to the residential property sector grew by 18.8% or RM9.19 billion in 2012 to RM58.00 billion as at the end of 2012. Residential property loans represent 48.2% of the Group's total domestic retail loans and accounted for 29.3% of the Group's total loan portfolio as at the end of 2012. The Group continued to be the largest residential property financier in Malaysia with market share of 19.1% as at the end of 2012, up from 18.1% as at the end of 2011.

During the year, the Public Bank Group approved residential property loans totalling RM17.31 billion which was 24.1% higher than the residential property loans approved in 2011.

Chairman's Review – Business Operations Review

Domestic Retail Banking & Financing Operations

The total residential property loans approved in 2012 accounted for 46.2% of total domestic retail loans approved during the year. The Group continues to focus on the mass market segment with residential property financing predominantly given for the financing of residential properties costing between RM100,000 to RM500,000. In 2012, residential property loans approved for properties in this price range accounted for 72.9% of the total number of residential property loans approved during the year.

The gross impaired loans ratio of the Public Bank Group's domestic residential property loans further improved to 0.7% as at the end of 2012, which was well below the industry's average gross impaired loans ratio of 1.9% as at the end of 2012. The Group's ability to maintain a strong asset quality in residential property loans is due to its prudent credit culture and stringent underwriting standards which takes into account not only the credit standing of the borrowers, but also the location and pricing of properties and track record of developers.

Products and Marketing Initiatives

5HOME Plan and MORE Plan

The Public Bank Group's flagship residential property loan packages, the 5HOME ("Home Ownership Made Easy") Plan and MORE ("Mortgage Refinancing") Plan continued to be the core lending products for residential property loans. In 2012, a total of RM17.09 billion of residential property loans were approved under the 5HOME Plan and MORE Plan, which accounted for more than 90% of new loans approved for residential property financing.

During the year, the Public Bank Group enhanced the features of existing products to meet customers' needs which include:

Skim Rumah Pertamaku ("My First Home Scheme")

In line with the Government's objective to promote greater home ownership, the Skim Rumah Pertamaku ("My First Home Scheme") was launched in 2011, which is backed by Cagamas Berhad and caters specifically for first time house buyers. In 2012, the Public Bank Group enhanced the features of Skim Rumah Pertamaku by revising upwards the maximum property value eligible for loans under the scheme and extending the loan tenure to 40 years, hence helping more families to purchase and own a home. As at the end of 2012, the Group has approved total loans amounting to RM13.4 million under this scheme.

HomeSave-i Package under Islamic Financing

In 2012, the Public Bank Group also enhanced the features of its HomeSave package to include Islamic house financing. The Islamic house financing package, the HomeSave-i which is linked to a Current Account-i is tailored to meet customers' preference for Shariah compliant financing packages. As at the end of 2012, a total of RM44.5 million of financing have been approved under the HomeSave-i package.

The Public Bank Group's marketing efforts are largely carried out through the Group's well distributed network of 255 branches throughout the country and its sales and marketing force at these branches. During the year, the Group collaborated with major property developers to offer end financing to house buyers under the Developer Interest Bearing Schemes. In addition, the Group further expanded its alliances with 54 developers and continued to work with reputable developers, real estate agents and solicitors for potential customer leads and to further penetrate the residential property financing market.

The Public Bank Group also continues to support BNM's priority sector lending in the housing sector as part of the Group's corporate responsibility. The housing sector priority lending comprise loans for properties costing RM100,000 and below for Peninsular Malaysia and RM120,000 and below for properties in East Malaysia. As at the end of 2012, total loans outstanding for this segment amounted to RM2.29 billion.

Prospects

The demand for the financing of residential properties is expected to remain robust mainly due to:

- various Government initiatives to increase home ownership which are expected to spur demand for low and mid-range residential properties. Under the Budget 2013, RM1.9 billion allocations have been made to build affordable houses under various programmes for the lower and middle income group.
- the development of infrastructure projects which will further improve accessibility particularly in suburban areas, hence stimulating demand for houses.
- continued demand for new property launches particularly as a result of attractive offers and incentives from property developers such as the Developer Interest Bearing Schemes, early bird discounts and free legal fees for house buyers.

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

Notwithstanding the sustained market demand, the residential property loans market will remain challenging mainly due to the highly competitive banking environment and the more stringent lending guidelines issued by BNM which may slowdown the overall market growth in affected sectors.

Despite intense competition, the Public Bank Group is expected to sustain its residential property financing segment growth given its focus on home mortgages for owner occupation and the broader base mass market segment which are anticipated to maintain healthy growth.

Passenger Vehicle Hire Purchase Financing

Passenger vehicle hire purchase financing remained one of the core retail business products of the Public Bank Group and accounted for 20.4% of the Group's total loan portfolio.

The automobile industry recorded growth of 3.2% in 2012 due to the lingering impact from the disrupted supply chain as a result of natural disasters which happened in Japan and Thailand last year, coupled with the introduction of the responsible lending guidelines by BNM.

Performance Review

Despite the subdued automobile industry growth, the Public Bank Group's domestic vehicle hire purchase financing increased by RM3.33 billion or 9.0% to RM40.43 billion as at the end of 2012, outpacing the industry's growth rate of 7.1%. As a result, the Group maintained its pole position with an enlarged domestic vehicle hire purchase financing market share of 26.4% as at the end of 2012, up from 25.9% as at the end of 2011.

The strong performance of the Public Bank Group's vehicle hire purchase financing business was the result of strong business support from major passenger vehicle distributors and panel car dealers, as well as the success of the Group's strategy to sustain its market share of vehicle hire purchase financing for used passenger and commercial vehicles.

Notwithstanding Public Bank Group's healthy expansion of its vehicle hire purchase financing portfolio, the Group's gross impaired loans ratio for vehicle hire purchase loans remained healthy at 0.6% which was well below the industry's ratio of 1.2% as at the end of 2012. The strong asset quality is a testament to the Group's prudent lending policy and sound risk management.

Marketing Initiatives

The Public Bank Group's marketing initiatives are driven from the Group's large network of 255 branches nationwide, and its 27 Hire Purchase Centres ("HPC") in key locations which fully focus on providing and supporting the Group's vehicle hire purchase financing business. With a dedicated and experienced staff force of more than 1,100 staff, these HPCs have actively participated in car carnivals, roadshows and collaboration programmes with car distributors and dealers to offer attractive vehicle hire purchase financing packages to customers. In 2012, the Group participated in 1,082 joint sales promotions and sponsorship nationwide with the Group's 8,400 car dealers. The Group continues to emphasise on providing efficient service delivery to panel car dealers, particularly in ensuring fast turnaround time on approval and disbursement of hire purchase loans. These initiatives will further reinforce the Group's relationship with car dealers and help the Group garner stronger business support.

Prospects

Sales of motor vehicles are expected to improve as car dealers continue to carry out more aggressive and proactive marketing strategies such as launches of new car models and offers of attractive sales packages. This is expected to augur well for the Public Bank Group to increase market share and sustain its leading position in the industry given its focus on implementing proactive marketing strategies which are well supported by competitive pricing and efficient service delivery.

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

Personal Consumer Financing

The Public Bank Group's domestic personal consumer financing business is mainly driven by its subsidiary, Public Islamic Bank. Public Islamic Bank's personal financing product, the Bai' Al-Einah ("BAE") Personal Financing-i is mainly offered to staff of government agencies, statutory bodies and large corporations. As at the end of 2012, Public Islamic Bank has established agency arrangements with more than 290 entities.

In 2012, Public Islamic Bank approved RM732.5 million of BAE Personal Financing-i. As at the end of 2012, total financing outstanding of BAE Personal Financing-i amounted to RM3.06 billion with a market share of 12.0%.

Credit and Debit Cards

The Malaysian credit card industry continued to shrink as a result of tighter credit card lending guidelines issued by BNM. Various initiatives carried out to prevent credit card attrition, the number of credit cards in circulation in the industry further declined which has also resulted in a reduction in Public Bank's credit card base. Nevertheless, Public Bank's debit card segment continued to achieve commendable growth during the year.

Performance Review

Notwithstanding the lower credit card base, Public Bank's credit card receivables and credit card usage increased by 5.4% and 7.4% respectively in 2012 as compared to the growth rate of 1.8% and 6.2% respectively in the card industry. The Bank's market share of credit card base and credit card receivables stood at 7.7% and 4.8% respectively as at the end of 2012.

Public Bank's debit card segment continued to thrive despite fierce market competition. The Bank's debit card customer base and usage increased by an impressive 56.5% and 48.4% respectively in 2012. To further improve the Bank's debit card usage, the Bank will continue to create awareness of the various benefits of using debit cards and encourage customers to convert their PB Bankcard to the Bank's debit card, the PB Day2Day card.

In order to further grow its merchant base and revenue stream, Public Bank remained focused on the delivery of efficient customer support to existing and newly acquired merchants. During the year, the Bank targeted smaller business establishments and potential new market segments for its merchant acquiring business in its effort to further expand its merchant base. Even though competition was stiff, the Bank's merchant sales and merchant terminal rentals registered a growth of 11.6% and 19.3% respectively in 2012.

Products and Marketing Initiatives

The Public Bank Group's wide branch network remained as the key channel to acquire new credit and debit cardholders. In view of the increasing popularity of social media and e-commerce amongst the young generation, Public Bank has also started advertising on various e-channels to reach out to this particular segment of customers. To further tap into the internet savvy customer market segment, the RM388 cash back campaign was launched in October 2012 which offered cash back as well as attractive rewards to customers who apply for credit card online.

During the year, the PB Visa Infinite credit card was issued by invitation only to existing high net worth customers with long term banking relationships with Public Bank. This premium card offers unlimited cash rebate of up to 1% for spending and provides complimentary access to the Malaysian Plaza Premium lounge at the Kuala Lumpur International Airport for cardholders. In addition, cardholders also enjoy 5% cash back when they spend at selected participating merchants for luxury products.

Public Bank also offered numerous attractive rewards and privileges tailored to meet cardholders' needs and lifestyle in its effort to retain cardholders and increase card sales. To encourage card spending, the Bank partnered with high traffic shopping malls and reputable retail merchants to launch various thematic campaigns from time to time, each targeting different customer segments.

Prospects

Despite the competitive business environment, Public Bank is optimistic of sustaining the Bank's card growth and increasing its card market share by tapping into the Group's large retail customer base.

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

Share Margin Financing

Total gross brokerage and interest income from the Public Bank Group's share trading and share margin business declined by 28.2% and 2.8% respectively in 2012. This was due to a 26.0% drop in share trading business volume. However, the number of PB Sharelink accounts and the amount of approved share loans grew by 9.6% and 6.1% respectively to 48,594 accounts and RM2.22 billion respectively in 2012.

Public Bank undertook various initiatives to grow the Bank's share trading and share margin business in 2012. These initiatives include promoting additional trading channels via handphone and iPad, providing IPO/ESOS financing for selected counters on Bursa Malaysia, expanding the number of Share Investment Units at strategically located branches from 45 to 48 to tap on the branches' large customer base and offering more convenient access to the Bank's PB Sharelink service.

In an intensely competitive business environment, the Public Bank Group will continue to improve its service delivery standards in order to meet higher customer expectations.

SME Lending

The small- and medium-sized enterprises ("SMEs") business segment is a major driver of the country's economy and plays a vital role in generating jobs and economic wealth in the country. Recognising the importance of SMEs to the Malaysian economy, the Government has launched the Small Medium Enterprise Masterplan 2012-2020 ("SME Masterplan 2012-2020") in 2012 with the objective to further increase the sector's contribution to the country's Gross Domestic Product.

The Public Bank Group continued to provide strong support to SMEs through consistent growth of its SME portfolio and by being a leading supporter and provider of government initiated schemes.

Performance Review

In 2012, the Public Bank Group approved RM16.96 billion commercial loans to domestic SMEs for their working capital and business expansion needs, which accounted for 32.5% of the Group's total new domestic retail loans approved for 2012. Arising from higher volume of loans approved to SMEs, the Group's SME loan portfolio grew by an impressive

23.4% from RM29.64 billion as at the end of 2011 to RM36.57 billion as at the end of 2012. Loans to domestic SMEs accounted for 19.8% of the Group's total domestic loan portfolio as at the end of 2012.

Despite strong loans growth, the asset quality of the Public Bank Group's domestic SME lending remained healthy as evidenced by gross impaired loans ratio of 0.8% as at the end of 2012, an improvement from 1.1% as at the end of 2011.

Products

SWIFT ("Shophouse, Warehouse, Industrial Factory and Trade Financing") Plan

The Public Bank Group's flagship commercial product, the SWIFT Plan continued to be the key lending product for SME financing. This product offers financing for asset acquisition and working capital as well as trade finance lines to facilitate business. In addition, flexible product bundling is also available under this plan to suit the financing needs of SMEs. In 2012, the Group approved a total of RM7.37 billion under the SWIFT Plan.

BNM and Government Initiated Financing Schemes

The Public Bank Group is a strong supporter of BNM and Government initiated financing schemes to promote SME activities. These schemes include the following:

- i. Schemes promoted by the Government such as the Working Capital Guarantee Scheme, which is a financing scheme with 80% guarantee by the Government on financing facility granted by financial institutions. The scheme is managed by a government agency and aims to give viable companies access to financing to sustain their operations. In 2012, the Group has approved more than 1,000 applications amounting to RM351.4 million under this scheme.
- ii. Schemes promoted by BNM such as:
 - BNM priority sector lending to SMEs. In 2012, the Group approved a total of RM17.58 billion in loans under this scheme.
 - The "New Entrepreneurs Fund" and "Fund for Small and Medium Industries", which provide financing at reasonable cost for eligible SMEs.
 - The Micro Enterprise Fund launched by BNM to increase access for micro enterprises with viable businesses to obtain financing.

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

The following table reflects the Public Bank Group's strong support of BNM's initiatives in terms of loan volume and market share as at the end of 2012:

	Outstanding balance		Market share %
	Public Bank Group RM'Million	Industry RM'Million	
LOAN SCHEME			
Fund for Small and Medium Industries	463.7	4,935.8	9.4
New Entrepreneurs Fund	9.3	1,132.6	0.8
Micro Enterprise Fund	30.8	163.5	18.8

Credit Guarantee Corporation Guaranteed Schemes

The Public Bank Group also actively participates in guaranteed schemes offered by Credit Guarantee Corporation Malaysia Berhad ("CGC"). CGC provides guarantee cover to SMEs at reasonable cost to assist them to obtain credit facilities. Among the CGC guaranteed schemes are:

- The SmallBiz Express Guaranteed Scheme, which is primarily targeted at micro enterprises that require financing of between RM20,000 and RM50,000 but lack the collateral to obtain financing. Since partnering with CGC to implement the SmallBiz Express Guaranteed Scheme in 2010, Public Bank has approved a total of RM15.0 million loans under this scheme to 500 micro enterprises. In November 2012, the 4th Tranche of the SmallBiz Express Guaranteed Scheme with a portfolio size of RM5.0 million was launched.
- The Enhancer Express, which is a credit guarantee scheme with simplified documentation requirements designed to expedite approval process and turnaround time at CGC. This scheme complements the existing CGC Enhancer scheme.

New Products

During the year, the Public Bank Group launched the following new products tailored to meet the needs of its SME customers:

Portfolio Guarantee Scheme

In support of the Government's initiatives to facilitate SMEs' access to financing, the Public Bank Group launched a Portfolio Guarantee Scheme, which is an extension of existing CGC guaranteed schemes. Under the Portfolio Guarantee Scheme, CGC provides guarantee on a portfolio basis to SMEs with improved turnaround time in loans approval as pre-determined eligibility criteria are used to facilitate approval of loans under this scheme.

Shariah-compliant SME Financing Scheme

Under the Government's Budget 2012, the RM2 billion Shariah-compliant SME Financing Fund was set up to assist eligible SMEs which are involved in Shariah-compliant business activities to obtain financing.

To complement the Government's initiative, the Public Bank Group introduced the Shariah-compliant SME Financing Scheme to provide financing assistance to eligible SMEs involved in Shariah-compliant business activities. Under this scheme, the Government will provide a 2% rebate of profit rate charged on the financing. As at the end of 2012, the Group has approved loans amounting to more than RM92.0 million under this scheme.

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

Islamic Term Financing and Trade Finance Products

During the year, the Public Bank Group launched the following two Islamic financing products to meet customers' needs for Shariah compliant financing products:

- Islamic Trade Finance products namely Accepted Bill and Trust Receipt-i.
- Islamic term financing package which is linked to a Current Account-i namely ShopSave-i.

Islamic Foreign Currency Financing Products

During the year, the Public Bank Group also introduced two Islamic Foreign Currency Financing products namely FCY Murabahah Term Financing-i and FCY Revolving Credit Facility-i under the International Currency Business Unit to meet customers' need for Shariah-compliant foreign currency products.

Marketing Initiatives

The Public Bank Group recognises that SMEs need both training and financing to grow their businesses. To assist SMEs on financial management and help SMEs assess the appropriate products and services to grow their businesses, the Group participated in various seminars organised by Government bodies and chambers of commerce during the year. In addition, the Group also participated in forums organised by BNM and Federation of Malaysian Manufacturers for SME companies in Perak, Penang and Johor.

Prospects

SMEs will continue to be the driving force behind the country's economic growth as articulated under the SME Masterplan 2012-2020. Allocations have also been made under the Government's Budget 2013 to facilitate the implementation of the various initiatives under the plan. The measures introduced under the SME Masterplan 2012-2020 by the Government will set the path for further growth in the SME sector in the coming years. Going forward, the Public Bank Group will continue to sustain its portfolio growth and market leadership in the SME segment by focusing on providing customers with relevant products and fast loan delivery service.



Wealth Management

Customer Deposits

	2012 RM' Billion	2011 RM' Billion	Growth %
DOMESTIC CORE CUSTOMER DEPOSITS			
Demand Deposits	31.09	27.28	14.0
Savings Deposits	21.30	19.68	8.2
Fixed Deposits	110.54	96.62	14.4
Total Domestic Core Customer Deposits	162.93	143.58	13.5

Performance Review

In 2012, the Public Bank Group continued to focus its effort on building a long term core customer deposits base to meet the Group's funding requirements. The Group's domestic core customer deposits grew strongly by RM19.35 billion or 13.5% in 2012, higher than the domestic banking industry's growth rate of 9.4%. This resulted in the Group achieving a higher market share of core customer deposits of 16.7% as at the end of 2012, as compared to 16.1% as at the end of 2011.

The strong deposit growth was contributed by expansion of domestic fixed deposits and low cost demand and savings deposits ("CASA") by 14.4%, 14.0% and 8.2% respectively, outperforming the Malaysian banking industry's growth rate of 8.8%, 12.1% and 7.0% respectively. The Group's domestic CASA portfolio stood at RM52.39 billion as at the end of 2012 and accounted for 32.2% of the Group's domestic core customer deposit base.

Customer deposits mobilised from individuals represented 55.7% of the Public Bank Group's domestic core customer deposits as at the end of 2012. This accounted for 18.6% market share of customer deposits by individuals as at the end of 2012.

Marketing and Promotional Initiatives

One of the key initiatives taken by the Public Bank Group to grow its retail deposit base, in addition to maintaining superior customer service at the branches, is through various deposit promotional campaigns. Apart from the three campaigns namely PB Gold for Gold, PB Prosperity Rates and PB ACE Campaign which were launched in 2011 and ended in 2012, Public Bank also launched five new deposit campaigns in 2012 namely "PB Bank2Win", "PB 3.33% Reward", "PB FCY FD Top Rates", "PB Gold for Gold 2" and "PB Golden Dragon Phoenix".

Public Bank will continue to roll out marketing plans which aim:

- to gradually switch from product and relationship centric sales approach to advisory service approach.
- to attract and acquire new customers especially from the affluent market by setting up more Red Carpet Banking Centres.
- to enhance product benefits in order to prevent customer attrition.
- to offer specific product bundling packages to existing and new customers in order to increase product holding.
- to offer diversified and value-added deposit products for niche market.

Chairman's Review – Business Operations Review Wealth Management

PB “Bank2Win” Campaign

PB “Bank2Win” Campaign was launched to reward customers for their loyalty and patronage and was opened to all new and existing customers of Public Bank and Public Islamic Bank. During the campaign period from 1 June 2012 to 30 November 2012, customers who took up a minimum of any two products out of three product groupings which comprised Group A (Financing), Group B (Deposit) and Group C (Wealth Management) stood a chance to win 321 monthly and grand draw cash prizes amounting to over RM1 million. The campaign was well received by customers with more than 50,000 customers taking up a minimum of two products.

“PB 3.33% Reward” Campaign

“PB 3.33% Reward” Campaign was launched for a six month period from 1 June 2012 for four selected savings and demand deposit products. During the campaign period, customers were offered additional interest of 3.33% per annum for 90 days on a minimum incremental Average Daily Balance of RM5,000. The campaign has successfully captured more than 112,000 new deposit accounts with total deposits of more than RM688 million during the campaign period.

“PB FCY FD Top Rates” Campaign

To further boost the foreign currency deposit base, a three-month “PB FCY FD Top Rates” Campaign was launched on 1 August 2012. The campaign, which was opened to individuals and corporates, offered additional interest of up to 2% per annum over and above Public Bank's prevailing FCY FD interest rates for new FCY FD placements in US Dollar, Australian Dollar, Pound Sterling, Euro and New Zealand Dollar whilst 0.8% additional interest per annum was offered for new FCY FD placements in Chinese Renmimbi. The campaign managed to capture more than RM41.1 million equivalent of FCY deposits during the campaign period.

“PB Gold for Gold 2” Campaign

Following the encouraging results from the previous “PB Gold for Gold” Campaign in 2011, Public Bank re-launched a similar campaign in 2012. The “PB Gold for Gold 2” which was launched on 1 August 2012 offered 1 gram of gold free for every 200 grams of gold purchased under the Gold Investment Account (“GIA”). Despite gold prices being on an uptrend since August 2012, the campaign managed to garner total gold sales of over 261kg worth more than RM44.2 million. Gold investments are expected to remain popular as gold is generally regarded as a safe haven asset and a hedge instrument against inflation.

“PB Golden Dragon Phoenix” Campaign

Public Bank launched the “PB Golden Dragon Phoenix” Campaign from 1 December 2011 to 30 April 2012. Due to overwhelming response, the campaign was further extended to 31 May 2012. Under this campaign, customers who made a certain minimum investment in unit trust funds and opened either a new deposit account or GIA would receive a complimentary gold-plated Dragon and/or Phoenix. The campaign successfully captured RM256.4 million sales of unit trust funds which exceeded the expected take-up by more than four times.

Chairman's Review – Business Operations Review Wealth Management

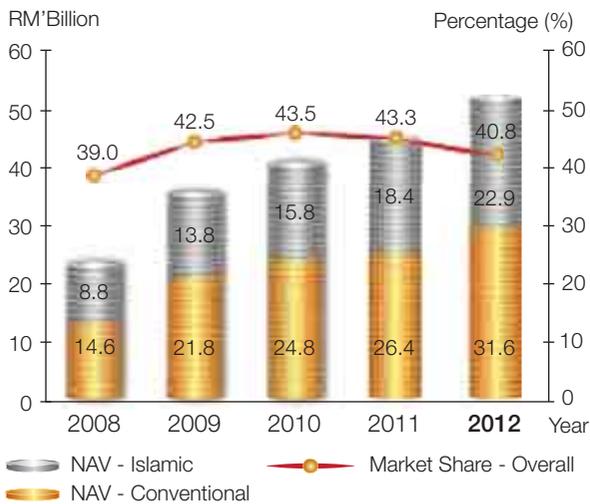
Fund Management

At a Glance

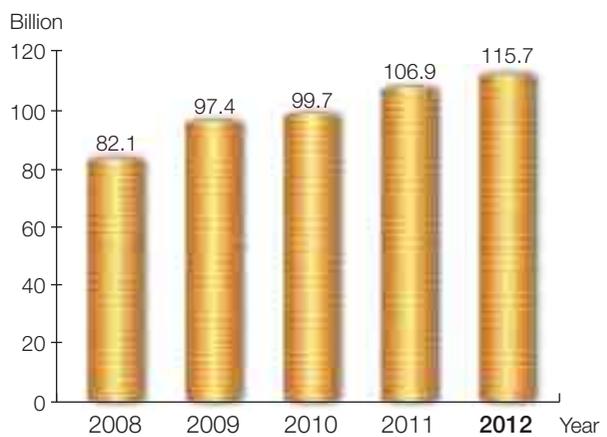
PUBLIC MUTUAL BERHAD	2012	2011	Growth %
	RM'Million	RM'Million	
Operating revenue*	669.4	616.7	8.5
Profit before tax	372.2	321.9	15.6
Total assets	751.4	637.9	17.8
Shareholders' funds	125.3	117.2	6.9

* After offsetting direct sales commission and including interest income of RM12.5 million received and receivable from the Public Bank Group (RM10.7 million in 2011).

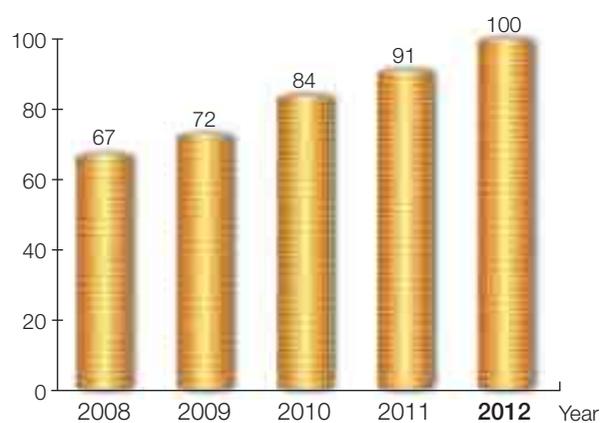
Net Asset Value



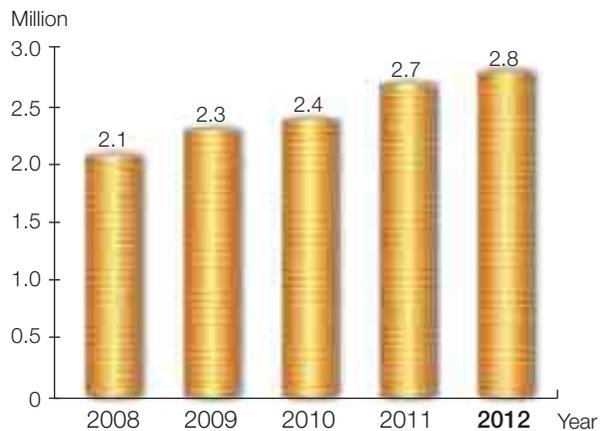
Units in Circulation



Number of Funds



Number of Account Holders



Chairman's Review – Business Operations Review Wealth Management



Overview

Concerns over the slowing pace of the United States of America (“US”) economy coupled with the Eurozone sovereign debt issue dampened sentiment in global financial markets for the first half of 2012. However, equity markets rebounded in the second half of 2012 following measures announced by the European Central Bank and the US Federal Reserve to spur growth in their respective economies. The FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) registered a gain of 10.3% in 2012 on the back of sustained domestic economic activities and an accommodative interest rate environment. Selected regional markets also registered commendable gains in 2012.

Performance Review

Public Mutual Berhad (“Public Mutual”), the No. 1 private unit trust company in Malaysia and a wholly-owned subsidiary of Public Bank, recorded a 15.6% increase in profit before tax from RM321.9 million in 2011 to RM372.2 million in 2012. Public Mutual’s total operating revenue grew by 8.5% from RM616.7 million in 2011 to RM669.4 million in 2012.

Despite the challenging global market conditions, the total assets under management (“AUM”) of the Malaysian private unit trust industry registered a growth rate of 32.3% in 2012 as compared to 8.2% in 2011. The AUM of Public Mutual increased by 22.0% from RM44.75 billion as at the end of 2011 to RM54.58 billion as at the end of 2012.

Public Mutual achieved an overall market share of 40.8% as at the end of 2012 and retained its position of market leader in the private unit trust industry. Public Mutual continued to dominate the key unit trust fund sectors of equity assets, Islamic assets and foreign assets with market share of 60.1%, 53.2% and 39.1% respectively and also maintained its leading position for bond assets with a market share of 37.6%.

In terms of fund performance, conventional domestic equity funds managed by Public Mutual registered returns of up to 14.5% for 2012. The domestic Shariah compliant equity funds managed by Public Mutual registered returns of up to 16.7% in 2012 while the benchmark FTSE Bursa Malaysia EMAS Shariah Index rose by 11.9% over the same period. Despite challenging market conditions, selected regional funds focusing on the ASEAN markets achieved returns of up to 21.2% for 2012.

Amid concerns over the slower pace of global economic growth, the domestic bond market held up well in 2012, with sustained demand for Ringgit-denominated bonds. Public Mutual’s bond funds registered returns of up to 6.1% in 2012.

