

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**  
**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>ASSETS</b>                                      |                               |                               |                               |                               |
| Cash and balances with banks                       | <b>18,633,783</b>             | 34,690,439                    | <b>10,508,349</b>             | 27,172,447                    |
| Reverse repurchase agreements                      | <b>9,287,255</b>              | 365,877                       | <b>8,435,611</b>              | 10,737                        |
| Financial assets held-for-trading                  | <b>10,656,825</b>             | 6,360,620                     | <b>10,406,551</b>             | 5,812,736                     |
| Derivative financial assets                        | <b>493,852</b>                | 326,622                       | <b>492,536</b>                | 322,596                       |
| Financial investments available-for-sale           | <b>16,719,433</b>             | 17,852,284                    | <b>14,287,941</b>             | 14,269,479                    |
| Financial investments held-to-maturity             | <b>7,629,233</b>              | 5,229,617                     | <b>7,073,857</b>              | 5,230,399                     |
| Loans, advances and financing                      | <b>174,804,286</b>            | 153,982,980                   | <b>142,255,685</b>            | 125,062,183                   |
| Other assets                                       | <b>2,008,254</b>              | 1,995,880                     | <b>1,913,726</b>              | 1,703,642                     |
| Statutory deposits with Central Banks              | <b>5,597,801</b>              | 1,612,575                     | <b>4,496,365</b>              | 1,106,330                     |
| Deferred tax assets                                | <b>46,093</b>                 | 519,215                       | -                             | 416,470                       |
| Investment in subsidiary companies                 | -                             | -                             | <b>4,088,581</b>              | 3,888,581                     |
| Investment in associated companies                 | <b>155,997</b>                | 118,624                       | <b>121,325</b>                | 101,325                       |
| Investment properties                              | <b>70,754</b>                 | 65,552                        | -                             | -                             |
| Property and equipment                             | <b>1,341,940</b>              | 1,278,319                     | <b>657,124</b>                | 617,544                       |
| Intangible assets                                  | <b>1,965,476</b>              | 1,930,372                     | <b>695,393</b>                | 695,393                       |
| <b>TOTAL ASSETS</b>                                | <b>249,410,982</b>            | 226,328,976                   | <b>205,433,044</b>            | 186,409,862                   |
| <b>LIABILITIES</b>                                 |                               |                               |                               |                               |
| Deposits from customers                            | <b>200,370,525</b>            | 176,872,119                   | <b>159,384,439</b>            | 140,789,266                   |
| Deposits from banks                                | <b>15,806,732</b>             | 21,327,476                    | <b>16,717,349</b>             | 21,069,781                    |
| Bills and acceptances payable                      | <b>2,095,335</b>              | 2,308,836                     | <b>2,095,076</b>              | 2,450,006                     |
| Recourse obligations on loans sold to<br>Cagamas   | <b>11,789</b>                 | 16,319                        | <b>11,789</b>                 | 16,319                        |
| Derivative financial liabilities                   | <b>236,724</b>                | 375,529                       | <b>190,325</b>                | 340,995                       |
| Debt securities issued and other<br>borrowed funds | <b>11,317,833</b>             | 8,094,880                     | <b>10,422,749</b>             | 7,196,528                     |
| Other liabilities                                  | <b>3,467,535</b>              | 2,839,874                     | <b>2,368,327</b>              | 1,675,651                     |
| Provision for tax expense and zakat                | <b>488,178</b>                | 800,464                       | <b>281,354</b>                | 568,565                       |
| Deferred tax liabilities                           | <b>55,625</b>                 | 8,391                         | <b>51,708</b>                 | -                             |
| <b>TOTAL LIABILITIES</b>                           | <b>233,850,276</b>            | 212,643,888                   | <b>191,523,116</b>            | 174,107,111                   |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.*

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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>EQUITY</b>  |                               |                               |                               |                               |
| Share capital  | 3,531,926                     | 3,531,926                     | 3,531,926                     | 3,531,926                     |
| Reserves   | 11,546,868                    | 9,716,277                     | 10,593,574                    | 8,986,128                     |
| Treasury shares  | (215,572)                     | (215,303)                     | (215,572)                     | (215,303)                     |
| <b>Equity attributable to equity holders of the Bank</b>                             | <b>14,863,222</b>             | 13,032,900                    | <b>13,909,928</b>             | 12,302,751                    |
| Non-controlling interests  | 697,484                       | 652,188                       | -                             | -                             |
| <b>TOTAL EQUITY</b>  | <b>15,560,706</b>             | 13,685,088                    | <b>13,909,928</b>             | 12,302,751                    |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>249,410,982</b>            | 226,328,976                   | <b>205,433,044</b>            | 186,409,862                   |
| <b>COMMITMENTS AND CONTINGENCIES</b>   | <b>70,847,182</b>             | 69,205,908                    | <b>66,266,801</b>             | 64,532,682                    |
| <b>CAPITAL ADEQUACY</b>  |                               |                               |                               |                               |
| <b><u>Before deducting second interim dividends</u></b>                              |                               |                               |                               |                               |
| Tier I Capital Ratio   | 10.7%                         | 10.7%                         | 12.9%                         | 13.2%                         |
| Risk-Weighted Capital Ratio  | 15.9%                         | 14.4%                         | 15.9%                         | 14.1%                         |
| <b><u>After deducting second interim dividends</u></b>                               |                               |                               |                               |                               |
| Tier I Capital Ratio   | 10.1%                         | 10.0%                         | 12.1%                         | 12.4%                         |
| Risk-Weighted Capital Ratio  | 15.3%                         | 13.7%                         | 15.2%                         | 13.3%                         |
| <b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b> | <b>4.24</b>                   | 3.72                          | <b>3.97</b>                   | 3.51                          |

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED INCOME STATEMENTS**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

| <b>Group</b>  | <b>4th Quarter Ended</b>               |  | <b>Financial Year Ended</b>            |  |
|---|--|--|--|--|
|   | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Operating revenue   | <b>3,321,633</b>                       | 2,971,194                              | <b>12,756,360</b>                      | 11,035,597                             |
| Interest income   | <b>2,463,869</b>                       | 2,200,542                              | <b>9,413,030</b>                       | 8,113,531                              |
| Interest expense  | <b>(1,192,751)</b>                     | (998,776)                              | <b>(4,438,099)</b>                     | (3,516,111)                            |
| Net interest income   | <b>1,271,118</b>                       | 1,201,766                              | <b>4,974,931</b>                       | 4,597,420                              |
| Net income from Islamic banking business                                    | <b>211,904</b>                         | 202,724                                | <b>868,342</b>                         | 781,288                                |
|   | <b>1,483,022</b>                       | 1,404,490                              | <b>5,843,273</b>                       | 5,378,708                              |
| Net fee and commission income   | <b>271,303</b>                         | 290,677                                | <b>1,118,909</b>                       | 1,031,770                              |
| Net gains and losses on financial instruments                               | <b>44,487</b>                          | 27,815                                 | <b>166,154</b>                         | 129,745                                |
| Other operating income  | <b>83,226</b>                          | 72,569                                 | <b>280,234</b>                         | 298,277                                |
| Net income  | <b>1,882,038</b>                       | 1,795,551                              | <b>7,408,570</b>                       | 6,838,500                              |
| Other operating expenses  | <b>(561,473)</b>                       | (525,812)                              | <b>(2,208,684)</b>                     | (2,100,235)                            |
| Operating profit  | <b>1,320,565</b>                       | 1,269,739                              | <b>5,199,886</b>                       | 4,738,265                              |
| Allowance for impairment on loans, advances and financing                   | <b>(154,645)</b>                       | (142,831)                              | <b>(594,061)</b>                       | (659,566)                              |
| Writeback of impairment / (Impairment) on other assets                      | <b>563</b>                             | (1,229)                                | <b>1,598</b>                           | (5,188)                                |
|   | <b>1,166,483</b>                       | 1,125,679                              | <b>4,607,423</b>                       | 4,073,511                              |
| Share of (loss) / profit after tax of equity accounted associated companies | <b>(3,216)</b>                         | 4,585                                  | <b>3,210</b>                           | 12,686                                 |
| Profit before tax expense and zakat   | <b>1,163,267</b>                       | 1,130,264                              | <b>4,610,633</b>                       | 4,086,197                              |
| Tax expense and zakat   | <b>(277,213)</b>                       | (270,169)                              | <b>(1,086,609)</b>                     | (987,120)                              |
| Profit for the period / year  | <b>886,054</b>                         | 860,095                                | <b>3,524,024</b>                       | 3,099,077                              |
| Profit for the period / year attributable to :                              |  |  |  |  |
| - Equity holders of the Bank  | <b>876,987</b>                         | 846,188                                | <b>3,483,810</b>                       | 3,048,224                              |
| - Non-controlling interests   | <b>9,067</b>                           | 13,907                                 | <b>40,214</b>                          | 50,853                                 |
|   | <b>886,054</b>                         | 860,095                                | <b>3,524,024</b>                       | 3,099,077                              |
| Earnings per RM1.00 share:  |  |  |  |  |
| - basic / diluted (sen)   | <b>25.0</b>                            | 24.2                                   | <b>99.5</b>                            | 87.2                                   |

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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

| <u>Group</u>   | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Profit for the period / year   | <u>886,054</u>                | 860,095                       | <u>3,524,024</u>              | 3,099,077                     |
| Other comprehensive income / (loss):   |                               |                               |                               |                               |
| Currency translation differences in respect of foreign operations            | (9,463)                       | (9,839)                       | 124,934                       | (386,680)                     |
| Currency translation differences in respect of net investment hedge          | 13,656                        | 3,226                         | (90,853)                      | 292,272                       |
| Net gain / (loss) on revaluation of financial investments available-for-sale | 21,823                        | 26,109                        | (27,479)                      | 53,931                        |
| Net change in cash flow hedges   | (667)                         | (360)                         | (3,445)                       | (4,361)                       |
| Income tax relating to components of other comprehensive (income) / loss     | <u>(3,971)</u>                | <u>(8,193)</u>                | <u>5,166</u>                  | <u>(11,795)</u>               |
| Other comprehensive income / (loss) for the period / year, net of tax        | <u>21,378</u>                 | 10,943                        | <u>8,323</u>                  | <u>(56,633)</u>               |
| Total comprehensive income for the period / year                             | <u><u>907,432</u></u>         | <u><u>871,038</u></u>         | <u><u>3,532,347</u></u>       | <u><u>3,042,444</u></u>       |
| Total comprehensive income / (loss) for the period / year attributable to:   |                               |                               |                               |                               |
| - Equity holders of the Bank   | 899,777                       | 859,581                       | 3,467,837                     | 3,065,105                     |
| - Non-controlling interests  | <u>7,655</u>                  | <u>11,457</u>                 | <u>64,510</u>                 | <u>(22,661)</u>               |
|  | <u><u>907,432</u></u>         | <u><u>871,038</u></u>         | <u><u>3,532,347</u></u>       | <u><u>3,042,444</u></u>       |

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**AUDITED INCOME STATEMENTS**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

| <b><u>Bank</u></b>   | <b>4th Quarter Ended</b>               |  | <b>Financial Year Ended</b>            |  |
|--|--|--|--|--|
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Operating revenue  | <b>2,488,384</b>                       | 2,218,250                              | <b>9,436,092</b>                       | 8,165,635                              |
| Interest income  | <b>2,230,764</b>                       | 1,968,188                              | <b>8,529,106</b>                       | 7,145,714                              |
| Interest expense   | <b>(1,134,910)</b>                     | (936,593)                              | <b>(4,237,383)</b>                     | (3,256,730)                            |
| Net interest income  | <b>1,095,854</b>                       | 1,031,595                              | <b>4,291,723</b>                       | 3,888,984                              |
| Net fee and commission income                                | <b>117,480</b>                         | 131,300                                | <b>450,004</b>                         | 411,589                                |
| Net gains and losses on financial<br>instruments             | <b>44,451</b>                          | 27,620                                 | <b>167,482</b>                         | 137,372                                |
| Other operating income                                       | <b>260,834</b>                         | 244,925                                | <b>967,768</b>                         | 1,054,567                              |
| Net income   | <b>1,518,619</b>                       | 1,435,440                              | <b>5,876,977</b>                       | 5,492,512                              |
| Other operating expenses                                     | <b>(381,344)</b>                       | (349,484)                              | <b>(1,509,815)</b>                     | (1,420,637)                            |
| Operating profit   | <b>1,137,275</b>                       | 1,085,956                              | <b>4,367,162</b>                       | 4,071,875                              |
| Allowance for impairment on loans,<br>advances and financing | <b>(80,108)</b>                        | (84,848)                               | <b>(283,497)</b>                       | (383,940)                              |
| (Impairment) / Writeback of impairment<br>on other assets    | <b>(504)</b>                           | (6,391)                                | <b>1,616</b>                           | (10,278)                               |
| Profit before tax expense and zakat                          | <b>1,056,663</b>                       | 994,717                                | <b>4,085,281</b>                       | 3,677,657                              |
| Tax expense and zakat  | <b>(219,243)</b>                       | (195,474)                              | <b>(816,525)</b>                       | (746,096)                              |
| Profit for the period / year                                 | <b>837,420</b>                         | 799,243                                | <b>3,268,756</b>                       | 2,931,561                              |

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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011**

| <b><u>Bank</u></b>  | <b>4th Quarter Ended</b>               |  | <b>Financial Year Ended</b>            |  |
|---|--|--|--|--|
|   | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Profit for the period / year  | <b>837,420</b>                         | 799,243                                | <b>3,268,756</b>                       | 2,931,561                              |
| Other comprehensive income / (loss):  |  |  |  |  |
| Net gain / (loss) on revaluation of<br>financial investments available-for-sale | <b>10,940</b>                          | 15,491                                 | <b>(28,640)</b>                        | 37,617                                 |
| Net change in cash flow hedges  | <b>(667)</b>                           | (360)                                  | <b>(3,445)</b>                         | (4,361)                                |
| Income tax relating to components of<br>other comprehensive (income) / loss     | <b>(2,568)</b>                         | (3,783)                                | <b>8,021</b>                           | (8,314)                                |
| Other comprehensive income / (loss)<br>for the period / year, net of tax        | <b>7,705</b>                           | 11,348                                 | <b>(24,064)</b>                        | 24,942                                 |
| Total comprehensive income for<br>the period / year                             | <b>845,125</b>                         | 810,591                                | <b>3,244,692</b>                       | 2,956,503                              |

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

<----- Attributable to Equity Holders of the Bank ----->

| <b>Group</b>  | Non-distributable          |                            |  | Distributable                                    |          | Treasury<br>Shares<br>RM'000 | Total<br>Shareholders'<br>Equity<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|----------------------------|----------------------------|--|--|----------|------------------------------|--|--|---------------------------|
|   | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | <u>Reserves</u><br>Other<br>Reserves<br>RM'000 | <u>Reserves</u><br>Retained<br>Profits<br>RM'000 | Reserves |                              |  |  |                           |
| <b>At 1 January 2011</b>  | <b>3,531,926</b>           | <b>1,073,310</b>           | <b>3,888,562</b>                               | <b>4,754,405</b>                                 |          | <b>(215,303)</b>             | <b>13,032,900</b>                          | <b>652,188</b>                             | <b>13,685,088</b>         |
| Profit for the year   | -                          | -                          | -  | 3,483,810  |          | -                            | 3,483,810                                  | 40,214                                     | 3,524,024                 |
| Currency translation differences in respect of foreign operations   | -                          | -                          | 100,638  | -  |          | -                            | 100,638                                    | 24,296                                     | 124,934                   |
| Currency translation differences in respect of net investment hedge | -                          | -                          | (90,853)                                       | -  |          | -                            | (90,853)                                   | -  | (90,853)                  |
| Net loss on revaluation of financial investments available-for-sale | -                          | -                          | (27,479)                                       | -  |          | -                            | (27,479)                                   | -  | (27,479)                  |
| Net change in cash flow hedges                                      | -                          | -                          | (3,445)  | -  |          | -                            | (3,445)                                    | -  | (3,445)                   |
| Income tax relating to component of other comprehensive loss        | -                          | -                          | 5,166  | -  |          | -                            | 5,166                                      | -  | 5,166                     |
| Total comprehensive (loss) / income for the year                    | -                          | -                          | (15,973)                                       | 3,483,810  |          | -                            | 3,467,837                                  | 64,510                                     | 3,532,347                 |
| Transactions with owners:   |                            |                            |  |  |          |                              |  |  |                           |
| Buy-back of shares  | -                          | -                          | -  | -  |          | (269)                        | (269)                                      | -  | (269)                     |
| Transfer to statutory reserves                                      | -                          | -                          | 29,895   | (29,895)   |          | -                            | -  | -  | -                         |
| Transfer to regulatory reserves                                     | -                          | -                          | 25,784   | (25,784)   |          | -                            | -  | -  | -                         |
| Transfer to general reserves  | -                          | -                          | 127,746  | (127,746)  |          | -                            | -  | -  | -                         |
| Dividends paid  | -                          | -                          | -  | (1,637,246)                                      |          | -                            | (1,637,246)                                | (19,214)                                   | (1,656,460)               |
| <b>At 31 December 2011</b>  | <b>3,531,926</b>           | <b>1,073,310</b>           | <b>4,056,014</b>                               | <b>6,417,544</b>                                 |          | <b>(215,572)</b>             | <b>14,863,222</b>                          | <b>697,484</b>                             | <b>15,560,706</b>         |

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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

<----- Attributable to Equity Holders of the Bank ----->

| <u>Group</u>   | Non-distributable          |                            | Distributable                                  |  | Treasury<br>Shares<br>RM'000 | Total<br>Shareholders'<br>Equity<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|--|----------------------------|----------------------------|--|--|------------------------------|--|--|---------------------------|
|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | <u>Reserves</u><br>Other<br>Reserves<br>RM'000 | <u>Reserves</u><br>Retained<br>Profits<br>RM'000 |                              |  |  |                           |
| At 1 January 2010  | 3,531,926                  | 1,439,885                  | 3,787,271                                      | 3,094,387  | (581,638)                    | 11,271,831                                 | 699,287                                    | 11,971,118                |
| Profit for the year  | -                          | -                          | -  | 3,048,224  | -                            | 3,048,224                                  | 50,853                                     | 3,099,077                 |
| Currency translation differences in<br>respect of foreign operations   | -                          | -                          | (313,166)                                      | -  | -                            | (313,166)                                  | (73,514)                                   | (386,680)                 |
| Currency translation differences in<br>respect of net investment hedge | -                          | -                          | 292,272  | -  | -                            | 292,272                                    | -  | 292,272                   |
| Net gain on revaluation of financial<br>investments available-for-sale | -                          | -                          | 53,931   | -  | -                            | 53,931                                     | -  | 53,931                    |
| Net change in cash flow hedges   | -                          | -                          | (4,361)  | -  | -                            | (4,361)                                    | -  | (4,361)                   |
| Income tax relating to component of<br>other comprehensive income      | -                          | -                          | (11,795)                                       | -  | -                            | (11,795)                                   | -  | (11,795)                  |
| Total comprehensive income / (loss)<br>for the year                    | -                          | -                          | 16,881   | 3,048,224  | -                            | 3,065,105                                  | (22,661)                                   | 3,042,444                 |
| Transactions with owners:  |                            |                            |  |  |                              |  |  |                           |
| Buy-back of shares   | -                          | -                          | -  | -  | (240)                        | (240)                                      | -  | (240)                     |
| Transfer to statutory reserves   | -                          | -                          | 68,189   | (68,189)   | -                            | -  | -  | -                         |
| Transfer to regulatory reserves  | -                          | -                          | 16,221   | (16,221)   | -                            | -  | -  | -                         |
| Dividends paid   | -                          | -                          | -  | (1,303,796)                                      | -                            | (1,303,796)                                | (24,438)                                   | (1,328,234)               |
| Share dividends  | -                          | (366,575)                  | -  | -  | 366,575                      | -  | -  | -                         |
| At 31 December 2010  | <u>3,531,926</u>           | <u>1,073,310</u>           | <u>3,888,562</u>                               | <u>4,754,405</u>                                 | <u>(215,303)</u>             | <u>13,032,900</u>                          | <u>652,188</u>                             | <u>13,685,088</u>         |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.*

