



PUBLIC BANK

2019 ANNUAL REPORT

RESILIENCE IN CHALLENGING TIMES



ABOUT THIS REPORT



Resilience in Challenging Times

Resilience in Challenging Times is best reflected through the world of sports where athletes often face challenging times in their pursuit for excellence, honour and glory. Every day is a new day in the field with new sets of challenges. The ability to bounce back, to reflect deeply, and to get back into the game is the mantra that athletes live by. Arming themselves with a winning mentality requires strength, perseverance, teamwork and competitiveness to excel in the field. It's about having the resilience, discipline and focus to push on, no matter the circumstances. With a winning mentality, anything is possible.

In the competitive financial sector, Public Bank too applies all these attributes that have enabled us to create significant value for our stakeholders over the years. We will continue to stand tall and strong; embracing challenges and changes with the same enthusiasm and energy as we have always had in the past. We remain committed to grow whilst adjusting to the ever-present issues in the banking landscape. By applying ourselves to the challenges at hand, we will remain resilient and ready to face any challenging times that come our way.

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This annual report is available on the web at www.publicbankgroup.com



To contact us, please refer to the Corporate Information on page 10 and the Group Corporate Directory on page 263.



The financial statements are available in the Financial Statements book of the 2019 Annual Report.

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CORPORATE PHILOSOPHY

Public Bank Cares...

→ FOR ITS CUSTOMERS

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

→ FOR ITS SHAREHOLDERS

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

→ FOR ITS EMPLOYEES

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

→ FOR THE COMMUNITY IT SERVES

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

...With Integrity



CORPORATE MISSION



TO SUSTAIN THE POSITION
OF BEING THE MOST
EFFICIENT, PROFITABLE
AND RESPECTED PREMIER
FINANCIAL INSTITUTION
IN MALAYSIA.



**3rd
largest**
Bank in Malaysia
by total assets



RM5.51
billion
net profit attributable
to equity holders



RM432.83
billion
in total assets



435
branch network
in the region

NOTICE OF ANNUAL GENERAL MEETING



PUBLIC BANK
Company Registration No. 196501000672 (6463-H)

NOTICE IS HEREBY GIVEN THAT the 54th Annual General Meeting (AGM) of Public Bank Berhad (PBB or Company) will be held on Monday, 29 June 2020 at 11.00 a.m. and will be conducted as a fully virtual AGM at the Broadcast Venue at 29th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur for the following purposes:

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2019 and the Reports of the Directors and Auditors thereon.
2. To re-elect Ms Tham Chai Phong who retires pursuant to Clause 105 of the Company's Constitution. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire by rotation pursuant to Clause 107 of the Company's Constitution:
 - i. Tan Sri Dato' Sri Dr. Teh Hong Piow **Ordinary Resolution 2**
 - ii. Mr Tang Wing Chew **Ordinary Resolution 3**
 - iii. Ms Cheah Kim Ling **Ordinary Resolution 4**
4. To approve the payment of Directors' fees, Board Committees Members' fees, and allowances to Directors amounting to RM5,281,442 for the financial year ended 31 December 2019. **Ordinary Resolution 5**
5. To approve the payment of remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) amounting to RM20,000,000 for financial year ended 31 December 2019 to the Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow. **Ordinary Resolution 6**
6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to fix the Auditors' remuneration. **Ordinary Resolution 7**

By Order of the Board

Dato' Chia Lee Kee
MAICSA 7008270
SSM Practising Certificate No. 202008000979
Company Secretary

Kuala Lumpur
29 May 2020



Notes:

1. As a precautionary measure in view of the COVID-19 outbreak, the 54th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Details of the 54th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the 54th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. Members/proxies are not allowed to attend the 54th AGM in person at the Broadcast Venue on the day of the 54th AGM.
3. Members may submit questions to the Board of Directors prior to the 54th AGM via Tricor's TIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than 24 June 2020 at 11.00 a.m., or may use the query box to transmit questions to the Board of Directors via RPV facilities during the live streaming of the 54th AGM.
4. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 22 June 2020 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 54th AGM.
5. Since the 54th AGM will be conducted as a fully virtual meeting, a Member entitled to participate and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the form of proxy.
6. A Member shall not be entitled to appoint more than 2 proxies to participate and vote at the 54th AGM provided that where a Member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

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

Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
8. The appointment of a proxy may be made in the following manner and must be received by the Company via its Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd not less than 48 hours before the time set for the 54th AGM or no later than 27 June 2020 at 11.00 a.m.:
 - By electronic means via online
The proxy appointment must be made via Tricor's TIH Online website at <https://tiih.online>.
 - By electronic means via email
The form of proxy must be received via email at Tricor's email address at is.enquiry@my.tricorglobal.com
 - By electronic means via facsimile
The form of proxy must be received via facsimile at Tricor's fax no. 03-2783 9222.
 - In hard copy form
The form of proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Ordinary Businesses:

1. Audited Financial Statements for the financial year ended 31 December 2019

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1)(a) of the Companies Act, 2016. Hence, this matter will not be put for voting.