Chairman's Review – Business Operations Review Wealth Management

New Fund Launches and Services

In 2012, Public Mutual launched three new unit trust funds namely Public Strategic SmallCap Fund (equity fund), PB Dynamic Allocation Fund (mixed asset fund) and Public Enterprises Bond Fund (bond fund). Public Strategic SmallCap Fund and Public Enterprises Bond Fund were launched on 20 March 2012 whilst PB Dynamic Allocation Fund was launched on 19 June 2012.

On 5 April 2012, Public Mutual was selected as one of the eight inaugural Private Retirement Scheme ("PRS") Providers to market and distribute PRS funds by Securities Commission Malaysia. PRS seeks to enhance choices available for all Malaysians to supplement their retirement savings under a well-structured and regulated environment. It complements the mandatory contributions made to Employees Provident Fund and is expected to be well-received by the general investing public as one of its benefits is the tax relief of RM3,000 per year enjoyed by all PRS contributors.

Public Mutual had launched six PRS funds comprising three conventional series funds namely Public Mutual PRS Growth Fund, Public Mutual PRS Moderate Fund and Public Mutual PRS Conservative Fund, and three Shariah-based series funds namely Public Mutual PRS Islamic Growth Fund, Public Mutual PRS Islamic Moderate Fund and Public Mutual PRS Islamic Conservative Fund on 26 November 2012.

Following the new fund launches during the year, Public Mutual has a total of 100 funds which comprise 94 unit trust funds and six PRS funds under its management as at the end of 2012.

Awards

Public Mutual reinforced its No. 1 position in the private unit trust industry with 194 major awards received to date. With the receipt of a total of 16 awards in 2012, Public Mutual remains Malaysia's most awarded unit trust fund manager.

For the ninth consecutive year, Public Mutual emerged as the biggest winner by sweeping eight awards at The Edge-Lipper Malaysia Fund Awards 2012. In addition, Public Mutual won two Best of the Best Awards at the Asia Asset Management Awards 2011. The two awards are Best Retail House – Malaysia and Best House for Offshore Funds – Malaysia. Public Mutual also won The Asset Triple A Islamic Finance Awards 2012 for the Best Islamic Retail Asset Management House in Malaysia.

Public Ittikal Fund was named the Best Asian Equity Fund in the 10-year category at Failaka Islamic Fund Awards 2011. Furthermore, Public Mutual won two awards out of seven awards at the 2012 Morningstar Malaysia Fund Awards. The two awards are the Best Islamic Malaysia Equity Fund category for Public Islamic Dividend Fund and Best Islamic MYR Bond Fund category for PB Islamic Bond Fund.

Chairman's Review – Business Operations Review Wealth Management

TYPE OF AWARDS	TOTAL AWARDS
FUND PERFORMANCE AWARDS	
<ul style="list-style-type: none"> ● THE EDGE-LIPPER MALAYSIA FUND AWARDS 2012 	
<ul style="list-style-type: none"> 3-Year Category <ul style="list-style-type: none"> 1) Best Equity Malaysia Small and Mid Caps: Public Focus Select Fund 2) Best Equity Asia Pacific: Public Asia Ittikal Fund 3) Best Mixed Asset MYR Balance – Global: PB Asia Real Estate Income Fund 4) Best Bond Malaysian Ringgit – Islamic: PB Islamic Bond Fund 	8
<ul style="list-style-type: none"> 5-Year Category <ul style="list-style-type: none"> 1) Best Equity Malaysia Small and Mid Caps: Public SmallCap Fund 2) Best Bond Malaysian Ringgit – Islamic: PB Islamic Bond Fund 	
<ul style="list-style-type: none"> 10-Year Category <ul style="list-style-type: none"> 1) Best Equity Malaysia Small and Mid Caps: Public SmallCap Fund 2) Best Bond Malaysian Ringgit: Public Islamic Bond Fund 	
<ul style="list-style-type: none"> ● 2011 ASIA ASSET MANAGEMENT AWARDS 	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> 1) Best Retail House – Malaysia 2) Best House for Offshore Funds – Malaysia 	2
<ul style="list-style-type: none"> ● 2012 MORNINGSTAR MALAYSIA FUND AWARDS 	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> 1) Best Islamic Malaysia Equity Fund: Public Islamic Dividend Fund 2) Best Islamic MYR Bond Fund: PB Islamic Bond Fund 	2
<ul style="list-style-type: none"> ● FAILAKA ISLAMIC FUND AWARDS 2011 	
<ul style="list-style-type: none"> 10-Year Category <ul style="list-style-type: none"> 1) Best Asian Equity: Public Ittikal Fund 	1
<ul style="list-style-type: none"> ● THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2012 	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> 1) Best Islamic Retail Asset Management House in Malaysia 	1
OTHERS	
<ul style="list-style-type: none"> ● READER'S DIGEST TRUSTED BRAND 2012 	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> 1) Platinum Award for the Investment Fund Company category in Malaysia 	1
<ul style="list-style-type: none"> ● THE BRANDLAUREATE 2011-2012 AWARDS 	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> 1) Best Brands in the Financial Services – Unit Trusts category 	1

Chairman's Review – Business Operations Review Wealth Management

Other accolades include the Reader's Digest Trusted Brand 2012 Platinum Award for the Investment Fund Company category in Malaysia for the third consecutive year. This award is an outstanding achievement for Public Mutual and reinforces Public Mutual as the top-of-mind brand and the No.1 choice among Malaysian unit trust investors.

Public Mutual also won The BrandLaureate 2011 – 2012 Awards for Best Brands in the Financial Services – Unit Trusts category for the sixth consecutive year. The award bears testimony to the trust and confidence Malaysian investors have in the company.

Marketing and Promotional Initiatives

To further strengthen its market share, Public Mutual continued its branding efforts, which included various forms of advertising such as strategic placements of 17 billboards in key areas nationwide, print advertisements and promotional campaigns. Furthermore, Public Mutual has increased its ground activities such as road shows and investment or financial planning talks nationwide covering both large and smaller townships to reach out to wider groups of investors. Following the launch of the PRS funds in November 2012, Public Mutual has organised a series of public awareness and education seminars on PRS funds.

The number of high net worth customers of Public Mutual continued to grow in 2012 with Mutual Gold membership increasing by 12.6%. The card membership for the Mutual Gold-PB Visa Platinum Credit Card which was launched in July 2011 in collaboration with Public Bank for this group of premier customers had more than doubled in 2012. The card offers many privileges such as annual fee waiver and attractive cash bonuses on retail purchases and cash rewards.

Training, Branches Network and Support

Public Mutual continues to invest extensively in the training and development of the agency force. Courses conducted focus on the latest developments of the industry, ethics and compliance, sales and support tools, best practices in marketing of unit trust and customer service to further increase unit trust consultants' ("UTCs") competency in their knowledge and skills. Selected courses were also made available through electronic learning.

As at end of 2012, Public Mutual has a network of 28 branches nationwide to support the growth of the UTC distribution channel and to provide services to its unit holders. A new Training Centre comprising three training rooms was set up in SS Two Mall, Petaling Jaya to accommodate large scale training and related support activities for Public Mutual's agency force.

Prospects

With global financial markets expected to remain volatile, the private unit trust industry is expected to grow at a moderate pace in 2013. Against this backdrop, Public Mutual will continue to cater its range of products to meet the ongoing demands of investors.

Chairman’s Review – Business Operations Review Wealth Management

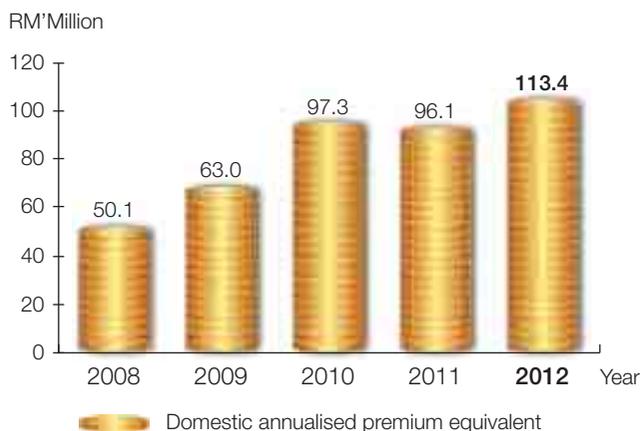
Bancassurance

The strategic bancassurance alliance between the Public Bank Group and the ING Group entered its fifth year of partnership in 2012. Over this period, the bancassurance business has grown steadily and is well positioned to serve the various needs of the Group’s customers. As at the end of 2012, there are approximately 500 licensed sales staff distributing an array of 11 investment-linked bancassurance products. The credit-related life insurance products are promoted by more than 600 sales and marketing executives whilst simplified life insurance products are distributed via the telemarketing channel to specific targeted customer segments.

Performance Review

As a result of the volatile market conditions and slowdown in the global economy, Public Bank only distributed one single premium investment-linked insurance product, the PB-ING Power Plus Plan 3 during the year. Despite that, the annualised premium equivalent (“APE”) has increased from RM96.1 million to RM113.4 million in 2012 mainly due to strong sales performance from the regular premium investment-linked insurance products and telemarketing channel which offers better APE in terms of new business generated.

Domestic Annualised Premium Equivalent



New Initiatives and Products

PB-ING Power Plus Plan 3

In August 2012, Public Bank in collaboration with ING launched a savings endowment plan known as the PB-ING Power Plus Plan 3 (“PPP3”). The PPP3 was launched following the success of its two predecessors namely PB-ING Power Plus Plan and PB-ING Power Plus 2 Plan which were launched in 2010 and 2011 respectively. The PPP3 is a 100% capital guaranteed non-participating 5-year endowment plan with two years premium paying duration and provides guaranteed annual cash payments of 3.38% at the end of each policy year as well as life insurance protection upon death or total permanent disability. The PPP3 successfully generated sales premium amounting to RM40.3 million in 2012.

Employee Benefits SME/SMI Plan

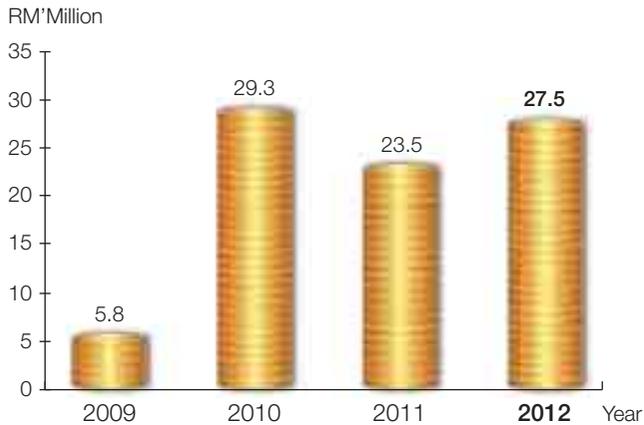
ING PUBLIC Takaful Ehsan Berhad (“IPTE”), the joint venture company with ING Management Holdings (Malaysia) Sdn. Bhd., continued to make progressive inroads into the takaful market. Sales of its Shariah-compliant Family Mortgage Reducing Term Takaful and Hire Purchase Reducing Term Takaful grew by 255.3% from RM14.1 million in 2011 to RM50.1 million in 2012. In October 2012, IPTE launched the Employee Benefits Small- and Medium-sized Enterprises/ Small and Medium Industry (“SME/SMI”) Plan which incorporates two types of insurance coverage, namely Group Hospitalisation and Surgical Care Takaful as well as Group Term Takaful for the employees of SME/SMI. The insurance plan covers untimely death, critical illness, hospitalisation and out-patient medical care.

Chairman's Review – Business Operations Review

Wealth Management

Telemarketing Insurance Products

Annualised Premium Equivalent from Telemarketing



In 2012, a new insurance product, the PB Smart Income Plan was introduced via the telemarketing channel. The PB Smart Income Plan is a term plan which covers accidental death or accidental permanent total disability. The plan offers a limited premium payment term of 10 years with an insurance coverage period of 20 years and provides refund of premium at the end of the policy term if no claim has been made.

Public Bank currently offers six telemarketing insurance products namely, PB Smart Income Plan, PB Credit Sure Plan, PB Cash Secure Plan, PB Family Care PA Plan, PB Cash Care Plan and PB Living Income Plan to cater to the varying insurance needs of its customers.

The telemarketing channel for insurance products achieved commendable results in 2012 with APE increasing to RM27.5 million, representing a growth of 17.0%.

Marketing and Promotional Initiatives

OSP Sales Campaigns

The core bancassurance product under the PB-ING bancassurance partnership known as One Solution Plan (“OSP”) is a whole-life regular premium investment-linked product that comprises a series of 11 plans. During the year, Public Bank launched various OSP sales booster campaigns such as the “Fatt Choi Campaign” and “OSP Challenge Campaign” to garner higher sales and motivate Financial Executives to increase their productivity.

In order to stay competitive and as a value added service to customers, Public Bank initiated the “Financial Health Check” to help customers match their financial needs with suitable products. The Bank also organised various activities at kindergartens and schools, conducted road shows as well as sales events such as “Family Photography Day”, “Bone Health Check”, “One Educate Campaign” and “One Lady Campaign” to create more awareness of the Bank’s bancassurance products.

Product Promotional Events

Public Bank organised various Product Promotional Events (“PPEs”) in 2012 as part of its marketing strategy to improve sales. The PPEs are based on themes such as “PB Prosperity Golden Dragon”, “PB Loving Family”, “PB Healthy Lifestyle” and “PB Festive Delights”. PPEs also offer opportunities for the Bank to promote and cross sell the Bank’s products such as investment and bancassurance products as well as credit and debit cards. In 2012, more than 1,000 PPEs were held at various locations nationwide and have generated RM235.9 million in total sales. In addition, more than 2,700 new credit and debit card customers were acquired at these PPEs.

Chairman's Review – Business Operations Review Wealth Management

Customer Relationship Management

The ability to understand and respond to customers' needs is crucial to sustain profitability growth in an intensely competitive and challenging market environment. Public Bank uses its Customer Relationship Management ("CRM") tool to provide an analysis of customers' behaviour, which are then communicated to the sales force to assist them to customise products for potential customer leads which would meet the needs of these customers. The success of PPEs can be attributed to the wide use of the Bank's CRM tool which have generated useful leads on specific customer target segment.

Training Initiatives

As part of Public Bank's effort to enhance and upgrade the skills and knowledge of its Financial Executives, the Bank has conducted various training such as "FASTRAC II" and "Customer Building Programme" during the year. In addition, monthly Sales Review Meeting for Financial Executives were also conducted to update them on market information so as to better prepare them for the challenging business environment.

Hong Kong Operations

During the year, various marketing activities such as client incentive programmes offering premium discounts were launched to boost sales. In addition, Open Day at branches were held to promote banking and bancassurance products. To promote newly launched insurance plans, discounts on insurance premium were also offered. In September 2012, the Easy Defender, a new critical illness plan and two long term savings products, namely Basic Plus and Eternity were launched. As an incentive for buyers, an offer of up to 20% discount for the first year premium were offered. As a result of various marketing activities, the bancassurance sales premium of the Hong Kong operations grew by 28.9% from HKD145.4 million in 2011 to HKD187.4 million in 2012 which translated to an APE of HKD66.5 million. As at the end of 2012, there are 26 bancassurance products being distributed by Public Bank (Hong Kong) Limited and Public Finance Limited.

Prospects

In October 2012, ING Group ("ING") reached an agreement with AIA Group Ltd ("AIA") on the sale of its insurance operations in Malaysia, which included its 60% equity interest in IPTe. Under this agreement which has been approved by regulators, AIA would also take over ING's bancassurance business partnership with Public Bank and all contractual obligations will be honoured by AIA going forward. In the life insurance segment, AIA Malaysia would be the largest life insurer in the country after the acquisition of ING Malaysia's insurance operations. In addition, Public Bank's bancassurance business partnership with AIA would further strengthen AIA's presence in the bancassurance segment, making it the second largest bancassurance player in Malaysia.

With AIA's strong presence in Malaysia and its expertise in providing innovative and comprehensive insurance products coupled with Public Bank's wide distribution channels, the Bank's bancassurance strategic partnership with AIA will be further strengthened going forward, thereby enhancing further its contribution to the Bank's long-term fee-based income.

Transactional Services

Cash Management Services

The Public Bank Group offers cash management services which enable customers to perform receivable and payable services in a convenient, secure and swift manner. The Group's cash management services comprise automated collections and payments with reconciliation information to fulfill customers' business needs. Amongst the collection services offered include bill payment and payment agent via PBeBank.com, self service terminals, PBB Direct Debit, MEPS Financial Process Exchange ("MEPS FPX") and MEPS Direct Debit service. Payment services available include PB Electronic Credit Payment and statutory payment service for payments to statutory bodies such as Employees Provident Fund, Social Security Organisation and Inland Revenue Board of Malaysia.

Public Bank also offers customised cash management products to meet the needs of the Bank's corporate and small- and medium-sized enterprises customers. These services include Electronic Share Application service which

allows customers to apply initial public offerings through Automatic Teller Machine ("ATM") and internet banking. The Bank actively engages public listed companies and unit trust companies to offer e-Dividend and e-Distribution services via the Bank's e-payment platform.

In support of the Government's move to promote e-payment channels, Public Bank in collaboration with Bursa Malaysia Depository Sdn Bhd, is involved in the development of an electronic subscription service, the e-Rights Subscription service that will allow applicants to apply for allotted rights issues through the Bank's ATM and internet banking network. This service is expected to be launched in the first quarter of 2013. During the year, the Bank has also worked closely with government agencies to promote online e-payments. The tie-up with the Registrar of Societies to collect registration fees through MEPS FPX service has successfully switched more than 50% manual payments to electronic payments within three months of its implementation.



Chairman's Review – Business Operations Review Transactional Services

VALUE OF REMITTANCE

↑ 26.6%

NO. OF TRANSACTIONS

↑ 9.0%

Remittances

Public Bank's remittance services, comprising inward and outward telegraphic transfers, outward demand drafts and Western Union money transfers achieved another commendable performance in 2012. Despite global market uncertainties which affected the business of exporters and resulted in importers being more cautious, the Bank's inbound and outbound remittances provided through the Public Bank Group's network of 255 domestic branches grew by 26.6% in terms of value of remittance and 9.0% in terms of number of transactions in 2012.

Public Bank's main outbound telegraphic transfers and outward demand drafts were to major cities in Asia, Europe and North America. The bulk of the currencies remitted were the United States Dollar (USD), followed by Australian Dollar (AUD), Great Britain Pound (GBP), Euro (EUR) and Japanese Yen (JPY).

2012 marked the fourth year of partnership between Public Bank and The Western Union Company to offer foreign workers remittances services. In 2012, the Public Bank – Western Union Money Transfer Service offered under the business partnership continued to register an impressive growth of 25.8% in terms of number of transactions.

Marketing Initiatives

"Fly to Guangzhou" Renminbi Remittance Campaign

In its effort to boost the Renminbi remittance business, Public Bank in collaboration with Bank of China launched a "Fly to Guangzhou" Renminbi Remittance Campaign. The campaign is for a period of five months from 15 September 2012 to 15 February 2013 and offers attractive prizes of 25 air tickets to Guangzhou to lucky winners.

Remittance Campaign for Overseas Education

Public Bank also launched a special campaign to attract foreign education remittances. This campaign, which offered discounted forex rates for education remittances in AUD, GBP, USD and NZD, complements the pre-departure opening of accounts service currently offered by the Bank to Malaysian students seeking further education in Australia and New Zealand.

Western Union Campaign

To increase foreign workers remittances, Public Bank launched various campaigns during the year such as the PB-Western Union Ramadhan Campaign, PB-Western Union Promo Code Campaign and PB-Western Union Reward Campaign. These campaigns have successfully increased Western Union remittances by 27.5% and 30.0% respectively in terms of number of transactions and value of remittance respectively.

Public Bank will continue to diversify its offering of remittance services and carry out marketing initiatives to drive volume and boost awareness of the Bank's range of remittance services.

Capital Market Operations



Treasury

The Public Bank Group's treasury operations broadly include the soliciting of deposits from the retail and wholesale sectors and the marketing of foreign exchange related products to both retail and corporate customers. The Group's treasury operations also include the management of liquidity risks and interest rate strategies in line with policies established by the Group's Assets and Liabilities Management Committee as well as ensuring compliance with regulatory requirements of regulators in jurisdictions where the Group operates in. These operations are mainly conducted through the treasury units of Public Bank, Public Investment Bank, Public Islamic Bank and Public Bank (Hong Kong) Limited.

Another major treasury activity of the Public Bank Group's domestic operations is the trading of Ringgit denominated securities in the domestic bond market. Public Bank, as a Principal Dealer, provides market liquidity for securities specified by Bank Negara Malaysia ("BNM") which include both conventional and Islamic government bonds and bills.

Performance Review

The Public Bank Group's treasury operations reported pre-tax profit of RM339.4 million in 2012, an increase of 5.8% from 2011 despite challenging market conditions arising from the ongoing European debt crisis which impacted both global and intra-regional trade.

Marketing and Other Key Initiatives

Despite stiff market competition and slowdown in demand for foreign exchange products and services due to the weakened global economy, Public Bank's treasury sales team stepped up its marketing efforts to market foreign exchange related services to the Group's retail and corporate customers. In 2012, the Group's treasury sales teams together with branch officers made a total of 209 customer visits to market solutions to meet customers' treasury needs. As a result of such marketing efforts, the Group's foreign exchange income grew by 3.6% to RM225.4 million in 2012.

Chairman's Review – Business Operations Review Capital Market Operations

As a Principal Dealer, Public Bank actively participates in the primary and secondary market of BNM specified securities. This principal dealership also requires the Bank to play an active role in the daily BNM money market tenders which is undertaken by the funding desk. In 2012, the volume of transactions traded by the Bank for specified securities accounted for 8.2% and 5.5% respectively of the total volume traded in the primary and secondary market respectively.

Public Bank actively participates in the swap market particularly in the United States Dollar and Hong Kong Dollar swap market to manage its foreign currency cash flow requirements. Besides engaging in gapping activities to generate interest income via swap market, market volatility also provides arbitrage opportunities for the Bank to generate low risk returns by arbitrating between the swap and money markets whenever these opportunities arise.

The Public Bank Group's treasury operations remained focused on managing the liquidity of the Group to ensure funding requirements are met. Leveraging on the Group's strong PB Brand, marketing efforts were intensified to increase both retail and wholesale customers deposits which provide the Group with more stable sources of funds as compared to funds obtained from the interbank market. As a result, total wholesale deposits which comprise money market deposits and negotiable instruments of deposits of the Group grew by 11.5% to reach RM47.82 billion as at the end of 2012.

In October 2012, BNM approved the centralisation of Public Investment Bank's treasury operations within Public Bank's treasury unit. With this, the treasury operations of Public Bank, Public Islamic Bank and Public Investment Bank, which form the Public Bank Group's domestic treasury operations are now centralised within Public Bank. Centralising the three entities' treasury operations will result in more effective monitoring of the Group's liquidity and funding requirements and the adoption of more consistent strategies across the entities to meet the Group's objectives and comply with regulatory requirements.

Prospects

Financial markets worldwide are expected to experience sporadic periods of uncertainty stemming from the ongoing European debt crisis. Under such operating conditions, one of the main challenges is to sustain growth in treasury's core business of providing foreign exchange services. The Public Bank Group will leverage on its extensive network of branches and resources as well as close rapport with customers built over the years, coupled with intensified marketing efforts to grow its foreign exchange business. The Group will also continue to focus on maintaining a liquid balance sheet by proactively building up its core customer deposits base and investing in high grade liquefiable securities.



Chairman's Review – Business Operations Review

Capital Market Operations

Domestic Corporate Lending

At a Glance

	2012	2011	Growth %
Segment profit before tax (RM'Million)	322.3	307.7	4.8
Gross loans, advances and financing (RM'Billion)	23.30	21.73	7.2
Gross impaired loans ratio (%)	0.5	0.6	(0.1)

The Public Bank Group's domestic corporate lending portfolio expanded by RM1.57 billion or 7.2% from RM21.73 billion as at the end of 2011 to RM23.30 billion as at the end of 2012. The loans growth was mainly driven by demand from the Real Estate Investment Trust and retail or commercial property sectors amid noticeable market shift in customers' financing preference from conventional lending to capital markets.

Despite an uncertain economic environment and intense competition in the market, the Public Bank Group's corporate lending operations achieved 4.8% or RM14.6 million increase in profit before tax from RM307.7 million in 2011 to RM322.3 million in 2012 mainly due to higher net interest income partially offset by lower loan recoveries from impaired loans due to certain once-off recoveries in 2011. Notwithstanding healthy loans growth, the gross impaired loans ratio has further improved to 0.5% as at the end of 2012 from 0.6% as at the end of 2011.

Going forward, the Public Bank Group will continue to maintain its prudent credit culture to ensure the quality of its assets is not compromised. As part of its effort to retain corporate customers, the Group will also leverage and tap on the expertise of its investment banking arm to offer advisory services to retain customers who may prefer to raise funding from the capital market.

Chairman's Review – Business Operations Review Capital Market Operations

Investment Banking

At a Glance

PUBLIC INVESTMENT BANK BERHAD	2012 RM'Million	2011* RM'Million	Growth %
Operating revenue	208.8	227.5	(8.2)
Profit before tax	44.3	51.2	(13.4)
Total assets	4,364.9	6,496.2	(32.8)
Shareholder's funds	322.2	311.0	3.6
Risk-weighted capital ratio (%)	27.6	18.3	9.3

* Restated due to retrospective application of MFRS139

Public Investment Bank offers an extensive range of corporate finance and advisory services, covering takeovers and mergers, privatisations, issuance of capital market instruments and private debt securities, initial public offerings ("IPOs"), placement and underwriting of public securities as well as treasury related services. Public Investment Bank also provides stock broking services including share trading, margin financing and nominee facilities to its institutional and retail customers.

Amid a challenging operating environment, Public Investment Bank successfully completed 29 corporate exercise mandates which include corporate restructuring exercises, corporate privatisation and corporate advisory for merger and acquisition exercises. Public Investment Bank completed a short-term funding programme of up to RM1.60 billion for one of its corporate customers and jointly with two other financial institutions also generated funding of RM0.70 billion for another corporate customer. In addition, Public Investment Bank was one of the co-underwriters involved in the IPO exercises of Felda Global Ventures Holdings Berhad and Astro Malaysia Holdings Berhad.

Public Investment Bank continued to develop its retail and institutional customer base, grow its internet share trading business and leverage on the Public Bank Group's extensive branch network and retail customer base to further grow its stock broking business. Through its eTrade services and its dedicated helpdesk, Public Investment Bank's customers are also supported with more flexibility and a wider geographical coverage in share trading. In 2012, Public Investment Bank set up its own research team to provide customers with more resources to make well informed financial decisions.

Despite a highly competitive landscape, Public Investment Bank recorded operating revenue and pre-tax profit of RM208.8 million and RM44.3 million respectively in 2012.

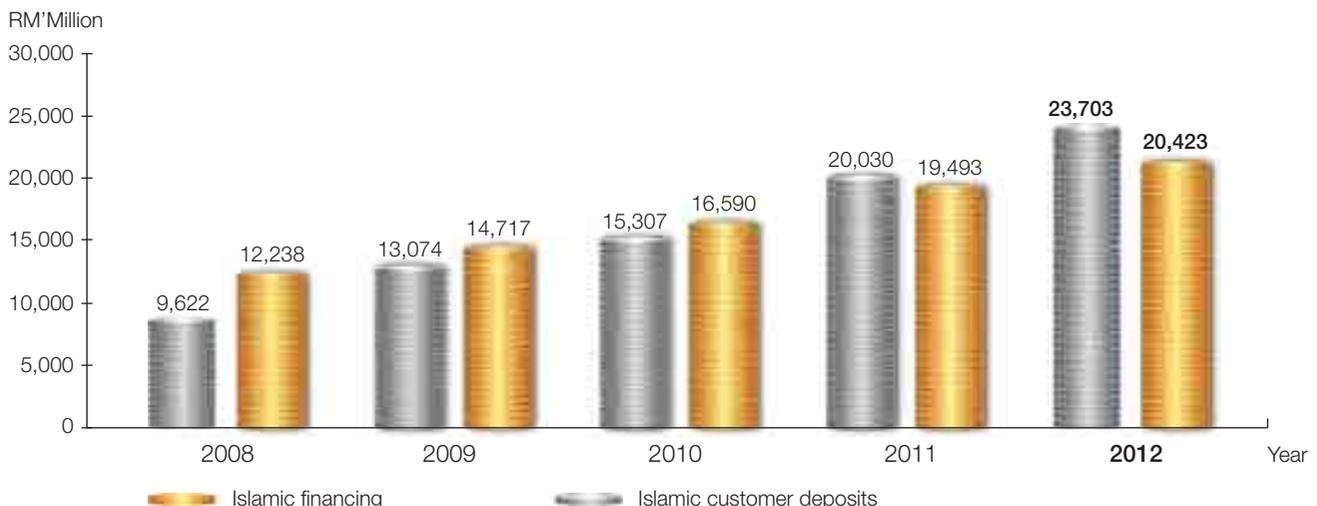
Islamic Banking

Public Islamic Bank Berhad (“Public Islamic”) is the Islamic banking arm of the Public Bank Group. Public Islamic, being a wholly-owned subsidiary of Public Bank, aligns its operations closely to the Bank and leverages on the Bank’s branch network, risk management systems, information and communication technology infrastructure as well as its prudent credit underwriting policies.