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<----- Attributable to Equity Holders of the Bank ----->

| <u>Bank</u>  | Non-distributable          |                            | Distributable                                  |  | Treasury<br>Shares<br>RM'000 | Total<br>RM'000   |
|--|----------------------------|----------------------------|--|--|------------------------------|-------------------|
|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | <u>Reserves</u><br>Other<br>Reserves<br>RM'000 | <u>Reserves</u><br>Retained<br>Profits<br>RM'000 |                              |                   |
| <b>At 1 January 2011</b>   | <b>3,531,926</b>           | <b>1,073,310</b>           | <b>3,538,614</b>                               | <b>4,374,204</b>                                 | <b>(215,303)</b>             | <b>12,302,751</b> |
| Profit for the year  | -                          | -                          | -  | 3,268,756  | -                            | 3,268,756         |
| Net loss on revaluation of financial<br>investments available-for-sale | -                          | -                          | (28,640)                                       | -  | -                            | (28,640)          |
| Net change in cash flow hedges   | -                          | -                          | (3,445)  | -  | -                            | (3,445)           |
| Income tax relating to component of<br>other comprehensive loss        | -                          | -                          | 8,021  | -  | -                            | 8,021             |
| Total comprehensive (loss) / income<br>for the year                    | -                          | -                          | (24,064)                                       | 3,268,756  | -                            | 3,244,692         |
| Transactions with owners:  |                            |                            |  |  |                              |                   |
| Buy-back of shares   | -                          | -                          | -  | -  | (269)                        | (269)             |
| Transfer to general reserves   | -                          | -                          | 756  | (756)  | -                            | -                 |
| Dividends paid   | -                          | -                          | -  | (1,637,246)                                      | -                            | (1,637,246)       |
| <b>At 31 December 2011</b>   | <b>3,531,926</b>           | <b>1,073,310</b>           | <b>3,515,306</b>                               | <b>6,004,958</b>                                 | <b>(215,572)</b>             | <b>13,909,928</b> |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.*

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<----- Attributable to Equity Holders of the Bank ----->

| <b>Bank</b>  | Non-distributable                        |  |  | Distributable  |  | <b>Total</b><br>RM'000 |
|--|--|--|--|--|--|------------------------|
|  | <b>Share</b><br><b>Capital</b><br>RM'000 | <b>Share</b><br><b>Premium</b><br>RM'000 | <b>Reserves</b><br><b>Other</b><br><b>Reserves</b><br>RM'000 | <b>Reserves</b><br><b>Retained</b><br><b>Profits</b><br>RM'000 | <b>Treasury</b><br><b>Shares</b><br>RM'000 |                        |
| At 1 January 2010  | 3,531,926                                | 1,439,885                                | 3,513,672  | 2,746,439  | (581,638)                                  | 10,650,284             |
| Profit for the year  | -  | -  | -  | 2,931,561  | -  | 2,931,561              |
| Net gain on revaluation of financial<br>investments available-for-sale | -  | -  | 37,617   | -  | -  | 37,617                 |
| Net change in cash flow hedges   | -  | -  | (4,361)  | -  | -  | (4,361)                |
| Income tax relating to component of<br>other comprehensive income      | -  | -  | (8,314)  | -  | -  | (8,314)                |
| Total comprehensive income<br>for the year                             | -  | -  | 24,942   | 2,931,561  | -  | 2,956,503              |
| Transactions with owners:  |  |  |  |  |  |                        |
| Buy-back of shares   | -  | -  | -  | -  | (240)                                      | (240)                  |
| Dividends paid   | -  | -  | -  | (1,303,796)  | -  | (1,303,796)            |
| Share dividends  | -  | (366,575)                                | -  | -  | 366,575                                    | -                      |
| At 31 December 2010  | <u>3,531,926</u>                         | <u>1,073,310</u>                         | <u>3,538,614</u>   | <u>4,374,204</u>   | <u>(215,303)</u>                           | <u>12,302,751</u>      |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.*

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**AUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

|   | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|---|--|--|--|--|
|   | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| <b>Cash Flows from Operating Activities</b>                           |  |  |  |  |
| Profit before tax expense and zakat                                   | <b>4,610,633</b>                       | 4,086,197                              | <b>4,085,281</b>                       | 3,677,657                              |
| Adjustments for non-cash items:                                       |  |  |  |  |
| Share of profit after tax of equity accounted<br>associated companies | <b>(3,210)</b>                         | (12,686)                               | -                                      | -                                      |
| Allowance for impaired loans and financing                            | <b>823,661</b>                         | 833,404                                | <b>441,716</b>                         | 485,062                                |
| Depreciation of property and equipment                                | <b>145,947</b>                         | 145,628                                | <b>113,471</b>                         | 107,847                                |
| Net gain on financial instruments                                     | <b>(9,378)</b>                         | (9,490)                                | <b>(16,125)</b>                        | (23,990)                               |
| Dividends received  | <b>(147,823)</b>                       | (113,634)                              | <b>(877,228)</b>                       | (749,874)                              |
| Transfer (from) / to profit equalisation reserve                      | <b>(33,436)</b>                        | 21,560                                 | -                                      | -                                      |
| Impairment (written back) / losses                                    | <b>(1,598)</b>                         | 5,188                                  | <b>(1,616)</b>                         | 10,278                                 |
| Other non-cash items  | <b>(14,467)</b>                        | (8,020)                                | <b>(11,872)</b>                        | (2,132)                                |
| Operating profit before working capital changes                       | <b>5,370,329</b>                       | 4,948,147                              | <b>3,733,627</b>                       | 3,504,848                              |
| Changes in working capital:   |  |  |  |  |
| Increase in operating assets  | <b>(38,344,762)</b>                    | (16,993,633)                           | <b>(34,201,083)</b>                    | (15,608,770)                           |
| Increase in operating liabilities                                     | <b>18,192,213</b>                      | 7,178,796                              | <b>14,492,281</b>                      | 7,686,152                              |
| Tax expense and zakat paid  | <b>(873,461)</b>                       | (748,164)                              | <b>(627,537)</b>                       | (564,623)                              |
| Net cash used in operating activities                                 | <b>(15,655,681)</b>                    | (5,614,854)                            | <b>(16,602,712)</b>                    | (4,982,393)                            |
| <b>Cash Flows from Investing Activities</b>                           |  |  |  |  |
| Purchase of property and equipment                                    | <b>(199,894)</b>                       | (128,040)                              | <b>(154,241)</b>                       | (75,806)                               |
| Proceeds from disposal of properties                                  | <b>28,539</b>                          | 34,072                                 | <b>28,256</b>                          | 31,004                                 |
| Net purchase of financial investments                                 | <b>(1,267,690)</b>                     | (4,238,340)                            | <b>(1,870,140)</b>                     | (1,358,972)                            |
| Additional investment in a associated company                         | <b>(40,000)</b>                        | -                                      | <b>(20,000)</b>                        | -                                      |
| Additional investment in a subsidiary company                         | -                                      | -                                      | <b>(200,000)</b>                       | (200,000)                              |
| Dividends received  | <b>157,453</b>                         | 122,568                                | <b>879,465</b>                         | 713,206                                |
| Net cash used in<br>investing activities                              | <b>(1,321,592)</b>                     | (4,209,740)                            | <b>(1,336,660)</b>                     | (890,568)                              |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.*

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**AUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

|  | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|--|--|--|--|--|
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| <b>Cash Flows from Financing Activities</b>                    |  |  |  |  |
| Dividends paid   | <b>(1,656,460)</b>                     | (1,328,234)                            | <b>(1,637,246)</b>                     | (1,303,796)                            |
| Buy-back of shares   | <b>(269)</b>                           | (240)                                  | <b>(269)</b>                           | (240)                                  |
| (Repayment) / drawdown of borrowings                           | <b>(3,268)</b>                         | 245,251                                | -                                      | -                                      |
| Net proceeds from issuance of debt securities                  | <b>2,997,000</b>                       | -                                      | <b>2,997,000</b>                       | -                                      |
| Net cash generated from / (used in)<br>financing activities    | <b>1,337,003</b>                       | (1,083,223)                            | <b>1,359,485</b>                       | (1,304,036)                            |
| Net change in cash and cash equivalents                        | <b>(15,640,270)</b>                    | (10,907,817)                           | <b>(16,579,887)</b>                    | (7,176,997)                            |
| Cash and cash equivalents at<br>beginning of the year          | <b>32,082,569</b>                      | 43,480,452                             | <b>24,691,629</b>                      | 31,868,626                             |
| Exchange differences on translation<br>of opening balances     | <b>128,380</b>                         | (490,066)                              | -                                      | -                                      |
| Cash and cash equivalents<br>at end of the year (Note)         | <b>16,570,679</b>                      | 32,082,569                             | <b>8,111,742</b>                       | 24,691,629                             |
| Note:  |  |  |  |  |
| Cash and balances with banks                                   | <b>18,633,783</b>                      | 34,690,439                             | <b>10,508,349</b>                      | 27,172,447                             |
| Less: Balances with banks with maturity<br>more than one month | <b>(2,063,104)</b>                     | (2,607,870)                            | <b>(2,396,607)</b>                     | (2,480,818)                            |
| Cash and cash equivalents<br>at end of the year                | <b>16,570,679</b>                      | 32,082,569                             | <b>8,111,742</b>                       | 24,691,629                             |

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2010.*

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**Part A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Banking Institutions Issued by Bank Negara Malaysia**

**A1. Basis of Preparation**

The audited interim financial statements for the 4th quarter and financial year ended 31 December 2011 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

The audited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2010.

The audited interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied in the audited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSS, IC Interpretations and Technical Release ("TR"):

|   |  |
|---|--|
| FRS 1   | First-time Adoption of Financial Reporting Standards   |
| FRS 3   | Business Combinations  |
| FRS 127   | Consolidated and Separate Financial Statements   |
| IC Interpretation 4   | Determining Whether an Arrangement contains a Lease  |
| IC Interpretation 12  | Service Concession Arrangements  |
| Amendments to FRS 1   | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters |
| Amendments to FRS 2   | Share-based Payment  |
| Amendments to FRS 5   | Non-current Assets Held for Sale and Discontinued Operations   |
| Amendments to FRS 7   | Improving Disclosures about Financial Instruments  |
| Amendments to FRS 132   | Financial Instruments: Presentation - Classification of Rights Issues  |
| Amendments to FRS 138   | Intangible Assets  |
| Amendments to IC Interpretation 9   | Reassessment of Embedded Derivatives   |
| Amendments to FRSS contained in the document entitled "Improvements to FRSS (2010)" |  |
| TR i-4  | Shariah Compliant Sale Contracts   |

The adoption of the revised FRS 3 and FRS 127, will only have financial impact on future acquisition of the Group and the Bank as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements with prospective effect. The main change introduced under the revised FRS 127 is the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is remeasured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

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**A1. Basis of Preparation** (Continued)

Under the revised FRS 3, all acquisition-related costs are recognised as an expense in the income statement in the period in which they are incurred. All considerations transferred, including contingent considerations, are measured at fair value as at the acquisition date. Any equity interests held prior to the date control is obtained is remeasured at fair value, with the resulting gains or losses recognised in the income statement. There is now an option on a case to case basis to measure non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the net identifiable assets of the assets acquired. Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interests in the acquiree and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group and the Bank. The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and Technical Release above did not have any material impact on the financial results of the Group and the Bank, as they mainly deal with accounting policies affecting transactions which do not form part of the Group's and the Bank's normal business operations or transactions where the Group or the Bank only has minimal exposure.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective:

Effective for annual periods commencing on or after 1 July 2011:

IC Interpretation 19            Extinguishing Financial Liabilities with Equity Instruments

Effective for annual periods commencing on or after 1 January 2012:

FRS 124                        Related Party Disclosures  
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to FRS 1)  
Disclosures - Transfers of Financial Assets (Amendments to FRS 7)  
Deferred tax: Recovery of Underlying Assets (Amendments to FRS 112)

Effective for annual periods commencing on or after 1 July 2012:

Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)

Effective for annual periods commencing on or after 1 January 2013

|                      |  |
|----------------------|--|
| FRS 9                | Financial Instruments (IFRS 9 issued by IASB in November 2009)             |
| FRS 9                | Financial Instruments (IFRS 9 issued by IASB in October 2010)              |
| FRS 10               | Consolidated Financial Statements  |
| FRS 11               | Joint Arrangements   |
| FRS 12               | Disclosure of Interests in Other Entities                                  |
| FRS 13               | Fair Value Measurement   |
| FRS 119              | Employee Benefits (as amended in November 2011)                            |
| FRS 127              | Separate Financial Statements (as amended in November 2011)                |
| FRS 128              | Investments in Associates and Joint Ventures (as amended in November 2011) |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine                  |

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**A1. Basis of Preparation** (Continued)

The Group and the Bank have decided to early adopt FRS 124 and the Amendments to FRS 112. The adoption of FRS 124 will only affect disclosures in the financial statements and will not have any impact on the financial results of the Group and the Bank. The Amendments to FRS 112 addresses the measurement approach for deferred tax assets and liabilities in respect of investment properties which are measured using the fair value approach. The adoption of this amendment to FRS 112 did not have any financial impact on the Group and the Bank.

**Convergence of the FRSs with the International Financial Reporting Standards**

On 19 November 2011, the MASB issued the new Malaysian Financial Reporting Standards ("MFRS") framework, consisting of accounting standards which are in line with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). This MFRS framework is effective for annual periods beginning on or after 1 January 2012. As at 31 December 2011, all the FRSs issued under the existing FRS framework are the same as the MFRSs issued under the MFRS framework, except for differences in relation to the transitional provisions as well as differences in effective dates contained in certain of the existing FRSs.

Upon the adoption of the MFRS framework, the financial statements of the Group and the Bank will be equivalent to the financial statements prepared by other jurisdictions which adopt IFRSs.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2010 was not qualified.

**A3. Comments about Seasonal or Cyclical Factors**

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and financial year ended 31 December 2011.

**A4. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 4th quarter and financial year ended 31 December 2011.

**A5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 4th quarter and financial year ended 31 December 2011.

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**A6. Debt and Equity Securities**

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

**a) Share Buy-back**

On 14 March 2011, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year ended 31 December 2011, the Bank bought back from the open market, 20,000 PBB Shares listed and quoted as "Local" on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM13.40 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year ended 31 December 2011, including transaction costs, was RM268,951 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2011, the total shares bought back, all of which are held as treasury shares, amounted to 29,800,704 PBB Shares. None of the treasury shares held were resold or cancelled during the financial year ended 31 December 2011.

**b) Subordinated Notes**

On 3 August 2011, the Bank issued the fifth tranche of Subordinated Notes ("The Notes") of RM3.0 billion in aggregate principal due on 3 August 2022 and callable on 3 August 2017 under its Subordinated Medium Term Note Programme for issuance of up to RM5.0 billion in nominal value. The Notes bear interest at 4.28% per annum from (and including) 3 August 2011 up to (but excluding) the date of early redemption in full of such Notes or the maturity date (whichever is earlier). The coupon rate shall remain unchanged throughout the tenure of the Notes. The Notes were issued at par.

**A7. Dividends Paid and Distributed**

During the financial year ended 31 December 2011, the second interim franked dividend of 25% less 25% tax and the single tier cash dividend of 8% in respect of the financial year ended 31 December 2010, amounting to RM936,821,025 was paid on 23 February 2011.

A first interim single tier dividend of 20% in respect of the financial year ended 31 December 2011, amounting to RM700,425,026 was paid on 17 August 2011.

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**A8. Financial Assets Held-for-trading**

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>At fair value</b>                             |                               |                               |                               |                               |
| <b>Government securities and treasury bills:</b> |                               |                               |                               |                               |
| Malaysian Government Securities                  | 350,463                       | 75,734                        | 350,463                       | 75,734                        |
| Malaysian Government Investment<br>Certificates  | 334,009                       | -                             | 334,009                       | -                             |
| Bank Negara Malaysia Monetary<br>Notes           | 226,552                       | 412,508                       | 226,552                       | 412,508                       |
| Bank Negara Malaysia Bills                       | -                             | 99,803                        | -                             | -                             |
|  | <u>911,024</u>                | <u>588,045</u>                | <u>911,024</u>                | <u>488,242</u>                |
| <b>Money market instruments:</b>                 |                               |                               |                               |                               |
| Negotiable instruments of deposit                | <u>9,445,212</u>              | <u>5,622,472</u>              | <u>9,494,719</u>              | <u>5,323,626</u>              |
| <b>Non-money market instruments:</b>             |                               |                               |                               |                               |
| Equity securities:                               |                               |                               |                               |                               |
| - Quoted shares in Malaysia                      | 808                           | 868                           | 808                           | 868                           |
| Debt securities:                                 |                               |                               |                               |                               |
| - Cagamas bonds                                  | -                             | 15,134                        | -                             | -                             |
| - Unquoted private debt securities               | 299,781                       | 134,101                       | -                             | -                             |
|  | <u>300,589</u>                | <u>150,103</u>                | <u>808</u>                    | <u>868</u>                    |
| Total financial assets held-for-trading          | <u>10,656,825</u>             | <u>6,360,620</u>              | <u>10,406,551</u>             | <u>5,812,736</u>              |

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**A9. Financial Investments Available-for-sale**

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>At fair value</b>  |                               |                               |                               |                               |
| <b>Government securities and treasury bills:</b>                |                               |                               |                               |                               |
| Malaysian Government Treasury Bills                             | 194,678                       | -                             | 194,678                       | -                             |
| Malaysian Government Securities                                 | 500,182                       | 2,115,849                     | 500,182                       | 2,105,763                     |
| Malaysian Government Investment<br>Certificates                 | 501,137                       | 2,002,864                     | 87,828                        | 1,199,611                     |
| Bank Negara Malaysia Monetary<br>Notes                          | 8,480,813                     | 5,485,605                     | 7,492,295                     | 4,568,078                     |
| Bank Negara Malaysia Bills                                      | -                             | 1,063,115                     | -                             | -                             |
|   | <u>9,676,810</u>              | <u>10,667,433</u>             | <u>8,274,983</u>              | <u>7,873,452</u>              |
| <b>Money market instruments:</b>                                |                               |                               |                               |                               |
| Negotiable instruments of deposit                               | -                             | -                             | -                             | 272,599                       |
| <b>Non-money market instruments:</b>                            |                               |                               |                               |                               |
| Equity securities:  |                               |                               |                               |                               |
| - Quoted shares and convertible loan stocks<br>in Malaysia      | 37,069                        | 37,212                        | 37,069                        | 34,947                        |
| - Quoted shares and convertible loan stocks<br>outside Malaysia | 7,718                         | 8,674                         | -                             | -                             |
| - Unquoted shares   | 108,836                       | 108,193                       | 104,972                       | 104,479                       |
| Debt securities:  |                               |                               |                               |                               |
| - Unquoted private debt securities                              | 2,072,214                     | 2,358,606                     | 1,591,926                     | 1,833,351                     |
| Unit trust funds:   |                               |                               |                               |                               |
| - Public Institutional Bond Fund                                | 1,668,672                     | 1,609,313                     | 1,559,770                     | 1,505,140                     |
| - Others  | 3,148,114                     | 3,062,853                     | 2,719,221                     | 2,645,511                     |
|   | <u>7,042,623</u>              | <u>7,184,851</u>              | <u>6,012,958</u>              | <u>6,123,428</u>              |
| Total financial investments available-for-sale                  | <u>16,719,433</u>             | <u>17,852,284</u>             | <u>14,287,941</u>             | <u>14,269,479</u>             |

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**A10. Financial Investments Held-to-maturity**