Highlights

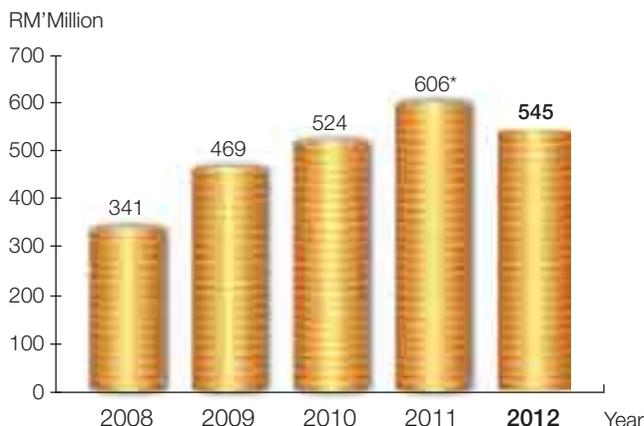
- Operates as a full-fledged Islamic Bank since 1 November 2008.
- Registered profit before tax and zakat of RM544.7 million in 2012, representing a contribution of 10.7% to the Public Bank Group’s profit before tax.
- ABBA House Financing-i recorded a growth of RM1.06 billion or 33.3% to RM4.24 billion as at the end of 2012 from RM3.18 billion a year ago.
- Total customer deposits rose by RM3.67 billion or 18.3% to RM23.70 billion as at the end of 2012 from RM20.03 billion a year ago.
- Gross impaired financing ratio of 0.9% as at the end of 2012, well below the industry average of 2.0% as at the end of 2012.

Gross Islamic Financing and Customer Deposits



Chairman’s Review – Business Operations Review Islamic Banking

Profit Before Tax and Zakat



* Restated due to retrospective application of MFRS139

Performance Review

Public Islamic registered pre-tax profit of RM544.7 million in 2012, 10.1% lower than 2011 mainly due to higher shared service cost in 2012, partially offset by lower allowance for financing impairment. Another contributing factor was a transfer to the Profit Equalisation Reserve (“PER”) of investment account holder in 2012 as compared to a transfer from PER in 2011. Public Islamic’s net return on equity stood at 18.7% in 2012.

The financing portfolio of Public Islamic expanded by RM0.93 billion or 4.8% to RM20.42 billion from RM19.49 billion a year ago, mainly driven by a 33.3% growth in ABBA House Financing-i. Public Islamic’s financing portfolio represent 10.3% of the Public Bank Group’s total loan portfolio. As part of its strategy to rebalance its financing portfolio, Public Islamic reduced its exposure to fixed rate financing during the year. As a result, the floating rate financing as a percentage of total financing increased to 29.2% as at the end of 2012 from 21.4% a year ago. Going forward, Public Islamic will continue to grow floating rate financing particularly House Financing-i, Term Financing-i, retail commercial financing and selected corporate financing. Retail commercial financing will continue to be geared towards small- and medium-sized enterprises (“SME”).

Public Islamic’s customer deposits registered a commendable growth of RM3.67 billion or 18.3% to RM23.7 billion as at the end of 2012 mainly driven by growth in Non-Mudharabah General Investment deposit. Low cost deposits which comprise current and savings deposits constituted 30.2% of Public Islamic’s total deposits. As at the end of 2012, Public Islamic’s customer deposits accounted for 10.5% of the Public Bank Group’s total customer deposits.

The quality of Public Islamic’s assets remained strong with gross impaired financing ratio of 0.9% as at the end of 2012. Public Islamic’s capital position continued to be healthy as reflected by its Tier 1 capital ratio and risk-weighted capital ratio of 11.3% and 12.1% respectively as at the end of 2012.

RAM Ratings

In June 2012, Rating Agency Malaysia reaffirmed Public Islamic’s long- and short-term financial institution ratings, at AAA and P1. The reaffirmation of the ratings was premised on the high level of integration between Public Islamic’s operations and its parent, Public Bank Berhad.

New Products and Initiatives

Deposits and Financing

Public Islamic continuously seeks to provide innovative Shariah-compliant products to cater to the needs of its customers. In 2012, Public Islamic launched the following new financing and deposit products:

HomeSave-i and ShopSave-i

A financing package which is linked to a Current Account-i. The Current Account-i balance can be used to reduce outstanding financing balance for the purpose of profit calculation.

Home Equity Financing-i and Term Equity Financing-i

Financing products offered as alternatives to the existing ABBA House and Term Financing-i, structured under the concept of Musharakah Mutanaqisah (“Diminishing Partnership”).

Chairman's Review – Business Operations Review Islamic Banking

Islamic Trade Finance Products

Public Islamic expanded its trade finance products with the introduction of two trade finance facilities namely, Accepted Bill-i and Trust Receipt-i. These Shariah-compliant trade finance products are offered to meet customers' working capital requirements and improve efficiency in collection as well as payments of trade transactions.

Islamic Foreign Currency Deposit and Financing

A non-ringgit deposit, investment and financing product to cater to customers' business needs in foreign currency.

Bancatakaful

2012 marked the second year of collaboration between Public Islamic and ING PUBLIC Takaful Ehsan Berhad ("IPTE") in the family takaful business. During the year, Public Islamic has worked closely with IPTE to promote bancatakaful products which included the Mortgage Reducing Term Takaful and Hire Purchase Reducing Term Takaful. These two bancatakaful products has successfully contributed RM2.6 million fee-based income to Public Islamic in 2012.

In August 2012, a new Employee Benefits SME/SMI Plan which is a health benefit package provided to SMEs/SMIs for their employees was launched.

Moving forward, IPTE expects to launch several bancatakaful products such as Group Term Takaful for BAE Personal or Cash Line Financing and Investment Linked Education Plan to further enhance Public Islamic's fee-based revenue.

Role and Authority of the Shariah Committee

In line with the requirements of the Bank Negara Malaysia's Shariah Governance Framework ("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 Shariah principles.

The Shariah Committee ("SCOM"), which comprise qualified members, deliberate on and endorse all Shariah matters prior to the Board's approval or noting. Periodically, SCOM members also perform on-site inspections at branches to review business operations of Islamic banking products and services to ensure that operations are conducted in accordance with Shariah rules and principles. The SCOM's roles and responsibilities, 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; and
8. Provide written Shariah opinions.

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Profile of Group Shariah Committee Members

Shariah Committee Members	Profile
<p>Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid (Chairman) Dean of Kulliyah of Islamic Revealed Knowledge and Human Sciences at the International Islamic University Malaysia ("IIUM")</p>	<p>Chairman of the Shariah Committee since 2004, Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid is an Islamic scholar and the Dean of Kulliyah of Islamic Revealed Knowledge and Human Sciences at IIUM. He sits and serves on various advisory bodies and committees, which include Majlis Fatwa Negeri Kelantan, Commissioner of Human Rights Commission of Malaysia ("SUHAKAM") and International Islamic Fiqh Academy for Organisation of Islamic Cooperation. He was conferred "Anugerah Perdana Maulidur Rasul Peringkat Kebangsaan" in 2010.</p>
<p>Associate Professor Mohd Ridzuan bin Awang (Member) Associate Professor at Shariah Department, Faculty of Islamic Studies, Universiti Kebangsaan Malaysia ("UKM")</p>	<p>Member of the Shariah Committee since 2004, Associate Professor Mohd Ridzuan bin Awang is currently attached to the Shariah Department, Faculty of Islamic Studies, UKM. He is an expert in Comparative Land Law and Islamic Property Law and serves as Shariah Advisor at several organisations which include Amanah Raya Berhad, Koperasi Permodalan FELDA, Jabatan Wakaf, Zakat dan Haji and Jabatan Perdana Menteri. Associate Professor Mohd Ridzuan bin Awang is a frequent contributor to academic journals and books in his related field.</p>
<p>Assistant Professor Dr Mohd Afandi bin Awang Hamat (Member) Assistant Professor in the Department of Usul and Fiqh, IIUM</p>	<p>Member of the Shariah Committee since 2004, Assistant Professor Dr Mohd Afandi bin Awang Hamat is currently the Assistant Professor and committee member for student advisory in the Department of Usul and Fiqh, IIUM. He specialises in Islamic Commercial Law which he obtained from IIUM in 2004. Assistant Professor Dr Mohd Afandi has conducted various research and published several articles and academic papers such as "Kedudukan Wanita dalam Sistem Politik" and "Emas dalam Islam". He also serves as Shariah Advisor to Syarikat Percagaran Islam, Kota Bharu.</p>
<p>Dr Rusnah binti Muhamad (Member) Senior lecturer at the Department of Financial Accounting and Auditing, Faculty of Business and Accountancy in University of Malaya ("UM")</p>	<p>Member of the Shariah Committee since 2011, Dr Rusnah binti Muhamad is currently a senior lecturer at the Department of Financial Accounting and Auditing, Faculty of Business and Accountancy in UM. She received her Doctorate specialising in accounting from UM in 2007 and has conducted various research on Islamic audit and accounting as well as published several academic papers which were presented at local and international conferences. Dr Rusnah has vast teaching experience in under-graduate and post-graduate courses and is an internal examiner and supervisor for a number of PhD thesis and Master Dissertation such as Masters in Business Administration and Masters in Management. Dr Rusnah is a committee member of the Association of Shariah Advisors in Islamic Finance ("ASAS").</p>
<p>Assistant Professor Dr Abdul Bari bin Awang (Member) Assistant Professor in the Department of Fiqh & Usul al-Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM</p>	<p>Member of the Shariah Committee since 2011, Assistant Professor Dr Abdul Bari bin Awang is currently the Assistant Professor in the Department of Fiqh & Usul al-Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM. He received his Doctorate in Fiqh and Usul Fiqh from IIUM in 2005, specialising in Islamic Commercial Law and Islamic Wealth Management. Assistant Professor Dr Abdul Bari bin Awang has published several academic papers and conducted several researches in the field of Islamic endowment system in Malaysia and Islamic almsgiving ("zakat").</p>

Chairman's Review – Business Operations Review Islamic Banking

Shariah Committee Members and Details of Attendance of Each Member at Committee Meetings Held During 2012:

Composition of Shariah Committee	Number of Committee Meetings	
	Held	Attended
Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid (Chairman of Shariah Committee)	12	12
Associate Professor Mohd Ridzuan bin Awang	12	12
Assistant Professor Dr Mohd Afandi bin Awang Hamat	12	12
Dr Rusnah binti Muhamad	12	12
Assistant Professor Dr Abdul Bari bin Awang	12	12

Zakat Obligations

Public Islamic paid zakat of RM310,000 for its 2011 operations which is higher than RM280,000 paid in respect of its 2010 operations. The zakat was paid to 14 states 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 its holding company, Public Bank Berhad.

Prospects

There is high growth potential in the Islamic banking business, both in the domestic and global markets. Public Islamic will continue to focus on its retail business and pursue growth in its financing and deposit-taking businesses, accelerate its fee-based revenue as well as sustain its superior asset quality with gross impaired financing ratio of below 1%.

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International Operations

At a Glance

	2012 RM'Million	2011 RM'Million	Growth %
Operating revenue	1,011.7	997.3	1.4
Profit before tax	325.0	296.5	9.6
Gross loans, advances and financing	13,241.4	13,612.7	(2.7)
Deposits from customers	14,362.0	13,925.6	3.1
Gross impaired loans ratio (%)	1.2	1.3	(0.1)

Branch Network	2012	2011
Hong Kong & People's Republic of China ("PRC") Operations		
Public Bank (Hong Kong) Limited		
– Hong Kong	32	32
– PRC	3	3
Public Finance Limited	42	42
Winton (B.V.I.) Group	9	9
Indo-China operations		
Cambodian Public Bank Plc	24	23
VID Public Bank (Vietnam)	7	7
Public Bank branches		
Laos	4	3
Sri Lanka	1	1

The Public Bank Group has overseas operations in five countries with branches in Laos and Sri Lanka, subsidiaries in Hong Kong and Cambodia and a joint venture bank in Vietnam. In tandem with the better operating conditions in some of these countries, particularly in Cambodia, the Group's earnings from international operations improved by 9.6% or RM28.5 million to RM325.0 million in 2012, accounting for 6.4% of the Group's profit before tax in 2012. The Group remains committed to expand its overseas operations through organic growth and will continue to transfer the best practices in its domestic operations to accelerate business growth in its overseas operations.

Chairman's Review – Business Operations Review

International Operations

HONG KONG

At a Glance

	2012 HKD'Million	2011 HKD'Million	Growth %
Profit before tax			
Public Financial Holdings Group	455.8	468.2	(2.7)
<i>of which:</i>			
Public Bank (Hong Kong) Limited [^]	103.0	97.1	6.1
Public Finance Limited [^]	290.3	324.9	(10.7)
Gross loans, advances and financing			
Public Bank (Hong Kong) Limited	22,413.2	22,931.4	(2.3)
Public Finance Limited	4,682.5	4,634.3	1.0
Deposits from customers			
Public Bank (Hong Kong) Limited	25,009.2	24,218.0	3.3
Public Finance Limited	3,830.4	3,456.1	10.8
Gross impaired loans ratio (%)			
Public Bank (Hong Kong) Limited	0.5	0.7	(0.2)
Public Finance Limited	2.8	2.9	(0.1)
Risk-weighted capital ratio (%)			
Public Bank (Hong Kong) Limited*	16.4	16.1	0.3
Public Finance Limited*	30.1	30.8	(0.7)

[^] 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

The Public Bank Group's operations in Hong Kong concentrate on two core businesses:

- i) Retail and commercial banking
- ii) Stockbroking and wealth management

The retail and commercial banking activities of the Public Bank Group in Hong Kong are mainly driven by Public Bank (Hong Kong) Limited and Public Finance Limited. As a result of intense competition coupled with weak demand arising from slowdown in the Hong Kong economy, Public Bank (Hong Kong) Limited's total loans and advances dropped by HKD0.52 billion or 2.3% to HKD22.41 billion as at the end of 2012 from HKD22.93 billion a year ago. However, the personal loans business undertaken by Public Finance Limited which serves the middle- to lower- income

households and overseas contract workers recorded a marginal increase of HKD48.2 million or 1.0% to HKD4.68 billion as at the end of 2012 from HKD4.63 billion a year ago. Although lending was subdued, credit risk remained relatively stable and healthy. Public Bank (Hong Kong) Limited's gross impaired loans ratio remained healthy at 0.5% as at the end of 2012 whilst gross impaired loans ratio of Public Finance Limited improved to 2.8% from 2.9% a year ago as a result of vigilant and proactive measures taken to identify and manage potential impaired loans.

Despite intense competition for customer deposits, Public Finance Limited achieved commendable deposit growth of 10.8% to HKD3.83 billion as at the end of 2012 whilst Public Bank (Hong Kong) Limited's customer deposits grew by 3.3% to HKD25.01 billion as at the end of 2012.

Chairman’s Review – Business Operations Review International Operations

The Public Bank Group continued to leverage on its strategic alliance with ING Group to market bancassurance products through its combined network of branches in Hong Kong. As a result of various marketing activities carried out during the year, bancassurance sales in Hong Kong increased by 28.9% to HKD187.4 million in 2012.

The lower fee income coupled with inflationary effects on operating costs, particularly as a result of rising rental and

staff costs resulted in a decline in pre-tax profits of Public Financial Holdings Limited by HKD12.4 million or 2.7% to HKD455.8 million in 2012.

As at the end of 2012, the Public Bank Group’s network of branches in Hong Kong and PRC stand at 86 branches, comprising 83 branches in Hong Kong, three branches in Shenzhen, PRC and a representative office each in Shanghai and Shenyang in the PRC and in Taipei, Taiwan.

CAMBODIA

At a Glance

CAMBODIAN PUBLIC BANK PLC	2012 USD'Million	2011 USD'Million	Growth %
Profit before tax	35.2	29.0	21.0
Gross loans, advances and financing	679.2	611.4	11.1
Deposits from customers	906.6	770.9	17.6
Gross impaired loans ratio (%)	3.0	3.0	–
Risk-weighted capital ratio (%)**	21.6	22.8	(1.2)

** represents the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent local regulatory capital compliance ratio

Cambodian Public Bank Plc (“Campu Bank”), a wholly-owned subsidiary of the Public Bank Group commenced operations in May 1992. Since then, Campu Bank has grown to become one of the leading banks in Cambodia providing a wide range of banking and financial products. Campu Bank’s wholly-owned subsidiary, Campu Securities Plc offers services such as securities underwriting, dealing and share broking whilst its insurance subsidiary, Campu Lonpac Insurance Plc (“CLIP”), which is 55%-owned by the Public Bank Group provides general insurance services.

Campu Bank recorded another year of strong performance with an impressive pre-tax profit growth of 21.0% to USD35.2 million in 2012 from USD29.0 million a year ago. Total loans and customer deposits also achieved double-digit growth of 11.1% and 17.6% respectively in 2012 to USD679.2 million and USD906.6 million respectively as at the end of 2012, with a healthy net loan to deposit ratio of 72.8%.

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International Operations

Campu Bank's good overall performance was recognised during the year with the receipt of two awards, namely "Domestic Retail Bank of the Year 2012 – Cambodia" by Asian Banking & Finance for its outstanding achievement and "Straight-Through-Processing USD 2011 Excellence Award" by Deutsche Bank for operational excellence.

To further enhance profitability, Campu Bank stepped up efforts to grow fee-based income from its card, trade finance and remittance businesses by introducing new products and services. In the consumer financing segment, Campu Bank launched Platinum Visa and Mastercard Platinum to serve the more discerning needs of high net worth customers. In May 2012, Campu Bank also launched the Gold Investment Account, which allows individual customers to invest in gold, making Campu Bank the first bank in Cambodia to launch such a product.

As at the end of 2012, Campu Bank has an extensive branch network of 24 branches and has been granted approval by the National Bank of Cambodia to open four more branches in the next one year which will further expand Campu Bank's customer reach in Cambodia.

CLIP which began operations in 2007 remains a major player in the Cambodian insurance sector, with market share of 16.6% as at the end of September 2012. CLIP recorded satisfactory results in 2012, with an increase of 29.6% and 6.1% respectively in gross premium and pre-tax profits to USD5.5 million and USD0.9 million respectively.

Campu Securities Plc commenced its securities underwriting, dealing and trading operations when the Cambodian Securities Exchange started operations on 18 April 2012. Going forward, Campu Securities is expected to contribute positively to the earnings of the Campu Bank Group when the momentum for new listings of companies and share trading picks up.

VIETNAM

During the year, Vietnam faced significant macro-economic uncertainties. Despite the difficult economic environment in Vietnam, the Public Bank Group's joint venture bank in Vietnam, VID Public Bank's ("VPB") pre-tax profits grew by USD1.9 million or 41.6% to USD6.6 million in 2012. Customer deposits also increased by USD6.8 million or 3.1% to USD225.1 million as at the end of 2012. Total gross loans grew by USD14.3 million or 6.3% to USD242.3 million as at the end of 2012. Currently, VPB has seven branches in Vietnam.

LAOS

As a result of robust economic growth in Laos, Public Bank's Laos branches achieved double-digit growth in total loans and customer deposits of 26.3% and 18.5% respectively to USD105.3 million and USD102.5 million respectively as at the end of 2012. Pre-tax profits of Public Bank's Laos branches also grew impressively by 31.7% to USD8.1 million in 2012. In order to capitalise on the favourable economic conditions and growth opportunities in the country, Public Bank opened another branch in Pakse, Champasak Province in December 2012, bringing the total number of branches in Laos to four.

SRI LANKA

Sri Lanka's economy continued to show signs of improvement during the year. Buoyed by the stronger economy and higher investors' confidence in the country, total loans grew by 24.9% to LKR2,676.6 million as at the end of 2012 whilst pre-tax profits increased by LKR77.2 million or 46.2% to LKR244.2 million in 2012. To further penetrate the market in this developing country, an extension office was opened in Nawala, Colombo in December 2012.

Chairman's Review – Business Operations Review

Serving The Customer



Customer Service

Over the years, the Public Bank Group has worked to stand out in the industry in terms of customer service by focusing on improving internal processes and investing in frontline training. It is the Group's corporate philosophy to maintain high standards of customer service with the objective of building long-term relationships with its customers.

Preserving Our Service Culture

Delivering excellent customer service is at the heart of the Public Bank Group's business activities. The hallmark of Public Bank's customer service experience has always been the quality and efficiency in which services are delivered at the branch counters. The Bank has implemented various activities designed to inculcate a service oriented culture amongst all levels of staff in line with the Group's corporate tagline - "Excellence is Our Commitment". This include establishing a Customer Service Charter and having scriptbooks to guide our staff on the principles of delivering high standards of customer service to customers.

In its relentless quest to achieve customer service excellence, Public Bank continued to carry out activities to enhance the quality of its service levels. Some of the activities include:

- Carrying out random in-house Telephone Surveys with the objective of ensuring all calls are promptly answered with proper and positive etiquette.
- Carrying out "Customer Service Focus Group" at branches to obtain feedback and suggestions on every aspect of customers' banking experience with Public Bank for purposes of service improvements.

In 2012, customer complaints to compliments ratio improved to 6 to 1 as compared to 8 to 1 last year, a testament to the effort and commitment of our people and the benefits reaped from various customer service improvement initiatives.

Chairman's Review – Business Operations Review

Serving The Customer

High Conformance Level to Standard Waiting Time

One of the cornerstones of the Public Bank Group's customer service excellence is Public Bank's Queue Management System ("QMS") particularly for front-line counter service. A Standard Waiting Time ("SWT") for serving the customer is 2 minutes which is monitored and effectively managed by the QMS. In 2012, conformance to the 2-minute SWT was recorded at 78% with more than 26 million customers satisfactorily served over the branch counters.

Service Ambassadors

Public Bank has implemented the "Service Ambassadors" initiative across its branch network to provide face-to-face service to customers of the Bank who walk into the branches. Service Ambassadors are trained to assist customers on all inquiries on banking matters and attend to customers' feedback and complaints. This process of attending to customers' needs also provides first-hand feedback and insights into customers' preferences and needs which can then be used to further improve the Bank's services.

Uninterrupted Banking Services

A key aspect of delivering quality customer service is to ensure sustainability of resources in both infrastructure and personnel which are crucial to support such services. To ensure the delivery of uninterrupted services, the Public Bank Group has put in place a comprehensive Business Continuity Plan ("BCP") to ensure seamless delivery of banking services in the unlikely event of disasters occurring. "Live" and simulation exercises are also periodically carried out to ensure that the BCP remains effective. The results of such exercises are reviewed and enhancements are continuously made to the BCP, where necessary. This will ensure the continued effectiveness of the BCP to provide uninterrupted banking services to customers when the need arises.

SIRIM Certification

The customer service delivery standards for the Public Bank's "Provision of Customer Service at the Front Office", which include a 2-minute SWT for customers at branch counter, has been reaffirmed under the ISO 9001:2008 standards by SIRIM for a further three years in 2011. This is a testament to the Public Bank Group's unwavering commitment to achieve consistently high levels of customer service delivery standards.

Loan Service Delivery

Standard Turnaround Time

Since 2002, Public Bank's standard operating procedures for the "Provision of Customer Service in Loan Delivery" has been certified by SIRIM based on the ISO 9001:2008 standards, which covers retail and corporate loans, credit card, securities documentation and trade financing transactions. Under the scope of the ISO 9001:2008 standards, the Bank has implemented standard operating procedures, continuous work process improvement and compliance with standard turnaround time for processes from loan origination to loan disbursement.

Customer Feedback Survey

Public Bank has initiated Customer Feedback surveys to gauge its customer satisfaction levels. Feedback received from these surveys have shown that more than 90% of the Bank's customers were satisfied with the level of its loan delivery services. Notwithstanding the strong feedback, the Bank will continue its efforts to ensure total customer satisfaction and improved efficiency by further reducing its loan delivery turnaround time.

Chairman's Review – Business Operations Review

Channel Management



The Public Bank Group's self service delivery channels comprise:

- Automatic Teller Machines ("ATMs")
- Cheque Deposit Machines ("CDMs")
- Cash Deposit Terminals ("CDTs")
- Cash Recycling Machines ("CRMs")
- Internet banking
- Mobile phone banking

Self Service Banking

The Public Bank Group continued its pursuit of modernising its banking services with the deployment of new and upgraded ATMs, CDMs, CDTs and CRMs. During the year, the Group added 114 self service terminals and replaced 99 ATMs and CDTs with the more efficient bifunctional CRMs, bringing the Group's network of self service terminals to a total of 1,645 units as at the end of 2012 comprising 522 ATMs, 532 CDMs, 405 CDTs and 186 CRMs.

Internet Banking

In 2012, newly registered users of Public Bank's internet banking channel, PBeBank.com continued to grow steadily, with an increase of 18.4% and 19.7% respectively in individual and corporate customer users. The number of active users also grew by 21.7% while the volume of online transactions rose by 15.2% with a total of 85.8 million transactions performed online in 2012.



Chairman's Review – Business Operations Review Channel Management

Public Bank aims to provide an online banking platform which offers customers a convenient, comprehensive and secure channel to perform their banking needs. In its effort to promote online banking and grow PBeBank.com's customer base, Public Bank launched the "PBeBank Click2Win" campaign for a period of four months from 1 December 2012 to 31 March 2013 to encourage more customers to register and use the Bank's internet banking services.

To safeguard customers' interest and counter threats of financial scams, Public Bank has put in place security features such as Virtual On Screen keyboard to reduce the risk of keystroke logging, making PBeBank Authentication Code mandatory for all online transactions and updating of personal details as well as informing customers of transactions performed via short message service alerts. The Bank has also put up alerts on its website to advise customers of financial scams and safe internet banking practices. Going forward, the Bank will continue to improve and introduce more secure authentication methods as part of its measure to maintain a secure internet banking channel.

Mobile Banking

Public Bank continued to expand its spectrum of modern banking facilities with the launch of another mobile banking service, Public Bank MyMobile Service on 15 February 2012 in collaboration with MyClear. This service was developed to meet growing customers' demand for more convenient, secure and fuss free banking services. With Public Bank MyMobile Service, banking services such as account inquiries and fund transfers can be carried out through interactive screens on all types of mobile phones using the Unstructured Supplementary Service Data ("USSD") technology. As a result of the introduction of Public Bank MyMobile Service during the year, the number of registered mobile users grew at an impressive rate of more than 590% to 32,815 as at the end of 2012. Public Bank, in collaboration with MyClear, will also be introducing the smartphone version of the MyMobile service for iPhone, Android and Blackberry smartphones to enable customers to access mobile banking services directly through their smartphones.

Public Bank will continue to identify opportunities to integrate its mobile banking platform with its mainstream online banking platform. The continued success of the Bank's mobile banking channel will depend on constant efforts to improve its mobile banking products and address customers' concern on security and protection of personal information while performing banking transactions.



Chairman’s Review – Business Operations Review

Information & Communications Technology

The Public Bank Group’s Information and Communications Technology (“ICT”) strategic initiatives remain focused in the following areas:

Supporting Business Growth	<ul style="list-style-type: none"> • Raise processing capacity of systems • Improve enterprise network for greater capacity
Increasing Operational Efficiency	<ul style="list-style-type: none"> • Increase infrastructure flexibility • Automate or simplify workflows for greater efficiency
Strengthening Resilience of Systems	<ul style="list-style-type: none"> • Technology update of data centre facilities • Improve data protection with replication technology
Enhancing Level of Customer Service	<ul style="list-style-type: none"> • Increase self service terminals • Release new mobile delivery channel
Meeting Regulatory Requirements	<ul style="list-style-type: none"> • Enhance systems to meet regulatory requirements • Strengthen risk management
Combating Fraud and Reinforcing Security	<ul style="list-style-type: none"> • Widen use of Europay Mastercard Visa (“EMV”) • Enhance security of infrastructure

During the year, efforts were channelled to simplify work processes, support delivery of new products, create new channel capabilities and further tighten data security. Investments in ICT innovation remained high on the list of priorities to ensure compliance with regulatory requirements and achievement of good information technology governance.