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>At amortised cost</b>                           |                               |                               |                               |                               |
| <b>Government securities and treasury bills:</b>   |                               |                               |                               |                               |
| Malaysian Government Treasury Bills                | 9,896                         | 3,654                         | 9,896                         | 3,654                         |
| Malaysian Government Securities                    | 1,355,119                     | 1,933,735                     | 1,254,175                     | 1,772,055                     |
| Malaysian Government Investment<br>Certificates    | 702,108                       | 549,330                       | 702,108                       | 549,330                       |
| Foreign Government Treasury Bills                  | 707,336                       | 515,429                       | 98,562                        | 80,010                        |
|  | <u>2,774,459</u>              | <u>3,002,148</u>              | <u>2,064,741</u>              | <u>2,405,049</u>              |
| <b>Money market instruments:</b>                   |                               |                               |                               |                               |
| Negotiable instruments of deposit                  | 1,281,183                     | 1,010,727                     | 2,309,611                     | 2,689,862                     |
| Bankers' acceptances and Islamic accepted<br>bills | 3,011,092                     | 492,166                       | 2,555,206                     | -                             |
|  | <u>4,292,275</u>              | <u>1,502,893</u>              | <u>4,864,817</u>              | <u>2,689,862</u>              |
| <b>Non-money market instruments:</b>               |                               |                               |                               |                               |
| Debt securities:                                   |                               |                               |                               |                               |
| - Cagamas bonds                                    | 20,246                        | 5,059                         | 5,059                         | 5,059                         |
| - Unquoted private debt securities                 | 543,355                       | 729,530                       | 140,342                       | 140,442                       |
|  | <u>563,601</u>                | <u>734,589</u>                | <u>145,401</u>                | <u>145,501</u>                |
| Accumulated impairment losses                      | (1,102)                       | (10,013)                      | (1,102)                       | (10,013)                      |
| Total financial investments held-to-maturity       | <u>7,629,233</u>              | <u>5,229,617</u>              | <u>7,073,857</u>              | <u>5,230,399</u>              |

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**A11. Loans, Advances and Financing**

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>At amortised cost</b>                        |                               |                               |                               |                               |
| Overdrafts                                      | 9,447,558                     | 9,597,674                     | 8,326,695                     | 8,500,942                     |
| Term loans                                      |                               |                               |                               |                               |
| - Housing loans / financing                     | 51,315,764                    | 43,891,024                    | 44,743,319                    | 38,382,386                    |
| - Syndicated term loan / financing              | 2,318,612                     | 2,871,817                     | 917,264                       | 1,635,281                     |
| - Hire purchase receivables                     | 38,727,779                    | 35,328,422                    | 26,680,963                    | 24,839,999                    |
| - Other term loans / financing                  | 64,851,835                    | 54,989,863                    | 52,886,921                    | 44,069,685                    |
| Credit card receivables                         | 1,522,267                     | 1,348,902                     | 1,512,099                     | 1,340,914                     |
| Bills receivables                               | 85,401                        | 108,856                       | 82,204                        | 95,828                        |
| Trust receipts                                  | 382,921                       | 377,087                       | 309,675                       | 329,412                       |
| Claims on customers under acceptance<br>credits | 3,936,947                     | 3,582,630                     | 3,921,063                     | 3,572,220                     |
| Revolving credits                               | 4,003,269                     | 3,486,986                     | 4,144,668                     | 3,473,437                     |
| Staff loans *                                   | 1,101,664                     | 960,811                       | 1,033,587                     | 903,078                       |
| Gross loans, advances and financing             | <u>177,694,017</u>            | <u>156,544,072</u>            | <u>144,558,458</u>            | <u>127,143,182</u>            |
| Allowance for impaired loans and financing:     |                               |                               |                               |                               |
| - collective assessment allowance               | (2,644,535)                   | (2,296,158)                   | (2,168,025)                   | (1,914,653)                   |
| - individual assessment allowance               | (245,196)                     | (264,934)                     | (134,748)                     | (166,346)                     |
| Net loans, advances and financing               | <u>174,804,286</u>            | <u>153,982,980</u>            | <u>142,255,685</u>            | <u>125,062,183</u>            |

\* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,373,647 (2010: RM3,505,221) and RM2,823,326 (2010 - RM2,891,154) respectively.

**A11a. By class**

|                             | Group                         |                               | Bank                          |                               |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                             | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Retail loans / financing    |                               |                               |                               |                               |
| - Housing loans / financing | 51,315,764                    | 43,891,024                    | 44,743,319                    | 38,382,386                    |
| - Hire purchase             | 38,727,779                    | 35,328,422                    | 26,680,963                    | 24,839,999                    |
| - Credit cards              | 1,522,267                     | 1,348,902                     | 1,512,099                     | 1,340,914                     |
| - Other loans / financing * | 59,650,401                    | 52,904,601                    | 50,654,228                    | 44,786,687                    |
|                             | <u>151,216,211</u>            | <u>133,472,949</u>            | <u>123,590,609</u>            | <u>109,349,986</u>            |
| Corporate loans / financing | 26,477,806                    | 23,071,123                    | 20,967,849                    | 17,793,196                    |
|                             | <u>177,694,017</u>            | <u>156,544,072</u>            | <u>144,558,458</u>            | <u>127,143,182</u>            |

\* Included in other loans / financing are term loans, trade financing, overdrafts and revolving credits.

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**A11. Loans, Advances and Financing** (continued)

**A11b. By type of customer**

|                                 | Group                         |                               | Bank                          |                               |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Banking institutions            | 577,887                       | 92,478                        | 412,759                       | -                             |
| Non-bank financial institutions |                               |                               |                               |                               |
| - Stock-broking companies       | 2,010                         | 2,010                         | 2,010                         | 2,010                         |
| - Others                        | 7,508,401                     | 5,751,848                     | 7,285,444                     | 5,530,247                     |
| Business enterprises            |                               |                               |                               |                               |
| - Small and medium enterprises  | 31,893,730                    | 28,022,864                    | 28,410,394                    | 25,109,061                    |
| - Others                        | 23,208,613                    | 22,226,128                    | 18,625,966                    | 17,595,432                    |
| Government and statutory bodies | 324,378                       | 326,226                       | 368                           | 371                           |
| Individuals                     | 112,227,634                   | 98,089,469                    | 88,005,106                    | 77,045,005                    |
| Other entities                  | 32,698                        | 30,207                        | 29,501                        | 27,340                        |
| Foreign entities                | 1,918,666                     | 2,002,842                     | 1,786,910                     | 1,833,716                     |
|                                 | <u>177,694,017</u>            | <u>156,544,072</u>            | <u>144,558,458</u>            | <u>127,143,182</u>            |

**A11c. By interest / profit rate sensitivity**

|                                      | Group                         |                               | Bank                          |                               |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                      | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Fixed rate                           |                               |                               |                               |                               |
| - Housing loans / financing          | 1,506,165                     | 1,928,071                     | 680,468                       | 1,005,466                     |
| - Hire purchase receivables          | 37,204,687                    | 33,750,002                    | 26,671,253                    | 24,832,082                    |
| - Other fixed rate loans / financing | 16,785,545                    | 16,155,876                    | 9,020,044                     | 8,827,158                     |
| Variable rate                        |                               |                               |                               |                               |
| - Base lending rate plus             | 96,548,480                    | 83,051,326                    | 92,614,278                    | 80,438,068                    |
| - Cost plus                          | 15,676,220                    | 12,370,856                    | 14,996,284                    | 11,565,882                    |
| - Other variable rates               | 9,972,920                     | 9,287,941                     | 576,131                       | 474,526                       |
|                                      | <u>177,694,017</u>            | <u>156,544,072</u>            | <u>144,558,458</u>            | <u>127,143,182</u>            |

**A11d. By residual contractual maturity**

|                                     | Group                         |                               | Bank                          |                               |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                     | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Maturity within one year            | 28,165,244                    | 25,130,683                    | 23,903,369                    | 21,330,140                    |
| More than one year to three years   | 16,730,279                    | 16,618,501                    | 12,487,913                    | 12,363,350                    |
| More than three years to five years | 19,594,355                    | 18,258,072                    | 14,966,255                    | 14,188,733                    |
| More than five years                | 113,204,139                   | 96,536,816                    | 93,200,921                    | 79,260,959                    |
|                                     | <u>177,694,017</u>            | <u>156,544,072</u>            | <u>144,558,458</u>            | <u>127,143,182</u>            |

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**A11. Loans, Advances and Financing** (continued)

**A11e. By geographical distribution**

|   | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|---|--|--|--|--|
|   | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Malaysia  | <b>164,081,299</b>                     | 143,821,595                            | <b>144,234,053</b>                     | 126,889,859                            |
| Hong Kong SAR and the People's Republic<br>of China | <b>11,347,423</b>                      | 10,699,655                             | -                                      | -                                      |
| Cambodia  | <b>1,940,890</b>                       | 1,769,499                              | -                                      | -                                      |
| Other countries                                     | <b>324,405</b>                         | 253,323                                | <b>324,405</b>                         | 253,323                                |
|   | <b><u>177,694,017</u></b>              | <u>156,544,072</u>                     | <b><u>144,558,458</u></b>              | <u>127,143,182</u>                     |

**A11f. Gross loans, advances and financing by economic purpose**

|   | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|---|--|--|--|--|
|   | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Purchase of securities                                    | <b>1,855,949</b>                       | 2,445,735                              | <b>1,799,724</b>                       | 2,302,077                              |
| Purchase of transport vehicles                            | <b>38,947,135</b>                      | 35,560,624                             | <b>26,893,997</b>                      | 25,044,969                             |
| Purchase of landed properties                             | <b>91,177,930</b>                      | 77,877,177                             | <b>80,554,811</b>                      | 68,574,344                             |
| (of which: - residential                                  | <b>52,207,176</b>                      | 44,440,429                             | <b>45,660,415</b>                      | 38,942,235                             |
| - non-residential)  | <b>38,970,754</b>                      | 33,436,748                             | <b>34,894,396</b>                      | 29,632,109                             |
| Purchase of fixed assets (excluding landed<br>properties) | <b>269,973</b>                         | 282,626                                | <b>238,335</b>                         | 276,826                                |
| Personal use  | <b>9,721,813</b>                       | 9,035,621                              | <b>4,117,175</b>                       | 4,018,917                              |
| Credit card   | <b>1,522,267</b>                       | 1,348,902                              | <b>1,512,099</b>                       | 1,340,914                              |
| Purchase of consumer durables                             | <b>16,754</b>                          | 16,351                                 | <b>13,358</b>                          | 13,110                                 |
| Construction  | <b>1,899,289</b>                       | 1,490,749                              | <b>1,254,784</b>                       | 910,135                                |
| Mergers and acquisitions                                  | <b>208,269</b>                         | 8,183                                  | <b>208,269</b>                         | 8,183                                  |
| Working capital   | <b>27,685,514</b>                      | 22,321,467                             | <b>23,837,744</b>                      | 18,781,703                             |
| Other purpose   | <b>4,389,124</b>                       | 6,156,637                              | <b>4,128,162</b>                       | 5,872,004                              |
|   | <b><u>177,694,017</u></b>              | <u>156,544,072</u>                     | <b><u>144,558,458</u></b>              | <u>127,143,182</u>                     |

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**A11. Loans, Advances and Financing** (continued)

**A11g. Gross loans, advances and financing by sectors**

|  | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|--|--|--|--|--|
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Agriculture, hunting, forestry and fishing           | 2,536,271                              | 3,119,426                              | 2,273,676                              | 2,890,865                              |
| Mining and quarrying                                 | 136,637                                | 120,644                                | 117,603                                | 112,315                                |
| Manufacturing  | 7,794,879                              | 7,100,555                              | 6,875,511                              | 6,457,253                              |
| Electricity, gas and water                           | 337,187                                | 348,775                                | 305,237                                | 299,389                                |
| Construction   | 5,803,527                              | 6,027,594                              | 4,914,034                              | 5,237,417                              |
| Wholesale & retail trade and restaurants<br>& hotels | 15,545,359                             | 14,258,932                             | 14,248,824                             | 13,100,713                             |
| Transport, storage and communication                 | 2,952,295                              | 1,952,217                              | 2,321,421                              | 1,366,257                              |
| Finance, insurance and business services             | 13,304,589                             | 10,173,718                             | 11,953,772                             | 9,055,447                              |
| Real estate  | 14,295,594                             | 12,664,808                             | 11,565,396                             | 9,745,025                              |
| Community, social and personal services              | 1,755,094                              | 1,484,692                              | 1,358,412                              | 1,097,004                              |
| Households   | 112,543,232                            | 98,534,420                             | 88,449,903                             | 77,486,033                             |
| Others   | 689,353                                | 758,291                                | 174,669                                | 295,464                                |
|  | <u>177,694,017</u>                     | <u>156,544,072</u>                     | <u>144,558,458</u>                     | <u>127,143,182</u>                     |

**A11h. Loans, advances and financing pledged as collateral are as follows:**

|                                   | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|-----------------------------------|--|--|--|--|
|                                   | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Bankers' acceptances rediscounted | <u>1,294,373</u>                       | <u>1,707,306</u>                       | <u>1,292,261</u>                       | <u>1,706,661</u>                       |

**A11i. Movements in impaired loans, advances and financing ("impaired loans") are as follows:**

|  | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|--|--|--|--|--|
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| At 1 January   | 1,784,277                              | 1,892,223                              | 1,401,321                              | 1,375,631                              |
| Impaired during the year   | 2,613,345                              | 3,006,563                              | 1,913,028                              | 2,352,332                              |
| Reclassified as non-impaired   | (2,042,648)                            | (2,263,308)                            | (1,711,860)                            | (1,929,911)                            |
| Recoveries   | (308,784)                              | (263,362)                              | (219,155)                              | (181,379)                              |
| Amount written off   | (509,166)                              | (516,878)                              | (220,039)                              | (184,565)                              |
| Loans converted to foreclosed properties /<br>investments                      | (14,333)                               | (30,435)                               | (13,169)                               | (28,670)                               |
| Exchange differences   | 6,966                                  | (40,526)                               | 108                                    | (2,117)                                |
| Closing balance  | <u>1,529,657</u>                       | <u>1,784,277</u>                       | <u>1,150,234</u>                       | <u>1,401,321</u>                       |
| Gross impaired loans as a percentage of gross<br>loans, advances and financing | <u>0.86%</u>                           | <u>1.14%</u>                           | <u>0.80%</u>                           | <u>1.10%</u>                           |

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**A11. Loans, Advances and Financing** (continued)

**A11j. Impaired loans, advances and financing by geographical distribution**

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Malaysia  | 1,348,309                     | 1,579,947                     | 1,146,075                     | 1,387,671                     |
| Hong Kong SAR and the People's Republic<br>of China | 118,278                       | 131,135                       | -                             | -                             |
| Cambodia  | 58,911                        | 59,545                        | -                             | -                             |
| Other countries                                     | 4,159                         | 13,650                        | 4,159                         | 13,650                        |
|   | <u>1,529,657</u>              | <u>1,784,277</u>              | <u>1,150,234</u>              | <u>1,401,321</u>              |

**A11k. Impaired loans, advances and financing by economic purpose**

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Purchase of securities                                    | 5,892                         | 7,596                         | 5,883                         | 7,588                         |
| Purchase of transport vehicles                            | 267,817                       | 278,520                       | 198,061                       | 205,589                       |
| Purchase of landed properties                             | 660,005                       | 789,082                       | 563,476                       | 704,487                       |
| (of which: - residential                                  | 466,238                       | 500,289                       | 413,183                       | 449,634                       |
| - non-residential)  | 193,767                       | 288,793                       | 150,293                       | 254,853                       |
| Purchase of fixed assets (excluding landed<br>properties) | 6,187                         | 9,041                         | 6,126                         | 8,918                         |
| Personal use  | 176,834                       | 172,963                       | 52,995                        | 54,842                        |
| Credit card   | 22,284                        | 27,296                        | 22,257                        | 27,290                        |
| Purchase of consumer durables                             | 13                            | 104                           | 13                            | 104                           |
| Construction  | 33,652                        | 14,677                        | 19,696                        | 14,677                        |
| Working capital   | 329,539                       | 442,712                       | 254,487                       | 335,777                       |
| Other purpose   | 27,434                        | 42,286                        | 27,240                        | 42,049                        |
|   | <u>1,529,657</u>              | <u>1,784,277</u>              | <u>1,150,234</u>              | <u>1,401,321</u>              |

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**A11. Loans, Advances and Financing** (continued)

**A11l. Impaired loans, advances and financing by sectors**

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Agriculture, hunting, forestry and fishing           | 6,254                         | 16,545                        | 5,978                         | 16,407                        |
| Mining and quarrying                                 | 145                           | 1,287                         | 110                           | 215                           |
| Manufacturing  | 152,709                       | 198,787                       | 121,174                       | 160,018                       |
| Electricity, gas and water                           | 1,251                         | 1,579                         | -                             | -                             |
| Construction   | 120,275                       | 147,581                       | 105,144                       | 146,236                       |
| Wholesale & retail trade and restaurants<br>& hotels | 109,014                       | 140,202                       | 92,027                        | 125,235                       |
| Transport, storage and communication                 | 103,802                       | 151,498                       | 95,242                        | 145,537                       |
| Finance, insurance and business services             | 49,142                        | 89,454                        | 22,287                        | 50,318                        |
| Real estate  | 71,180                        | 105,459                       | 39,658                        | 76,781                        |
| Community, social and personal services              | 14,501                        | 13,701                        | 14,488                        | 13,569                        |
| Households   | 899,344                       | 901,532                       | 652,370                       | 665,025                       |
| Others   | 2,040                         | 16,652                        | 1,756                         | 1,980                         |
|  | <u>1,529,657</u>              | <u>1,784,277</u>              | <u>1,150,234</u>              | <u>1,401,321</u>              |

**A11m.** Movements in the allowance for impaired loans, advances and financing are as follows:

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <u>Collective Assessment Allowance</u> |                               |                               |                               |                               |
| At 1 January                           | 2,296,158                     | 2,018,943                     | 1,914,653                     | 1,648,331                     |
| Allowance made during the year         | 603,151                       | 519,484                       | 439,501                       | 447,685                       |
| Amount written off                     | (256,031)                     | (235,629)                     | (186,226)                     | (181,013)                     |
| Exchange differences                   | 1,257                         | (6,640)                       | 97                            | (350)                         |
| Closing balance                        | <u>2,644,535</u>              | <u>2,296,158</u>              | <u>2,168,025</u>              | <u>1,914,653</u>              |

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <u>Individual Assessment Allowance</u>          |                               |                               |                               |                               |
| At 1 January                                    | 264,934                       | 257,465                       | 166,346                       | 132,521                       |
| Allowance made during the year                  | 269,634                       | 444,730                       | 33,783                        | 124,104                       |
| Amount written back in respect of<br>recoveries | (49,124)                      | (130,810)                     | (31,568)                      | (86,727)                      |
| Amount written off                              | (253,135)                     | (281,249)                     | (33,813)                      | (3,552)                       |
| Exchange differences                            | 12,887                        | (25,202)                      | -                             | -                             |
| Closing balance                                 | <u>245,196</u>                | <u>264,934</u>                | <u>134,748</u>                | <u>166,346</u>                |

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**A12. Other Assets**

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Deferred handling fees                           | 230,402                       | 215,499                       | 162,827                       | 158,187                       |
| Interest / Income receivable                     | 52,824                        | 51,236                        | 39,141                        | 39,624                        |
| Other receivables, deposits and prepayments      | 1,231,339                     | 1,078,469                     | 1,165,635                     | 941,235                       |
| Manager's stocks                                 | 22,696                        | 15,717                        | -                             | -                             |
| Amount due from trust funds                      | 99,987                        | 147,197                       | -                             | -                             |
| Foreclosed properties                            | 109,529                       | 125,539                       | 106,652                       | 123,178                       |
| Taxi licenses                                    | 1,093                         | 6,082                         | -                             | -                             |
| Outstanding contracts on clients'<br>accounts    | 260,384                       | 356,141                       | -                             | -                             |
| Amount due from subsidiary companies             | -                             | -                             | 42,234                        | 41,882                        |
| Dividend receivable from subsidiary<br>companies | -                             | -                             | 397,237                       | 399,536                       |
|  | <u>2,008,254</u>              | <u>1,995,880</u>              | <u>1,913,726</u>              | <u>1,703,642</u>              |