Supporting Business Growth

In 2012, Public Bank invested more than RM100 million on ICT to support the Bank’s business growth and the associated demand on technological resources. 20% of the ICT expenditure was invested to raise the processing capacity of the Unisys mainframe to deliver higher level of operational flexibility required by the constantly evolving credit card business. In addition, the internet banking system was migrated to new servers with more than twice the payload capacity to provide for more business flexibility. As a result of higher level of expectation for internet and mobile banking services, single points of failure were removed to provide high availability for uninterrupted operation. New Unix and Windows servers with higher processing power were also purchased to replace aging servers in order to co-host more applications and consolidate multiple lower-end servers into a single server for ease of management, maintain stability of service and achieve greater cost efficiency.

Chairman's Review – Business Operations Review Information & Communications Technology

The enterprise network was revamped to meet increased demand for bandwidth capacity and reduce the complexity of the infrastructure. As part of the revamp, new high-end Cisco data centre switches and routers were installed with a throughput of up to 40 Gigabits per second. The new network equipment provide features such as load balancing and network interfacing to support high availability network connections whilst the network monitoring system provides better management of data flows and detection of performance bottlenecks.

Increasing Operational Efficiency

During the year, Public Bank carried out various activities to optimise data centre resource utilisation, increase infrastructure flexibility, facilitate rapid changes and improve the efficiency of preserving and managing data. Virtualisation technology that allows efficient computing resource consolidation was employed to arrest the proliferation of new servers, thus improving manageability while reducing the carbon footprint of the data centre. At the same time, greater automation of data centre processes was developed to further simplify operational workflow and remove the need for manual intervention.

To achieve more streamlined internal processes at Head Office, the use of Straight-Through-Processing ("STP") was further expanded. For instance, the process of crediting inward RENTAS payments into beneficiary accounts was converted from multiple fragmented processes into an STP workflow that has resulted in speedier and error-free data processing from end to end. At the branches, numerous STP workflows were also implemented within the Branch Delivery System. These include online cross checking against the Dishonoured Cheques Information System during account opening, automatic updating of counter rates streamed from Reuters and developing Credit Files Inventory System to record and track the movement of credit files nationwide.

Strengthening Resilience of Systems

A technology update of the backup data centre facilities was performed to further strengthen Public Bank's readiness to recover from potential system trauma. This involved increasing capacity at backup data centre facilities to match capacity at production sites as well as improving data protection facilities with hardware-based instantaneous replication. For instance, the backup Unisys mainframe was replaced with a new model for higher performance to ensure service levels remain unimpaired at the backup site.

Various critical systems were also connected to the existing EMC Clariion Storage Area Network ("SAN") to capitalise on the replication technology which can simultaneously replicate data from production site to the backup site. This has vastly improved the method of system restoration, shortened recovery time and reduced data loss by eliminating the need to recover data from traditional backup tapes. In addition, disk-based technologies were used to replace the outmoded physical tape and optical disk backup with Virtual Tape Libraries ("VTL") and Content Addressed Storage ("CAS") which also support replication with similar benefits. New VTL with 550% larger capacity were purchased while the existing SAN and CAS storage capacity were expanded by 50% to cater for increased usage.

Enhancing Level of Customer Service

In 2012 more self service terminals were installed at branches for greater customer convenience. Since first introduced last year, Cash Recycling Machines ("CRMs") have become mainstream and more units were deployed to complement the existing single function Automated Teller Machines ("ATMs") and Cash Deposit Terminals. CRMs provide higher service uptime for customers as disruptions from cash replenishment and unloading of full bins are minimised since cash deposits are recycled, redeployed and made available for immediate withdrawal. More than 180 units have been commissioned, making Public Bank the largest installed base of CRM in the country.

Further to the expansion of existing channels, a new mobile channel that allows customers to trade shares via Android smartphones was also released. The Android apps called Public Invest eTrade is available for free download from the Google Play website and supports most smartphones.

Chairman's Review – Business Operations Review Information & Communications Technology

Meeting Regulatory Requirements

The system enhancements were undertaken to meet increasingly stringent regulatory reporting and further strengthen risk management including the pilot project for BNM STATSmart Reporting System. In addition, new portfolio management systems are being sourced to reinforce existing risk management framework in the area of advanced risk analytics, stress testing and scenario analysis. Other improvements made include enhancements to the Branch Delivery System to detect potential money laundering activities as required by the Anti-Money Laundering/Counter Financing of Terrorism (“AML/CFT”) Act. To further improve current detection capabilities, Public Bank is sourcing for AML/CFT software solutions. In addition, enhancements will continue to be made to application systems beyond regulatory requirements to maintain greater surveillance on unauthorised or suspicious activities in order to safeguard the Public Bank Group's information technology assets.

Combating Fraud and Reinforcing Security

To prevent fraud, the EMV smartcard standard was implemented on a wider range of devices for the Public Bank Group's card business. According to Visa International, Public Bank is the first bank in Malaysia to deploy EMV

compliant ATMs. These new ATMs authenticate EMV microchip instead of the more vulnerable magnetic stripe, hence provide better safeguard against fraudulent cash withdrawals. EMV-compliant point-of-sales terminals have also been enhanced to support the recently released EMV-equivalent UnionPay Integrated Circuit Card standard for acceptance of UnionPay credit or debit cards from China. Such security features thwart the use of counterfeit cards and will help to bolster customers' confidence.

The Public Bank Group's “Secure Everything” policy continues to be rigorously enforced to secure and strengthen data security to counter the threat of internet fraud and cyber-attacks. This involves instituting security intelligence capabilities to stay ahead of potential targeted attacks, insider fraud and unauthorised configuration modifications. The present multi-tier security infrastructure comprising best-of-breed security appliances was duly reinforced with ‘clean pipes’ to address targeted attacks such as Distributed Denial of Service. Internet Service Providers that provide the ‘clean pipes’ service screen potential threats and head off major attacks before they fully develop. Plans are also underway to replace unwieldy stand-alone bolt-on security devices with single or all-in-one appliances that provide integrated security capabilities thus simplifying the security of infrastructure for ease of management and administration.



Branch Performance – KPIs and Awards

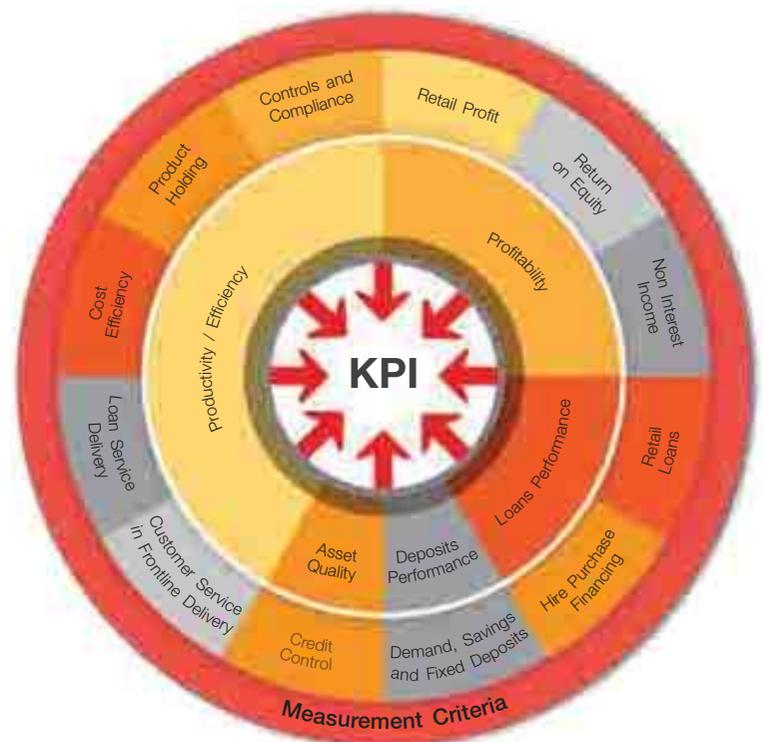


Branch Key Performance Indices

Public Bank evaluates the overall performance of branches towards achieving the strategic business goals of the Bank with the use of Key Performance Indices ("KPIs"). These KPIs encompass all the key performance factors which are crucial in determining the success of each branch such as profitability, loan and deposit growth, asset quality, service delivery as well as staff productivity and efficiency. These KPIs form the basis for appraising and rewarding branch managers and other 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 business goals of Public Bank. The Bank closely monitors the branches to ensure that the KPIs are achieved. The performance of each branch and its ranking among its peer group of branches is disseminated to all branches to enable them to benchmark themselves with their peer group of branches and to take the necessary remedial actions to improve their performance. The regular and close monitoring of the KPIs will spur the branches to strive for outstanding results in the respective areas of 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	
i) Retail Profit	<ul style="list-style-type: none"> • Achievement of profit targets. • Incremental profit per staff. • Profit contribution compared to peer group of branches.
ii) Return on Equity (“ROE”)	<ul style="list-style-type: none"> • Actual ROE versus budgeted ROE. • Improvement in ROE from the previous year.
iii) Non Interest Income	<ul style="list-style-type: none"> • Achievement of non interest income targets and improvement from the previous year. • Achievement of targets for fee-based income products.
B. Loans Performance	
i) Retail Loans	<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.
ii) Hire Purchase Financing	<ul style="list-style-type: none"> • Achievement of hire purchase financing growth targets. • Growth in % and quantum from the previous year compared to peer group of branches.
C. Deposits Performance	
i) 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	
i) Credit Control	<ul style="list-style-type: none"> • Reduction in impaired loans. • Achievement of loan recovery targets. • Increase in new delinquent accounts. • Operational and credit lapses.
E. Productivity/Efficiency	
i) Customer Service in Frontline Delivery	<ul style="list-style-type: none"> • Achievement of benchmark for standard waiting time. • Number of counter transactions and productivity per teller.
ii) Loan Service Delivery	<ul style="list-style-type: none"> • Achievement of benchmark for loan processing turnaround time. • Volume of loans processed compared to peer group of branches.
iii) Cost Efficiency	<ul style="list-style-type: none"> • Achievement of targeted cost to income ratio. • Improvement in cost to income ratio from the previous year.
iv) Product Holding (Cross-selling)	<ul style="list-style-type: none"> • Achievement of targeted product holding per customer. • Improvement in average product holding from the previous year.
v) Controls and Compliance	<ul style="list-style-type: none"> • 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 via Branch Performance Awards to top performing branches on a yearly basis as part of its performance based reward structure. These performance awards which come with substantial cash prizes inspire branches to strive for outstanding performance in the various key performance areas.

The selection of winners is subject to very stringent criteria covering the key areas of business performance, loan asset quality, risk management, cost efficiency and customer service delivery. Branches are segregated into six groups based on branch size and rated against their respective peer groups. The various categories and types of the Branch Performance Awards are reviewed annually to be aligned to the business goals of the Public Bank Group.

In 2012, the Branch Performance Awards comprised:

- The Founder and Chairman Award for the Overall Best Domestic Branch;
- The Best Branch Awards for domestic and overseas branches; and
- The Special Awards which cover the areas of business performance, branch management and service quality that include specific key awards such as:
 - 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 winners of the Best Branch Awards for 2012 were as follows:

Domestic Branches

Group 1	China Street Branch
Group 2	Taman Perling Branch
Group 3	Lido Branch
Group 4	Butterworth Branch
Group 5	Papar Branch
Group 6	Stutong Branch

Overseas Business Units

Public Bank (HK) Limited	Tsuen Wan Branch
Public Finance Limited	Central Branch
Cambodian Public Bank	Street 271 Branch
VID Public Bank	Cholon Branch

Founder and Chairman Award Taman Perling Branch, Johor

The prestigious Founder and Chairman Award for 2012 carried a cash prize of RM50,000 and a spectacular gold plated challenge trophy. A total of 101 awards with cash prizes of RM1.0 million were awarded to the winners of the Branch Performance Awards for 2012.

OUTLOOK FOR 2013



Outlook for the Economy and Banking Industry

The global economy is expected to grow moderately in 2013, with continued uncertainty in major advanced economies weighing on economic prospects. Risks remain from the unresolved sovereign debt crisis in Europe and fiscal health in the United States of America. Growth in most Asian economies, however, is expected to remain healthy, underpinned by sustainable domestic demand.

For the Malaysian economy, domestic demand will continue to be the anchor of growth. Healthy labour market and moderate inflation will continue to support private consumption. The various measures in 2013 Budget addressing the rising cost of living should further stimulate private consumption. The ongoing implementation of the Economic Transformation Programme (“ETP”) will continue to drive private investment. On the supply side, growth is expected to be broad-based. The construction sector is expected to expand strongly on account of the acceleration of ongoing construction-related projects from the ETP. Various initiatives under the ETP will also continue to underscore growth in the services sector.

Monetary policy will remain accommodative to support economic growth. On the fiscal side, the Government is committed to strengthen its finances while retaining the momentum of economic growth. This will further enhance investor confidence. While quantitative easing in some advanced economies has raised concerns in the Asian economies about the destabilising impact of volatile capital flows, Malaysia is able to intermediate these flows given its solid financial system.

The Malaysian banking industry is expected to remain resilient, underpinned by strong capitalisation, sustained profitability and ample liquidity. Competition in the banking industry will continue to be keen. Banks will continue to strive for innovation in products and services to achieve competitive advantage.

Loan growth is expected to remain healthy, supported by sustainable domestic demand. Major projects being implemented under the ETP will continue to spur business lending. Banks will further enhance their efforts to attract customer deposits to ensure stable flow of funding. Asset quality is expected to remain strong given favourable employment conditions and measures adopted by banks on responsible financing.

Chairman's Review – Outlook for 2013

Bank Negara Malaysia has announced its guideline in respect of adoption of Basel III which will be implemented in phases, from 2013 to 2019. The transition to Basel III is expected to further strengthen the capital and liquidity position of Malaysian banks going forward.

Expectations and Opportunities

The Malaysian banking sector will further develop its role as an efficient and effective financial intermediary in supporting the country's transformation into a high income nation. The acceleration of projects under the ETP and its multiplier effects on the economy are expected to increase demand for financing from the banking sector. In addition, the positive economic outlook and accommodative monetary policy will continue to support loan growth. Competition for deposits among banks is likely to intensify.

Banks will continue to pursue innovative solutions in their products and services to grow their market share. In view of the pressure on net interest margins, banks will continue to place emphasis on growing their non-interest income. The growing number of affluent customers in Malaysia with high savings should continue to provide greater demand for wealth management products. Banks are expected to improve the infrastructure that fosters efficient financial services. Banks will also continue to enhance their efforts to increase consumer awareness and user confidence in using electronic payments.

Islamic finance in Malaysia will further expand and make significant progress in expanding its coverage of services. To tap the region's growth prospects, Malaysian banks are expected to see greater regionalisation. Malaysian banks are envisaged to have a larger role in supporting cross border capital flows due to rising regional economic integration. The banking sector will further improve access to banking to all members of society to promote an inclusive financial sector.

Strategies and Directions

The Public Bank Group will continue to focus on its long-term business strategy of organic growth, focusing on retail loans, deposits and fee-based activities. In its lending business, the Group will continue to focus on home mortgages, vehicle financing and lending to small- and medium-sized enterprises. The Group will continue to uphold its strong asset quality, underpinned by the Group's prudent credit culture and stringent underwriting standards. On the liability side, the Group will continue to expand its customer

deposit base to maintain an efficient funding cost and a healthy balance sheet. Public Islamic Bank, a wholly-owned subsidiary of the Group, will continue to expand its core business of retail-based consumer and business financing. The Group will also intensify its efforts to promote Islamic fee-based activities.

To meet the demand of the growing affluent customer segment, the Public Bank Group will continue to expand into fee- and transaction-based activities including unit trust, bancassurance and structured investment products. The Group will further embrace innovation in products and services to meet the demand of more discerning and sophisticated customers. The Group is also committed to grow its overseas operations in the countries and region in which it already has a presence. Greater regional economic integration means greater opportunities for the Group to expand its overseas business.

The Public Bank Group continues to see superior customer service as an important element in the Group's business growth strategy. The Group will continue to tap on its growing sales and marketing force and enhance its excellent customer service at branch counters and in service delivery. The Group will further develop its customer relationship management processes and utilise the results from customer segmentation analytics to improve customers' banking experience and cross-selling activities. For greater customer convenience, the Group will continue to expand its combined network of Automated Teller Machines, Cheque Deposit Machines, Cash Recycling Machines and Cash Deposit Terminals, and provide more value-added convenience through its internet banking and mobile banking services. Recognising that talent is imperative to steer the Group's advancement, the Group will continue to invest in human capital development.

The Public Bank Group will continue to remain guided by its time tested practices of prudent management and good corporate governance. The Group's efforts to further strengthen its risk management capacity will continue unabated. The Group will also continue its efforts in capital management to support the Group's business growth strategies while maximising shareholders' returns.

TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman

6 February 2013



CORPORATE RESPONSIBILITY

The events following the financial crisis have raised questions about the ways in which businesses in general and banks, in particular contribute to society. As a leading financial services provider in Malaysia, the Public Bank Group upholds the highest level of corporate governance practice and carries out business activities with the highest standards of integrity which are essential to secure continued public trust.

Corporate Responsibility



Rising investor expectations of good corporate conduct, ethics and accountability of banks will see investors channelling investments to well-governed banks with the highest level of transparency. As such, the Public Bank Group is firmly committed to embed sustainable practices in its business activities, deliver long-term value to its various stakeholders as well as contribute positively to the communities in which the Group operates.

During the year, the Public Bank Group continued to build sustainable practices in every aspect of the Group's business. This commitment is clearly demonstrated in the implementation of activities which assist the Group's customers, engage its employees, support the communities as well as conserve the environment. The Group's long-held Corporate Philosophy states that:

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

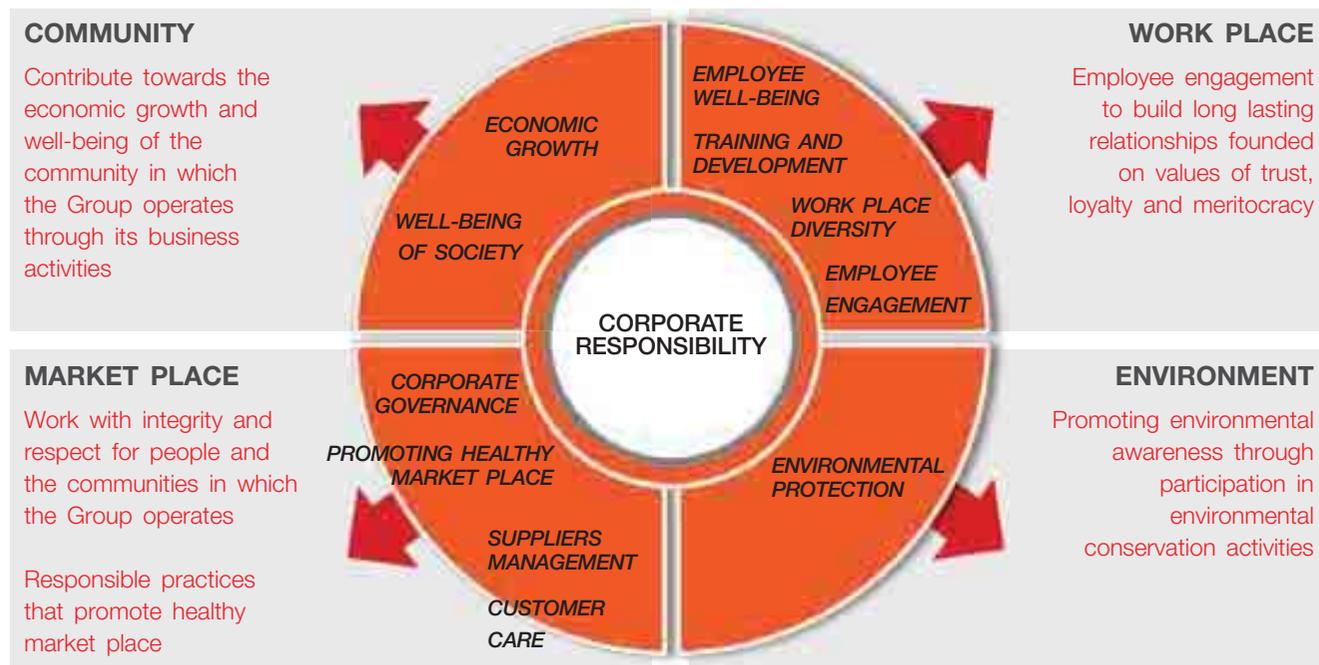
For the Community It Serves

- 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

Corporate Responsibility

The Public Bank Group's corporate responsibility initiatives are focused on the following four key areas of Community, Market Place, Work Place and Environment, based on principles and values as articulated in the Group's Corporate Philosophy.



CR IN THE COMMUNITY

Contributing to Economic Growth

As the third largest banking group in Malaysia, the Public Bank Group forms an integral part of the financial system in the country and promotes sustainable growth in the economy through its core banking businesses. The Group is committed to support economic growth and job creation by operating a strong and profitable business that is focused on helping individuals, businesses and government pursue their goals. The Group, with its 46-year unbroken profitability track record, has played, and continues to play a key role in the economic development of the country and in contributing to nation building.

Supporting Home Ownership and Affordable Housing

One of the core businesses of the Public Bank Group is financing of home purchases with nearly one third of the Group's total loan portfolio comprising residential mortgages.

In 2012, the Public Bank Group has approved more than 69,000 housing loans, of which 72.9% was for the purchase of residential properties costing between RM100,000 to RM500,000, hence enabling middle income households to

purchase their homes and promoting home ownership in the country. The Group remains fully committed and supportive of the Government's initiatives to ensure affordable housing for all Malaysians. The Group also actively participated in housing schemes initiated by the Government and Bank Negara Malaysia ("BNM") which includes:

- i. Skim Rumah Pertamaku ("My First Home Scheme") - a home ownership scheme backed by Cagamas Berhad aimed at assisting young adults with income not exceeding RM5,000 per month to buy their first home. During the year, the Group enhanced the features of the Skim by increasing the maximum property value eligible for loan to RM400,000 and extending the maximum loan tenure to 40 years, hence allowing more first time house buyers to participate under this scheme.
- ii. BNM's Priority Sector Lending - Financing for low cost housing.

Public Bank and Public Islamic Bank consistently exceed the minimum commitment levels for the financing of low cost housing required by BNM under its priority sector lending. As at the end of 2012, the Group's total loans outstanding for this segment amounted to RM2.29 billion.

Corporate Responsibility

Firm Supporter of SMEs and Micro Enterprises

In 2012, the Public Bank Group continued to support SMEs, which play a crucial role in the economic growth of the country. The Group increased its domestic lending to this sector by 23.4% to RM36.57 billion as at the end of 2012 and introduced new products to meet the needs of its SME customers during the year. This business segment also accounted for approximately one third of the Group's total new domestic retail loans approved in 2012.

Besides the focus of the Public Bank Group's commercial lending business on the financing of SMEs, the Group has also been a firm supporter of the Government's and BNM's initiatives and financing schemes to promote SME activities, which include:

- i. The Working Capital Guarantee Scheme - a financing scheme substantially guaranteed by the Government on financing facility granted by financial institutions to SMEs. In 2012, the Group approved loans amounting to RM351.4 million under this scheme.
- ii. The Fund for Small and Medium Enterprises - As a result of the Group's strong support of this scheme, the outstanding balances of the fund has reached RM463.7 million as at the end of 2012.
- iii. BNM's priority sector lending to SMEs - In 2012, the Group approved a total of RM17.58 billion in loans under this scheme.

To facilitate SMEs seeking funding, the Public Bank Group also actively promotes schemes and products which leverage on guarantee cover provided by Credit Guarantee Corporation Berhad ("CGC"). In addition, the Group continues to promote schemes which provide access for micro enterprises to grow their businesses. As at the end of 2012, Public Bank has approved a total of RM15.0 million under the SmallBiz Express Guaranteed Scheme to 500 micro enterprises.

For more information on the Public Bank Group's involvement in government initiated schemes in support of SMEs, please refer to page 174 of this annual report.

Significant Tax Payer

The Public Bank Group, with its strong track record of profitability over the years, has been a significant contributor to the fiscal revenue and economy of the country. The Group supported the financial well-being and development of the country with total tax payments amounting to RM4.22 billion over the last five years.

Tackling Financial Crime

The Public Bank Group is committed to fight financial crime and ensuring the banking system is not used for illicit, money laundering and terrorist activities. The Group has put in place robust systems and controls which are continuously updated and improved in line with the latest legal and regulatory developments as well as new products and threats. The Group also continuously trains its employees to be alert and has established policies and procedures to safeguard the Group against any risk of abuse.

The Public Bank Group's Anti-Fraud Policy and Anti-Money Laundering Policy are set out in the "Ethics, Integrity and Trust" section in pages 118 to 119 of this annual report.

Contributing to the Well-being of Society

As a socially responsible bank, the Public Bank Group is committed to invest in the long term well-being of the communities it serves. During the year, the Group's community investment programmes and activities were focused in the following areas:

- Education
- Healthcare
- Community Activities
- Support of the Underprivileged

Education

The Public Bank Group continues to support the education of the nation's youth. As at the end of 2012, Public Bank has contributed RM1 million to the Tan Sri Dato' Sri Dr. Teh Hong Piow Chair in Banking and Finance. This forms part of the five-year endowment amounting to RM1.25 million committed to Universiti Tunku Abdul Rahman ("Universiti TAR") for the appointment of a distinguished professor to hold the Chair and to conduct applied research in the fields of banking and finance in the Universiti TAR Perak Campus in Kampar.

Corporate Responsibility

In addition, Universiti TAR and TAR 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 for qualified students who lack the means to pursue higher education.

Healthcare

Public Bank continued to provide financial assistance to the Institute Jantung Negara (“IJN”) Foundation to assist in the operational and management costs in the running of a “Halfway House”. The Halfway House or Dormitori Yayasan IJN-Public Bank provides free accommodation to the families of needy patients undergoing treatment at the IJN. This helps to facilitate close family support which will provide comfort and promote faster recovery of heart patients. Public Bank’s donation totalling RM500,000 comprise of an annual grant of RM100,000 for five years from 2010 to cover the cost to operate, maintain and administer the Halfway House. In conjunction with the Chinese New Year festival, the Bank also held a one-day sales of IJN Foundation’s merchandises at the Bank’s head office to raise funds for IJN.

Community Activities

Support of Crime Prevention Initiatives and Welfare of Policemen

In support of the various crime prevention initiatives undertaken by the Royal Malaysian Police, Public Bank has contributed RM328,000 for the purchase of two vans to assist the police tackle crime at various crime identified areas under its Crime Awareness Programme. The two Toyota Hiace Window Vans are fully-equipped with the required equipment to facilitate the Royal Malaysian Police’s work to combat crime and promote a better living environment.

In support of the Government’s National Key Results Areas initiative to reduce crime in the country, 140 officers of Public Bank were sworn in as Auxiliary Police, after successfully completing a two-month intensive police training programme during the year. Auxiliary Police are officers who are granted police powers and empowered to assist the police force to fight crime within the business premises of the Group and their surrounding areas.

In 2012, Public Bank continued to support the activities of various police associations. In conjunction with the 205th Police Day Celebration, the Bank donated RM100,000 to the Tabung Kebajikan Polis DiRaja Malaysia for its Crime Awareness Programme. The Bank also donated RM55,000 to Kelab Polis Trafik Kuala Lumpur to assist the club to run its welfare programmes and RM10,000 to the Persatuan Penduduk Perumahan Polis for the enhancement of welfare of policemen and their families.

Mobile Customer Service Coach Programme

Public Bank is an active participant of the Mobile Customer Service Coach Programme “MobileLink”, an outreach programme initiated by BNM which aims to promote financial literacy and awareness to the rural and semi-urban communities throughout the country. During the year, Public Bank’s Sik and Kuala Ketil branches set up service counters at Dewan Sekolah Kebangsaan Bandar Baru Beris Jaya in Jeniang, Kedah and Dewan Orang Ramai, FELDA Teloi Timur in Kuala Ketil, Kedah to provide banking services to the rural and semi-urban communities in those areas. More than 170 new savings accounts were opened during the events.

Support of the Underprivileged

In conjunction with Chinese New Year celebration, Public Bank distributed hampers and ang paws totalling RM12,600 each to senior citizens of Rumah Charis, Puchong and Persatuan Caring Kajang. In conjunction with Hari Raya celebration, Public Bank also donated RM15,000 in the form of duit raya and hampers to the senior citizens of Rumah Orang Tua Al-ikhlas.

Corporate Responsibility

CR IN THE MARKET PLACE

Strong Corporate Governance

During the year, the Public Bank Group's record of excellence in good corporate governance and its long entrenched culture of transparency and integrity continued to be recognised with the receipt of awards from respected international publications such as Alpha Southeast Asia, Corporate Governance Asia and FinanceAsia.

For the full list of awards received by Public Bank in the area of corporate governance and corporate social responsibility, please refer to the statistics and performance data section on page 228 of this annual report.