**A13. Deposits from Customers**

a) By type of deposit

|                                     | Group                         |                               | Bank                          |                               |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                     | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>At amortised cost</b>            |                               |                               |                               |                               |
| Core deposits:                      |                               |                               |                               |                               |
| - Demand deposits                   | 28,763,993                    | 25,470,214                    | 24,963,764                    | 22,142,587                    |
| - Savings deposits                  | 21,959,727                    | 20,440,705                    | 15,476,427                    | 14,035,444                    |
| - Fixed deposits                    | 106,572,984                   | 97,727,833                    | 82,521,018                    | 76,311,260                    |
|                                     | <u>157,296,704</u>            | <u>143,638,752</u>            | <u>122,961,209</u>            | <u>112,489,291</u>            |
| Wholesale deposits:                 |                               |                               |                               |                               |
| - Negotiable instruments of deposit | 2,283,027                     | 3,389,826                     | 752,718                       | 899,029                       |
| - Money market deposits             | 40,589,452                    | 29,379,017                    | 35,471,442                    | 26,938,395                    |
|                                     | <u>42,872,479</u>             | <u>32,768,843</u>             | <u>36,224,160</u>             | <u>27,837,424</u>             |
| Other deposits                      | 201,342                       | 464,524                       | 199,070                       | 462,551                       |
|                                     | <u>200,370,525</u>            | <u>176,872,119</u>            | <u>159,384,439</u>            | <u>140,789,266</u>            |

b) By type of customer

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Federal and state governments                 | 1,779,056                     | 1,721,576                     | 310,388                       | 576,428                       |
| Local government and statutory<br>authorities | 3,192,613                     | 2,010,704                     | 2,145,272                     | 1,333,049                     |
| Business enterprises                          | 61,617,324                    | 54,490,618                    | 47,063,188                    | 41,172,876                    |
| Individuals                                   | 91,667,626                    | 86,653,048                    | 79,051,389                    | 73,187,600                    |
| Foreign customers                             | 4,810,192                     | 5,206,065                     | 4,172,124                     | 4,738,222                     |
| Others  | 37,303,714                    | 26,790,108                    | 26,642,078                    | 19,781,091                    |
|   | <u>200,370,525</u>            | <u>176,872,119</u>            | <u>159,384,439</u>            | <u>140,789,266</u>            |

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**A13. Deposits from Customers (continued)**

- c) The maturity structure of fixed deposits, negotiable instruments of deposit and money market deposits are as follows:

|                                     | Group                         |                               | Bank                          |                               |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                     | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Due within six months               | 132,511,858                   | 116,981,551                   | 104,021,136                   | 91,366,911                    |
| More than six months to one year    | 16,757,343                    | 13,333,704                    | 14,601,339                    | 12,668,349                    |
| More than one year to three years   | 154,076                       | 166,430                       | 103,227                       | 100,669                       |
| More than three years to five years | 22,186                        | 14,991                        | 19,476                        | 12,755                        |
|                                     | <u>149,445,463</u>            | <u>130,496,676</u>            | <u>118,745,178</u>            | <u>104,148,684</u>            |

**A14. Deposits from Banks**

|                              | Group                         |                               | Bank                          |                               |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                              | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>At amortised cost</b>     |                               |                               |                               |                               |
| Licensed banks               | 4,210,837                     | 3,956,369                     | 2,948,408                     | 1,982,454                     |
| Licensed Islamic banks       | 1,265,141                     | 1,656,812                     | 95,243                        | 416,138                       |
| Licensed investment banks    | 3,759,282                     | 8,334,268                     | 4,840,635                     | 8,310,404                     |
| Bank Negara Malaysia         | 2,848,131                     | 2,820,178                     | 2,845,613                     | 2,817,551                     |
| Other financial institutions | 3,723,341                     | 4,559,849                     | 5,987,450                     | 7,543,234                     |
|                              | <u>15,806,732</u>             | <u>21,327,476</u>             | <u>16,717,349</u>             | <u>21,069,781</u>             |

**A15. Other Liabilities**

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Interest / income payable                     | 866,442                       | 749,173                       | 748,209                       | 660,711                       |
| Other payables and accruals                   | 2,218,605                     | 1,579,007                     | 1,595,561                     | 1,050,122                     |
| Amount due to trust funds                     | 65,013                        | 89,858                        | -                             | -                             |
| Unprocessed sales and / or redemptions        | 50,798                        | 83,708                        | -                             | -                             |
| Employee benefits                             | (92,709)                      | (73,076)                      | (89,528)                      | (70,569)                      |
| Profit Equalisation Reserve                   | -                             | 33,436                        | -                             | -                             |
| Finance lease liabilities                     | 93,779                        | 14,548                        | 93,779                        | 14,548                        |
| Outstanding contracts on<br>clients' accounts | 249,464                       | 341,637                       | -                             | -                             |
| Dividend payable to shareholders              | 16,143                        | 21,583                        | 2,933                         | 2,964                         |
| Amount due to subsidiary<br>companies         | -                             | -                             | 17,373                        | 17,875                        |
|   | <u>3,467,535</u>              | <u>2,839,874</u>              | <u>2,368,327</u>              | <u>1,675,651</u>              |

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**A16. Interest Income**

|  | <b>4th Quarter Ended</b> |                    | <b>Financial Year Ended</b> |                    |
|--|--------------------------|--------------------|-----------------------------|--------------------|
|  | <b>31 December</b>       | <b>31 December</b> | <b>31 December</b>          | <b>31 December</b> |
|  | <b>2011</b>              | <b>2010</b>        | <b>2011</b>                 | <b>2010</b>        |
|  | <b>RM'000</b>            | <b>RM'000</b>      | <b>RM'000</b>               | <b>RM'000</b>      |
| <b>Group</b>                             |                          |                    |                             |                    |
| Loans and advances                       | 2,088,545                | 1,843,656          | 7,980,679                   | 6,793,220          |
| Balances with banks                      | 128,294                  | 148,872            | 623,366                     | 556,710            |
| Financial investments available-for-sale | 61,818                   | 77,055             | 203,439                     | 204,233            |
| Financial investments held-to-maturity   | 74,687                   | 63,361             | 266,371                     | 308,098            |
| Others                                   | 26,085                   | 20,992             | 90,327                      | 77,677             |
|  | <u>2,379,429</u>         | <u>2,153,936</u>   | <u>9,164,182</u>            | <u>7,939,938</u>   |
| Financial assets held-for-trading        | 84,440                   | 46,606             | 248,848                     | 173,593            |
|  | <u>2,463,869</u>         | <u>2,200,542</u>   | <u>9,413,030</u>            | <u>8,113,531</u>   |

Of which:

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Interest income earned on impaired loans and advances | <u>13,209</u> | <u>19,425</u> | <u>62,195</u> | <u>70,162</u> |
|---|---------------|---------------|---------------|---------------|

|  | <b>4th Quarter Ended</b> |                    | <b>Financial Year Ended</b> |                    |
|--|--------------------------|--------------------|-----------------------------|--------------------|
|  | <b>31 December</b>       | <b>31 December</b> | <b>31 December</b>          | <b>31 December</b> |
|  | <b>2011</b>              | <b>2010</b>        | <b>2011</b>                 | <b>2010</b>        |
|  | <b>RM'000</b>            | <b>RM'000</b>      | <b>RM'000</b>               | <b>RM'000</b>      |
| <b>Bank</b>                              |                          |                    |                             |                    |
| Loans and advances                       | 1,888,686                | 1,653,059          | 7,215,709                   | 5,997,346          |
| Balances with banks                      | 122,635                  | 135,189            | 601,974                     | 481,056            |
| Financial investments available-for-sale | 59,305                   | 67,785             | 191,762                     | 183,652            |
| Financial investments held-to-maturity   | 53,112                   | 50,050             | 189,410                     | 260,808            |
| Others                                   | 26,068                   | 20,990             | 90,298                      | 77,502             |
|  | <u>2,149,806</u>         | <u>1,927,073</u>   | <u>8,289,153</u>            | <u>7,000,364</u>   |
| Financial assets held-for-trading        | 80,958                   | 41,115             | 239,953                     | 145,350            |
|  | <u>2,230,764</u>         | <u>1,968,188</u>   | <u>8,529,106</u>            | <u>7,145,714</u>   |

Of which:

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Interest income earned on impaired loans and advances | <u>12,642</u> | <u>18,845</u> | <u>60,096</u> | <u>65,552</u> |
|---|---------------|---------------|---------------|---------------|

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**A17. Interest Expense**

|  | <b>4th Quarter Ended</b> |                    | <b>Financial Year Ended</b> |                    |
|--|--------------------------|--------------------|-----------------------------|--------------------|
|  | <b>31 December</b>       | <b>31 December</b> | <b>31 December</b>          | <b>31 December</b> |
|  | <b>2011</b>              | <b>2010</b>        | <b>2011</b>                 | <b>2010</b>        |
|  | <b>RM'000</b>            | <b>RM'000</b>      | <b>RM'000</b>               | <b>RM'000</b>      |
| <b><u>Group</u></b>                                |                          |                    |                             |                    |
| Deposits from banks                                | 56,106                   | 99,391             | 346,458                     | 270,312            |
| Deposits from customers                            | 1,031,918                | 829,293            | 3,756,178                   | 2,977,139          |
| Loans sold to Cagamas                              | 131                      | 191                | 590                         | 827                |
| Debt securities issued and other<br>borrowed funds | 101,236                  | 69,266             | 329,755                     | 264,583            |
| Others   | 3,360                    | 635                | 5,118                       | 3,250              |
|  | <u>1,192,751</u>         | <u>998,776</u>     | <u>4,438,099</u>            | <u>3,516,111</u>   |

|  | <b>4th Quarter Ended</b> |                    | <b>Financial Year Ended</b> |                    |
|--|--------------------------|--------------------|-----------------------------|--------------------|
|  | <b>31 December</b>       | <b>31 December</b> | <b>31 December</b>          | <b>31 December</b> |
|  | <b>2011</b>              | <b>2010</b>        | <b>2011</b>                 | <b>2010</b>        |
|  | <b>RM'000</b>            | <b>RM'000</b>      | <b>RM'000</b>               | <b>RM'000</b>      |
| <b><u>Bank</u></b>                                 |                          |                    |                             |                    |
| Deposits from banks                                | 54,722                   | 88,932             | 335,032                     | 220,942            |
| Deposits from customers                            | 978,823                  | 779,769            | 3,579,222                   | 2,784,639          |
| Loans sold to Cagamas                              | 131                      | 191                | 590                         | 827                |
| Debt securities issued and other<br>borrowed funds | 97,945                   | 67,181             | 317,716                     | 247,465            |
| Others   | 3,289                    | 520                | 4,823                       | 2,857              |
|  | <u>1,134,910</u>         | <u>936,593</u>     | <u>4,237,383</u>            | <u>3,256,730</u>   |

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**A18. Net Fee and Commission Income**

|   | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b><u>Group</u></b>   |                               |                               |                               |                               |
| Fee and commission income:                                    |                               |                               |                               |                               |
| Commissions   | 51,312                        | 71,826                        | 193,594                       | 202,236                       |
| Service charges and fees                                      | 61,413                        | 50,541                        | 249,425                       | 213,675                       |
| Guarantee fees  | 8,221                         | 6,786                         | 29,676                        | 29,328                        |
| Processing fees   | 3,395                         | 4,871                         | 16,110                        | 14,018                        |
| Commitment fees   | 15,418                        | 15,970                        | 59,311                        | 60,212                        |
| Unit trust management fees                                    | 134,978                       | 131,155                       | 545,095                       | 485,094                       |
| Fee on sale of trust units                                    | 64,254                        | 73,964                        | 321,586                       | 251,526                       |
| Net brokerage and commissions<br>from stockbroking activities | 19,750                        | 32,555                        | 100,946                       | 105,237                       |
| Other fee and commission income                               | 12,908                        | 7,114                         | 45,154                        | 32,612                        |
|   | <u>371,649</u>                | <u>394,782</u>                | <u>1,560,897</u>              | <u>1,393,938</u>              |
| Fee and commission expense:                                   |                               |                               |                               |                               |
| Loan related fee  | (20,540)                      | (23,260)                      | (82,225)                      | (84,026)                      |
| Unit trust agency fee   | (75,094)                      | (77,793)                      | (341,364)                     | (266,365)                     |
| Other fee and commission expense                              | (4,712)                       | (3,052)                       | (18,399)                      | (11,777)                      |
|   | <u>(100,346)</u>              | <u>(104,105)</u>              | <u>(441,988)</u>              | <u>(362,168)</u>              |
| Net fee and commission income                                 | <u>271,303</u>                | <u>290,677</u>                | <u>1,118,909</u>              | <u>1,031,770</u>              |

|                                  | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b><u>Bank</u></b>               |                               |                               |                               |                               |
| Fee and commission income:       |                               |                               |                               |                               |
| Commissions                      | 60,853                        | 79,429                        | 238,663                       | 240,085                       |
| Service charges and fees         | 45,645                        | 43,878                        | 180,906                       | 150,569                       |
| Guarantee fees                   | 7,389                         | 5,769                         | 26,121                        | 23,556                        |
| Processing fees                  | 588                           | 586                           | 2,532                         | 2,954                         |
| Commitment fees                  | 14,537                        | 15,085                        | 56,433                        | 56,791                        |
| Other fee and commission income  | 10,943                        | 10,247                        | 34,778                        | 22,263                        |
|                                  | <u>139,955</u>                | <u>154,994</u>                | <u>539,433</u>                | <u>496,218</u>                |
| Fee and commission expense:      |                               |                               |                               |                               |
| Loan related fee                 | (19,577)                      | (21,408)                      | (78,128)                      | (75,483)                      |
| Other fee and commission expense | (2,898)                       | (2,286)                       | (11,301)                      | (9,146)                       |
|                                  | <u>(22,475)</u>               | <u>(23,694)</u>               | <u>(89,429)</u>               | <u>(84,629)</u>               |
| Net fee and commission income    | <u>117,480</u>                | <u>131,300</u>                | <u>450,004</u>                | <u>411,589</u>                |

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**A19. Net Gains and Losses on Financial Instruments**

|   | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b><u>Group</u></b>   |                               |                               |                               |                               |
| Net gain / (loss) arising on financial assets held-for-trading:             |                               |                               |                               |                               |
| - net gain on disposal  | 2,417                         | 328                           | 8,919                         | 6,596                         |
| - gross dividend income   | 8                             | 8                             | 34                            | 25                            |
| - unrealised revaluation (loss) / gain                                      | (563)                         | 2,942                         | (333)                         | 7,285                         |
|   | <u>1,862</u>                  | <u>3,278</u>                  | <u>8,620</u>                  | <u>13,906</u>                 |
| Net (loss) / gain arising on trading derivatives                            |                               |                               |                               |                               |
| - net loss on disposal  | (56)                          | (57)                          | (12,520)                      | (3,733)                       |
| - unrealised revaluation gain   | 2,957                         | 4,119                         | 8,495                         | 5,774                         |
|   | <u>2,901</u>                  | <u>4,062</u>                  | <u>(4,025)</u>                | <u>2,041</u>                  |
| Net gain / (loss) arising on financial investments available-for-sale:      |                               |                               |                               |                               |
| - net gain / (loss) on disposal   | 294                           | (192)                         | 5,448                         | 8,707                         |
| - gross dividend income   | 38,336                        | 29,371                        | 147,823                       | 113,634                       |
|   | <u>38,630</u>                 | <u>29,179</u>                 | <u>153,271</u>                | <u>122,341</u>                |
| Net gain / (loss) representing ineffective portions of hedging derivatives: |                               |                               |                               |                               |
| - fair value hedge  | 1,131                         | (8,645)                       | 8,291                         | (8,547)                       |
| - cash flow hedge   | (37)                          | (59)                          | (3)                           | 4                             |
|   | <u>1,094</u>                  | <u>(8,704)</u>                | <u>8,288</u>                  | <u>(8,543)</u>                |
| Net gains and losses on financial instruments                               | <u>44,487</u>                 | <u>27,815</u>                 | <u>166,154</u>                | <u>129,745</u>                |

|   | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b><u>Bank</u></b>  |                               |                               |                               |                               |
| Net gain / (loss) arising on financial assets held-for-trading:             |                               |                               |                               |                               |
| - net gain on disposal  | 2,262                         | 301                           | 8,464                         | 6,444                         |
| - gross dividend income   | 8                             | 8                             | 34                            | 25                            |
| - unrealised revaluation (loss) / gain                                      | (365)                         | 2,935                         | (213)                         | 7,107                         |
|   | <u>1,905</u>                  | <u>3,244</u>                  | <u>8,285</u>                  | <u>13,576</u>                 |
| Net (loss) / gain arising on trading derivatives                            |                               |                               |                               |                               |
| - net loss on disposal  | (56)                          | (57)                          | (12,520)                      | (3,733)                       |
| - unrealised revaluation gain   | 5,126                         | 4,592                         | 17,204                        | 18,380                        |
|   | <u>5,070</u>                  | <u>4,535</u>                  | <u>4,684</u>                  | <u>14,647</u>                 |
| Net gain / (loss) arising on financial investments available-for-sale:      |                               |                               |                               |                               |
| - net gain / (loss) on disposal   | 81                            | (197)                         | 5,216                         | 8,467                         |
| - gross dividend income   | 36,772                        | 26,310                        | 142,859                       | 106,913                       |
|   | <u>36,853</u>                 | <u>26,113</u>                 | <u>148,075</u>                | <u>115,380</u>                |
| Net gain / (loss) representing ineffective portions of hedging derivatives: |                               |                               |                               |                               |
| - fair value hedge  | 660                           | (6,213)                       | 6,441                         | (6,235)                       |
| - cash flow hedge   | (37)                          | (59)                          | (3)                           | 4                             |
|   | <u>623</u>                    | <u>(6,272)</u>                | <u>6,438</u>                  | <u>(6,231)</u>                |
| Net gains and losses on financial instruments                               | <u>44,451</u>                 | <u>27,620</u>                 | <u>167,482</u>                | <u>137,372</u>                |

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**A20. Other Operating Income**

|  | 4th Quarter Ended |               | Financial Year Ended |                |
|--|-------------------|---------------|----------------------|----------------|
|  | 31 December       | 31 December   | 31 December          | 31 December    |
|  | 2011              | 2010          | 2011                 | 2010           |
|  | RM'000            | RM'000        | RM'000               | RM'000         |
| <b>Group</b>                                     |                   |               |                      |                |
| Other income:                                    |                   |               |                      |                |
| Foreign exchange profit                          | 64,854            | 59,546        | 217,563              | 250,563        |
| Rental income from:                              |                   |               |                      |                |
| - investment properties                          | 1,289             | 1,251         | 4,887                | 5,310          |
| - other properties                               | 3,456             | 3,233         | 13,375               | 10,513         |
| Net gain on disposal of property and equipment   | 60                | 495           | 11                   | 1,827          |
| Net loss on disposal of foreclosed properties    | (322)             | (977)         | (3,190)              | (902)          |
| Net gain on revaluation of investment properties | 1,977             | 2,383         | 2,711                | 3,751          |
| Others   | 11,912            | 6,638         | 44,877               | 27,215         |
| Total other operating income                     | <u>83,226</u>     | <u>72,569</u> | <u>280,234</u>       | <u>298,277</u> |

|  | 4th Quarter Ended |                | Financial Year Ended |                  |
|--|-------------------|----------------|----------------------|------------------|
|  | 31 December       | 31 December    | 31 December          | 31 December      |
|  | 2011              | 2010           | 2011                 | 2010             |
|  | RM'000            | RM'000         | RM'000               | RM'000           |
| <b>Bank</b>                                    |                   |                |                      |                  |
| Gross dividend income from:                    |                   |                |                      |                  |
| - associated companies                         | 9,692             | -              | 9,692                | 9,035            |
| - subsidiary companies                         |                   |                |                      |                  |
| - quoted outside Malaysia                      | 36,040            | 51,091         | 51,674               | 67,923           |
| - unquoted in Malaysia                         | 131,800           | 122,125        | 673,003              | 566,003          |
|  | <u>177,532</u>    | <u>173,216</u> | <u>734,369</u>       | <u>642,961</u>   |
| Other income:                                  |                   |                |                      |                  |
| Foreign exchange profit                        | 70,909            | 63,331         | 193,532              | 380,664          |
| Rental income from other properties            | 2,737             | 2,296          | 10,553               | 6,641            |
| Net gain on disposal of property and equipment | 72                | 471            | 82                   | 1,584            |
| Net loss on disposal of foreclosed properties  | (322)             | (976)          | (3,190)              | (2,770)          |
| Others   | 9,906             | 6,587          | 32,422               | 25,487           |
|  | <u>83,302</u>     | <u>71,709</u>  | <u>233,399</u>       | <u>411,606</u>   |
| Total other operating income                   | <u>260,834</u>    | <u>244,925</u> | <u>967,768</u>       | <u>1,054,567</u> |