Promoting a Healthy Market Place

Ethical Business Culture

The Public Bank Group emphasises on the creation and cultivation of a culture of integrity, ethical behaviour and honesty as well as a zero tolerance for fraud and unethical conduct in its business operations. The promotion of a strong ethical business culture in the Group helps to promote a healthy market place.

Shareholders and Investors Engagement

The Public Bank Group recognises the importance of communicating with its shareholders and investors and is accountable for providing comprehensive and timely information about the Group to these stakeholders.

This process of communication is usually conducted through various channels such as investor relations activities, general meetings of shareholders, regular briefings to the investor community and press statements issued to the media on the financial results of the Public Bank Group. These activities will help to ensure that the Group remains at the forefront of the investing public, including global institutional investors and help promote the investments in, and the development of, the Malaysian capital market.

Competition Act, 2010

The Competition Act 2010 which came into effect on 1 January 2012 is aimed at promoting a healthy and competitive market place by eliminating anti-competitive business practices. The Public Bank Group is fully committed to adhere and comply with the requirements of the Act and has implemented various initiatives which include creating

awareness amongst all levels of staff, reviewing its business strategies and product packaging to ensure full compliance with the requirements of the Act. In support of the Act to provide quality products to consumers at competitive prices, the Group continuously works on improving its products and services in terms of cost and quality so as to provide customers with the best value-for-money products in the market.

Professional Development

During the year, Public Bank contributed RM8,000 to the Malaysian National Tax Conference 2012 organised by Lembaga Hasil Dalam Negeri Malaysia ("LHDNM") and the Chartered Tax Institute of Malaysia. The conference serves as a platform to discuss and increase the understanding of participants on matters such as the Malaysian economic development and its impact on the country's taxation system.

Suppliers Management

Procurement Policy and Procedures

The Public Bank Group's strong governance culture is demonstrated in the management of its supply chain. To uphold principles of trust, honesty and fairness in all its business dealings and in ensuring that there is no conflict of interest in any procurement activities, the Group has put in place well defined and clear procurement policy and procedures for all staff involved in procurement activities to adhere to. Some of the Group's policy and procedures include:

- conducting closed tender exercises for the procurement of all standard items. Panel vendors and service providers are invited to participate in the closed tender exercises and the entire process is administered by the Group's Tender Committee.
- centralising procurement functions at Head Office to ensure that best overall value in terms of quality, quantity and pricing is obtained.
- implementing an electronic requisition system which enables all procurement requests to be made online, hence facilitating efficient processing of purchases and reducing paper usage.
- reviewing the Group's procurement procedures and practices periodically to identify areas for improvements in the procurement process.

Corporate Responsibility

Selection of Vendors and Service Providers

The evaluation and selection of panel vendors and service providers of the Public Bank Group are conducted based on stringent criteria such as:

- capability and capacity to supply goods and services according to the Group's requirements and specifications
- competitive pricing
- reliability and quality of products and services
- speedy delivery with short lead or turnaround time
- technology and design of products
- level of after sales support

Support of Local Companies and SMEs

The Public Bank Group is committed to support and work with local companies and SMEs which form the majority of the Group's panel vendor and service providers. Over the years, the Group has established good business relationships and rapport with these companies so as to ensure the Group obtains the best overall value in its procurement. As part of its initiative to assess the performances of its vendors and service providers, the Group holds regular bilateral meetings as well as conduct site visits to their business premises. Regular reviews on products and pricing are also carried out to ensure the Group's business and financial objectives are met.

Prompt Payment to Vendors and Service Providers

The Public Bank Group endeavours to ensure that all its vendors and service providers are paid promptly within the stipulated credit term. To achieve this, a standard turnaround time is set to process invoices received from vendors and service providers. The Group also regularly engages its vendors and service providers to ensure complete documents are received to expedite payments. In support of a green environment, 85% of the payments to vendors and service providers are made via electronic credit payment system. The electronic credit payment system eliminates the delivery or waiting time for cheques to be cleared as payments are made directly to the vendors' and service providers' account.

Customer Care

Responsible Financing

The Public Bank Group is committed to carry out all its business dealings with integrity by making responsible business decisions. The Group continuously seeks to extend the range of services offered, anticipate customers' needs and increase the level of customer satisfaction. In addition, the Group always strives to make banking simpler by leveraging on technology and ensuring the Group's products and services are easy to understand. The Group has implemented various initiatives to achieve this goal which include:

- implementing delivery channels which are benchmarked to international ISO standards
- putting in place an efficient system to resolve customers' complaints
- extending assistance to borrowers facing financing difficulties
- carrying out responsible lending practices and credit assessment by providing financing based on borrowers' repayment capacity
- providing commercially competitive products and services
- ensuring customers are provided with comprehensive information on terms and conditions as well as applicable fees of its products and services

Socially Responsible Financial Products

As a responsible corporate, Public Bank offers products and services dedicated to help certain segments of the public such as the lower income groups. Some of these initiatives include introducing deposit products which allow the lower income groups to meet their banking needs at minimal cost. The Basic Savings Account and Basic Current Account allow minimal initial deposits of RM20 and RM500 respectively and come with a free debit card, the PB Day2Day Card for customers' convenience. Public Bank has also introduced the "Star Achiever Programme" for children aimed at inculcating a savings habit from young and encouraging academic excellence by rewarding children who excel in school examinations with cash prizes.

Corporate Responsibility

Public Bank has also actively participated in the School Adoption Programme coordinated by the Ministry of Education and BNM where a total of 862 schools throughout the country were adopted by the Bank's branches. Among the activities carried out by the branches' staff include assisting school children to open savings account and educating them on the importance of savings. Each year, Public Bank also sponsors 100 copies of Pocket Money Book to each adopted school to help children monitor their spending and practise the savings habit.

Product Responsibility

The Public Bank Group always ensures that all products and services are aligned to the Group's corporate mission and corporate philosophy. The Group has put in place rigorous internal approval procedures and product evaluation process for new product launches and enhancement of existing products. In addition, the Bank's marketing policy also complies with the Product Transparency and Disclosure guidelines issued by BNM to ensure product information are made in a clear, concise and timely manner.

Customer Service

The Public Bank Group is fully committed to provide the best service to its customers and continuously implement initiatives to enhance service delivery to its customers. To ensure uniformly high standard of service, all domestic branches are certified for customer service and loan delivery under the internationally recognised ISO 9001:2008 certification. The Group also regularly measures and monitors compliance to the Group's standard on service delivery such as its iconic 2-minute Standard Waiting Time for customer service at branch counter. Loan service delivery is also monitored for compliance to the Standard Turnaround Time for loan processing and loan disbursement.

Special Care Counters are provided at branches to reinforce Public Bank's commitment to be a more caring corporate citizen. Senior citizens, expectant mothers and the physically disabled are accorded priority service at these counters.

Responding to Complaints

Public Bank is committed to ensure that all feedback from customers received through available channels such as hotline numbers, suggestion boxes and PBeBank.com website are responded to and satisfactorily resolved within the set turnaround time. As a result of various customer service improvement initiatives and the commitment as well as effort of staff to address all customers' complaints, the customer complaints to compliments ratio have dropped from 8 to 1 in 2011 to 6 to 1 in 2012.

Extending Assistance to Borrowers

With the interest of customers in mind and to help customers avoid foreclosure of properties pledged as security for their loans, the Public Bank Group actively engages with customers who encounter financial difficulties to reschedule and restructure 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 2012, Public Bank restructured and rescheduled over 4,300 loans totalling RM439.8 million, of which RM187.0 million were in respect of residential mortgages.

Extending Loan Moratorium to Borrowers

The Public Bank Group continued to help customers affected by natural disasters by granting them loan repayment moratorium for a period of up to six months to ease the burden of customers who experienced financial difficulties arising from natural disasters. In 2012, the Group granted loan repayment moratorium to 156 customers with total loans of RM13.9 million.

Corporate Responsibility

CR IN THE WORK PLACE

Reputed as a “Caring Employer of Choice” with an “Employee-Centred” organisational culture, the Public Bank Group continues to invest significant resources on its 17,625 employees all over Malaysia and those in its regional operations. With particular focus on employees’ well-being, the Group’s initiatives over the years have helped to build an engaged, talented and effective work force. Amongst the various initiatives undertaken are the provision of:

- various benefits and programmes to ensure employees’ well-being are well taken care of. Amongst the measures taken to meet this objective include providing:
 - a safe, secure and healthy working environment
 - a holistic and wide range of benefit programmes to enhance the quality of life of its employees
 - fair and competitive remuneration to all employees
- skill and competency development via various training programmes
- support for a diversified work force
- a conducive environment for employee engagement at the work place

Employees’ Well-being

Health and Safety

The Public Bank Group is committed to provide a safe and healthy working environment for its employees. In line with the Bank’s Safety and Health Policy which complies with the provision of the Occupational Safety and Health Act (“OSHA”), the Group has implemented various initiatives focused on improving its employees’ health and achieving a zero harm risk environment for its employees.

The 93 Safety and Health Committees, comprising representatives of management and employees at Head Office and branches continue to play their roles in reviewing safety and health issues at work place on a quarterly basis. Such reviews serve to foster joint ownership and create a conducive and comfortable working environment for staff and customers. Periodic in-house safety and health audits which encompass Hazard Identification, Risk Assessment

and Risk Control as well as fire drills are also conducted to ensure compliance with applicable laws and regulations. Members of the Safety and Health Committees were nominated to participate in relevant workshops and seminars to enhance their skills and knowledge on safety and health. In 2012, 90 staff participated in five First Aid and Cardiopulmonary Resuscitation (“CPR”) workshops organised in collaboration with the St John Ambulance to refresh their skills and knowledge in such areas.

In addition, Public Bank’s Safety and Health Policy is clearly documented in Bahasa Malaysia and English and made available to all employees to ensure all aspects of safety and health at the work place as well as their roles and responsibilities in these areas are communicated to them. Posters on the Bank’s Safety and Health Statement are also displayed at branches for easy reference.

All employees are encouraged to attend biennial medical check-ups at Public Bank’s panel of clinics to ensure they maintain a healthy lifestyle and to facilitate early detection and treatment of any serious illness. This is further supplemented with a comprehensive medical benefit scheme including specialist treatment and hospitalisation for staff and their immediate families. To inculcate awareness on the importance of personal health and to promote a healthy lifestyle amongst staff, the Public Bank Group regularly works with health service providers including specialist hospitals and fitness centres to co-ordinate health related talks and fitness programmes for staff participation. Articles on health and stress management are also featured regularly in the Bank’s in-house newsletter “Wawasan Public Bank” to help employees stay fit and healthy.

Quality of Life

The Public Bank Group seeks to provide long-term stable employment with the Group. Besides a competitive salary structure, the Group provides a sustainable quality of life to employees with a holistic and wide range of benefit programmes. These include the provision of low interest or interest-free loans for housing, vehicles and other forms of financial assistance to purchase computers or to seek further education.

Corporate Responsibility

To enable employees to sustain a quality lifestyle after retirement, Public Bank provides a defined benefits retirement plan for its officers, which is over and above the statutory Employees Provident Fund (“EPF”) contribution scheme. In 2012, the Bank paid RM132.8 million and RM32.7 million respectively under the EPF contribution scheme and defined benefits retirement plan respectively. In the unfortunate event of death and long term incapacitation sustained while in service, the Public Bank Group provides relief via its various employee protection insurance policies. In 2012, RM1.3 million was paid to employees and their next-of-kin in respect of permanent disability and death benefits.

To facilitate leave taking and enable staff to better plan their leave, the Public Bank Group has put in place a leave management system. In 2012, a relief pool comprising more than 190 supervisory and non-supervisory staff have provided more than 34,000 man days of operational assistance at branches and other business centres so that staff could go on leave with minimal disruption to work efficiency and productivity.

The Public Bank Group organises various sporting activities such as bowling and futsal games for staff to pursue recreation through exercise and sporting activities. Social gatherings and annual dinners which involve significant level of staff participation in the organising committees and staff performance are also held to promote cohesiveness and team spirit amongst staff. To enable employees to pursue their hobby of reading, the Group’s corporate libraries are well-stocked with books, periodicals and other reading materials on various topics.

Employee Benefits

To provide its employees with a competitive and equitable remuneration package, the Public Bank Group regularly monitors and reviews market development on compensation and benefits in the financial services industry and the market place in general.

The Public Bank Group continues to share the fruit of its accomplishment with its staff in acknowledgement of their contribution and hard work. Branches were also given generous cash awards for emerging top in selected KPIs to encourage team spirit and engagement.

Long service with the Public Bank Group is rewarded tangibly with specially minted long service award medallions. In 2012, more than 2,000 employees who have served the Group for 10 years or more were recognised with these long service award medallions.

The Public Bank Group seeks to create a conducive and caring environment for its employees. Taking cognisance of its employees’ domestic obligations and personal needs, the Group offers various benefits via staff welfare schemes such as:

- compassionate leave for unforeseen circumstances such as floods and critical illness or death of family members
- child care allowance for selected employee groups
- corporate discounts or special rates for staff purchase of products with selected companies. Special corporate rates are offered for purchases of hotel accommodation and vehicles. In addition, corporate membership rates are offered at selected fitness centres. Staff are also entitled to purchase festive promotions at various dining outlets as well as promotional packages offered by selected telecommunication companies and computer vendors.

Corporate Responsibility

Training and Development

The Public Bank Group continues to allocate significant resources to train its employees so as to enhance the long-term value of its human capital. Such training serves to empower its employees to deliver the highest performance standard as well as to prepare them for career progression.

The Public Bank Group's training and coaching on technical development and certification programmes are conducted under structured in-house classroom training, on the job mentoring as well as external training. To provide flexibility and ease in knowledge management of staff, the Group continues to leverage on its e-platform to widen the reach of training to more staff. In 2012, more than 28,000 participants completed the classroom training while more than 46,000 participants completed a wide range of e-learning courses on product knowledge, management, leadership skills as well as relevant law and regulations. 171 security staff were also enrolled in the Police Training Centres for Auxiliary Police training to equip them with accredited skills and knowledge.

The Public Bank Group advocates the belief that "Learning is a Lifelong Commitment" and regularly sponsors its staff for various certification programmes as well as awarding incentives upon staff's attainment of work-related qualifications.

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 230 to 239 of this annual report.

Work Place Diversity

The Public Bank Group is committed to cultivate a culture of inclusiveness at the work place where employees have equal and fair opportunities for career advancement; their views and concerns are heard and addressed and; where bias, discrimination and harassment are not tolerated. As part of its commitment, the Group has:

- provided fair and equitable employment terms regardless of ethnicity, gender or creed. Employees of the Group enjoy equal opportunities for career advancement based on their own merit. This is supported by a well established and quantitative performance appraisal system which provide the basis of a performance-driven remuneration structure and a meritocracy-based career path progression.
- remained committed to increase gender diversity across all levels of the organisation in order to build the broadest possible talent pool at the work place. As at the end of 2012, the proportion of woman in management and top management of the Public Bank Group's domestic work force were 38.4% and 43.0% respectively, up from 36.9% and 41.0% respectively as at the end of 2011.
- provided assistance and support to its employees who suffer disability and offered employment opportunities to the disabled community such as the visually impaired.
- inculcated and maintained an inclusive work place culture as the Group recognises the importance and business benefits an engaged workforce can produce for the organisation, particularly in delivering relevant and differentiated products and services for its diverse customers.
- adopted an open door policy to allow employees access to appropriate channels of communication for feedback and grievance resolution to ensure employees, irrespective of status, position, religion or gender are treated with dignity, free from any form of harassment, humiliation or intimidation. The Bank's policy on Staff Conduct and Discipline also includes specific provision on sexual harassment to guide employees on their rights. All allegations of misconduct are given close attention to ensure they are handled with sensitivity and resolved speedily.

Corporate Responsibility

Employee Engagement

The Public Bank Group takes pride in having employees who stay loyal and grow with the Group. The Group has always prioritised promotion of employees from within and provided upward opportunities to performing employees. As at the end of 2012, more than 90% of the Group's managerial staff were promoted from within. The Group's employee retention policies have also proven to be successful as evidenced by 43.7% of the domestic work force having served the Group for 15 years or more.

The Public Bank Group believes that mutual respect and maintaining cordial relationships with the various bank employee unions serve to enhance good employee relations in the organisation. Public Bank adheres closely to the Code of Conduct for Industrial Harmony and engages from time to time with the relevant bank employee unions to discuss operational and staff relation matters.

Employee Union Representatives within Public Bank

Name of Union	Representing
National Union of Bank Employees, States of Malaya (NUBE)	<ul style="list-style-type: none"> • Clerk/Typist/Cashier • Customer Service Representative • Non-Clerical Staff
Sarawak Bank Employees' Union (SBEU Sarawak)	<ul style="list-style-type: none"> • Clerk/Typist/Cashier • Customer Service Representative • Non-Clerical Staff
Sabah Bank Employees' Union (SBEU Sabah)	<ul style="list-style-type: none"> • Clerk/Typist/Cashier • Customer Service Representative • Non-Clerical Staff

Corporate Responsibility

ENVIRONMENTAL CSR

As one of Malaysia's largest organisations, the Public Bank Group is aware of the importance of managing the Group's environmental impact and reducing its carbon footprint. The Group has carried out various initiatives to manage its carbon emissions which include building an energy efficient building, reducing paper usage, educating and engaging its people as well as providing them with opportunities to make a difference to the environment.

Green Building

In 2011, the Public Bank Group commenced the construction of Public Mutual's new 40-storey Head Office building located in Jalan Raja Chulan, Kuala Lumpur. The building which is currently still under construction is expected to be completed by 2015. In an effort to attain the Gold rating accreditations by the US Green Building Council under the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System and the Green Building Index ("GBI") by the Malaysia Green Building Index, the design and layout of the building includes green features to minimise environmental impact such as:

- a) Energy-efficient lighting designs to reduce electricity needs by:
- use of double glazing glass windows and energy saving lightings.
 - ensuring orientation of the building reduces solar heat into the office space.
 - wide use of natural lighting to reduce energy usage by artificial lighting.
 - harnessing solar energy to power external lightings.
 - re-generation of electricity from the lifts.

- b) Rainwater harvesting system where a large proportion of the building roof and façade are designed to maximise water catchment area to reduce dependence on potable water.
- c) Improved cooling and ventilation system which uses less energy.
- d) Parking area for bicycles or electric motorcycles.

The Public Bank Group emphasises on the selection of contractors with good Environmental, Health & Safety Policies & Practices for the construction of the building. Throughout the construction period of 24 months for substructure works, a total of 725,000 man hours with zero injury time was achieved by the substructure contractor. In addition, approximately 96% of construction waste was reused or recycled to avoid waste ending up in landfill site. The Group will continue to ensure that contractors carry out good environmental practices until the full completion of the building. Upon its completion in 2015, the building will be one of the first "Green Building" in Malaysia to be awarded the "Gold" rating from both LEED and GBI.

Preservation of the Environment

In 2012, Public Bank contributed RM25,000 to the Sultan Ahmad Shah Environment Trust, which was established in 2010 to preserve the environment, habitats, wildlife, traditional culture and indigeneous people in the state of Pahang. The contribution will be used for cultural conservation programmes and education as well as upskilling of the indigenous people.

Corporate Responsibility

Public Bank – MNS Tree Planting – Climate Change Programme

The Public Bank Group together with the Malaysian Nature Society (“MNS”) and in collaboration with the Ministry of Natural Resources and Environment had been involved in a multi-year tree planting project at the Kolam Takungan Banjir Seri Johor in Cheras, Kuala Lumpur. The objective of the project is to help improve the urban ecosystem and reduce the carbon footprint at the flood retention pond which forms part of Kuala Lumpur city flood management system.

A total of more than 12,000 trees have been planted at the site which, upon the maturity of the trees would have an annual carbon absorption capacity equivalent to more than 275,000 kilograms of environmentally harmful carbon dioxide emission. The Public Bank Group will also continue to support the subsequent maintenance of the site in collaboration with the local authorities and with the assistance of the MNS.

Sound Environmental Practices

In its efforts to reduce its carbon footprint and contribute to a better environment, the Public Bank Group continued to make changes in both its business and operational activities and implemented various green measures which include:

- reducing paper usage in the Group’s activities by encouraging and offering more paperless transactions such as internet banking and mobile banking. The Group has also implemented various initiatives to encourage customers to move to electronic payment systems.
- recycling paper and paper products to reduce energy consumption.
- monitoring the operational hours of the lights and air-conditioning systems in Menara Public Bank to reduce electricity consumption and conserve energy.
- encouraging greater use of scanning technology amongst employees to work with electronic copies of documents rather than hard copy files.
- supporting and participating in environment conservation activities such as Earth Hour.
- encouraging vendors and service providers to subscribe to Public Bank’s electronic credit payment system, whereby payments are made directly to the account maintained with the Bank.



Corporate Responsibility

Statistics and Performance Data:

Economic Indicators

		2012	2011
		RM'000	RM'000
Economic value generated	Revenue	14,058,097	12,756,360
Economic value distributed	Operating cost	6,311,388	5,347,790
	Employee wages and benefits	1,611,362	1,495,789
	Other operating costs	749,536	712,895
	Dividend paid	1,697,252	1,656,460
	Taxes paid	1,259,558	873,461
Financial capacity support:	Credit creation	20,089,147	21,149,945
Capital & value formation	Wealth accumulation [^]	24,671,800	23,498,406

[^] Net annual increase in customer deposits.

Awards for Excellence in Corporate Governance and Corporate Social Responsibility

(i) **Alpha Southeast Asia**

Alpha Southeast Asia Institutional Investor Corporate Awards 2012

Ranked top 3 Companies in Strongest Adherence to Corporate Governance

(ii) **Corporate Governance Asia**

a) **Corporate Governance Asia Recognition Award 2012**

b) **2nd Asian Excellence Recognition Awards 2012**

- Best Corporate Social Responsibility for Malaysia
- Best Investor Relations Company for Malaysia

(iii) **FinanceAsia**

Asia's Best Company Poll 2012

- Ranked 3rd in Best Corporate Governance
- Ranked 3rd in Best Investor Relations

(iv) **National Annual Corporate Report Awards ("NACRA") by Bursa Malaysia Berhad, Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants**

NACRA 2012

- Overall Excellence Award for Most Outstanding Annual Report of the Year-Gold Award

(v) **Malaysian Investor Relations Association**

Malaysia Investor Relations Awards 2012

- Quality of Annual Reports / Formal Disclosure
- Quality of One-on-One Meetings

Corporate Responsibility

PERFORMANCE DATA

HUMAN RESOURCE – MALAYSIA			HUMAN RESOURCE – MALAYSIA		
	2012	2011		2012	2011
Work place			Employee turnover breakdown by non-supervisory age group (%)		
Supervisory (%)	61.3	57.6	– < 30	82.8	85.1
Non-supervisory (%)	38.7	42.4	– 30 to < 40	12.8	13.1
Female (%)	60.1	59.6	– 40 to < 50	3.6	1.5
Male (%)	39.9	40.4	– 50 and above	0.8	0.3
Union members (%)	27.7	28.1	Performance Management		
Non-union members (%)	72.3	71.9	Total number of employees appraised (%)	96.6	97.0
Age group (%)			Total number of staff awarded bonus (%)	95.7	96.2
– < 30	38.7	39.8	Staff Development		
– 30 to < 40	34.2	35.3	Employee participation in training:		
– 40 to < 50	20.4	19.1	– Classroom (Headcount)	28,730	30,805
– 50 and above	6.7	5.8	– E-learning (Headcount)	46,426	43,421
Diversity (%)			Average no. of participants per training programme	25	27
– Malay	38.7	39.0	Average training budget per employee (RM)	2,395	1,938
– Chinese	54.2	53.8	Total hours of training per employee	24	28
– Indian	6.8	6.9	Percentage meeting statutory requirement of minimum 2.5%	2.94	2.72
– Others	0.3	0.3	Employee Welfare		
Service in the Group (%)			Total amount of staff loans approved (RM'000)	297,791	307,240
– < 1 year	7.2	6.9	Total outstanding amount of staff loans (RM'000)	1,192,065	1,081,650
– 1 to < 5 years	24.6	27.4	Benefits paid under the Group's protection insurance policies:		
– 5 to < 15 years	24.5	26.9	i) Personal Accident Insurance (RM'000)	121	154
– 15 years and above	43.7	38.8	ii) Group Term Life Insurance (RM'000)	1,215	1,817
Women in management (%)	38.4	36.9			
Women in top management (%)	43.0	41.0			
Total no. of recruitment (Headcount)					
– Supervisory	945	1,037			
– Non-supervisory	482	430			
Total no. of promotion (Headcount)					
– Supervisory	800	1,015			
– Non-supervisory	765	345			
Employee Turnover					
Turnover rates (%)					
– Supervisory	9.5	11.1			
– Non-supervisory	6.6	5.1			
Employee turnover breakdown by supervisory age group (%)					
– < 30	72.3	76.3			
– 30 to < 40	18.2	17.5			
– 40 to < 50	7.7	4.8			
– 50 and above	1.8	1.4			

HUMAN CAPITAL DEVELOPMENT



Introduction

Sports has always been about speed and winning. It is also about sportsmanship and comradeship, not to mention the tenacity and dedication of those involved in training and learning.

Similar to sports, Public Bank is in an arena that celebrates the will to win and succeed. Our business too is competitive. As such, our people, like sportsmen and sportswomen, too have to better ourselves and be on our toes all the time. The need to change, innovate and respond is no longer a luxury. It is a necessity for survival and relevance.

Preparing to Run the Race Well

To run the race well, one must be focused on the business and create a sustainable model. In Public Bank, we believe that we are in a business of building deep and lasting relationships with our customers, shareholders, stakeholders and the community. That, we can only do through our people. We view our employees as the pillar of the Bank's business. It is our people who will build relationships and brand our Bank.

Human Capital Development

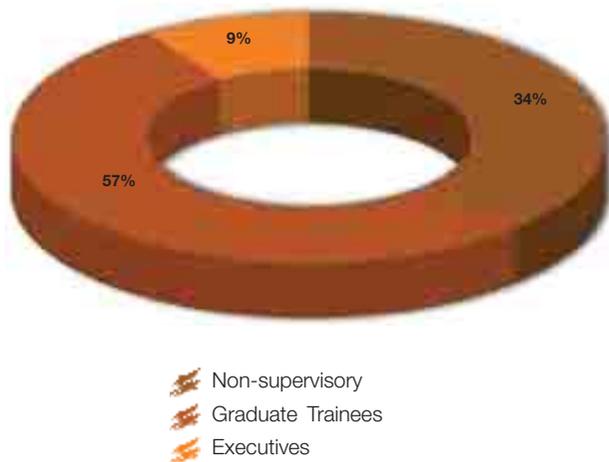
Engaging Good Fits

The Public Bank Group places strong emphasis on its recruitment process. We see recruitment as one of our most strategic things to do in our business as it is the first step to actualising success. We want people who are engaged, competent and productive and who will put their hearts into efficiency. To ensure that talents are not being blocked from entering the organisation, processes and systems are regularly reviewed to remove hidden bias.

The Group regularly holds career talks and participate in fairs to attract the best young minds in the country. We actively reach out to the younger generation and advise them on the choices of careers available in the banking market.

In 2012, Public Bank recruited a total of 1,309 staff for various categories.

Staff Recruitment for 2012



Getting Them on Track

An employee's introduction to an organisation is important to the later success of both the individual and the organisation. It is through this process that they are empowered and have the opportunity to contribute to the success of the organisation.

The onboarding roadmap outlines the critical training new employees are expected to complete within their first week, month, quarter, and year. New recruits are put through programmes where they are "up close and personal" with our corporate values and belief system, organisational achievements and history as well as business ethics and work expectations.

Additionally, beginners are put through simulation exercises to ensure proper application of knowledge and skills as well as competency on the use of our various systems. Closely monitored mentoring and buddy systems are also implemented for new recruits, promotees and for those on job rotation.

These measures put them ahead of the curve on organisational set-up, learning and on jump-starting relationship. They are also surefire ways to make them feel at home - valued, wanted, interested and excited.

The Basics - Safety First!

The Public Bank Group places strong emphasis on the basics of safety first. For employees to work well, they must have the confidence that the work place is safe. In sports, wearing the right shoes, gear and equipment as well as doing the necessary warming up and stretching are necessary if the sports person is to perform well and avoid injuries.

We continuously scan the work place environment for potential job hazards, take measures to correct unsafe actions and conditions, ensure protective equipment are available for use where necessary as well as report and investigate all accidents and incidences.

Staff are also continuously inculcated with a "safety first" mindset. Self-assessment checks are made part of their routine duties while participation in safety drills such as fire drills are made compulsory. Staff are also trained on first aid and other health practices.

In 2012, a total of 90 staff participated in five First Aid and Cardiopulmonary Resuscitation workshops organised in collaboration with the St. John Ambulance to update and refresh their skill and knowledge in such areas.

Upholding Human Rights

The Public Bank Group has always respected the human rights of its employees. We guarantee equality of opportunity regardless of gender and have in place a remuneration system based on the principle which takes into account the complexity and scope of work. The Group's employment policies and practices are consistent with national standards and protect the personal information of its employees. The Group takes a firm stand against sexual harassment and had a policy in place since 2010. Our employees know that those in breach of this policy will have to face the consequences. We are committed to make the work place a safe space for them.

Human Capital Development



The Long Trek Ahead

Business focus everywhere is evolving from mere competitiveness to sustainability. This has impacted capabilities and competence across the board for organisations.

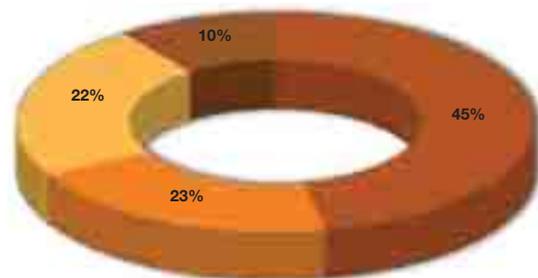
Setting the Stage for Development

Over the years, Public Bank has built a training infrastructure to power the development of its talent; providing staff with the opportunity to rise while guaranteeing a more stable organisation that will not lack of internally grown expertise.

Customised developmental tracks are drawn up for different categories of employees, ranging from specialist to branch operations. These developmental tracks form the framework from which their goals and expectations will flow. The direction staff can take to grow and develop their professional skills are transparent. They know exactly what is expected of them in contribution and performance.

In 2012, Public Bank recruited a total of 857 Supervisory staff comprising 389 Sales Executives and 468 Non-Sales Executives.

Breakdown of Supervisory Staff Recruitment



-  Non-sales Executives (HP Centre)
-  Sales Executives
-  Non-sales Executives (Branches)
-  Non-sales Executives (Head Office)

Human Capital Development

A model career path of Public Bank's supervisory staff is depicted as follows:



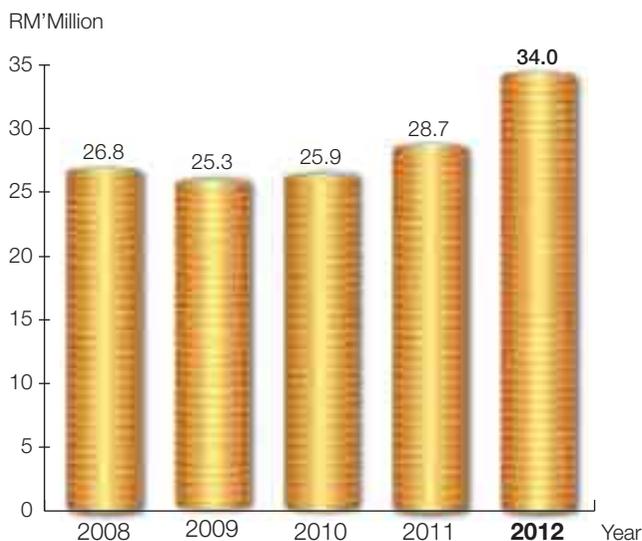
Developing Capabilities

Learning is entrenched as one of the core values of the Public Bank Group. Learning is the spring board by which its employees stay abreast with new skills and knowledge, embrace the inevitability of change as well as sustain its relevance.

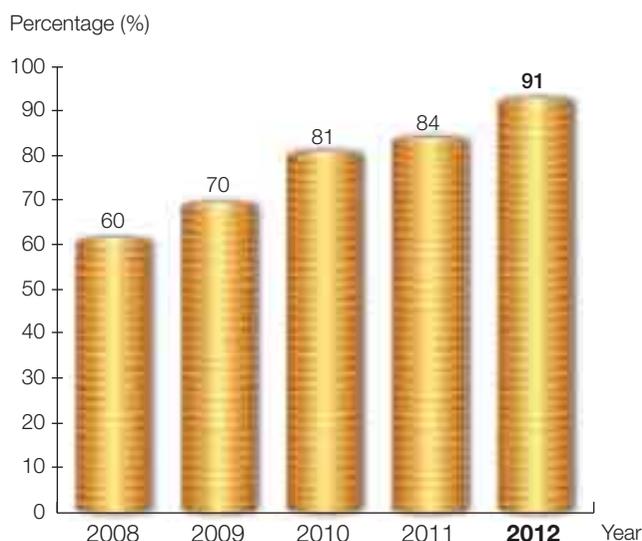
To boost competencies in the various functional and people skill aspects of business, Public Bank invested RM34 million on training and learning opportunities of its people in 2012. Focused on classroom training, e-learning and on-site mentoring, our training is designed to capture a wide reach in a timely manner.

Human Capital Development

Total Training Expenditure

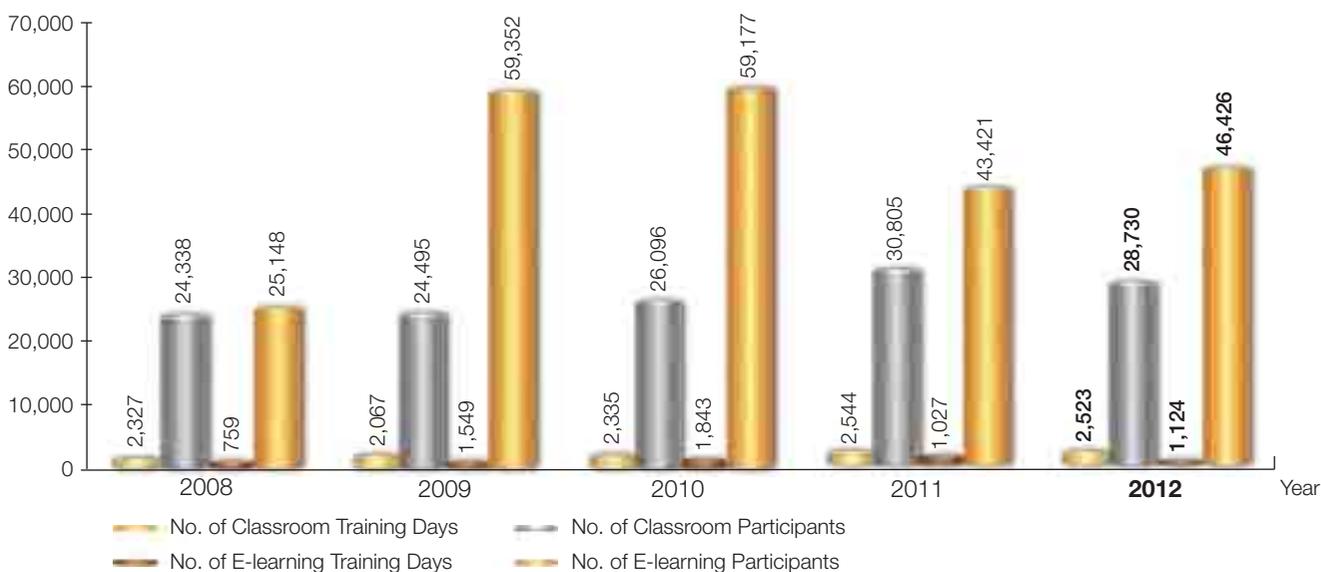


Percentage of Employees Receiving Training



The Public Bank Group constantly up-skills its people and has a policy whereby staff are required to attend three days of mandatory training. For 2012, 91% of our staff were trained over 2,523 classroom training days. For key business drivers, the number of mandatory training days has increased to between five and nine days. Competencies drive performance best when it blends with work place practices and directions. Based on our short and long term goals, we partner our business units to put together programmes that support the competency needs to drive the desired performance goals.

Training Days And Participants



Learning takes place not only in the classroom environment. On-the-job training provides another perspective to learning. Here, trainees are placed under the guidance of the more experienced ones so that they have the opportunity to shadow and learn from their mentors.

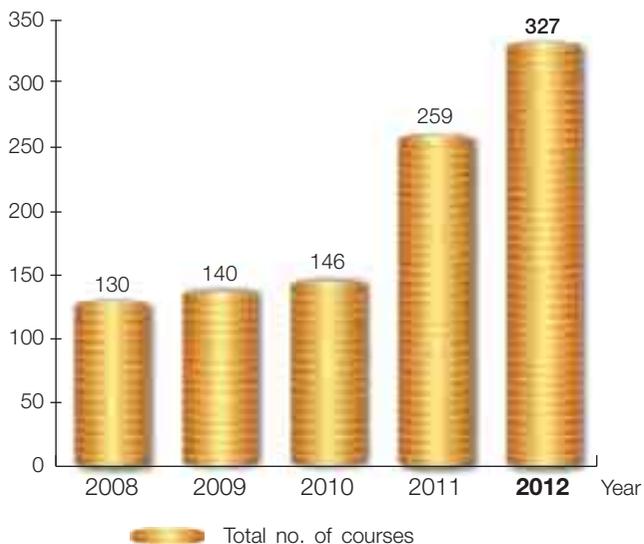
Human Capital Development

Average Training Expenses Per Employee



With the Bank's workforce of more than 14,000, the outreach of training has also to be supplemented through e-learning. For 2012, Public Bank published 68 e-learning programmes, bringing its total to 327 active training programmes. 46,426 participants were able to upscale themselves via the e-learning platform, accounting for 1,124 training days. To reinforce learning as well as make learning more exciting, quizzes were also conducted.

E-Learning Courses



Average No. of Training Days for Different Categories of Staff



Growing and Building Young Talents

Growing and building young talents has always been a priority in the Public Bank Group. We aim to accelerate the career of fresh talents so that they become part of the next generation of key contributors and leaders of the organisation. To mould them into more balanced talents and provide them with comprehensive exposure, the Group's Graduate Development Programme spans a six month period, incorporating classroom training, on-the-job training, projects or learning assignments as well as mentoring and attachments at relevant Head Office divisions. In 2012, a total of 740 Graduate Trainees were recruited.

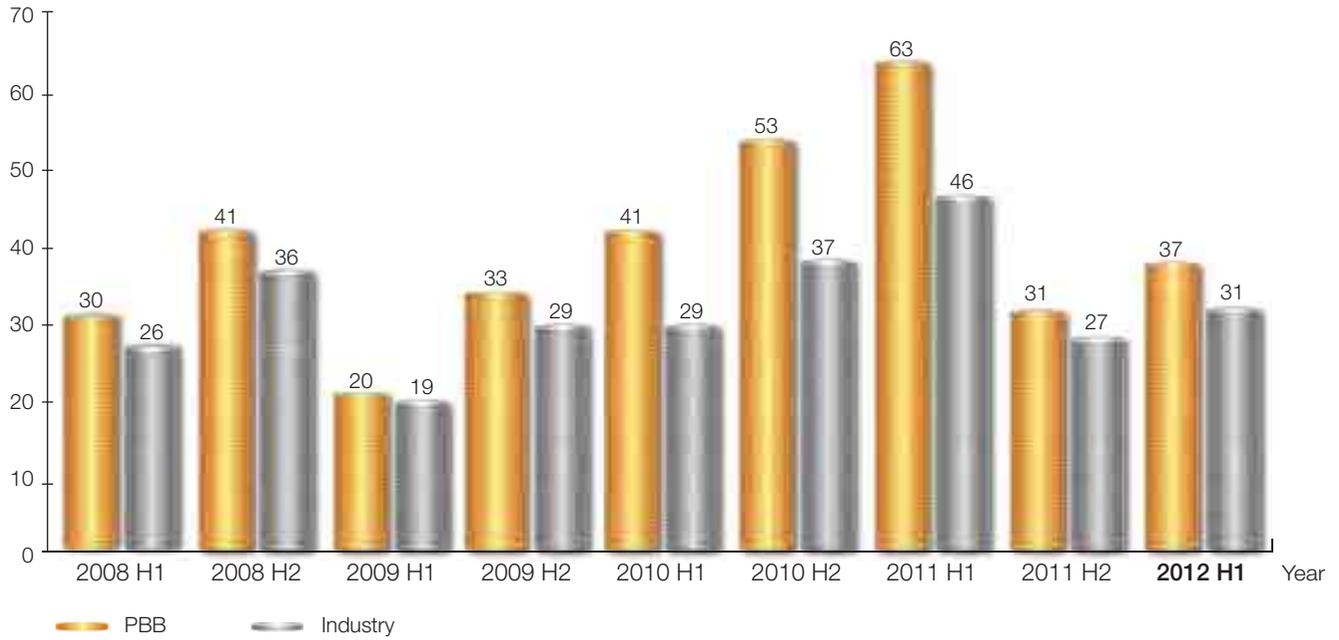
The Graduate Development program is just the beginning of the life cycle curriculum at Public Bank. More development opportunities are available at every career level from new executive to manager, right up to senior manager. Every year, the Bank trains employees to take on new responsibilities through a variety of training programs.

Nurturing talents does not stop at the Graduate Trainee level only. All staff are given opportunity to step up the corporate ladder. A total of 727 clerical were promoted in 2012. To ensure that they are worthy of promotion, they are put through a stringent qualifying Mastery Test where they are evaluated on their technical skills, customer service orientation, thinking and analytical skills as well as an assessment of their command of language. In 2012, five Mastery Tests were held at various centres nationwide and a total of more than 800 candidates were assessed on their capabilities.

Human Capital Development

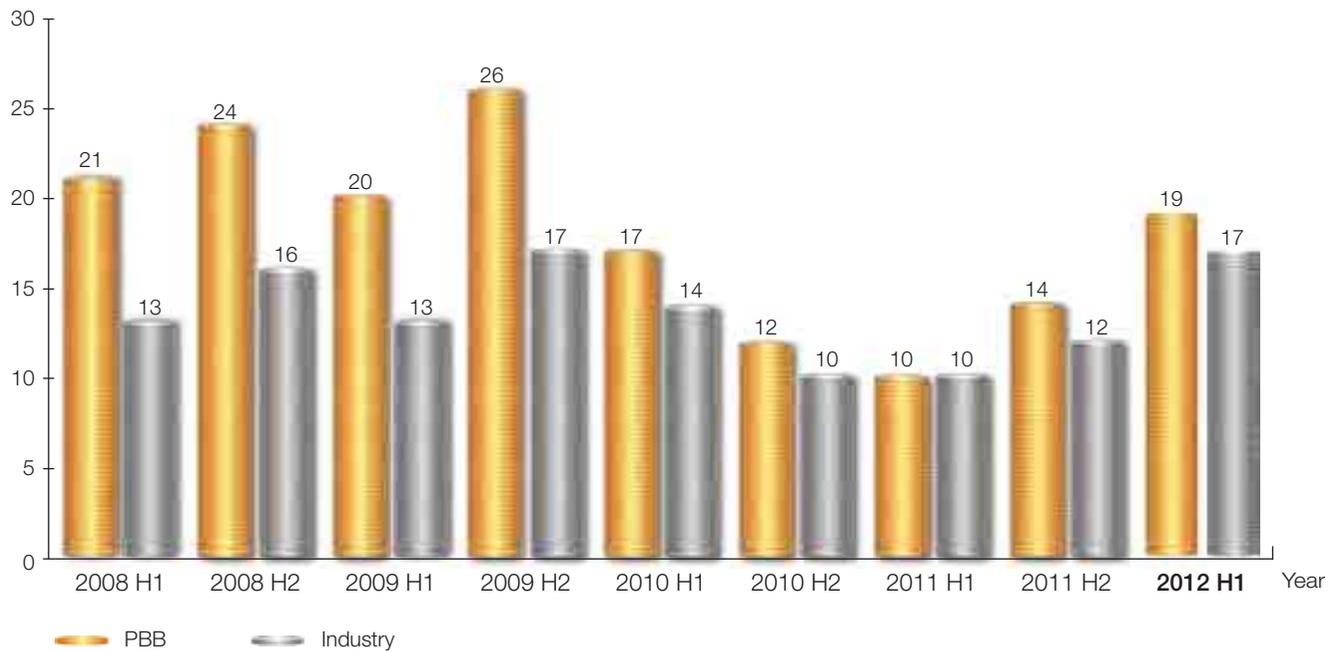
CCP Paper 4: PBB vs. Industry Passes

Percentage (%)



CCP Paper 5: PBB vs. Industry Passes

Percentage (%)



Human Capital Development

Continuing Professional Development

The Public Bank Group also offers sponsorship for certification and professional courses to encourage our staff to improve their own skills. Staff are encouraged to become certified through qualifications such as the Certified Credit Personnel (CCP), Certified Documentary Credit Specialist (CDCS), Certified Financial Planner (CFP), Registered Financial Planner (RFP), Chartered Islamic Finance Professional (CIFP), Pre-Contract Examination (PCE) and Certified Examination for Investment Linked Life Insurance (CEILI).

The Public Bank Group strictly adheres to requirements by the various authorities on compliance with Continuing Professional Development for those who are required to do so as part of the pre-requisite for the renewal of the various licenses such as for unit trust and bancassurance sales personnel, etc.

Building Leadership Capabilities

Building leadership capabilities at all levels has always been a key focus to ensure executive continuity. The Public Bank Group's Talent Management framework has been enhanced, integrated and made more systematic to ensure

that talent is identified as part of a disciplined and systematic process, and reviewed in a timely, open and objective manner. Talents identified are flagged by a central coordinating unit for consideration by the Group to assume roles of greater responsibility.

On a yearly basis, we adopt a "game planning" approach whereby talent pool is evaluated in terms of readiness. Candidates are either "ready now", "ready soon" or "ready later". This process assures high performers are noticed and recognised with growth opportunities. In building such a database, we are also able to make better staffing decisions for key jobs; both in "emergency" situations and normal successions such as retirements and rotations.

To fuel the pipeline for leadership at senior levels, these candidates may be placed in ever-evolving leadership role so as to provide opportunities to accurately observe how they perform and to bench strength their capabilities against those of the current leadership as well as the strategic needs of the Public Bank Group. Where we are not able to prepare any internal candidates soon enough, we recruit people from outside and bring them on board.



Human Capital Development

Cheering Each Other On

Good business sense tells us that valuing our employees motivates them. The Public Bank Group has a unique culture. This culture, which the Group holds sacred as one of the key pillars supporting the success of the Group, is built on open and honest communication, engaged employees, talent development, performance-based assessment, strong work ethics and great teamwork.

Engaging Our People

Our employee engagement is about creating opportunities for our employees to connect with the Management. Our management team engages with employees regularly to share information and build camaraderie across the organisation through various events such as the Management Seminar, Sales Convention, Business Meetings, Morning Briefings etc. These provide a platform for staff to participate in the strategic business direction of the Public Bank Group and to align their delivery of expectations.

Taking Care of Our Staff Well-being & Welfare

The Public Bank Group recognises that family is an important aspect of its employees' lives. We have in place numerous family friendly policies including medical and hospitalisation benefits for immediate family members along with maternity and paternity leave. A series of Parenting Workshops where staff are given professional guidance on how to bond with their teenagers were conducted to promote harmony in the family.

In 2012, we continued to run a variety of safety and wellness activities such as Total Wellness and Health promotion programmes, regular health talks and Stress Management programmes. All supervisory staff are also encouraged to undergo biennial medical check-ups. First Aid and cardio pulmonary resuscitation classes are also open to those interested as well as those who are appointed as an Occupational Safety and Health Act (OSHA) representative to take care of any untoward incident that may happen at the shop floor.

The Public Bank Group recognises that tie-ups benefit staff. The staff gets to enjoy special discounts for purchase of cars, good premiums for individual health insurance policies as well as corporate rates for handphone packages, etc.

Rewarding Our People

Our reward programmes are designed to support our business strategy and reinforce our corporate values. In 2012, the Public Bank Group rewarded performing staff at all levels with handsome bonuses and generous increments. A range of extensive benefits are also offered which includes medical benefits, staff housing and car loan rates which starts from as low as zero percent, preferential rates for employees' savings, waiver of management fees for purchase of investment products, etc.

Loyal employees can also look forward to payments from a retirement fund set up specially to reward such employees. In addition to that, in recognition of employees' engagement and their loyal service with the Public Bank Group, specially minted silver and gold medallions are awarded to employees with 10 years of service and above. 2,094 employees were awarded with the medallions in 2012.

To encourage team work performance, branches were also given generous cash awards for emerging top of their league in selected Key Performance Indices. Public Bank rewards and recognises individual and team performance. Performance-based incentives are offered to motivate employees and encourage continued work excellence.

Human Capital Development

Giving Back to the Community

The Public Bank Group believes strongly in giving back to the community and helping those less fortunate. We encourage our staff under the umbrella of our many business units and branches to organise community projects on their own such as visits to old folks home and orphanages and make it easy for them by allocating a specific sum of money to each unit. At the organisational level, the Group gives back to society through projects such as blood donation drives and by responding to the government's initiative to sponsor unemployed graduates. We also instill values of humility and compassion in our various courses pertaining to values. Participants to our Knowledge and Learning Centre are encouraged to take care of Mother Earth through recycling efforts.

Conclusion

Public Bank is committed to running the race in a fair and transparent manner. Like a good marathoner, we must sustain our pace. Like a good middle-distance runner we need to maintain the tempo. And like a 100-meter sprinter, we need to make a final push to stay ahead of the pack. We want to do it right, and with style for our people.

In Public Bank: We are a team. We work in tandem with each other. We walk together in unison. We have a common goal. We do more and achieve greater heights working together.



CALENDAR OF SIGNIFICANT EVENTS 2012

Corporate



9-10 JANUARY

The sales force team from both local as well as overseas business units of the Public Bank Group attended a two-day National Sales Convention 2012, held at the Sunway Resort Hotel and Spa, Selangor.

9 JANUARY

Public Bank Berhad and Industrial & Commercial Bank of China (Malaysia) Berhad entered into a Memorandum of Understanding on business collaboration for mutual benefits.

16 JANUARY

Public Finance Limited, Hong Kong relocated its Jordan Road Branch to Kent Building, Kowloon.

19 JANUARY

"Lessons Of Success - The Legacy Of Tan Sri Dato' Sri Dr. Teh Hong Piow" was launched at Menara Public Bank, Kuala Lumpur. The book shares the secret recipes of success of Tan Sri Teh. All proceeds from the sale of the book will be donated to charitable organisations.

It went on to achieve the Popular Book Co.'s 'Top 10 Non-Fiction Bestseller' list for February 2012 and March 2012.



22 FEBRUARY

Cambodian Public Bank Plc opened an extended service counter at the US Embassy to provide banking services to about 600 staff comprising of 150 expatriates, 250 local staff and 200 foreign temporary duty officers involved in three active non-government organisations.

10 MARCH

The Public Bank Management Seminar was held at the Sunway Resort Hotel & Spa, Selangor with over 1,500 staff from the Public Bank Group's domestic and overseas business units in attendance.

19 MARCH

The Public Bank 46th Annual General Meeting (AGM) was held at Shangri-La Hotel, Kuala Lumpur with a record of 5,500 shareholders attending. Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow gave an opening address followed by Tan Sri Datuk Seri Utama Thong Yaw Hong, Co-Chairman who gave a review of the Public Bank Group's performance for 2011.

Calendar of Significant Events 2012

Corporate



13 APRIL

Public Finance Limited, Hong Kong relocated its Tai Po Branch to Kwong Fuk Road.

26 APRIL

Public Bank appointed Mr. Lai Wan as an Independent Non-Executive Director. Mr. Lai has 39 years of experience in the banking and finance related industries and had served Bank Negara Malaysia for 20 years.

20 MAY

Public Mutual held its Annual Awards Nite 2012 to give recognition to its top performing unit trust agents. The glittering event was held at the MINES International Exhibition and Convention Centre.



29 MAY

Public Bank appointed Ms. Lai Wai Keen as an Independent Non-Executive Director. Ms. Lai Wai Keen had over 20 years of banking regulatory experience with Bank Negara Malaysia.

3, 6, 11 & 12 SEPTEMBER

A four-day business meeting was held at Menara Public Bank with a total of 252 Branch Managers, 27 HP Centre Heads and 47 selected HP Business Managers nationwide participated in this meeting.

11 SEPTEMBER

The Public Bank Auxiliary Police was officially inaugurated and commissioned by the Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow in full police tradition.

Calendar of Significant Events 2012

Corporate



21 SEPTEMBER

Public Bank's Colombo Branch opened its first Extension Office in Nawala at the Western Province of Sri Lanka.

5 OCTOBER

Bandar Sri Permaisuri, the 44th branch in Wilayah Persekutuan was officially opened for business. It is the Bank's 253th branch in Malaysia.

22 OCTOBER

Public Bank opened its fourth branch in Laos PDR at Pakse. The opening ceremony was graced by His Excellency Sonexay Syphadone, Governor of Pakse Province and Mr. Na Chatalivong, Manager of Bank of Laos PDR.

9 NOVEMBER

Public Bank opened its 47th branch in Selangor-Bandar Mahkota Cheras. This marked the Bank's 254th branch in Malaysia.

17 NOVEMBER

Cambodian Public Bank Plc received a visit by the Minister of Trade and Industry, Y.B. Dato' Sri Mustapa Bin Mohamed who was in Cambodia for the 21st Asean Summit.

23 NOVEMBER

Bukit Indah Branch was officially opened for business in Johor Bahru. This is Public Bank's 29th branch in Johor and the 255th branch in Malaysia.

Corporate Social Responsibility



3 FEBRUARY

80 senior citizens from Rumah Charis, Puchong and Persatuan Caring, Kajang received angpows and goodie bags from Public Bank in conjunction with the Chinese New Year celebration and each home received a donation of RM10,000 for their running and upkeep.

23 FEBRUARY

Deposit and Cash Management (DCM) Department organised a charity event themed 'Magical Moment with Old Folks' at the Ampang Old Folks Home, Kuala Lumpur. Staff of DCM entertained the senior citizen with a magic-show and treated them to a dinner.

22 MARCH & 8 NOVEMBER

Public Bank and the National Blood Centre (NBC) co-organised a blood donation campaign which was held at the lobby of Menara Public Bank with a total of 420 individuals generously contributed to the National Blood Bank's supply of blood.

10 MAY

In conjunction with the 205th Police Day celebration, Public Bank donated RM100,000 towards the Polis DiRaja Malaysia Crime Awareness Programme.

20 JUNE

Public Bank presented RM100,000 to the IJN Foundation, being the third year payment of its five years commitment for the running and up-keep of the IJN Foundation-Public Bank Dormitory, a halfway house which provides free accommodation to the families of needy patients undergoing treatment at Institut Jantung Negara.

Calendar of Significant Events 2012

Corporate Social Responsibility



4 JULY

Public Bank showed its concern for the environment with a donation of RM25,000 to the Sultan Ahmad Shah Environment Trust to assist the state of Pahang to preserve its rich flora and fauna and the culture of its indigenous people.

31 JULY

The Kuala Lumpur Traffic Police Club received a donation of RM50,000 from Public Bank. The cheque was presented by the Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow to the Chief of KL Police Traffic, ACP Rusli bin Mohd. Noor at Menara Public Bank.

7 AUGUST

Celebrating the Hari Raya festival, Rumah Jagaan & Rawatan Orang Tua Al-Ikhlas, Puchong received Raya goodie bags worth RM5,000 and a donation of RM10,000 from Public Bank for the welfare of its residents.

10 OCTOBER

Public Bank donated two mobile police stations to the Police DiRaja Malaysia (PDRM) to assist in increasing police presence in identified areas under the PDRM Crime Awareness Programme.

27 NOVEMBER

Public Bank donated another RM500,000 to the Tan Sri Dato' Sri Dr. Teh Hong Piow Chair in Banking and Finance at UTAR which aims to develop and achieve excellence in research and development relating to banking and financial products and services. The donation from Public Bank was part of the RM1.25 million contribution committed over a period of five years.

Calendar of Significant Events 2012

Staff Relations



24 JANUARY

Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow hosted a Chinese New Year Open House at the Sunway Resort Hotel & Spa, Selangor for staff from head office, overseas offices and branches from the Klang Valley.

1-8 FEBRUARY & 22-26 FEBRUARY

91 top Financial Executives in Unit Trust (UT) and Bancassurance were rewarded with luxurious holiday to Spain and Cambodia for their outstanding achievement in the sales of UT and Bancassurance products.

10 MARCH

Branch Performance Awards for year 2011 were presented by the Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow to the winning branches with the prestigious Founder and Chairman Award for the overall Best Branch being awarded to Taman Perling Branch.

13 APRIL

A total of 48 staff from Public Bank's Laos operations were treated to a five-day holiday trip to Malaysia, the highlight of which was visiting Menara Public Bank, the head office of the Public Bank Group.

12 MAY

Public Bank participated in the 2012 Labour Day Rally organised by the Ministry of Human Resource at Malaysia Agro Exposition Park Serdang (MAEPS), Selangor by sending 100 strong contingent.