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**A21. Other Operating Expenses**

| <u>Group</u>                        | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                     | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Personnel costs                     |                               |                               |                               |                               |
| - Salaries, allowances and bonuses  | <b>318,388</b>                | 292,968                       | <b>1,260,198</b>              | 1,162,832                     |
| - Pension costs                     | <b>28,109</b>                 | 28,666                        | <b>118,813</b>                | 120,933                       |
| - Others                            | <b>31,055</b>                 | 26,752                        | <b>116,778</b>                | 108,886                       |
|                                     | <u><b>377,552</b></u>         | <u>348,386</u>                | <u><b>1,495,789</b></u>       | <u>1,392,651</u>              |
| Establishment costs                 |                               |                               |                               |                               |
| - Depreciation                      | <b>41,795</b>                 | 39,161                        | <b>145,947</b>                | 145,628                       |
| - Rental                            | <b>21,442</b>                 | 20,271                        | <b>80,365</b>                 | 75,310                        |
| - Insurance                         | <b>4,581</b>                  | 2,760                         | <b>20,590</b>                 | 17,265                        |
| - Water and electricity             | <b>10,816</b>                 | 10,249                        | <b>40,563</b>                 | 39,239                        |
| - General repairs and maintenance   | <b>17,522</b>                 | 14,580                        | <b>69,483</b>                 | 61,982                        |
| - Information technology expenses   | <b>6,440</b>                  | 5,491                         | <b>26,249</b>                 | 25,789                        |
| - Others                            | <b>10,927</b>                 | 7,940                         | <b>35,919</b>                 | 31,070                        |
|                                     | <u><b>113,523</b></u>         | <u>100,452</u>                | <u><b>419,116</b></u>         | <u>396,283</u>                |
| Marketing expenses                  |                               |                               |                               |                               |
| - Advertisement and publicity       | <b>17,650</b>                 | 16,932                        | <b>75,174</b>                 | 78,473                        |
| - Others                            | <b>18,588</b>                 | 23,038                        | <b>80,138</b>                 | 81,348                        |
|                                     | <u><b>36,238</b></u>          | <u>39,970</u>                 | <u><b>155,312</b></u>         | <u>159,821</u>                |
| Administration and general expenses |                               |                               |                               |                               |
| - Communication expenses            | <b>7,048</b>                  | 10,200                        | <b>35,144</b>                 | 34,675                        |
| - Legal and professional fees       | <b>11,621</b>                 | 11,852                        | <b>45,123</b>                 | 49,022                        |
| - Others                            | <b>15,491</b>                 | 14,952                        | <b>58,200</b>                 | 67,783                        |
|                                     | <u><b>34,160</b></u>          | <u>37,004</u>                 | <u><b>138,467</b></u>         | <u>151,480</u>                |
| Total other operating expenses      | <u><b>561,473</b></u>         | <u>525,812</u>                | <u><b>2,208,684</b></u>       | <u>2,100,235</u>              |

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**A21. Other Operating Expenses (continued)**

| <u>Bank</u>  | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Personnel costs  |                               |                               |                               |                               |
| - Salaries, allowances and bonuses                           | 243,837                       | 224,172                       | 972,686                       | 888,385                       |
| - Pension costs  | 23,864                        | 24,314                        | 101,477                       | 103,994                       |
| - Others   | 27,537                        | 25,236                        | 102,775                       | 98,083                        |
|  | <u>295,238</u>                | <u>273,722</u>                | <u>1,176,938</u>              | <u>1,090,462</u>              |
| Establishment costs  |                               |                               |                               |                               |
| - Depreciation   | 34,360                        | 26,439                        | 113,471                       | 107,847                       |
| - Rental   | 20,034                        | 19,904                        | 77,741                        | 74,231                        |
| - Insurance  | 4,076                         | 2,354                         | 16,302                        | 13,548                        |
| - Water and electricity                                      | 7,895                         | 7,236                         | 30,020                        | 28,775                        |
| - General repairs and maintenance                            | 15,715                        | 12,996                        | 62,331                        | 55,286                        |
| - Information technology expenses                            | 3,515                         | 2,819                         | 14,682                        | 14,518                        |
| - Others   | 6,537                         | 5,193                         | 24,531                        | 21,193                        |
|  | <u>92,132</u>                 | <u>76,941</u>                 | <u>339,078</u>                | <u>315,398</u>                |
| Marketing expenses   |                               |                               |                               |                               |
| - Advertisement and publicity                                | 5,448                         | 4,105                         | 25,019                        | 25,665                        |
| - Others   | 9,344                         | 10,292                        | 34,720                        | 40,217                        |
|  | <u>14,792</u>                 | <u>14,397</u>                 | <u>59,739</u>                 | <u>65,882</u>                 |
| Administration and general expenses                          |                               |                               |                               |                               |
| - Communication expenses                                     | 6,547                         | 7,979                         | 34,975                        | 29,820                        |
| - Legal and professional fees                                | 8,940                         | 9,033                         | 36,101                        | 38,627                        |
| - Others   | 7,870                         | 7,330                         | 29,467                        | 40,799                        |
|  | <u>23,357</u>                 | <u>24,342</u>                 | <u>100,543</u>                | <u>109,246</u>                |
| Shared service cost charged to Public<br>Islamic Bank Berhad | (44,175)                      | (39,918)                      | (166,483)                     | (160,351)                     |
| Total other operating expenses                               | <u>381,344</u>                | <u>349,484</u>                | <u>1,509,815</u>              | <u>1,420,637</u>              |

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**A22. Allowance for Impairment on Loans, Advances and Financing**

|   | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>Group</b>                                |                               |                               |                               |                               |
| Allowance for impaired loans and financing: |                               |                               |                               |                               |
| Collective assessment allowance             | 146,868                       | 116,234                       | 603,151                       | 519,484                       |
| Individual assessment allowance             | 55,455                        | 69,791                        | 220,510                       | 313,920                       |
| Writeback of bad debts from                 |                               |                               |                               |                               |
| stockbroking activities                     | (1,080)                       | (1)                           | (179)                         | (47)                          |
| Impaired loans and financing written off    | 152                           | 191                           | 601                           | 607                           |
| Impaired loans and financing recovered      | (46,750)                      | (43,384)                      | (230,022)                     | (174,398)                     |
|   | <u>154,645</u>                | <u>142,831</u>                | <u>594,061</u>                | <u>659,566</u>                |

|   | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>Bank</b>                                 |                               |                               |                               |                               |
| Allowance for impaired loans and financing: |                               |                               |                               |                               |
| Collective assessment allowance             | 101,600                       | 109,223                       | 439,501                       | 447,685                       |
| Individual assessment allowance             | 7,002                         | (1,492)                       | 2,215                         | 37,377                        |
| Impaired loans and financing written off    | 108                           | 141                           | 419                           | 450                           |
| Impaired loans and financing recovered      | (28,602)                      | (23,024)                      | (158,638)                     | (101,572)                     |
|   | <u>80,108</u>                 | <u>84,848</u>                 | <u>283,497</u>                | <u>383,940</u>                |

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**A23. Segment Information**

| 4th Quarter Ended<br>31 December 2011                               | ----- Operating Segments -----> |                                |                                |  |                                 |                              |                  | Head<br>Office<br>RM'000 | Total<br>Domestic<br>Operations<br>RM'000 | Total<br>Overseas<br>Operations<br>RM'000 | Inter-<br>segment<br>Elimination<br>RM'000 | Group<br>Total<br>RM'000 |
|---|---------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
|   | Hire<br>Purchase<br>RM'000      | Retail<br>Operations<br>RM'000 | Corporate<br>Lending<br>RM'000 | Treasury and<br>Capital Market<br>Operations<br>RM'000 | Investment<br>Banking<br>RM'000 | Fund<br>Management<br>RM'000 | Others<br>RM'000 |                          |   |   |  |                          |
| External revenue  | 551,145                         | 1,589,648                      | 223,632                        | 385,157  | 47,398                          | 199,413                      | 1,194            | 70,447                   | 3,068,034                                 | 253,599                                   | -  | 3,321,633                |
| Revenue from other segments   | -                               | 249,090                        | 3,270                          | 172,566  | 9,459                           | 2,537                        | 7,045            | 326,080                  | 770,047                                   | 1,144                                     | (771,191)                                  | -                        |
|   | <u>551,145</u>                  | <u>1,838,738</u>               | <u>226,902</u>                 | <u>557,723</u>   | <u>56,857</u>                   | <u>201,950</u>               | <u>8,239</u>     | <u>396,527</u>           | <u>3,838,081</u>                          | <u>254,743</u>                            | <u>(771,191)</u>                           | <u>3,321,633</u>         |
| Net interest income and   |                                 |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Islamic banking income  | 248,650                         | 960,206                        | 60,906                         | 28,106   | 3,507                           | 2,718                        | (1,917)          | 17,968                   | 1,320,144                                 | 162,878                                   | -  | 1,483,022                |
| Other income  | 1,458                           | 145,321                        | 10,520                         | 42,807   | 13,677                          | 113,384                      | 8,163            | 45,988                   | 381,318                                   | 34,065                                    | (16,367)                                   | 399,016                  |
| Net income  | <u>250,108</u>                  | <u>1,105,527</u>               | <u>71,426</u>                  | <u>70,913</u>  | <u>17,184</u>                   | <u>116,102</u>               | <u>6,246</u>     | <u>63,956</u>            | <u>1,701,462</u>                          | <u>196,943</u>                            | <u>(16,367)</u>                            | <u>1,882,038</u>         |
| Other operating expenses  | (41,373)                        | (323,626)                      | (2,243)                        | (5,160)  | (6,287)                         | (37,933)                     | (3,563)          | (68,750)                 | (488,935)                                 | (88,905)                                  | 16,367                                     | (561,473)                |
| Allowance for impairment on loans,<br>advances and financing        | (35,438)                        | (70,425)                       | (16,661)                       | -  | 1,673                           | -                            | -                | -                        | (120,851)                                 | (33,794)                                  | -  | (154,645)                |
| (Impairment) / Writeback of<br>impairment on other assets           | -                               | (511)                          | -                              | (152)  | -                               | -                            | -                | -                        | (663)                                     | 1,226                                     | -  | 563                      |
| Profit / (loss) by segments   | <u>173,297</u>                  | <u>710,965</u>                 | <u>52,522</u>                  | <u>65,601</u>  | <u>12,570</u>                   | <u>78,169</u>                | <u>2,683</u>     | <u>(4,794)</u>           | <u>1,091,013</u>                          | <u>75,470</u>                             | <u>-</u>                                   | <u>1,166,483</u>         |
| Reconciliation of segment profits<br>to consolidated profits:       |                                 |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Share of loss after tax of equity<br>accounted associated companies |                                 |                                |                                |  |                                 |                              |                  |                          | (481)                                     | (2,735)                                   |  | (3,216)                  |
| Profit before tax expense and zakat                                 |                                 |                                |                                |  |                                 |                              |                  |                          | <u>1,090,532</u>                          | <u>72,735</u>                             |  | <u>1,163,267</u>         |

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**A23. Segment Information** (continued)

|   | -----<----- Operating Segments ----->----- |                                |                                |  |                                 |                              |                  | Head<br>Office<br>RM'000 | Total<br>Domestic<br>Operations<br>RM'000 | Total<br>Overseas<br>Operations<br>RM'000 | Inter-<br>segment<br>Elimination<br>RM'000 | Group<br>Total<br>RM'000 |
|---|--|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
|   | Hire<br>Purchase<br>RM'000                 | Retail<br>Operations<br>RM'000 | Corporate<br>Lending<br>RM'000 | Treasury and<br>Capital Market<br>Operations<br>RM'000 | Investment<br>Banking<br>RM'000 | Fund<br>Management<br>RM'000 | Others<br>RM'000 |                          |   |   |  |                          |
| 4th Quarter Ended<br>31 December 2010                                 |  |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| External revenue  | 504,921                                    | 1,381,166                      | 194,310                        | 301,067  | 54,120                          | 156,306                      | 1,215            | 125,096                  | 2,718,201                                 | 252,993                                   | -  | 2,971,194                |
| Revenue from other segments   | -  | 259,245                        | 2,609                          | 152,584  | 9,589                           | (8,705)                      | 6,860            | 276,599                  | 698,781                                   | 669                                       | (699,450)                                  | -                        |
|   | <u>504,921</u>                             | <u>1,640,411</u>               | <u>196,919</u>                 | <u>453,651</u>   | <u>63,709</u>                   | <u>147,601</u>               | <u>8,075</u>     | <u>401,695</u>           | <u>3,416,982</u>                          | <u>253,662</u>                            | <u>(699,450)</u>                           | <u>2,971,194</u>         |
| Net interest income and   |  |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Islamic banking income  | 242,120                                    | 895,228                        | 64,345                         | 14,276   | 2,358                           | 2,076                        | (1,720)          | 24,879                   | 1,243,562                                 | 160,928                                   | -  | 1,404,490                |
| Other income  | 1,299                                      | 148,940                        | 10,092                         | 22,778   | 22,196                          | 117,915                      | 8,040            | 36,993                   | 368,253                                   | 45,401                                    | (22,593)                                   | 391,061                  |
| Net income  | <u>243,419</u>                             | <u>1,044,168</u>               | <u>74,437</u>                  | <u>37,054</u>  | <u>24,554</u>                   | <u>119,991</u>               | <u>6,320</u>     | <u>61,872</u>            | <u>1,611,815</u>                          | <u>206,329</u>                            | <u>(22,593)</u>                            | <u>1,795,551</u>         |
| Other operating expenses  | (36,242)                                   | (286,848)                      | (1,859)                        | (4,987)  | (10,398)                        | (45,411)                     | (3,550)          | (72,718)                 | (462,013)                                 | (86,392)                                  | 22,593                                     | (525,812)                |
| Allowance for impairment on loans,<br>advances and financing          | (31,522)                                   | (77,153)                       | (9,168)                        | -  | 172                             | -                            | -                | -                        | (117,671)                                 | (25,160)                                  | -  | (142,831)                |
| (Impairment) / Writeback of<br>impairment on other assets             | -  | (309)                          | -                              | 1  | (921)                           | -                            | -                | -                        | (1,229)                                   | -   | -  | (1,229)                  |
| Profit / (loss) by segments   | <u>175,655</u>                             | <u>679,858</u>                 | <u>63,410</u>                  | <u>32,068</u>  | <u>13,407</u>                   | <u>74,580</u>                | <u>2,770</u>     | <u>(10,846)</u>          | <u>1,030,902</u>                          | <u>94,777</u>                             | <u>-</u>                                   | <u>1,125,679</u>         |
| Reconciliation of segment profits<br>to consolidated profits:         |  |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Share of profit after tax of equity<br>accounted associated companies |  |                                |                                |  |                                 |                              |                  |                          | 88  | 4,497                                     |  | 4,585                    |
| Profit before tax expense and zakat                                   |  |                                |                                |  |                                 |                              |                  |                          | <u>1,030,990</u>                          | <u>99,274</u>                             |  | <u>1,130,264</u>         |

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**A23. Segment Information** (continued)

| Financial Year Ended<br>31 December 2011  | ----- Operating Segments -----> |                                |                                |  |                                 |                              |                  | Head<br>Office<br>RM'000 | Total<br>Domestic<br>Operations<br>RM'000 | Total<br>Overseas<br>Operations<br>RM'000 | Inter-<br>segment<br>Elimination<br>RM'000 | Group<br>Total<br>RM'000 |
|---|---------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
|   | Hire<br>Purchase<br>RM'000      | Retail<br>Operations<br>RM'000 | Corporate<br>Lending<br>RM'000 | Treasury and<br>Capital Market<br>Operations<br>RM'000 | Investment<br>Banking<br>RM'000 | Fund<br>Management<br>RM'000 | Others<br>RM'000 |                          |   |   |  |                          |
| External revenue  | 2,150,378                       | 6,004,260                      | 845,770                        | 1,408,192  | 191,297                         | 867,354                      | 4,640            | 290,289                  | 11,762,180                                | 994,180                                   | -  | 12,756,360               |
| Revenue from other segments   | -                               | 911,302                        | 11,393                         | 678,443  | 36,382                          | 10,018                       | 28,056           | 1,170,564                | 2,846,158                                 | 3,109                                     | (2,849,267)                                | -                        |
|   | <u>2,150,378</u>                | <u>6,915,562</u>               | <u>857,163</u>                 | <u>2,086,635</u>                                       | <u>227,679</u>                  | <u>877,372</u>               | <u>32,696</u>    | <u>1,460,853</u>         | <u>14,608,338</u>                         | <u>997,289</u>                            | <u>(2,849,267)</u>                         | <u>12,756,360</u>        |
| Net interest income and   |                                 |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Islamic banking income  | 920,342                         | 3,704,538                      | 243,604                        | 99,714   | 11,923                          | 10,691                       | (7,308)          | 226,347                  | 5,209,851                                 | 633,422                                   | -  | 5,843,273                |
| Other income  | 5,060                           | 563,612                        | 36,859                         | 114,845  | 67,280                          | 475,642                      | 32,467           | 180,278                  | 1,476,043                                 | 154,326                                   | (65,072)                                   | 1,565,297                |
| Net income  | <u>925,402</u>                  | <u>4,268,150</u>               | <u>280,463</u>                 | <u>214,559</u>   | <u>79,203</u>                   | <u>486,333</u>               | <u>25,159</u>    | <u>406,625</u>           | <u>6,685,894</u>                          | <u>787,748</u>                            | <u>(65,072)</u>                            | <u>7,408,570</u>         |
| Other operating expenses  | (161,340)                       | (1,288,176)                    | (8,596)                        | (18,807)   | (27,932)                        | (164,483)                    | (14,611)         | (260,860)                | (1,944,805)                               | (328,951)                                 | 65,072                                     | (2,208,684)              |
| Allowance for impairment on loans,<br>advances and financing                      | (134,930)                       | (286,406)                      | (5,626)                        | -  | (83)                            | -                            | -                | -                        | (427,045)                                 | (167,016)                                 | -  | (594,061)                |
| Writeback of impairment /<br>(impairment) on other assets                         | -                               | 1,643                          | -                              | (45)   | -                               | -                            | -                | -                        | 1,598                                     | -   | -  | 1,598                    |
| Profit by segments  | <u>629,132</u>                  | <u>2,695,211</u>               | <u>266,241</u>                 | <u>195,707</u>   | <u>51,188</u>                   | <u>321,850</u>               | <u>10,548</u>    | <u>145,765</u>           | <u>4,315,642</u>                          | <u>291,781</u>                            | <u>-</u>                                   | <u>4,607,423</u>         |
| Reconciliation of segment profits<br>to consolidated profits:                     |                                 |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Share of (loss) / profit after tax<br>of equity accounted associated<br>companies |                                 |                                |                                |  |                                 |                              |                  |                          | (1,498)                                   | 4,708                                     |  | 3,210                    |
| Profit before tax expense and zakat   |                                 |                                |                                |  |                                 |                              |                  |                          | <u>4,314,144</u>                          | <u>296,489</u>                            |  | <u>4,610,633</u>         |
| Cost income ratio   | 17.4%                           | 30.2%                          | 3.1%                           | 8.8%   | 35.3%                           | 33.8%                        | 58.1%            | 64.2%                    | 29.1%                                     | 41.8%                                     |  | 29.8%                    |
| Gross loans   | 37,096,794                      | 104,950,298                    | 21,727,954                     | -  | 255,789                         | 48,349                       | 2,115            | -                        | 164,081,299                               | 13,612,718                                |  | 177,694,017              |
| Loan growth   | 10.4%                           | 14.9%                          | 16.7%                          | -  | 7.3%                            | 14.5%                        | -3.6%            | -                        | 14.1%                                     | 7.0%                                      |  | 13.5%                    |
| Impaired loans, advances and<br>financing   | 209,138                         | 1,008,483                      | 130,688                        | -  | -                               | -                            | -                | -                        | 1,348,309                                 | 181,348                                   |  | 1,529,657                |
| Impaired loan ratio   | 0.6%                            | 1.0%                           | 0.6%                           | -  | -                               | -                            | -                | -                        | 0.8%                                      | 1.3%                                      |  | 0.9%                     |
| Deposits from customers   | -                               | 133,891,761                    | 314,594                        | 48,823,150   | 3,415,424                       | -                            | -                | -                        | 186,444,929                               | 13,925,596                                |  | 200,370,525              |
| Deposit growth  | -                               | 12.4%                          | 43.0%                          | 19.2%  | 51.7%                           | -                            | -                | -                        | 14.7%                                     | -2.6%                                     |  | 13.3%                    |
| Segment assets  | <u>36,779,630</u>               | <u>141,293,536</u>             | <u>21,335,561</u>              | <u>63,249,589</u>                                      | <u>4,549,325</u>                | <u>254,877</u>               | <u>270,800</u>   | <u>16,715,960</u>        | <u>284,449,278</u>                        | <u>18,916,734</u>                         | <u>(57,252,413)</u>                        | <u>246,113,599</u>       |
| Reconciliation of segment assets to<br>consolidated assets:                       |                                 |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Investment in associated companies  |                                 |                                |                                |  |                                 |                              |                  |                          | 42,445                                    | 113,552                                   |  | 155,997                  |
| Unallocated assets  |                                 |                                |                                |  |                                 |                              |                  |                          | 1,175,910                                 | -   |  | 1,175,910                |
| Intangible assets   |                                 |                                |                                |  |                                 |                              |                  |                          | 769,251                                   | 1,196,225                                 |  | 1,965,476                |
| Total assets  |                                 |                                |                                |  |                                 |                              |                  |                          | <u>286,436,884</u>                        | <u>20,226,511</u>                         |  | <u>249,410,982</u>       |

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**A23. Segment Information (continued)**

| Financial Year Ended<br>31 December 2010                              | -----<----- Operating Segments ----->----- |                                |                                |  |                                 |                              |                  | Head<br>Office<br>RM'000 | Total<br>Domestic<br>Operations<br>RM'000 | Total<br>Overseas<br>Operations<br>RM'000 | Inter-<br>segment<br>Elimination<br>RM'000 | Group<br>Total<br>RM'000 |
|---|--|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
|   | Hire<br>Purchase<br>RM'000                 | Retail<br>Operations<br>RM'000 | Corporate<br>Lending<br>RM'000 | Treasury and<br>Capital Market<br>Operations<br>RM'000 | Investment<br>Banking<br>RM'000 | Fund<br>Management<br>RM'000 | Others<br>RM'000 |                          |   |   |  |                          |
| External revenue  | 1,903,486                                  | 5,054,729                      | 689,388                        | 1,230,592  | 201,138                         | 576,100                      | 4,990            | 354,840                  | 10,015,263                                | 1,020,334                                 | -  | 11,035,597               |
| Revenue from other segments   | -  | 780,971                        | 9,386                          | 405,296  | 40,727                          | (36,820)                     | 27,431           | 1,308,057                | 2,535,048                                 | 3,728                                     | (2,538,776)                                | -                        |
|   | <u>1,903,486</u>                           | <u>5,835,700</u>               | <u>698,774</u>                 | <u>1,635,888</u>                                       | <u>241,865</u>                  | <u>539,280</u>               | <u>32,421</u>    | <u>1,662,897</u>         | <u>12,550,311</u>                         | <u>1,024,062</u>                          | <u>(2,538,776)</u>                         | <u>11,035,597</u>        |
| Net interest income and   |  |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Islamic banking income  | 932,515                                    | 3,258,586                      | 247,726                        | 70,361   | 10,767                          | 6,649                        | (6,121)          | 181,379                  | 4,701,862                                 | 676,846                                   | -  | 5,378,708                |
| Other income  | 1,695                                      | 536,277                        | 36,632                         | 111,768  | 74,427                          | 431,386                      | 32,303           | 176,242                  | 1,400,730                                 | 146,559                                   | (87,497)                                   | 1,459,792                |
| Net income  | <u>934,210</u>                             | <u>3,794,863</u>               | <u>284,358</u>                 | <u>182,129</u>   | <u>85,194</u>                   | <u>438,035</u>               | <u>26,182</u>    | <u>357,621</u>           | <u>6,102,592</u>                          | <u>823,405</u>                            | <u>(87,497)</u>                            | <u>6,838,500</u>         |
| Other operating expenses  | (157,107)                                  | (1,181,846)                    | (7,839)                        | (18,936)   | (34,077)                        | (164,198)                    | (14,310)         | (270,133)                | (1,848,446)                               | (339,286)                                 | 87,497                                     | (2,100,235)              |
| Allowance for impairment on loans,<br>advances and financing          | (111,512)                                  | (315,471)                      | (47,620)                       | -  | 4                               | -                            | -                | -                        | (474,599)                                 | (184,967)                                 | -  | (659,566)                |
| Impairment on other assets  | -  | (4,196)                        | -                              | (71)   | (921)                           | -                            | -                | -                        | (5,188)                                   | -   | -  | (5,188)                  |
| Profit by segments  | <u>665,591</u>                             | <u>2,293,350</u>               | <u>228,899</u>                 | <u>163,122</u>   | <u>50,200</u>                   | <u>273,837</u>               | <u>11,872</u>    | <u>87,488</u>            | <u>3,774,359</u>                          | <u>299,152</u>                            | <u>-</u>                                   | <u>4,073,511</u>         |
| Reconciliation of segment profits<br>to consolidated profits:         |  |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Share of profit after tax of equity<br>accounted associated companies |  |                                |                                |  |                                 |                              |                  |                          | 325                                       | 12,361                                    |  | 12,686                   |
| Profit before tax expense and zakat                                   |  |                                |                                |  |                                 |                              |                  |                          | <u>3,774,684</u>                          | <u>311,513</u>                            |  | <u>4,086,197</u>         |
| Cost income ratio   | 16.8%                                      | 31.1%                          | 2.8%                           | 10.4%  | 40.0%                           | 37.5%                        | 54.7%            | 75.5%                    | 30.3%                                     | 41.2%                                     |  | 30.7%                    |
| Gross loans   | 33,587,286                                 | 91,328,598                     | 18,622,935                     | -  | 238,340                         | 42,242                       | 2,194            | -                        | 143,821,595                               | 12,722,477                                |  | 156,544,072              |
| Loan growth   | 12.3%                                      | 16.8%                          | 16.5%                          | -  | 1.2%                            | 22.9%                        | 8.7%             | -                        | 15.6%                                     | -4.0%                                     |  | 13.8%                    |
| Impaired loans, advances and<br>financing                             | 170,625                                    | 1,281,482                      | 127,840                        | -  | -                               | -                            | -                | -                        | 1,579,947                                 | 204,330                                   |  | 1,784,277                |
| Impaired loan ratio   | 0.5%                                       | 1.4%                           | 0.7%                           | -  | -                               | -                            | -                | -                        | 1.1%                                      | 1.6%                                      |  | 1.1%                     |
| Deposits from customers   | -  | 119,138,035                    | 219,982                        | 40,968,996   | 2,250,895                       | -                            | -                | -                        | 162,577,908                               | 14,294,211                                |  | 176,872,119              |
| Deposit growth  | -  | 13.3%                          | -27.7%                         | -11.3%   | -46.4%                          | -                            | -                | -                        | 4.3%                                      | -5.2%                                     |  | 3.5%                     |
| Segment assets  | <u>33,309,944</u>                          | <u>125,962,460</u>             | <u>18,272,729</u>              | <u>60,618,548</u>                                      | <u>4,487,882</u>                | <u>274,857</u>               | <u>254,947</u>   | <u>12,494,619</u>        | <u>255,675,986</u>                        | <u>18,396,912</u>                         | <u>(50,878,944)</u>                        | <u>223,193,954</u>       |
| Reconciliation of segment assets to<br>consolidated assets:           |  |                                |                                |  |                                 |                              |                  |                          |   |   |  |                          |
| Investment in associated companies                                    |  |                                |                                |  |                                 |                              |                  |                          | 2,035                                     | 116,589                                   |  | 118,624                  |
| Unallocated assets  |  |                                |                                |  |                                 |                              |                  |                          | 1,086,026                                 | -   |  | 1,086,026                |
| Intangible assets   |  |                                |                                |  |                                 |                              |                  |                          | 769,251                                   | 1,161,121                                 |  | 1,930,372                |
| Total assets  |  |                                |                                |  |                                 |                              |                  |                          | <u>257,533,298</u>                        | <u>19,674,622</u>                         |  | <u>226,328,976</u>       |

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**A23. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)**

The Group's overseas operations includes its operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the Lao People's Democratic Republic.

Certain comparative figures have been reclassified to conform with current year's presentation.

**A24. Subsequent Events**

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the audited interim financial statements.

**A25. Changes in the Composition of the Group**

**Incorporation of an Associated Company, ING PUBLIC Takaful Ehsan Berhad ("ING PUBLIC Takaful Ehsan")**

On 11 March 2011, ING PUBLIC Takaful Ehsan was incorporated to carry out the family takaful business following the approval granted by Bank Negara Malaysia in September 2010 on the application for a family takaful licence. ING PUBLIC Takaful Ehsan is a joint venture company between ING Management Holdings (Malaysia) Sdn Bhd, Public Bank Berhad ("PBB") and Public Islamic Bank Berhad ("PIBB") (a wholly-owned subsidiary of PBB), with equity participation of 60%, 20% and 20% respectively.

PBB and PIBB had then contributed RM20 million each to the issued and paid-up share capital of ING Public Takaful Ehsan. With that, the Group holds an effective equity interest of 40% in the joint venture company.

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**A26. Commitments and Contingencies**

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

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

|  | <b>Group</b>                           |  | <b>Bank</b>                            |  |
|--|--|--|--|--|
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| <b>Contingent liabilities</b>  |  |  |  |  |
| Direct credit substitutes  | <b>1,482,009</b>                       | 1,580,171                              | <b>1,120,615</b>                       | 1,476,910                              |
| Transaction-related contingent items   | <b>900,696</b>                         | 772,945                                | <b>779,091</b>                         | 676,528                                |
| Short term self-liquidating<br>trade-related contingencies   | <b>515,710</b>                         | 483,803                                | <b>221,038</b>                         | 231,016                                |
| Obligations under an on-going<br>underwriting agreement  | <b>25,000</b>                          | 75,000                                 | <b>25,000</b>                          | 75,000                                 |
|  | <b>2,923,415</b>                       | 2,911,919                              | <b>2,145,744</b>                       | 2,459,454                              |
| <b>Commitments</b>   |  |  |  |  |
| Other commitments, such as formal<br>standby facilities and credit lines,<br>with an original maturity of: |  |  |  |  |
| - exceeding one year   | <b>19,490,137</b>                      | 15,412,139                             | <b>18,177,027</b>                      | 14,338,422                             |
| - not exceeding one year   | <b>19,919,554</b>                      | 22,717,264                             | <b>18,413,664</b>                      | 20,522,993                             |
| Unutilised credit card lines   | <b>3,486,222</b>                       | 3,038,271                              | <b>3,330,591</b>                       | 2,875,523                              |
| Forward asset purchases  | <b>39,362</b>                          | 7,305                                  | <b>10,175</b>                          | 3,600                                  |
|  | <b>42,935,275</b>                      | 41,174,979                             | <b>39,931,457</b>                      | 37,740,538                             |
| <b>Derivative financial instruments</b>  |  |  |  |  |
| Foreign exchange related contracts:  |  |  |  |  |
| - less than one year   | <b>11,013,882</b>                      | 14,180,707                             | <b>10,643,581</b>                      | 13,951,365                             |
| - one year to less than five years   | <b>6,514</b>                           | 6,271                                  | <b>6,514</b>                           | 6,271                                  |
| Interest rate related contracts:   |  |  |  |  |
| - less than one year   | <b>2,058,803</b>                       | 710,853                                | <b>2,058,803</b>                       | 570,013                                |
| - one year to less than five years   | <b>6,560,830</b>                       | 5,815,108                              | <b>6,227,481</b>                       | 5,491,445                              |
| - five years and above   | <b>5,183,242</b>                       | 3,996,975                              | <b>5,088,000</b>                       | 3,904,500                              |
| Commodity related contracts:   |  |  |  |  |
| - less than one year   | <b>16,896</b>                          | 929                                    | <b>16,896</b>                          | 929                                    |
| Equity related contracts:  |  |  |  |  |
| - less than one year   | -                                      | 227,140                                | -                                      | 227,140                                |
| - one year to less than five years   | <b>148,325</b>                         | 181,027                                | <b>148,325</b>                         | 181,027                                |
|  | <b>24,988,492</b>                      | 25,119,010                             | <b>24,189,600</b>                      | 24,332,690                             |
|  | <b>70,847,182</b>                      | 69,205,908                             | <b>66,266,801</b>                      | 64,532,682                             |

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**A27. Derivative Financial Instruments**

Details of derivative financial instruments outstanding as at 31 December 2011 and 31 December 2010 are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:

| Group<br>As at 31 December 2011 | Contract / Notional Amount |                         |                     |                   | Positive Fair Value       |                         |                     |                 | Negative Fair Value       |                         |                     |                 |
|---------------------------------|----------------------------|-------------------------|---------------------|-------------------|---------------------------|-------------------------|---------------------|-----------------|---------------------------|-------------------------|---------------------|-----------------|
|                                 | Up To<br>1 Year<br>RM'000  | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000   | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 |
| <b>Trading derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Foreign exchange contracts      |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 1,120,815                  | 6,514                   | -                   | 1,127,329         | 14,429                    | 109                     | -                   | 14,538          | 2,594                     | -                       | -                   | 2,594           |
| - Swaps                         | 9,893,067                  | -                       | -                   | 9,893,067         | 92,043                    | -                       | -                   | 92,043          | 47,232                    | -                       | -                   | 47,232          |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 460,000                    | -                       | -                   | 460,000           | 16                        | -                       | -                   | 16              | 370                       | -                       | -                   | 370             |
| Equity related contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Options purchased             | -                          | 148,325                 | -                   | 148,325           | -                         | 11,244                  | -                   | 11,244          | -                         | -                       | -                   | -               |
| Precious metal contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 16,896                     | -                       | -                   | 16,896            | 77                        | -                       | -                   | 77              | 2                         | -                       | -                   | 2               |
|                                 | <u>11,490,778</u>          | <u>154,839</u>          | <u>-</u>            | <u>11,645,617</u> | <u>106,565</u>            | <u>11,353</u>           | <u>-</u>            | <u>117,918</u>  | <u>50,198</u>             | <u>-</u>                | <u>-</u>            | <u>50,198</u>   |
| <b>Hedging Derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| <b>Fair Value Hedge</b>         |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 1,558,803                  | 3,100,814               | 7,764,258           | 12,423,875        | 23,587                    | 29,500                  | 318,809             | 371,896         | 5,378                     | 82,943                  | 97,287              | 185,608         |
| <b>Cash Flow Hedge</b>          |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 40,000                     | 379,000                 | 500,000             | 919,000           | 16                        | 3,822                   | 200                 | 4,038           | -                         | 653                     | 265                 | 918             |
|                                 | <u>1,598,803</u>           | <u>3,479,814</u>        | <u>8,264,258</u>    | <u>13,342,875</u> | <u>23,603</u>             | <u>33,322</u>           | <u>319,009</u>      | <u>375,934</u>  | <u>5,378</u>              | <u>83,596</u>           | <u>97,552</u>       | <u>186,526</u>  |
| <b>Total</b>                    | <u>13,089,581</u>          | <u>3,634,653</u>        | <u>8,264,258</u>    | <u>24,988,492</u> | <u>130,168</u>            | <u>44,675</u>           | <u>319,009</u>      | <u>493,852</u>  | <u>55,576</u>             | <u>83,596</u>           | <u>97,552</u>       | <u>236,724</u>  |

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**A27. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding as at 31 December 2011 and 31 December 2010 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

| Group<br>As at 31 December 2010 | Contract / Notional Amount |                         |                     |                   | Positive Fair Value       |                         |                     |                 | Negative Fair Value       |                         |                     |                 |
|---------------------------------|----------------------------|-------------------------|---------------------|-------------------|---------------------------|-------------------------|---------------------|-----------------|---------------------------|-------------------------|---------------------|-----------------|
|                                 | Up To<br>1 Year<br>RM'000  | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000   | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 |
| <b>Trading derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Foreign exchange contracts      |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 1,162,331                  | 6,271                   | -                   | 1,168,602         | 6,042                     | 102                     | -                   | 6,144           | 18,402                    | -                       | -                   | 18,402          |
| - Swaps                         | 13,018,376                 | -                       | -                   | 13,018,376        | 80,072                    | -                       | -                   | 80,072          | 175,499                   | -                       | -                   | 175,499         |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 79,190                     | 80,000                  | -                   | 159,190           | 9                         | 56                      | -                   | 65              | -                         | 76                      | -                   | 76              |
| Equity related contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Options purchased             | 227,140                    | 80,885                  | 100,142             | 408,167           | -                         | 3,838                   | 17,210              | 21,048          | -                         | -                       | -                   | -               |
| Precious metal contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 929                        | -                       | -                   | 929               | -                         | -                       | -                   | -               | -                         | -                       | -                   | -               |
|                                 | <u>14,487,966</u>          | <u>167,156</u>          | <u>100,142</u>      | <u>14,755,264</u> | <u>86,123</u>             | <u>3,996</u>            | <u>17,210</u>       | <u>107,329</u>  | <u>193,901</u>            | <u>76</u>               | <u>-</u>            | <u>193,977</u>  |
| <b>Hedging Derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| <b>Fair Value Hedge</b>         |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 566,663                    | 2,913,508               | 6,399,575           | 9,879,746         | 7,110                     | 87,720                  | 117,714             | 212,544         | 4,467                     | 18,682                  | 158,222             | 181,371         |
| <b>Cash Flow Hedge</b>          |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 65,000                     | 192,000                 | 227,000             | 484,000           | 553                       | 4,059                   | 2,137               | 6,749           | -                         | 179                     | 2                   | 181             |
|                                 | <u>631,663</u>             | <u>3,105,508</u>        | <u>6,626,575</u>    | <u>10,363,746</u> | <u>7,663</u>              | <u>91,779</u>           | <u>119,851</u>      | <u>219,293</u>  | <u>4,467</u>              | <u>18,861</u>           | <u>158,224</u>      | <u>181,552</u>  |
| <b>Total</b>                    | <u>15,119,629</u>          | <u>3,272,664</u>        | <u>6,726,717</u>    | <u>25,119,010</u> | <u>93,786</u>             | <u>95,775</u>           | <u>137,061</u>      | <u>326,622</u>  | <u>198,368</u>            | <u>18,937</u>           | <u>158,224</u>      | <u>375,529</u>  |