26 MAY

The 15th IBBM Graduation and Awards Ceremony held at Royale Chulan Hotel, Kuala Lumpur had 98 graduates from Public Bank successfully received the IBBM certification.

Calendar of Significant Events 2012

Staff Relations



15 JUNE

Public Mutual Sports and Recreation Club organised its inaugural treasure hunt named "The Trust Hunt 2012" with 100 staff participating in the fun event.

14 JULY

The Public Bank 46th Anniversary Banquet 2012 was held at the MINES International Exhibition & Convention Centre with more than 3,000 staff from Head Office and Subsidiaries in attendance. The special occasion was graced by the Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.

25 AUGUST

The Campu Bank Group comprising of Cambodian Public Bank Plc, Campu Lonpac Insurance Plc and Campu Securities Plc, celebrated the 20th Anniversary of the Bank's presence in Cambodia with a joint anniversary dinner held at the new Diamond Island City Hall, Phnom Penh. The theme for the 20th Anniversary was "Building 20 Years of Excellence".

31 AUGUST

Public Bank showed its patriotism by participating in the Merdeka Day Parade under the Financial Institutions banner.

6 OCTOBER

Staff of Wilayah Persekutuan and Selangor Regions gathered at the MINES International Exhibition & Convention Centre to celebrate Public Bank's 46th Anniversary Dinner which was graced by the Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.

Calendar of Significant Events 2012

Awards and Accolades



3 JANUARY

Asiamoney, a leading Hong Kong-based financial publication, awarded Public Bank the Overall Best Managed Company in Malaysia – Large Cap 2011 for the sixth time.

20 JANUARY

Public Bank was named The BrandLaureate – SME Best Brands Awards 2011 by the Asia Pacific Brands Foundation.

2 MARCH

Public Bank was awarded a brand rating of AAA- and ranked No. 3 in Malaysia in the Brand Finance Top 500 Banking Brands 2012 by Brand Finance Plc.

23 MARCH

The Asian Banker, an international publication based in Singapore, accorded Public Bank as the Best Retail Bank in Malaysia 2011 for the eighth time.

12 APRIL

For the fifth time, Public Bank was awarded the 2012 Frost & Sullivan Malaysia Excellence Awards – Automotive Finance Company of the Year by Frost & Sullivan.

24 APRIL

Public Bank won the Silver Award in the Finance category of the Putra Brand Awards 2012 organised by the Association of Accredited Advertising Agents Malaysia.

8 MAY

Public Bank was the recipient of the Best Brands in Financial Services – Banking category in the BrandLaureate Awards 2011 – 2012 organised by the Asia Pacific Brands Foundation.

29 MAY

Public Bank was awarded the Reader's Digest Trusted Brands Gold Award 2012 for the Bank category in Malaysia for the ninth consecutive year.

30 MAY

Public Bank was bestowed the Top SMI Supporter Award 2011 under the Commercial Bank category for the fifth time by Credit Guarantee Corporation.

6 JUNE

Public Bank was honoured with two awards by Malaysian Investor Relations Association, namely Quality of Annual Reports/Formal Disclosure in Malaysia and Quality of One-on-One Meetings in Malaysia.

Calendar of Significant Events 2012

Awards and Accolades



20 JUNE

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder & Chairman of Public Bank, was awarded Asia's Best CEO (Investor Relations) 2012 for Malaysia by Corporate Governance Asia in their 2nd Asian Excellence Recognition Awards 2012.

For the second consecutive year, Public Bank was awarded by Corporate Governance Asia, the Best Corporate Social Responsibility for Malaysia and Best Investor Relations Company for Malaysia in their 2nd Asian Excellence Recognition Awards 2012.

JUNE

FinanceAsia ranked Public Bank No. 2 for Best Managed Company and No. 3 for Best Corporate Governance, Best Investor Relations and Most Committed to a Strong Dividend Policy in their 'Asia's Best Company Poll 2012'.

JULY

For the fourth consecutive year, Public Bank was awarded the Best Banking Group in Malaysia 2012 by the World Finance magazine.

23 AUGUST

Public Bank was named the Domestic Retail Bank of the Year – Malaysia 2012 by the Asian Banking & Finance Magazine for the fourth time.

24 AUGUST

FinanceAsia, a leading Hong Kong-based financial publication, awarded Public Bank the Best Bank in Malaysia 2012 for the 14th consecutive year and Best Asian Bank 2012 for the 4th time.

11 SEPTEMBER

For the sixth consecutive year, Public Bank was awarded the Best Bank in Malaysia 2012 by the Alpha Southeast Asia magazine.

11 SEPTEMBER

Alpha Southeast Asia, a Hong Kong based financial publication, ranked Public Bank as one of the Top 3 companies in the second annual polling namely the Strongest Adherence to Corporate Governance and the Most Consistent Dividend Policy in their Alpha Southeast Asia Institutional Investor Corporate Awards 2012.

SEPTEMBER

Yazhou Zhoukan ranked Public Bank 2nd in the 2012 ranking of top 10 Malaysian bank in terms of total assets.

30 OCTOBER

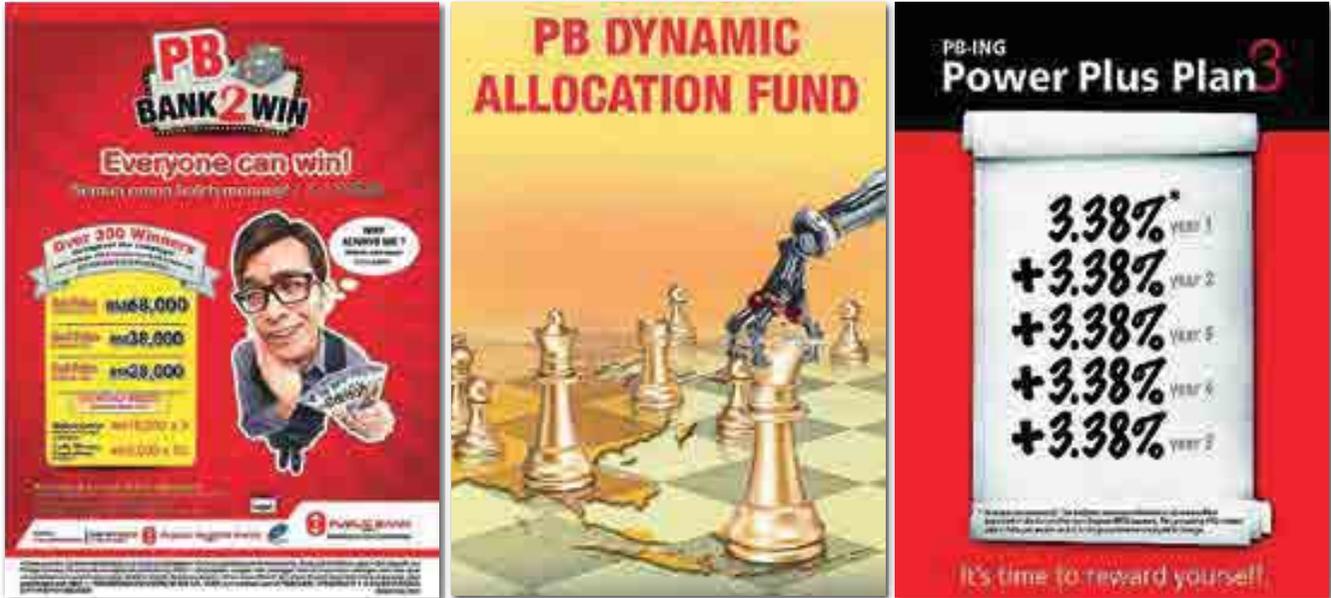
Public Bank received the Strongest Bank in Malaysia 2012 award by The Asian Banker.

1 NOVEMBER

The National Annual Corporate Report Awards (NACRA 2012) named Public Bank 2011 Annual Report as the Gold Award winner for the Most Outstanding Annual Report and the Platinum Award winner for the Best Annual Report in Bahasa Malaysia.

Calendar of Significant Events 2012

Products and Services



APRIL

Public Bank announced the winners of the “PB ACE” Campaign which was run from 1 November 2011 to 30 April 2012. The campaign was opened to all new and existing individual customers of the Bank who opened or maintained an ACE account during the campaign period.

1 JUNE

Public Bank and Public Islamic Bank launched the ‘PB Bank2Win’ Campaign, offering cash prizes of over RM1 million to all new and existing customers for their support and patronage. The six-month campaign, running from 1 June 2012 to 30 November 2012, offered a total of 321 attractive cash prizes via monthly and grand draws.

19 JUNE

Public Bank commenced the distribution and sale of a new unit trust fund, namely PB Dynamic Allocation Fund under the PB Series of Funds which is managed by Public Mutual Berhad.

1 AUGUST

PB Gold 2’ and ‘PB FCY FD Top Rates’ Campaign were launched to further drive the growth of the Bank’s Gold Investment Account and foreign currency deposits.

6 AUGUST

The PB-ING Power Plus Plan 3, a savings endowment plan was jointly launched by Public Bank Berhad and ING Insurance Berhad. The plan ran from 6 August to 30 August 2012.

1 OCTOBER

Public Bank announced the winners of the “U \$ave V Reward” Campaign which offered total cash prizes worth over RM2 million. The campaign was opened to both new and existing individual customers.

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

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

There were no shares bought back by Public Bank during the year. All the ordinary shares of RM1.00 each ("PBB Shares") bought back in previous years are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2012, 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.

(iii) Options or Convertible Securities

No options or convertible securities were issued by Public Bank during the financial year ended 31 December 2012 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2012.

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 2012.

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 2012.

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 2012 amounted to RM1,028,000 and RM690,000 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 2012.

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 2012.

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 2012 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 & OUTLOOK

I. Global Perspective:

Although the year began on a positive note, the global economic environment remained challenging in 2012. Global growth picked up moderately in the first quarter of 2012, partly due to the easing of financial stress and improving investor confidence in the euro area following several policy actions taken by the leaders of the European Union ("EU"). The improved US economy supported by private domestic spending, the rebound in Japan due to robust domestic demand and strong expansion in economic activities in Asia, spurred by the resumption of supply chain disruptions caused by the Thai floods in late 2011 also contributed to the global growth in the first quarter.

However, the growth momentum could not be sustained in the following three quarters. In the EU, the unresolved sovereign debt problem led to the escalation of financial stress in the region. Contagion of the crisis from the periphery to the core continued to weigh on the region's growth. Concerns were raised about the ability of policymakers to implement structural reforms to stimulate growth. To support the economy, the European Central Bank announced further monetary easing measures aimed at repairing the monetary transmission mechanism. Growth has also slowed in the US, undermined by high unemployment and weak consumption. This has prompted another round of policy stimulus by the US Federal Reserve. Besides the unconventional monetary easing measures undertaken by central banks in the major advanced economies, interest rates have been kept at historic low level to support growth.

Sluggish growth in the major advanced economies has slowed growth in Asian economies through the trade channel. The weak external demand has undermined confidence and dragged down domestic demand in countries such as the People's Republic of China, Republic of Korea and Chinese Taipei. Amid heightened risks from the external environment, several central banks in the region eased monetary policies and undertook fiscal measures to spur economic activity. However, growth in many ASEAN economies such as Malaysia, Indonesia and Thailand has remained healthy, partly supported by higher government spending and strong domestic demand.

II. Malaysian Economy: Review

Despite the increasingly challenging global economic conditions, performance of the Malaysian economy in 2012 remained respectable. Growth continued to be driven by resilient domestic demand amid a slowdown in the external sector. Underpinning the growth, the economy continued to be supported by strong fundamentals such as moderate inflation, stable employment condition and high reserves as well as accommodative fiscal and monetary policies. For 2012, the economy is expected to grow by 4.5% to 5%.

Although growth had moderated due to the weaker external environment, real gross domestic product ("GDP") continued to sustain a growth of above 5% in the first three quarters of 2012 (Table 1). Supported by continued strong domestic demand, real GDP grew by 5.2% in the third quarter of 2012, led by healthy growth in private consumption and investment activity. Growth in private consumption was supported by stable labour market condition and sustained income growth, and the expansion in private investment was backed by ongoing implementation of the Economic Transformation Programme ("ETP") and robust construction activity. On the supply side, most economic sectors moderated in the third quarter of 2012, with the services, manufacturing and construction sectors continued to provide impetus to growth (Table 2). The manufacturing sector continued to be supported by strong growth of the domestic-oriented industries, in particular the construction-related industries amid a slowdown in the export-oriented industries, largely due to weak electronics and electrical products sub-sector.

Malaysian Economy: Review & Outlook

Table 1
Malaysia: Real GDP by Expenditure Components, 2011-2012 (at constant 2005 prices)

	% Annual Change			
	2011	2012		
		1Q	2Q	3Q
Aggregate Domestic Demand	8.2	10.0	14.0	11.4
Consumption	8.9	7.7	9.2	7.3
Private sector	7.1	7.4	8.8	8.5
Public sector	16.1	9.1	10.9	2.3
Gross Fixed Capital Formation	6.5	16.1	26.1	22.7
Exports of Goods and Services	4.2	2.8	2.1	-3.0
Imports of Goods and Services	6.2	6.8	8.1	4.4
GDP	5.1	5.1	5.6	5.2

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2012.

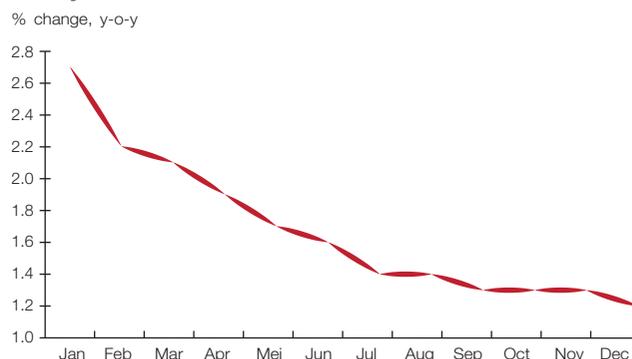
Table 2
Malaysia: Real GDP by Economic Activity, 2011-2012 (at constant 2005 prices)

	% Annual Change			
	2011	2012		
		1Q	2Q	3Q
Agriculture	5.9	2.1	-4.7	0.5
Mining	-5.7	0.3	2.3	-1.2
Manufacturing	4.7	4.4	5.6	3.3
Construction	4.6	15.5	22.2	18.3
Services	7.0	5.7	6.6	7.0
GDP	5.1	5.1	5.6	5.2

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2012.

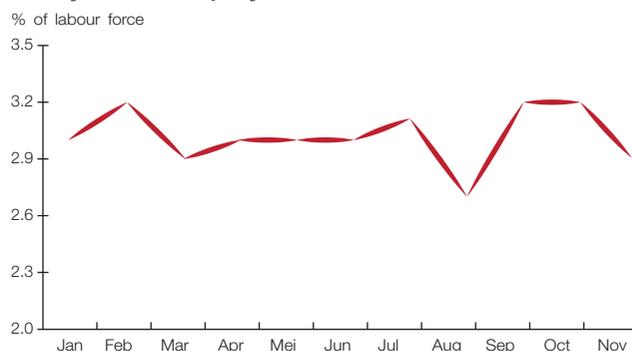
Despite strong domestic demand, inflation remained moderate in 2012. Headline inflation had continuously eased from 2.7% in January 2012 to 1.2% in December 2012, largely due to deceleration in food and transport prices (Graph 1). The unemployment rate remained low in the range of 2.7% to 3.2% during the year (Graph 2).

Graph 1
Malaysia: Headline Inflation, 2012



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

Graph 2
Malaysia: Unemployment Rate, 2012



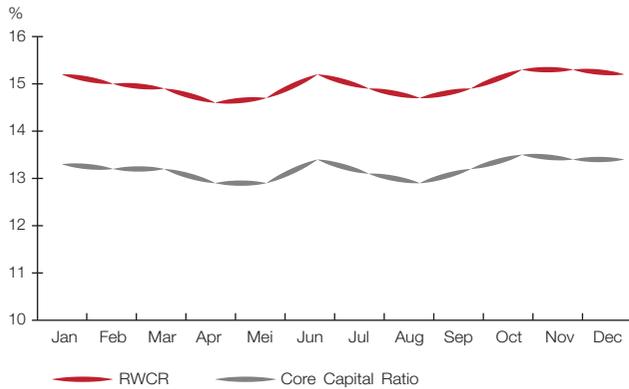
Source: Department of Statistics, Malaysia, Principal Statistics of Labour Force, November 2012.

Banking System

Backed by high capitalisation, ample liquidity and strong asset quality, the banking sector remained strong and sound, and was supportive of the Malaysian economy. The risk-weighted capital ratio ("RWCR") and the core capital ratio of the banking system remained high at 15.2% and 13.4%, respectively in December 2012 (Graph 3). Gross impaired loans ratio remained low, falling from 2.7% in January 2012 to 2.0% in December 2012 (Graph 4). The loan-to-deposit ratio sustained at 78.7% at end-December 2012 (Graph 5). Despite the moderation in economic activity, lending activities remained healthy, with annual growth of loans to households and businesses was steady at 10.4% in December 2012 (Graph 6). The banking sector continued to tap on stable retail deposits to fund lending business. Annual deposit growth stood at 8.4% in December 2012 (Graph 7).

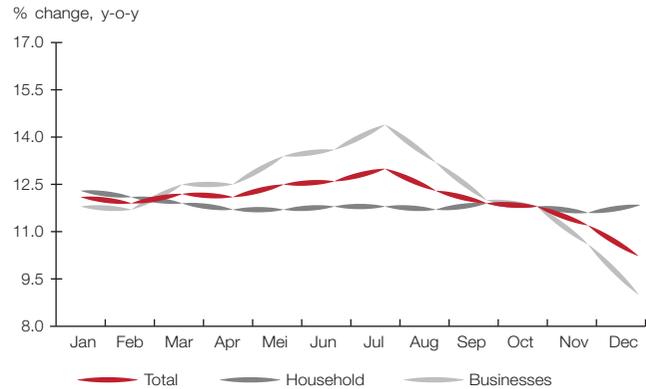
Malaysian Economy: Review & Outlook

Graph 3
Banking System: Capital Strength, 2012



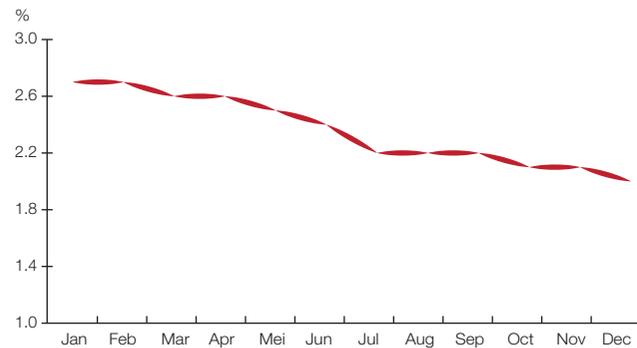
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

Graph 6
Banking System: Loan Growth, 2012



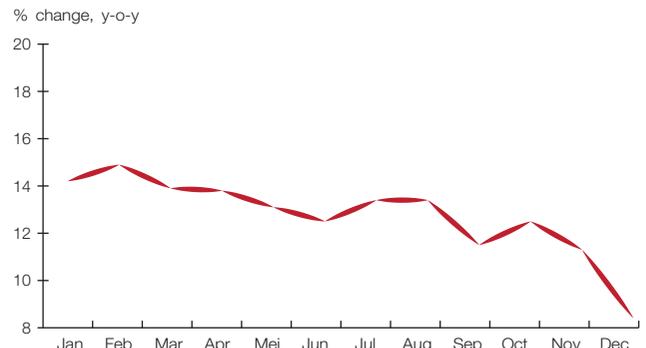
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

Graph 4
Banking System: Gross Impaired Loans Ratio, 2012



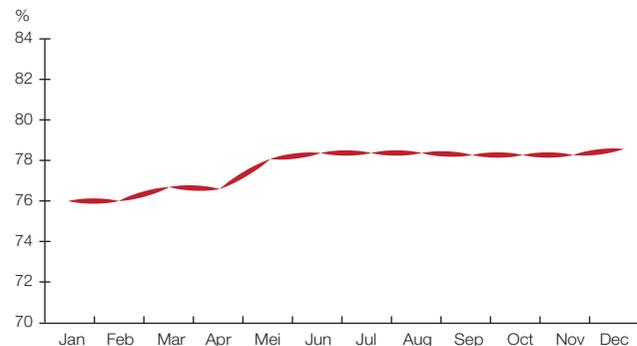
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

Graph 7
Banking System: Deposit Growth, 2012



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

Graph 5
Banking System: Loan-Deposit Ratio, 2012



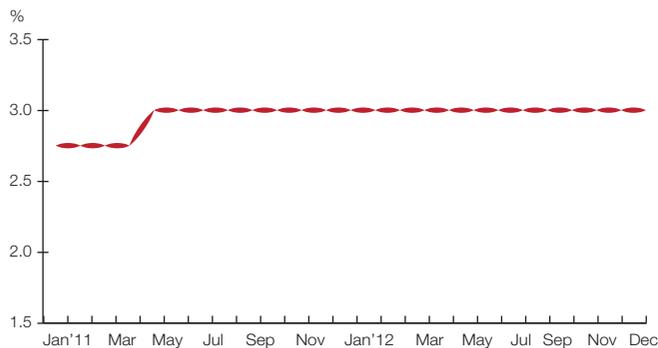
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

Monetary Policy

Amidst the global economic slowdown and increased financial volatilities and uncertainties, monetary policy continued to be supportive in providing a conducive environment to promote growth, while managing inflationary risks and avoiding financial imbalances. Bank Negara Malaysia ("BNM") left its Overnight Policy Rate ("OPR") unchanged at 3% since May 2011 (Graph 8). In line with the unchanged OPR, the key lending rates (Graph 9) and the deposit rates were stable (Graph 10). The Statutory Reserve Requirement was kept steady at 4% since July 2011.

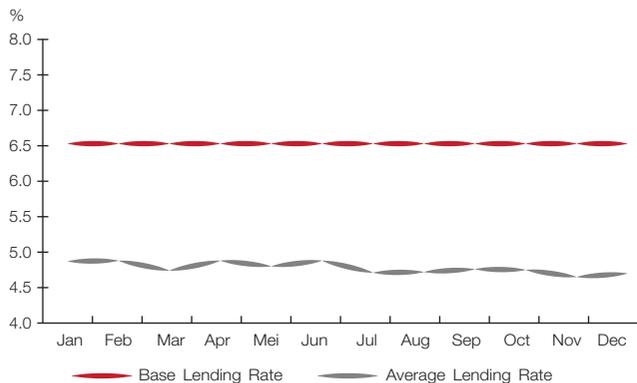
Malaysian Economy: Review & Outlook

Graph 8
Malaysia: Bank Negara Malaysia Overnight Policy Rate, 2011-2012



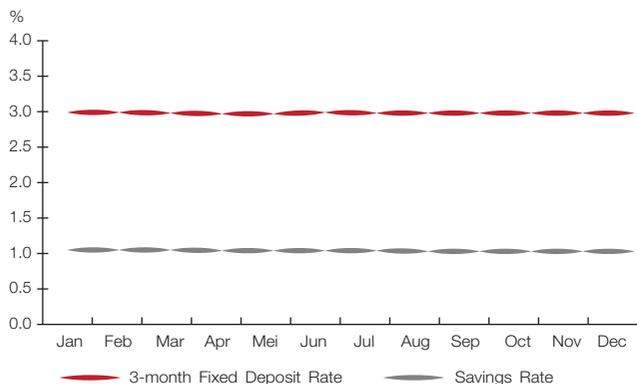
Source: Bank Negara Malaysia, Monetary Policy Statements.

Graph 9
Malaysia: Lending Rates of Commercial Banks, 2012



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

Graph 10
Malaysia: Deposit Rates of Commercial Banks, 2012

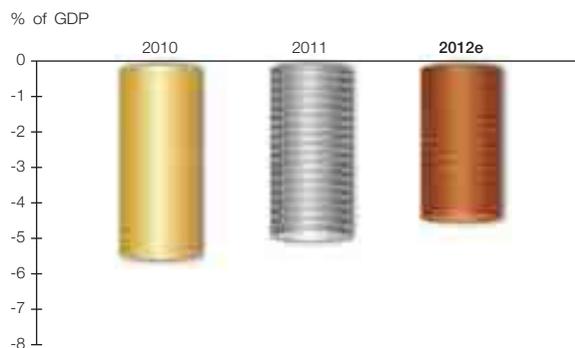


Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

Fiscal Policy

Given the slowdown in the global economy and weak external demand, especially due to the weakness in the advanced economies, the Government had taken policy initiatives to sustain growth in the short term as well as facilitate the long-term transformation of the economy. At the same time, the Government remained committed to lower its fiscal deficit from 4.8% of GDP in 2011 to 4.5% in 2012 (Graph 11). In the third quarter of 2012, Federal Government's external debt remained low at 1.8% of GDP.

Graph 11
Malaysia: Federal Government Fiscal Balance, 2010-2012



Note : e Estimate

Source : Ministry of Finance, Malaysia, Economic Report, 2012/2013.

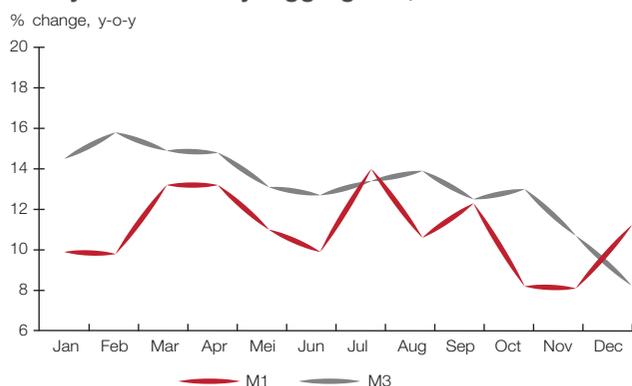
Monetary Aggregates

Monetary aggregates continued to grow in tandem with the expansion in economic activity. In December 2012, narrow money or M1 increased by 11.2% and broad money or M3 expanded by 8.8% (Graph 12). The growth in M3 reflected continued extension in credit to private sector and net foreign inflows.

Malaysian Economy: Review & Outlook

Graph 12

Malaysia: Monetary Aggregates, 2012



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2012.

External Position

In line with the moderation in trade activities and continued services deficit, the current account surplus of the balance of payments narrowed to 4.2% of gross national income ("GNI") in the third quarter of 2012 (Table 3). Malaysia's international reserves remained strong at US\$139.7 billion as at end-December 2012. The level of reserves was sufficient to finance 9.5 months of retained imports and was 4.2 times the short-term external debt (Graph 13). Total external debt of the country was at 28.4% of GNI as at end-September 2012.

Table 3

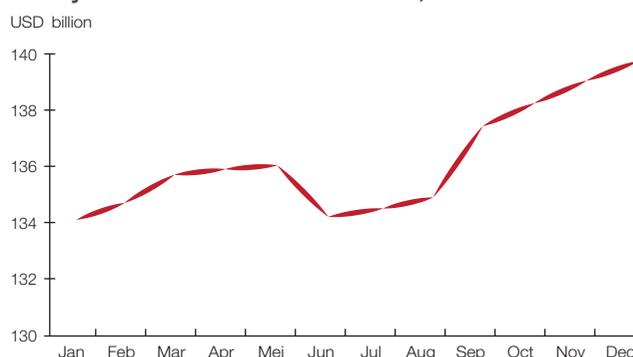
Malaysia: Current Account Balance, 2011-2012

	2011		2012		
	3Q	4Q	1Q	2Q	3Q
Current Account Balance (RM billion)	27.4	22.4	18.1	9.6	9.5
% of GNI	12.5	10.0	8.3	4.4	4.2

Source: Bank Negara Malaysia, Quarterly Bulletin, Third Quarter 2012.

Graph 13

Malaysia: International Reserves, 2012



Source: Bank Negara Malaysia, Press Statements on International Reserves.

Ringgit Exchange Rate

The performance of the ringgit was largely influenced by external factors, including foreign capital inflows, concerns over the prolonged euro area debt crisis and macroeconomic measures in the global and regional economies. From January 2012 to December 2012, the ringgit appreciated against the US dollar (3.9%), euro (1.8%) and Japanese yen (15.2%), but depreciated against the pound sterling (-0.9%). Against the regional currencies, the ringgit strengthened against the Indonesian rupiah (9.5%), Chinese renminbi (2.6%) and Thai baht (0.2%), but weakened against the Singapore dollar (-2.4%), Philippine peso (-2.7%) and Korean won (-4.2%).