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**A27. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding as at 31 December 2011 and 31 December 2010 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

| Bank<br>As at 31 December 2011  | Contract / Notional Amount |                         |                     |                   | Positive Fair Value       |                         |                     |                 | Negative Fair Value       |                         |                     |                 |
|---------------------------------|----------------------------|-------------------------|---------------------|-------------------|---------------------------|-------------------------|---------------------|-----------------|---------------------------|-------------------------|---------------------|-----------------|
|                                 | Up To<br>1 Year<br>RM'000  | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000   | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 |
| <b>Trading derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Foreign exchange contracts      |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 1,095,678                  | 6,514                   | -                   | 1,102,192         | 14,366                    | 109                     | -                   | 14,475          | 2,548                     | -                       | -                   | 2,548           |
| - Swaps                         | 9,547,903                  | -                       | -                   | 9,547,903         | 90,790                    | -                       | -                   | 90,790          | 46,440                    | -                       | -                   | 46,440          |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 717,155                    | 19,049                  | -                   | 736,204           | 2,814                     | -                       | -                   | 2,814           | 5,076                     | 2,035                   | -                   | 7,111           |
| Equity related contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Options purchased             | -                          | 148,325                 | -                   | 148,325           | -                         | 11,244                  | -                   | 11,244          | -                         | -                       | -                   | -               |
| Precious metal contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 16,896                     | -                       | -                   | 16,896            | 77                        | -                       | -                   | 77              | 2                         | -                       | -                   | 2               |
|                                 | <u>11,377,632</u>          | <u>173,888</u>          | <u>-</u>            | <u>11,551,520</u> | <u>108,047</u>            | <u>11,353</u>           | <u>-</u>            | <u>119,400</u>  | <u>54,066</u>             | <u>2,035</u>            | <u>-</u>            | <u>56,101</u>   |
| <b>Hedging Derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| <b>Fair Value Hedge</b>         |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 1,301,648                  | 2,970,649               | 7,446,783           | 11,719,080        | 20,789                    | 29,500                  | 318,809             | 369,098         | 672                       | 69,682                  | 62,952              | 133,306         |
| <b>Cash Flow Hedge</b>          |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 40,000                     | 379,000                 | 500,000             | 919,000           | 16                        | 3,822                   | 200                 | 4,038           | -                         | 653                     | 265                 | 918             |
|                                 | <u>1,341,648</u>           | <u>3,349,649</u>        | <u>7,946,783</u>    | <u>12,638,080</u> | <u>20,805</u>             | <u>33,322</u>           | <u>319,009</u>      | <u>373,136</u>  | <u>672</u>                | <u>70,335</u>           | <u>63,217</u>       | <u>134,224</u>  |
| <b>Total</b>                    | <u>12,719,280</u>          | <u>3,523,537</u>        | <u>7,946,783</u>    | <u>24,189,600</u> | <u>128,852</u>            | <u>44,675</u>           | <u>319,009</u>      | <u>492,536</u>  | <u>54,738</u>             | <u>72,370</u>           | <u>63,217</u>       | <u>190,325</u>  |

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**A27. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding as at 31 December 2011 and 31 December 2010 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

| Bank<br>As at 31 December 2010  | Contract / Notional Amount |                         |                     |                   | Positive Fair Value       |                         |                     |                 | Negative Fair Value       |                         |                     |                 |
|---------------------------------|----------------------------|-------------------------|---------------------|-------------------|---------------------------|-------------------------|---------------------|-----------------|---------------------------|-------------------------|---------------------|-----------------|
|                                 | Up To<br>1 Year<br>RM'000  | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000   | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 | Up To<br>1 Year<br>RM'000 | > 1 - 3 Years<br>RM'000 | > 3 Years<br>RM'000 | Total<br>RM'000 |
| <b>Trading derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Foreign exchange contracts      |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 1,134,477                  | 6,271                   | -                   | 1,140,748         | 6,004                     | 102                     | -                   | 6,106           | 18,371                    | -                       | -                   | 18,371          |
| - Swaps                         | 12,816,888                 | -                       | -                   | 12,816,888        | 76,093                    | -                       | -                   | 76,093          | 173,378                   | -                       | -                   | 173,378         |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 123,300                    | 329,683                 | 18,495              | 471,478           | 4,698                     | 1,820                   | -                   | 6,518           | 1,164                     | 16,425                  | 2,060               | 19,649          |
| Equity related contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Options purchased             | 227,140                    | 80,885                  | 100,142             | 408,167           | -                         | 3,838                   | 17,210              | 21,048          | -                         | -                       | -                   | -               |
| Precious metal contracts        |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Forwards                      | 929                        | -                       | -                   | 929               | -                         | -                       | -                   | -               | -                         | -                       | -                   | -               |
|                                 | <u>14,302,734</u>          | <u>416,839</u>          | <u>118,637</u>      | <u>14,838,210</u> | <u>86,795</u>             | <u>5,760</u>            | <u>17,210</u>       | <u>109,765</u>  | <u>192,913</u>            | <u>16,425</u>           | <u>2,060</u>        | <u>211,398</u>  |
| <b>Hedging Derivatives:</b>     |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| <b>Fair Value Hedge</b>         |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 381,713                    | 2,663,825               | 5,964,942           | 9,010,480         | 2,412                     | 85,956                  | 117,714             | 206,082         | 2,461                     | 2,333                   | 124,622             | 129,416         |
| <b>Cash Flow Hedge</b>          |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| Interest rate related contracts |                            |                         |                     |                   |                           |                         |                     |                 |                           |                         |                     |                 |
| - Swaps                         | 65,000                     | 192,000                 | 227,000             | 484,000           | 553                       | 4,059                   | 2,137               | 6,749           | -                         | 179                     | 2                   | 181             |
|                                 | <u>446,713</u>             | <u>2,855,825</u>        | <u>6,191,942</u>    | <u>9,494,480</u>  | <u>2,965</u>              | <u>90,015</u>           | <u>119,851</u>      | <u>212,831</u>  | <u>2,461</u>              | <u>2,512</u>            | <u>124,624</u>      | <u>129,597</u>  |
| <b>Total</b>                    | <u>14,749,447</u>          | <u>3,272,664</u>        | <u>6,310,579</u>    | <u>24,332,690</u> | <u>89,760</u>             | <u>95,775</u>           | <u>137,061</u>      | <u>322,596</u>  | <u>195,374</u>            | <u>18,937</u>           | <u>126,684</u>      | <u>340,995</u>  |

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**A27. Derivative Financial Instruments** (continued)

- ii) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

**Market Risk**

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amounts at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

**Credit Risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM493,852,000 (31 December 2010 : RM326,622,000) and RM492,536,000 (31 December 2010 : RM322,596,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Liquidity Risk**

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

iii) **Cash Requirements of the Derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2011, the Group and the Bank have posted cash collateral of RM6,667,000 on their derivative contracts.

- iv) There have been no changes since the end of the previous financial year in respect of the following:
- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
  - b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
  - c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2010 and Pillar 3 Disclosures section of the 2010 Annual Report.

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**A28. Capital Adequacy**

- a) The capital adequacy ratios of the Group and the Bank below are disclosed pursuant to the requirements of Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3):

|  | Group               |                     | Bank                |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31 December<br>2011 | 31 December<br>2010 | 31 December<br>2011 | 31 December<br>2010 |
| <u>Before deducting second interim dividends *</u> |                     |                     |                     |                     |
| Tier I capital ratio                               | 10.7%               | 10.7%               | 12.9%               | 13.2%               |
| Risk-weighted capital ratio                        | <u>15.9%</u>        | <u>14.4%</u>        | <u>15.9%</u>        | <u>14.1%</u>        |
| <u>After deducting second interim dividends *</u>  |                     |                     |                     |                     |
| Tier I capital ratio                               | 10.1%               | 10.0%               | 12.1%               | 12.4%               |
| Risk-weighted capital ratio                        | <u>15.3%</u>        | <u>13.7%</u>        | <u>15.2%</u>        | <u>13.3%</u>        |

\* Refer to second interim dividend declared subsequent to the financial year end.

|   | Group                         |                               | Bank                          |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Components of Tier I and Tier II capital:                           |                               |                               |                               |                               |
| <u>Tier I capital</u>   |                               |                               |                               |                               |
| Paid-up share capital   | 3,531,926                     | 3,531,926                     | 3,531,926                     | 3,531,926                     |
| Share premium   | 1,073,310                     | 1,073,310                     | 1,073,310                     | 1,073,310                     |
| Other reserves  | 3,955,307                     | 3,787,881                     | 3,522,609                     | 3,508,238                     |
| Retained profits  | 6,417,544                     | 4,754,405                     | 6,236,502                     | 4,641,801                     |
| Innovative Tier I capital securities                                | 1,833,303                     | 1,814,538                     | 1,833,303                     | 1,814,538                     |
| Non-innovative Tier I stapled securities                            | 2,082,388                     | 2,081,633                     | 2,082,388                     | 2,081,633                     |
| Treasury shares   | (215,572)                     | (215,303)                     | (215,572)                     | (215,303)                     |
| Non-controlling interests   | 697,484                       | 652,188                       | -                             | -                             |
| Less: Goodwill  | (1,938,994)                   | (1,903,898)                   | (695,393)                     | (695,393)                     |
| Less: Deferred tax assets, net                                      | (46,093)                      | (521,359)                     | -                             | (418,699)                     |
| Total Tier I capital  | <u>17,390,603</u>             | <u>15,055,321</u>             | <u>17,369,073</u>             | <u>15,322,051</u>             |
| <u>Tier II capital</u>  |                               |                               |                               |                               |
| Collective assessment allowance #                                   | 2,456,351                     | 2,164,761                     | 2,021,614                     | 1,819,307                     |
| Subordinated notes  | 6,138,306                     | 3,102,012                     | 6,138,306                     | 3,102,012                     |
| Total Tier II capital   | <u>8,594,657</u>              | <u>5,266,773</u>              | <u>8,159,920</u>              | <u>4,921,319</u>              |
| Total capital   | 25,985,260                    | 20,322,094                    | 25,528,993                    | 20,243,370                    |
| Less: Investment in subsidiary companies and associated companies   | (960)                         | (960)                         | (3,987,284)                   | (3,787,284)                   |
| Less: Holdings of other financial institutions' capital instruments | (44,468)                      | (47,439)                      | (44,468)                      | (47,439)                      |
| Capital base  | <u>25,939,832</u>             | <u>20,273,695</u>             | <u>21,497,241</u>             | <u>16,408,647</u>             |

# Excludes collective assessment allowance on impaired loans restricted from Tier II capital of the Group and the Bank of RM188,184,000 (2010: RM131,397,000) and RM155,453,000 (2010: RM104,039,000) respectively.

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**A28. Capital Adequacy (continued)**

a) The capital adequacy ratios of the Group and the Bank (continued):

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and from its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd.

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2010 - 8.0%) for the risk-weighted capital ratio.

b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows:

|  | <b>Public<br/>Islamic<br/>Bank<br/>Berhad<sup>1</sup></b> | <b>Public<br/>Investment<br/>Bank<br/>Berhad<sup>2</sup></b> | <b>Public<br/>Bank<br/>(L) Ltd.<sup>3</sup></b> | <b>Public Bank<br/>(Hong Kong)<br/>Limited<sup>4</sup></b> | <b>Public<br/>Finance<br/>Limited<sup>4</sup></b> | <b>Cambodian<br/>Public Bank<br/>Plc<sup>5</sup></b> |
|--|---|--|---|--|---|--|
| <b>31 December 2011</b>                      |   |  |   |  |   |  |
| <u>Before deducting interim dividends: *</u> |   |  |   |  |   |  |
| Tier I capital ratio                         | 12.2%   | 18.1%  | 19.6%   | 16.1%  | 29.6%   | N/A  |
| Risk-weighted capital ratio                  | 13.7%   | 18.3%  | 20.0%   | 16.1%  | 30.8%   | 20.5%  |
| <u>After deducting interim dividends: *</u>  |   |  |   |  |   |  |
| Tier I capital ratio                         | 10.8%   | 16.8%  | 19.6%   | 16.1%  | 27.0%   | N/A  |
| Risk-weighted capital ratio                  | 12.3%   | 17.0%  | 20.0%   | 16.1%  | 28.1%   | 20.5%  |
| <b>31 December 2010</b>                      |   |  |   |  |   |  |
| <u>Before deducting interim dividends: *</u> |   |  |   |  |   |  |
| Tier I capital ratio                         | 12.6%   | 19.4%  | 11.8%   | 15.2%  | 31.5%   | N/A  |
| Risk-weighted capital ratio                  | 14.2%   | 19.6%  | 12.1%   | 15.2%  | 32.6%   | 24.4%  |
| <u>After deducting interim dividends: *</u>  |   |  |   |  |   |  |
| Tier I capital ratio                         | 11.3%   | 18.2%  | 11.8%   | 15.2%  | 28.2%   | N/A  |
| Risk-weighted capital ratio                  | 12.9%   | 18.4%  | 12.1%   | 15.2%  | 29.3%   | 24.4%  |

\* Refers to interim dividends which have been declared subsequent to the financial year end.

<sup>1</sup> The capital adequacy ratios of Public Islamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Public Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

<sup>2</sup> The capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Public Investment Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

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**A28. Capital Adequacy (continued)**

- b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows (continued):
- <sup>3</sup> The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and risk-weighted capital ratio respectively.
- <sup>4</sup> The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking (Capital) Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.
- <sup>5</sup> The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.
- c) The breakdown of risk-weighted assets by each major risk category is as follows:

|                  | Group                         |                               | Bank                          |                               |
|------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| Credit risk      | 148,664,399                   | 128,486,892                   | 123,065,342                   | 106,083,803                   |
| Market risk      | 1,670,798                     | 1,063,445                     | 2,774,099                     | 1,788,639                     |
| Operational risk | 12,692,078                    | 11,546,113                    | 9,048,375                     | 8,446,853                     |
|                  | <b>163,027,275</b>            | 141,096,450                   | <b>134,887,816</b>            | 116,319,295                   |

**A29. Credit Exposures Arising From Credit Transactions With Connected Parties**

|   | Group               |                     | Bank                |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31 December<br>2011 | 31 December<br>2010 | 31 December<br>2011 | 31 December<br>2010 |
| Outstanding credit exposures with connected parties (RM'000)  | <b>614,385</b>      | 591,821             | <b>928,229</b>      | 802,278             |
| Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures | <b>0.34%</b>        | 0.38%               | <b>0.58%</b>        | 0.58%               |
| Percentage of outstanding credit exposures with connected parties which is impaired or in default       | <b>0.02%</b>        | 0.11%               | <b>0.01%</b>        | 0.08%               |

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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**A30. Operations of Islamic Banking**

**A30a. Statement of Financial Position As At 31 December 2011**

|  | <b>Group</b>                |                             |
|--|-----------------------------|-----------------------------|
|  | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> |
|  | <b>RM'000</b>               | <b>RM'000</b>               |
| <b>ASSETS</b>  |                             |                             |
| Cash and balances with banks                           | 6,257,092                   | 4,571,596                   |
| Financial assets held-for-trading                      | 1,249,014                   | 298,846                     |
| Financial investments available-for-sale               | 1,830,720                   | 2,138,048                   |
| Financial investments held-to-maturity                 | 5,022                       | 5,022                       |
| Financing and advances                                 | 19,199,676                  | 16,339,975                  |
| Other assets   | 81,185                      | 68,446                      |
| Statutory deposits with Bank Negara Malaysia           | 775,700                     | 167,000                     |
| Deferred tax assets                                    | -                           | 70,407                      |
| Investment in associated company                       | 20,000                      | -                           |
| Property and equipment                                 | 1,619                       | 1,545                       |
| <b>Total Assets</b>                                    | <b>29,420,028</b>           | <b>23,660,885</b>           |
| <br><b>LIABILITIES AND ISLAMIC</b>                     |                             |                             |
| <b>BANKING FUNDS</b>                                   |                             |                             |
| Deposits from customers                                | 20,029,935                  | 15,306,731                  |
| Deposits from banks                                    | 7,179,533                   | 6,379,985                   |
| Bills and acceptances payable                          | 334                         | 4,893                       |
| Other liabilities                                      | 71,182                      | 70,471                      |
| Provision for zakat and taxation                       | 40,314                      | 83,417                      |
| Deferred tax liabilities                               | 398                         | -                           |
| <b>Total Liabilities</b>                               | <b>27,321,696</b>           | <b>21,845,497</b>           |
| Islamic Banking Funds                                  | <b>2,098,332</b>            | <b>1,815,388</b>            |
| <b>Total Liabilities and Islamic<br/>Banking Funds</b> | <b>29,420,028</b>           | <b>23,660,885</b>           |
| <br><b>COMMITMENTS AND CONTINGENCIES</b>               |                             |                             |
|  | <b>1,910,159</b>            | <b>1,171,568</b>            |

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**A30b. Income Statements for the 4th Quarter and Financial Year Ended 31 December 2011**

|  | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>Group</b>   |                               |                               |                               |                               |
| Income derived from investment of depositors' funds and others | 345,420                       | 298,317                       | 1,278,146                     | 1,163,021                     |
| Income derived from investment of Islamic Banking Funds        | 25,582                        | 23,397                        | 98,125                        | 84,583                        |
| Allowance for impairment on financing and advances             | (25,512)                      | (13,177)                      | (102,922)                     | (72,531)                      |
| Impairment on other assets                                     | -                             | (18)                          | (11)                          | (18)                          |
| Profit equalisation reserve                                    | -                             | 2,635                         | 33,436                        | (21,560)                      |
| <b>Total distributable income</b>                              | <b>345,490</b>                | <b>311,154</b>                | <b>1,306,774</b>              | <b>1,153,495</b>              |
| Income attributable to the depositors                          | (159,098)                     | (121,625)                     | (541,365)                     | (444,756)                     |
| <b>Total net income</b>  | <b>186,392</b>                | <b>189,529</b>                | <b>765,409</b>                | <b>708,739</b>                |
| Other overheads and expenditures                               | (48,616)                      | (45,709)                      | (184,119)                     | (184,778)                     |
| <b>Profit before zakat and taxation</b>                        | <b>137,776</b>                | <b>143,820</b>                | <b>581,290</b>                | <b>523,961</b>                |
| Zakat  | (79)                          | (64)                          | (318)                         | (256)                         |
| Taxation   | (34,167)                      | (35,391)                      | (142,884)                     | (126,445)                     |
| <b>Profit for the period / year</b>                            | <b>103,530</b>                | <b>108,365</b>                | <b>438,088</b>                | <b>397,260</b>                |

**A30c. Statement of Comprehensive Income for the 4th Quarter and Financial Year Ended 31 December 2011**

|  | 4th Quarter Ended             |                               | Financial Year Ended          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| <b>Group</b>   |                               |                               |                               |                               |
| Profit for the period / year   | 103,530                       | 108,365                       | 438,088                       | 397,260                       |
| Other comprehensive income / (loss):   |                               |                               |                               |                               |
| Net gain / (loss) on revaluation of financial investments available-for-sale | 1,909                         | 2,241                         | 1,720                         | (988)                         |
| Income tax relating to components of other comprehensive (income) / loss     | (477)                         | (560)                         | (430)                         | 247                           |
| Other comprehensive income / (loss) for the period / year, net of tax        | 1,432                         | 1,681                         | 1,290                         | (741)                         |
| Total comprehensive income for the period / year                             | 104,962                       | 110,046                       | 439,378                       | 396,519                       |

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**A30d. Financing and Advances**

|   | <b>Group</b>                           |  |
|---|--|--|
|   | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Bai Bithaman Ajil-i (deferred payment sale)         | 5,488,222                              | 4,656,767                              |
| Ijarah Thamma Al-Bai'-i (leasing)                   | 10,324,273                             | 8,654,075                              |
| Ijarah Muntahia Bittamlik                           | 101,104                                | 80,809                                 |
| Bai-Al-Einah-i                                      | <u>3,579,804</u>                       | <u>3,197,877</u>                       |
| Gross financing and advances                        | <b>19,493,403</b>                      | <b>16,589,528</b>                      |
| Allowance for impairment on financing and advances: |  |  |
| - collective assessment allowance                   | (292,381)                              | (248,832)                              |
| - individual assessment allowance                   | <u>(1,346)</u>                         | <u>(721)</u>                           |
| Net financing and advances                          | <u><b>19,199,676</b></u>               | <u><b>16,339,975</b></u>               |

Movements in impaired financing and advances are as follows:

|  | <b>Group</b>                           |  |
|--|--|--|
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| At 1 January   | 162,629                                | 146,515                                |
| Impaired during the year   | 432,444                                | 412,215                                |
| Reclassified as non-impaired   | (317,261)                              | (304,277)                              |
| Recoveries   | (33,566)                               | (33,497)                               |
| Amount written off   | (69,805)                               | (56,562)                               |
| Financing converted to foreclosed properties                                       | <u>(1,164)</u>                         | <u>(1,765)</u>                         |
| Closing balance  | <u><b>173,277</b></u>                  | <u><b>162,629</b></u>                  |
| Impaired financing and advances as a percentage of<br>gross financing and advances | <u><b>0.89%</b></u>                    | <u><b>0.98%</b></u>                    |

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**A30e. Deposits from Customers**

|  | <b>Group</b>                |                             |
|--|-----------------------------|-----------------------------|
|  | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> |
| <b>By type of deposit</b>                | <b>RM'000</b>               | <b>RM'000</b>               |
| <u>Non-Mudharabah Fund</u>               |                             |                             |
| Wadiah current deposits-i                | 2,307,971                   | 2,075,047                   |
| Wadiah savings deposits-i                | 4,295,000                   | 3,861,945                   |
| Istismar general investment deposits-i   | 2,584,424                   | -                           |
| Negotiable instruments of deposit-i      | 1,136,468                   | 2,188,896                   |
|  | <b>10,323,863</b>           | <b>8,125,888</b>            |
| <u>Mudharabah Fund</u>                   |                             |                             |
| Mudharabah current deposits-i            | 26,779                      | -                           |
| Mudharabah savings deposits-i            | 72,294                      | 75,642                      |
| Mudharabah general investment deposits-i | 7,141,559                   | 6,241,737                   |
| Mudharabah special investment deposits-i | 2,465,440                   | 863,464                     |
|  | <b>9,706,072</b>            | <b>7,180,843</b>            |
|  | <b>20,029,935</b>           | <b>15,306,731</b>           |

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

**B1. Performance Review**

**a) Current Year-to date vs. Previous Year-to-date**

The Group's pre-tax profit for the financial year ended 31 December 2011 of RM4,610.6 million was RM524.4 million or 12.8% higher than the previous corresponding period of RM4,086.2 million. Net profit attributable to equity holders improved by RM435.6 million or 14.3% to RM3,483.8 million. The improved earnings was mainly due to higher net interest and net income from Islamic banking business by RM464.6 million (8.6%) and higher net fee and commission income by RM87.1 million (8.4%). In addition to the growth of income from various sources, impairment allowance on loans had shown a drop of RM65.5 million (9.9%) despite the 1.5% collective impairment allowance set aside for the strong loan growth. These were partially offset by higher other operating expenses by RM108.4 million (5.2%) which was mainly due to the increase in personnel costs resulting from higher business volume.

The growth in the Group's net interest income and net income from Islamic banking business was driven by continued strong loans and customer deposits growth coupled with sustained strong asset quality. Gross loans had grown by 13.5% to RM177.7 billion as at 31 December 2011 as compared to RM156.5 billion as at 31 December 2010 mainly arising from property financing, financing of passenger vehicles and lending to small- and medium-sized enterprises ("SMEs"). Total deposits from customers had also grown by 13.3% or RM23.5 billion as compared to 31 December 2010 which partly contributed to the higher net interest income for the current year. The Group's impaired loan ratio had further improved to 0.9% from 1.1% in the previous year.

Performance of the respective operating business segments for the year ended 31 December 2011 as compared to the previous year is analysed as follows:-

- 1) Retail Operations – The increase in pre-tax profit by RM401.9 million (17.5%) to RM2,695.2 million was mainly due to higher average loan and deposit balances and lower loan impairment allowance by 9.2% despite higher gross loan achieved. This was partially offset by higher other operating expenses on higher business volume.
- 2) Hire purchase – Pre-tax profit decreased by RM36.5 million (-5.5%) to RM629.1 million, mainly due to lower net interest margin and higher loan impairment allowance.
- 3) Corporate lending – Pre-tax profit increased by RM37.3 million (16.3%) to RM266.2 million, mainly due to higher loan recoveries during the year.
- 4) Treasury and capital market operations – The increase in pre-tax profit by RM32.6 million (20.0%) to RM195.7 million was mainly due to higher net interest income achieved on treasury gapping activities and higher fee income.
- 5) Investment banking – Pre-tax profit increased marginally by RM1.0 million (2.0%) to RM51.2 million.
- 6) Fund management – Pre-tax profit increased by RM48.0 million (17.5%) to RM321.9 million, mainly due to higher management fee earned on higher average net asset value of funds under management and higher fee income on sale of trust units.
- 7) Overseas operations – The drop in pre-tax profit by RM15.0 million (-4.8%) to RM296.5 million was mainly due to the negative impact of the foreign exchange movement and lower net interest income. This was partially offset by lower other operating expenses and lower loan impairment allowances. Profit contributed by Hong Kong operations was reduced to 3.8% (2010: 5.4%) of the Group's pre-tax profit whereas contribution from Cambodia operations was increased to 2.0% (2010: 1.6%).

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**B1. Performance Review (continued)**

**b) Current Quarter vs. Previous Year Corresponding Quarter**

For the 4th quarter ended 31 December 2011, the Group registered a pre-tax profit of RM1,163.3 million, an increase of RM33.0 million or 2.9% as compared to the previous corresponding quarter. The improved performance was mainly due to higher net interest and net income from Islamic banking business. This was partially offset by higher other operating expenses and higher loan impairment allowance on higher loan growth achieved. Earnings attributable to equity holders grew by 3.6% or RM30.8 million over the same period.

Performance of the respective operating business segments for the 4th quarter ended 31 December 2011 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – Pre-tax profit increased by RM31.1 million (4.6%) to RM711.0 million, mainly due to higher loan and deposit base and lower loan impairment allowances partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased marginally by RM2.4 million to RM173.3 million during the current quarter.
- 3) Corporate lending – Pre-tax profit decreased by RM10.9 million (-17.2%) to RM52.5 million, mainly due to higher loan impairment allowance.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM33.5 million (104.6%) to RM65.6 million was mainly due to higher interest margin earned on treasury gapping activities and higher foreign exchange income.
- 5) Investment banking – Pre-tax profit decreased by RM0.8 million (-6.2%) to RM12.6 million due to lower brokerage activities.
- 6) Fund management business – Pre-tax profit increased by RM3.6 million (4.8%) to RM78.2 million, due to higher management fee earned on higher average net asset value of funds under management partially offset by lower fee income on sale of trust units.
- 7) Overseas Operations – The drop in pre-tax profit by RM26.5 million (-26.7%) was mainly due to lower contribution from the Hong Kong operations of 3.7% of the Group's pre-tax profit as compared to 5.6% achieved in the previous corresponding quarter and share of losses of an associated company in Vietnam in the current quarter which was mainly due to higher loan impairment allowance.

**B2. Variation of Results Against Preceding Quarter**

The Group's pre-tax profit of RM1,163.3 million for the 4th quarter ended 31 December 2011 shows a marginal drop of RM23.7 million or 2.0% as compared to the pre-tax profit of RM1,186.9 million for the preceding quarter ended 30 September 2011. Net profit attributable to equity holders decreased by RM21.8 million or 2.4% over the same period. The drop in profit is mainly due to certain major loan recoveries in the preceding quarter which are non-recurring in the current quarter.

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**B3. Prospects for 2012**

Global economic conditions in 2012 are expected to remain increasingly challenging. However, growth momentum in Asia and other emerging and developing economies, including Malaysia is expected to continue, supported by resilient domestic demand. Based on the still favourable economic outlook for Malaysia, the banking industry is expected to remain stable in 2012, underpinned by strong capitalisation, healthy liquidity position and relatively strong asset quality. In 2012, the banking sector will continue to play its role by providing access to credits for households and businesses, and the growth in the banking sector will be largely driven by domestic economic activities. In addition, the implementation of the new Financial Sector Blueprint will further see greater dynamism and innovation for the industry.

In 2012, the growth in the domestic retail operations segment of the Public Bank Group should sustain at the current moderate level, supported by decent growth in retail lending and customer deposits. Favourable indicators such as steady economic growth, growing household income, stable employment condition, low interest rate environment, continuing market demands for residential and commercial properties as well as stable operating condition for businesses should provide impetus to the Group to achieve the targeted growth. The introduction of new pre-emptive regulatory measures which include the loan-to-value ratio cap on financing of the third residential property and guidelines on responsible financing are not expected to materially impact the Group's growth in the domestic retail operations segment as the Group's existing stringent lending policies and practices have already incorporated most of such measures.

The growth in the Public Bank Group's domestic hire purchase segment is dependent on the growth of the automotive industry in Malaysia. In 2012, the automotive industry is expected to experience minimal to flattish growth in vehicle sales. Nevertheless, the Group is targeting to sustain moderate growth at the current level in this segment and maintain its leading market share position in the passenger vehicle financing business. The Group will continue to leverage on its competitive edge in this segment which includes attractive hire purchase financing product packages, fast approval and disbursement of financing, efficient customer service and strong business network and collaboration in order to achieve the targeted growth.

In 2012, the corporate lending of Public Bank is expected to grow moderately, supported by the continuing demand for credit by business corporations. Businesses and investments by business corporations are expected to expand amid sustainable economic activities in Malaysia, growing intra-regional trades, implementation of projects under the Economic Transformation Programme and the 10<sup>th</sup> Malaysia Plan as well as the Government's continuous efforts to support the growth of private sector businesses.

The capital market is expected to remain competitive and volatile in 2012. Despite these conditions, the Public Bank Group's investment banking segment is well positioned to weather the challenges by leveraging on the Group's well established middle market business customers to tap into their capacity and desire to access the capital market. The performance of the treasury operations of the Group is expected to remain stable. The Group's fund management business is projected to grow steadily in 2012 and will continue to sustain its leading market share position in the private unit trust business. This positive prospect is underpinned by the on-going demand of customers for investment products to invest their excess funds for better returns, the Group's diverse range of fund products that meet various investment objectives and risk appetites, the Group's strong network of unit trust sales and marketing force as well as its proven track record on fund performance.

The overseas operating segment will strengthen in 2012 with the prevailing economic outlook and operating environment in the countries in which Public Bank Group is operating in. Although the operating landscape in these countries are experiencing greater competition, the Group will continue to leverage on the strong customer relationship built over the years, the efficient customer service, the attractive and competitive product packages to expand the business in these overseas countries. The Group has hedged its foreign currency exposure in respect of its investments in the overseas operations and therefore is not expected to be susceptible to foreign exchange fluctuations.

**B4. Profit Forecast or Profit Guarantee**

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

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**B5. Tax Expense and Zakat**

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2011 are as follows:

| <b><u>Group</u></b>  | <b>4th Quarter Ended</b>    |                             | <b>Financial Year Ended</b> |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> |
|  | <b>RM'000</b>               | <b>RM'000</b>               | <b>RM'000</b>               | <b>RM'000</b>               |
| Malaysian income tax   |                             |                             |                             |                             |
| - In respect of current year profit  | <b>281,353</b>              | 247,728                     | <b>1,039,799</b>            | 995,220                     |
| - In respect of changes in tax treatment for collective assessment allowance | -                           | -                           | <b>(545,445)</b>            | -                           |
| Overseas income tax  | <b>19,398</b>               | 23,117                      | <b>63,266</b>               | 56,908                      |
|  | <b>300,751</b>              | 270,845                     | <b>557,620</b>              | 1,052,128                   |
| (Over) / Under provision in prior years                                      |                             |                             |                             |                             |
| - Malaysian income tax   | <b>(4,528)</b>              | (291)                       | <b>1,912</b>                | (6,032)                     |
| - Overseas income tax  | <b>2,695</b>                | (2,974)                     | <b>1,325</b>                | (667)                       |
|  | <b>298,918</b>              | 267,580                     | <b>560,857</b>              | 1,045,429                   |
| Deferred tax expense   |                             |                             |                             |                             |
| - In respect of changes in tax treatment for collective assessment allowance | -                           | -                           | <b>545,445</b>              | -                           |
| - Relating to origination and reversal of temporary differences              | <b>(21,784)</b>             | 2,525                       | <b>(20,011)</b>             | (58,565)                    |
| Tax expense  | <b>277,134</b>              | 270,105                     | <b>1,086,291</b>            | 986,864                     |
| Zakat  | <b>79</b>                   | 64                          | <b>318</b>                  | 256                         |
|  | <b>277,213</b>              | 270,169                     | <b>1,086,609</b>            | 987,120                     |

The Group's effective tax rates for the 4th quarter and financial year ended 31 December 2011 and 31 December 2010 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

| <b><u>Bank</u></b>   | <b>4th Quarter Ended</b>    |                             | <b>Financial Year Ended</b> |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> |
|  | <b>RM'000</b>               | <b>RM'000</b>               | <b>RM'000</b>               | <b>RM'000</b>               |
| Malaysian income tax   |                             |                             |                             |                             |
| - In respect of current year profit  | <b>210,542</b>              | 208,675                     | <b>810,748</b>              | 806,874                     |
| - In respect of changes in tax treatment for collective assessment allowance | -                           | -                           | <b>(478,485)</b>            | -                           |
| Overseas income tax  | <b>6,696</b>                | 3,224                       | <b>8,265</b>                | 5,053                       |
|  | <b>217,238</b>              | 211,899                     | <b>340,528</b>              | 811,927                     |
| (Over) / Under provision in prior years                                      |                             |                             |                             |                             |
| - Overseas income tax  | -                           | -                           | <b>(202)</b>                | 807                         |
|  | <b>217,238</b>              | 211,899                     | <b>340,326</b>              | 812,734                     |
| Deferred tax expense   |                             |                             |                             |                             |
| - In respect of changes in tax treatment for collective assessment allowance | -                           | -                           | <b>478,485</b>              | -                           |
| - Relating to origination and reversal of temporary differences              | <b>2,005</b>                | (16,425)                    | <b>(2,286)</b>              | (66,638)                    |
|  | <b>219,243</b>              | 195,474                     | <b>816,525</b>              | 746,096                     |

The Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2011 and 31 December 2010 were lower than the statutory tax rate due to certain income not subject to tax.

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**B6. Status of Corporate Proposals Announced but Not Completed**

There were no corporate proposals announced but not completed as at 31 December 2011.

**B7. Status of Utilisation of Proceeds Raised from Corporate Proposals**

The proceeds raised from the issuance of subordinated notes in the current year and the issuances of subordinated notes, Innovative Tier I capital securities and Non-innovative Tier I stapled securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

**B8. Realised and Unrealised Profits**

The breakdown of retained profits of the Group and the Bank as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

|  | <b>Group</b>                           |  |
|--|--|--|
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Total retained profits of Public Bank Berhad and its subsidiaries:           |  |  |
| - Realised   | 7,363,413                              | 5,162,942                              |
| - Unrealised - in respect of deferred tax recognised in the income statement | (14,409)                               | 513,414                                |
| - in respect of other items of income and expense                            | 52,059                                 | 51,092                                 |
|  | 7,401,063                              | 5,727,448                              |
| Total share of retained profits from associated companies:                   |  |  |
| - Realised   | 6,433                                  | 13,648                                 |
| - Unrealised   | -                                      | -                                      |
|  | 7,407,496                              | 5,741,096                              |
| Less: Consolidation adjustments  | (989,952)                              | (986,691)                              |
| Total Group retained profits as per consolidated accounts                    | 6,417,544                              | 4,754,405                              |
|  |  |  |
|  | <b>Bank</b>                            |  |
|  | <b>31 December<br/>2011<br/>RM'000</b> | <b>31 December<br/>2010<br/>RM'000</b> |
| Total retained profits of Public Bank Berhad:                                |  |  |
| - Realised   | 6,051,910                              | 3,950,498                              |
| - Unrealised - in respect of deferred tax recognised in the income statement | (57,500)                               | 418,699                                |
| - in respect of other items of income and expense                            | 10,548                                 | 5,007                                  |
| Total Bank retained profits as per accounts                                  | 6,004,958                              | 4,374,204                              |

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group and the Bank as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group and the Bank, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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**B9. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds**

|  | Group                         |                               | Bank                          |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 | 31 December<br>2011<br>RM'000 | 31 December<br>2010<br>RM'000 |
| (a) <u>Deposits from customers</u>                                     |                               |                               |                               |                               |
| - Fixed deposits   |                               |                               |                               |                               |
| One year or less   | 106,415,441                   | 97,559,190                    | 82,417,034                    | 76,210,614                    |
| More than one year   | 157,543                       | 168,643                       | 103,984                       | 100,646                       |
| - Negotiable instruments of deposits                                   |                               |                               |                               |                               |
| One year or less   | 2,264,308                     | 3,377,048                     | 733,999                       | 886,251                       |
| More than one year   | 18,719                        | 12,778                        | 18,719                        | 12,778                        |
| - Money market deposits  |                               |                               |                               |                               |
| One year or less   | 40,589,452                    | 29,379,017                    | 35,471,442                    | 26,938,395                    |
| - Savings deposits   | 21,959,727                    | 20,440,705                    | 15,476,427                    | 14,035,444                    |
| - Demand deposits  | 28,763,993                    | 25,470,214                    | 24,963,764                    | 22,142,587                    |
| - Others   | 201,342                       | 464,524                       | 199,070                       | 462,551                       |
|  | <u>200,370,525</u>            | <u>176,872,119</u>            | <u>159,384,439</u>            | <u>140,789,266</u>            |
| (b) <u>Deposits from banks</u>   |                               |                               |                               |                               |
| - One year or less   | <u>15,806,732</u>             | <u>21,327,476</u>             | <u>16,717,349</u>             | <u>21,069,781</u>             |
| (c) <u>Debt securities issued and other borrowed funds</u>             |                               |                               |                               |                               |
| Borrowings denominated in HKD (unsecured)                              |                               |                               |                               |                               |
| Term loan  |                               |                               |                               |                               |
| - More than one year   | 895,084                       | 866,676                       | -                             | -                             |
| Revolving credit   |                               |                               |                               |                               |
| - One year or less   | -                             | 31,676                        | -                             | -                             |
|  | <u>895,084</u>                | <u>898,352</u>                | <u>-</u>                      | <u>-</u>                      |
| Subordinated notes denominated in USD (unsecured)                      |                               |                               |                               |                               |
| - More than one year   | 1,289,818                     | 1,294,900                     | 1,289,818                     | 1,294,900                     |
| Subordinated notes denominated in RM (unsecured)                       |                               |                               |                               |                               |
| - More than one year   | 4,966,920                     | 1,893,294                     | 4,966,920                     | 1,893,294                     |
|  | <u>6,256,738</u>              | <u>3,188,194</u>              | <u>6,256,738</u>              | <u>3,188,194</u>              |
| Innovative Tier I capital securities denominated in USD (unsecured)    |                               |                               |                               |                               |
| - More than one year   | 723,422                       | 713,059                       | 723,422                       | 713,059                       |
| Innovative Tier I capital securities denominated in RM (unsecured)     |                               |                               |                               |                               |
| - More than one year   | 1,245,374                     | 1,205,421                     | 1,245,374                     | 1,205,421                     |
|  | <u>1,968,796</u>              | <u>1,918,480</u>              | <u>1,968,796</u>              | <u>1,918,480</u>              |
| Non-innovative Tier I stapled securities denominated in RM (unsecured) |                               |                               |                               |                               |
| - More than one year   | 2,197,215                     | 2,089,854                     | 2,197,215                     | 2,089,854                     |
|  | <u>11,317,833</u>             | <u>8,094,880</u>              | <u>10,422,749</u>             | <u>7,196,528</u>              |

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**B10. Changes in Material Litigation**

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

**B11. Dividends**

(a) (i) The Directors had declared a first interim single tier dividend of 20% in respect of financial year ended 31 December 2011, which was paid on 17 August 2011.

(ii) A second interim single tier dividend of 28% for the financial year ended 31 December 2011, amounting to RM980,595,036 computed based on the outstanding issued and paid-up share capital excluding treasury shares as at 31 December 2011, has been declared by the directors;

Amount per share : Single tier dividend of 28.0 sen;

Entitlement date: 17 February 2012;

Payment date: 27 February 2012.

(b) Total dividend paid for the previous financial year 2010:  
- First interim franked dividend of 25 sen less 25% tax.  
- Second interim franked dividend of 25 sen less 25% tax and single tier dividend of 8 sen.

**B12. Earnings Per Share (EPS)**

|  | <b>4th Quarter Ended</b>    |                             | <b>Financial Year Ended</b> |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> | <b>31 December<br/>2011</b> | <b>31 December<br/>2010</b> |
| Net profit attributable to equity holders (RM'000) | <u><b>876,987</b></u>       | <u>846,188</u>              | <u><b>3,483,810</b></u>     | <u>3,048,224</u>            |
| Weighted average number of PBB Shares ('000)       | <u><b>3,502,125</b></u>     | <u>3,502,145</u>            | <u><b>3,502,132</b></u>     | <u>3,496,316</u>            |
| Basic earnings per share (sen)                     | <u><b>25.0</b></u>          | <u>24.2</u>                 | <u><b>99.5</b></u>          | <u>87.2</u>                 |

**Diluted**

The Group has no dilution in its earnings per ordinary share in the current year and the preceding year as there are no dilutive potential ordinary shares.