III. Prospects, 2013

Global Economy: Growth to Remain Weak and Fragile

Outlook for the global economic environment remains uncertain as growth in major advanced economies is likely to remain weak and fragile. The global economy continues to be fraught with risks arising from continued policy uncertainties in several key advanced economies as policymakers in these economies face the challenging task of weighing crucial decisions on issues of fiscal consolidation and key reforms to address structural weaknesses that hinder economic recovery. While implementing a solution to the euro area crisis will take time, concerns remain in respect of the fiscal health in the US although some measures have been instituted to address the fiscal cliff issues. Uncertainty surrounding the advanced economies will continue to constrain confidence and economic activity, with financial conditions to remain fragile and unemployment to stay elevated.

Malaysian Economy: Review & Outlook

Economic weakness in the major advanced economies is expected to continue to weigh on growth in Asia's trade-oriented economies through the softening of exports growth. However, growth is expected to remain relatively solid in many emerging Asia economies, underpinned by healthy labour market and sustainable domestic demand. Furthermore, most Asian economies have room to counteract external shocks with fiscal and monetary policy.

Malaysia: Sustaining Domestic Demand

Despite the more challenging global economic environment, outlook for the Malaysian economy is expected to remain favourable, with growth projected at 4.5-5.5% in 2013. Domestic demand will continue to be the growth driver, supported by strong private consumption and private investment (Table 4). Stable labour market, moderate inflation and higher income will further support private consumption. Measures under 2013 Budget such as cash handouts and tax revision on individual income will also help boost consumption.

Private investment will continue to be buoyed by the implementation of projects under the ETP, the 10th Malaysia Plan ("10MP") and 2013 Budget. Ongoing liberalisation in the services sector, together with initiatives to further promote public-private sector partnership in the implementation of the National Transformation Policy as well as initiatives to further provide assistance to small- and medium-sized enterprises will further boost investment activities in 2013.

Table 4

Malaysia: Real GDP by Expenditure Components, 2013 (at constant 2005 prices)

	% Annual Change
Aggregate Domestic Demand	5.6
Consumption	4.2
Private sector	5.7
Public sector	-1.2
Gross Fixed Capital Formation	9.3
Exports of Goods and Services	2.8
Imports of Goods and Services	3.6
GNI	4.5-5.5

Source: Ministry of Finance, Malaysia, Economic Report, 2012/2013.

On the supply side, growth is expected to remain broad-based (Table 5). The construction sector is expected to remain strong, underpinned by the acceleration of major construction-related projects under the ETP and 10MP. The manufacturing sector will continue to be supported by strong domestic-oriented industries and some recovery in the export-oriented industries. Strong domestic economic activities and sustained intraregional trade will continue to spur growth in the services sector.

Table 5

Malaysia: Real GDP by Economic Activity, 2013 (at constant 2005 prices)

	% Annual Change
Agriculture	2.4
Mining	2.7
Manufacturing	4.9
Construction	11.2
Services	5.6
GDP	4.5-5.5

Source: Ministry of Finance, Malaysia, Economic Report, 2012/2013.

Although domestic economic activity is expected to expand further in 2013, inflation is expected to increase only moderately given the excess capacity in the economy. However, there remain upside risks to inflation in the event of supply disruptions that could lead to higher global prices for commodities. Inflation is expected to increase between 2% and 3% in 2013. Monetary policy will remain accommodative to support growth.

The banking sector is expected to remain resilient, with continued strong capacity to withstand external shocks. Loan growth will continue to be healthy, supported by further expansion in domestic economic activities. The implementation of the Financial Sector Blueprint 2011-2020 will further enhance the role of the banking sector as an effective and efficient financial intermediary and increase Malaysia's linkages with the rest of the world. There will also 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.

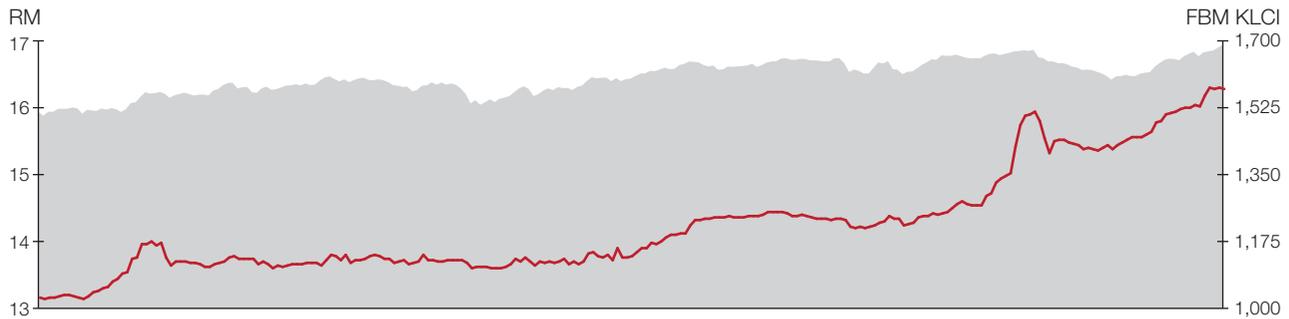
INVESTOR INFORMATION

Stock Market Performance in 2012

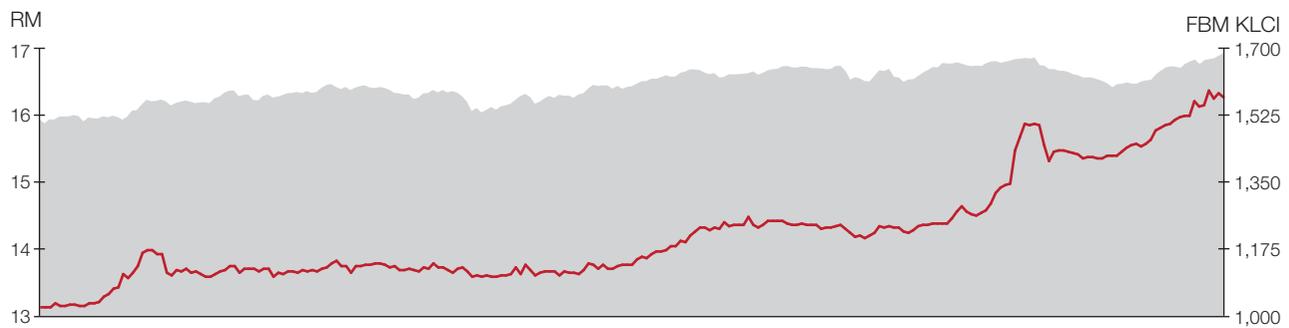
- The FTSE Bursa Malaysia Composite Index ("FBM KLCI") registered a 4.3% gain in the first quarter of 2012, amidst optimism from the improving United States of America's ("US") housing market and the announcement of Malaysia's fourth quarter of 2011 Gross Domestic Product ("GDP") growth of 5.2%.
- The second quarter of 2012 was marked by fears of a Euro zone break-up as Greece struggled to form a government and also faced potential exit from the currency bloc, while the US Federal Reserve's reluctance to add more monetary stimulus fueled concerns that the US growth could sputter. Despite Malaysia's first quarter of 2012 GDP growth of 4.9%, the FBM KLCI lost about 4% mid-way through the quarter before regaining its footing to finish the period 0.2% higher.
- In the third quarter of 2012, the FBM KLCI hit a high of 1,655 points, with the announcement of second quarter of 2012 GDP growth of 5.4% year-on-year. Other factors driving markets higher included assurances by the European Central Bank to do whatever is necessary to save the Euro zone through the purchase of short term bonds, the establishment of the European Stability Mechanism and the US Federal Reserve's commitment to make purchases of agency mortgage-backed securities.
- In the last quarter of 2012, Bank Negara Malaysia announced GDP growth of 5.2% for the third quarter of 2012. However, the global environment was challenging, dominated by concerns of a fiscal cliff in the US which threatened to sink the US economy into recession. Despite that, the FBM KLCI closed at an all time high to finish at 1,689 points as at the end of 2012, resulting in a gain of 158 points or 10.3% for 2012.

Investor Information

Public Bank (Local) Share Price and Transactions in 2012



Public Bank (Foreign) Share Price and Transactions in 2012



Volume (Million)
 Share Price (RM)
 FBM KLCI Index

Investor Information

Public Bank Share Price Performance in 2012

Highlights

SHARE PRICE (LOCAL)

2012: RM16.28
2011: RM13.38

 **21.7%**

SHARE PRICE (FOREIGN)

2012: RM16.30
2011: RM13.20

 **23.5%**

MARKET CAPITALISATION

2012: RM57.52 billion
2011: RM47.07 billion

 **22.2%**

NET RETURN ON EQUITY

2011: 26.8%

24.5%

EARNINGS PER SHARE

2012: 110.5 sen
2011: 105.2 sen

 **5.0%**

DIVIDEND PER SHARE

2012: 50 sen
2011: 48 sen

 **4.2%**

- In 2012, Public Bank (Local) share price rose by 21.7% from RM13.38 as at the end of 2011 to RM16.28 as at the end of 2012. During the same period, Public Bank (Foreign) share price increased by 23.5% to close at RM16.30 as at the end of 2012 as compared to RM13.20 as at the end of 2011. Including the 48 sen single tier dividend paid during the year 2012, shareholders of Public Bank (Local) shares and Public Bank (Foreign) shares would have enjoyed a total return of 25.3% and 27.1% respectively for 2012 based on the closing share prices for Public Bank (Local) share and Public Bank (Foreign) share respectively as at the end of 2012, outperforming the FBM KLCI Index which increased by 10.3% in 2012, and the Kuala Lumpur Finance Index which rose by 12.1% for the same period.
- In the first quarter of 2012, Public Bank share prices were generally subdued in line with the broader index. In the second quarter of 2012, global equity markets were affected by the Greece's election impasse and capital concerns of Spanish banks. Public Bank share prices remained stable and traded in a tight 20-sen range in the second quarter.
- In October 2012, Public Bank (Local) share and Public Bank (Foreign) share hit new highs of RM16.02 and RM15.98, following the release of the third quarter results by Public Bank on 18 October 2012.
- Public Bank's market capitalisation stood at RM57.52 billion as at the end of 2012, up RM10.45 billion or 22.2% from the end of 2011.
- Average daily volume and value of Public Bank shares traded in 2012 stood at 4.2 million shares (2011: 3.7 million shares) and RM60.1 million (2011: RM48.6 million) respectively.

ANALYSIS OF SHAREHOLDINGS

As at 23 January 2013

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	11,137	13.45	346	0.42	362,997	0.01	13,357	*1
100 – 1,000	12,909	15.59	533	0.64	6,342,846	0.18	272,289	0.01
1,001 – 10,000	40,152	48.50	3,830	4.62	127,868,110	3.65	16,144,929	0.46
10,001 – 100,000	9,718	11.74	2,487	3.00	248,022,748	7.08	70,634,768	2.02
100,001 – 175,106,256 (less than 5% of issued shares*2)	990	1.20	693	0.84	1,596,168,031	45.58	1,009,257,488	28.82
175,106,257 (5% of issued shares*2) and above	1	*1	–	–	427,037,567	12.19	–	–
Total	74,907	90.48	7,889	9.52	2,405,802,299	68.69	1,096,322,831	31.31
Grand Total	82,796 (100%)				3,502,125,130 (100%)*2			

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 23 January 2013.

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	5,898,951	0.17	354,315* ²	0.01	6,253,266	0.18
Dato' Sri Lee Kong Lam	380,866	0.01	434,957* ³	0.01	815,823	0.02
Dato' Yeoh Chin Kee	100,000	* ⁴	–	–	100,000	* ⁴
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	482,037	0.01	–	–	482,037	0.01
Lai Wan	–	–	16,959* ³	* ⁴	16,959	* ⁴
Lai Wai Keen	–	–	3,007* ³	* ⁴	3,007	* ⁴

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 23 January 2013.

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.

Analysis of Shareholdings

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	475,250,181	13.57	–	–	475,250,181	13.57
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 23 January 2013.

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>	427,037,567	12.19
2. Sekuriti Pejal Sdn Berhad	108,127,058	3.09
3. Sekuriti Pejal Sdn Berhad	102,068,066	2.91
4. AmanahRaya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	100,000,000	2.86
5. Kepunyaan Chintamani Sdn Bhd	70,867,058	2.02
6. Consolidated Teh Holdings Sdn Berhad	61,332,882	1.75
7. Selected Securities Sdn Bhd	51,753,368	1.48
8. AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia</i>	48,750,000	1.39
9. AmanahRaya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	44,912,766	1.28
10. HSBC Nominees (Asing) Sdn Bhd <i>BNP Paribas Secs Svs Lux For Aberdeen Global</i>	43,616,214	1.25
11. Selected Holdings Sdn Berhad	39,397,539	1.12
12. Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt An For Eastspring Investments Berhad</i>	38,032,571	1.09
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. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i>	33,143,306	0.95
15. Kepunyaan Perindustrian Sdn Berhad	32,876,470	0.94
16. HSBC Nominees (Asing) Sdn Bhd <i>TNTC For Saudi Arabian Monetary Agency</i>	30,488,801	0.87
17. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	29,403,592	0.84
18. LPI Capital Bhd	28,812,490	0.82
19. Tong Meng Industries Limited	28,091,117	0.80
20. Selected Securities Sdn Bhd	27,689,294	0.79
21. Kayakita Corporation Sdn Bhd	27,506,647	0.79
22. LPI Capital Bhd	26,864,332	0.77
23. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For The Bank of New York Mellon (Mellon Acct)</i>	26,647,067	0.76
24. Selected Holdings Sdn Berhad	25,935,882	0.74
25. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A)</i>	24,741,560	0.71
26. Securities Holdings Sdn Berhad	23,778,200	0.68
27. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (Saudi Arabia)</i>	23,577,407	0.67
28. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	23,069,200	0.66
29. HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Matthews Pacific Tiger Fund</i>	22,511,386	0.64
30. Tan Sri Dato' Sri Dr. Teh Hong Piow	22,464,802	0.64
	1,628,564,877	46.50

Notes:

* Excluding a total of 29,800,704 PBB shares bought-back by PBB and retained as treasury shares as at 23 January 2013.

AUTHORISED AND ISSUED SHARE CAPITAL

AUTHORISED SHARE CAPITAL

The authorised share capital as at 23 January 2013 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 23 January 2013 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
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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
18.11.2003	455,750*	Exercise of share options under PBB ESOS as follows: – 406,250 shares at option price of RM3.56 per share – 49,500 shares at option price of RM3.40 per share	3,187,800,765
21.11.2003	5,801,710*	Exercise of share options under PBB ESOS as follows: – 33,297 shares at option price of RM1.64 per share – 2,989,788 shares at option price of RM3.56 per share – 2,778,625 shares at option price of RM3.40 per share	3,193,602,475
01.12.2003	1,417,894*	Exercise of share options under PBB ESOS as follows: – 16,324 shares at option price of RM1.64 per share – 1,062,070 shares at option price of RM3.56 per share – 339,500 shares at option price of RM3.40 per share	3,195,020,369
04.12.2003	68,000*	Exercise of share options under PBB ESOS at option price of RM3.56 per share	3,195,088,369
22.12.2003	2,297,250*	Exercise of share options under PBB ESOS as follows: – 13,484 shares at option price of RM1.64 per share – 1,889,391 shares at option price of RM3.56 per share – 394,375 shares at option price of RM3.40 per share	3,197,385,619
26.12.2003	9,214,108*	Exercise of share options under PBB ESOS as follows: – 20,525 shares at option price of RM1.64 per share – 6,642,458 shares at option price of RM3.56 per share – 2,551,125 shares at option price of RM3.40 per share	3,206,599,727
27.01.2004	1,883,267*	Exercise of share options under PBB ESOS as follows: – 4,547 shares at option price of RM1.64 per share – 1,680,345 shares at option price of RM3.56 per share – 198,375 shares at option price of RM3.40 per share	3,208,482,994
20.02.2004	483,813*	Exercise of share options under PBB ESOS as follows: – 457,313 shares at option price of RM3.56 per share – 26,500 shares at option price of RM3.40 per share	3,208,966,807
01.03.2004	1,024,066*	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873
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

Authorised and Issued Share Capital

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

Authorised and Issued Share Capital

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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
31.10.2005	2,114,074	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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
13.01.2006	3,553,363	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
08.02.2006	329,363	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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
14.08.2006	1,960,920	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
15.12.2006	2,407,500	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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
04.06.2007	2,962,800	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
07.06.2007	33,900	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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
16.11.2007	1,834,280	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
26.11.2007	849,375	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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

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 2012

Area	No. of Properties		Net Book Value (RM'000)
	Freehold	Leasehold	
DOMESTIC			
PUBLIC BANK BERHAD			
Kuala Lumpur	2	–	253,315
Perak Darul Ridzuan	1	–	259
Sarawak	–	1	18
PUBLIC MUTUAL BERHAD			
Kuala Lumpur	1	1	9,120
Johor Darul Takzim	–	1	814
Pahang Darul Makmur	1	–	1,668
Pulau Pinang	1	–	1,814
Sarawak	–	2	2,509
Selangor Darul Ehsan	1	1	5,729
PUBLIC HOLDINGS SDN BHD			
Kuala Lumpur	5	4	106,824
Johor Darul Takzim	4	–	44,682
Kedah Darul Aman	1	–	1,449
Melaka	–	2	1,223
Pahang Darul Makmur	1	–	94
Perak Darul Ridzuan	3	1	5,093
Pulau Pinang	8	1	5,504
Sabah	–	2	1,950
Sarawak	1	3	4,767
Selangor Darul Ehsan	1	2	42,552
OVERSEAS			
CAMBODIAN PUBLIC BANK PLC			
Phnom Penh	1	–	60,641
PUBLIC FINANCIAL HOLDINGS GROUP			
Hong Kong	–	31	358,274

Notes:

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 2012

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	-	18 Years	46,436	2-1-1995	253,125
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	830 Years (26-6-2842)	35 Years	5,451	30-5-2006**	97,008
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	48 Years (18-2-2060)	30 Years	1,465	2-5-1994 (R)	69,906
CPB Building no. 23 Kramuon Sar Avenue (Street no. 114) Sangkat Phsar Thmey 2 Phnom Penh Kingdom of 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	-	3 Years	18,149	14-10-2009	60,641
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	-	18 Years	36,222	12-8-1991	41,400
Shop B Ground Floor and Office B 1st to 17th Floor JCG Building 16 Mongkok Road Mongkok Kowloon Hong Kong	A shop unit on ground floor and all B units for 1st to 17th floors of an 18-storey commercial building with shops and offices	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	38 Years (27-5-2050)	25 Years	2,215	30-6-1994 (R)	38,608
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	84 Years (2-9-2096)	15 Years	31,669	3-9-1997	35,417
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 Groups	Leasehold 999 Years	890 Years (14-8-2902)	45 Years	1,464	11-6-1993	32,984
Wisma Public Bank 300 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	14-storey office building (L/B)	Public Bank's Tiong Nam Branch	Freehold	-	25 Years	10,395	27-8-2003	22,041

Notes:

(L/B) Land and building

(R) Revaluation was performed as at 31 December 2012

** 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



Malaysia



Cambodia



Laos



Vietnam



Sri Lanka



Hong Kong



People's Republic of China

GROUP CORPORATE DIRECTORY



PUBLIC BANK

Head Office:

Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur, Malaysia
Tel : 03-21766000, 03-21766666, 03-21638888, 03-21638899
Fax : 03-21639917 Swift: PBBEMYKL
Cable : "PBBKLCITY" Kuala Lumpur

www.publicbank.com.my

Branch	Address	Telephone	Fax
FEDERAL TERRITORY			
Bandar Sri Permaisuri	95 & 97, Jalan Dwitasik 1 Bandar Sri Permaisuri Cheras, 56000 Kuala Lumpur	03-91719966	03-91713688 03-91731699
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 03-21454570 03-21458300	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

Group Corporate Directory

Branch	Address	Telephone	Fax
FEDERAL TERRITORY			
Jalan Raja Laut	Lot G3 & 1A.2, Bangunan KWSP 5, Jalan Raja Laut, 50350 Kuala Lumpur	03-26930722	03-26914624
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 Rimbunan Raya 1, Laman Rimbunan 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

Group Corporate Directory

Branch	Address	Telephone	Fax
FEDERAL TERRITORY			
Segambut	73, 75 & 77, Jalan Segambut Pusat 51200 Kuala Lumpur	03-62527052 03-62527054	03-62526620 03-62527057
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 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	24 – 26, Jalan 1A/27A, Section 1 Wangsa Maju, 53300 Kuala Lumpur	03-41428577 03-41428579	03-41429281

Group Corporate Directory

Branch	Address	Telephone	Fax
FEDERAL TERRITORY – PUTRAJAYA			
Putrajaya	66, Jalan Diplomatik, Presint 15 62050 Putrajaya	03-88887878	03-88811366
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 Mahkota Cheras	2, Jalan Temenggung 7/9 Bandar Mahkota Cheras 43200 Cheras, Selangor	03-90198788	03-90198896 03-90198897
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

Group Corporate Directory

Branch	Address	Telephone	Fax
SELANGOR			
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	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
Kajang	14, 15 & 16, Jalan Raja Haroun 43000 Kajang, Selangor	03-87366499 03-87344240 03-87335752 03-87368891 03-87368894	03-87365369 03-87367278
Kampung Baru Subang	34 – 36, Jalan Lebuhr 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

Group Corporate Directory

Branch	Address	Telephone	Fax
SELANGOR			
Petaling Jaya Old Town	N19 & O19, Jalan Pasar, Off Jalan Othman 46000 Petaling Jaya, Selangor	03-77835785 03-77836566	03-77836562
Port Klang	82, Lebuhr 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
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

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Branch	Address	Telephone	Fax
SELANGOR			
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
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

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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 Indah	61, 63 & 65, Jalan Indah 15/2 Taman Bukit Indah 81200 Johor Bahru	07-2383966	07-2381966 07-2391966
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 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	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
Mersing	21 & 22, Jalan Sulaiman 86800 Mersing, Johor	07-7992695 07-7992697	07-7992530 07-7993912

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JOHOR			
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

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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

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PULAU PINANG			
Nibong Tebal	3619 – 3620, Jalan Che Ahmad 14300 Nibong Tebal Seberang Perai Selatan Pulau Pinang	04-5932216 04-5931433	04-5931590
Prai	2684 & 2685, Jalan Chain Ferry Taman Inderawasih 13600 Prai, Pulau Pinang	04-3901241 04-3901246	04-3902394
Pulau Pinang	87, Lebuhraya 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

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MELAKA			
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	931, 932, 933 & 934 Jalan Merdeka, Taman Melaka Raya 75000 Melaka	06-2817527	06-2818806
Tengkera	300, 300A, 300B & 300-1 Jalan Ong Kim Wee 75300 Melaka	06-2832052 06-2832054 06-2832072	06-2832159
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 06-6472955	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

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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
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

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PERAK			
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, 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	05-3575358
Sitiawan	Lot 166 – 168 Jalan Raja Omar 32000 Sitiawan, Perak	05-6913526 05-6913527	05-6917198
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

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KEDAH			
Alor Setar	1070 & 1071, Jalan Teluk 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
PERLIS			
Kangar	9, Jalan Raja Syed Alwi 01000 Kangar, Perlis	04-9763311 04-9763432	04-9760503

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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 Resort 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

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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	PT 8374 & PT 8375 Taman Wangsa Mewangi Jalan Persiaran Raya 18300 Gua Musang, Kelantan	09-9122600 09-9122602	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, Sabah	088-251812 088-251813 088-258812	088-251816
Donggongon	Lot A-5 & A-6, Donggongon 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	TB1280 & TB1281, 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

Group Corporate Directory

Branch	Address	Telephone	Fax
SABAH			
Keningau	1 & 2, Block A, Keningau Plaza 89000 Keningau, Sabah	087-335841 087-335846	087-335842
Kota Belud	Lot B6 & B7, Kompleks Centenary Jalan Sabar, 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 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

Group Corporate Directory

Branch	Address	Telephone	Fax
SARAWAK			
Jalan Penrissen	384 – 388, Sentosa Central, Batu 7 Jalan Penrissen, 93250 Kuching, Sarawak	082-613377	082-615961
Jalan Tun Zaidi	Lot 2775, 2776, 2778, 2779 & 2780 Block 10, 3rd Mile, Jalan Tun Ahmad Zaidi Aduce, 93250 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	No. 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 Sibul, 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	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 Saberka	Lot G.01 & G.02A, Wisma Saberka 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	Colombo Branch 340, R A de Mel Mawatha Colombo 00300, Sri Lanka Email: pbbslk@publicbank.com.lk Swift: PBBELKLX	94-11-2576288 (Country Head) 94-11-2576284 (Business Development Manager) 94-11-2576287 (Banking Service Manager) 94-11-2576289-92 (General) 94-11-7290200-7 (General) 94-11-7206060 (Sales & Marketing Hotline)	94-11-2573958
	Public Bank Berhad Nawala Extension Office 150, Nawala Road, Nugegoda Colombo, Sri Lanka	94-11-2829750 (Branch Manager) 94-11-2829751 94-11-2829752 94-11-2829753 94-11-2829754 (General Lines)	94-11-2829755
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 Group 24 Ban. Sounantha Kaisone Phomvihanh District Savannakhet Province, Lao P.D.R Email: pbbsvn@publicbank.com.la	856-41-252131 856-41-252132 (General Lines)	856-41-252133
Sikhai Branch	006, Luangphabang Road Meuangwa Tha Village Sikhottabong District Vientiane, Lao P.D.R Email: pbbsik@publicbank.com.la	856-21-219869 856-21-219870 (General Lines)	856-21-219876
Pakse Branch	070 No. 13, South Road Phonesavanh Village Pakse District Champasak, Lao P.D.R Email: pbbpks@publicbank.com.la	856-31-218111 856-31-218112	856-31-218113

Group Corporate Directory

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, Kampung 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 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	6087-411898 6087-412336	6087-451193

Group Corporate Directory

Subsidiaries	Address	Telephone	Fax
Public Holdings Sdn Bhd	8th Floor, Menara Public Bank 146, Jalan Ampang, 50450 Kuala Lumpur	03-21766000 03-21766666	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: PBLLEYKA	6087-411898	6087-413220
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 1105-7, 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
Public Securities Limited	Room 1101-03 and 1108, Wing On House 71 Des Voeux Road Central Central, Hong Kong Email: cs@publicsec.com.hk Website: www.publicsec.com.hk	852-39292800	852-39292599

Group Corporate Directory

Subsidiaries	Address	Telephone	Fax
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.cpbepbank.com Email: hoe@campubank.com.kh (24 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	855-23-999880	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 855-23-998200 855-23-986279	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
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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 47th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 18 March 2013 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 47th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 18 March 2013 at 11.00 a.m., or any adjournment thereof.

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

First Proxy “A”	_____ %
Second Proxy “B”	_____ %
	<u>100%</u>

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

My/our proxy/proxies shall vote as follows:

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

No.	Ordinary Resolutions	First Proxy “A”		Second Proxy “B”	
		For	Against	For	Against
1.	Receipt of Audited Financial Statements for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon				
2.	Re-election of Dato’ Haji Abdul Aziz bin Dato’ Dr. Omar as Director				
3.	Re-election of Lai Wai Keen as Director				
4.	Re-appointment of Tan Sri Dato’ Sri Dr. Teh Hong Piow as Director				
5.	Re-appointment of Tan Sri Datuk Seri Utama Thong Yaw Hong as Director				
6.	Re-appointment of Tan Sri Dato’ Sri Tay Ah Lek as Director				
7.	Re-appointment of Dato’ Sri Lee Kong Lam as Director				
8.	Re-appointment of Dato’ Yeoh Chin Kee as Director				
9.	Re-appointment of Lai Wan as Director				
10.	Approval of payment of Directors’ fees				
11.	Re-appointment of Messrs KPMG as Auditors, subject to approval of Bank Negara Malaysia, and authority to the Directors to fix the Auditors’ remuneration				
Special Resolution					
Proposed Amendments to the Articles of Association of PBB					

Signed this _____ day of _____ 2013.

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 11 March 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 47th 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 47th AGM.
- A Member entitled to attend, speak and vote at this 47th 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 47th 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 47th AGM.

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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

2012 NACRA Award

- Most Outstanding Annual Report – Gold Award
- Best Annual Report in Bahasa Malaysia – Platinum Award



2011



2010



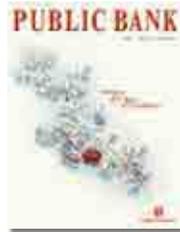
2009



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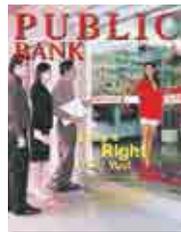
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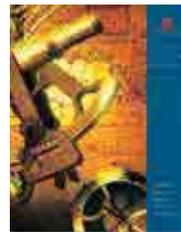
2000



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1994



1991



1990



1989



1988



1987



1986

- 2011 NACRA Award**
- Most Outstanding Annual Report – Gold Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award

- 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 – NARA Award
 - 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