2. Re-election of Directors

The profiles of Directors seeking re-election are set out in the Board of Directors' Profiles section of the Company's 2019 Annual Report.

3. Ordinary Resolution 5 – Proposed payment of Directors' fees, Board Committees Members' fees, and allowances to Directors for the financial year ended 31 December 2019

The proposed payment of Directors' fees, Board Committees Members' fees, and allowances to Directors amounting to RM5,281,442 for the financial year ended 31 December 2019 is based on the following fee structure:

Director's Fees (per annum)

Chairman Emeritus, Director and Adviser (RM)	Chairman (RM)	Other Directors (RM)
427,870	427,870	316,050

Board Committee Fees (per month)	Chairman (RM)	Member (RM)
• Audit Committee	14,550	11,360
• Risk Management Committee	7,280	5,730
• Compliance Committee	7,280	5,730
• Credit Risk Management Committee	7,280	5,730

Meeting Attendance Allowances

	RM per Meeting Attended
• Board of Directors	1,500
• Nomination and Remuneration Committee	1,500

4. Ordinary Resolution 6 – Proposed payment of remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) for financial year ended 31 December 2019 to the Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow

The proposed payment of remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) amounting to RM20,000,000 for the financial year ended 31 December 2019 to the Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow is in deep appreciation and recognition of his continuous invaluable contribution to the PBB Group's success.

The benefits-in-kind included company car, medical coverage and other claimable benefits.



FINANCIAL CALENDAR

FINANCIAL YEAR 2019

ANNOUNCEMENT OF CONSOLIDATED RESULTS

UNAUDITED RESULTS FOR
1ST QUARTER ENDED
31 MARCH 2019

→ **29 APRIL 2019**
(Monday)

UNAUDITED RESULTS FOR
2ND QUARTER AND HALF-YEAR
ENDED 30 JUNE 2019

→ **14 AUGUST 2019**
(Wednesday)

UNAUDITED RESULTS FOR
3RD QUARTER ENDED
30 SEPTEMBER 2019

→ **7 NOVEMBER 2019**
(Thursday)

AUDITED RESULTS FOR
4TH QUARTER AND FINANCIAL
YEAR ENDED 31 DECEMBER 2019

→ **26 FEBRUARY 2020**
(Wednesday)

DIVIDENDS

1ST INTERIM DIVIDEND OF 33.0 SEN PER SHARE

Notice 14 August 2019 (Wednesday)
Entitlement 29 August 2019 (Thursday)
Payment 10 September 2019 (Tuesday)

2ND INTERIM DIVIDEND OF 40.0 SEN PER SHARE

Notice 26 February 2020 (Wednesday)
Entitlement 12 March 2020 (Thursday)
Payment 20 March 2020 (Friday)

ANNUAL GENERAL MEETING

NOTICE OF 54TH ANNUAL GENERAL MEETING

29 May 2020 (Friday)

54TH ANNUAL GENERAL MEETING

29 June 2020 (Monday)

FINANCIAL HIGHLIGHTS

	GROUP		BANK	
	2019	2018	2019	2018
PROFITABILITY (RM'MILLION)				
Operating revenue	22,455	22,042	16,338	15,994
Operating profit	7,283	7,270	5,957	5,754
Profit before tax expense and zakat	7,134	7,101	5,911	5,644
Net profit attributable to equity holders of the Bank	5,512	5,591	4,745	4,551
KEY BALANCE SHEET DATA (RM'MILLION)				
Total assets	432,831	419,693	339,545	331,787
Gross loans, advances and financing	330,468	317,302	257,705	249,157
Deposits from customers	353,340	339,160	268,260	258,878
Shareholders' equity	43,594	40,973	37,078	35,280
FINANCIAL RATIOS (%)				
Profitability Ratios				
Net interest margin on average interest bearing assets	2.2	2.2	2.0	2.1
Net return on equity ¹	13.6	14.8	13.7	13.9
Return on average assets	1.7	1.7	1.8	1.7
Return on average risk-weighted assets	2.6	2.7	2.7	2.7
Capital Adequacy Ratios²				
Common Equity Tier I capital ratio	13.5	13.1	12.1	12.0
Tier I capital ratio	13.5	13.7	12.2	12.8
Total capital ratio	16.8	16.3	15.5	15.3
Asset Quality Ratio				
Gross impaired loans ratio	0.5	0.5	0.4	0.5

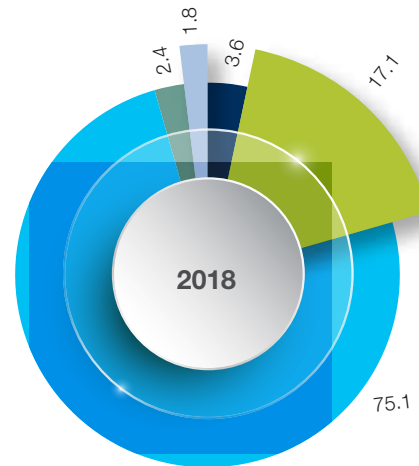
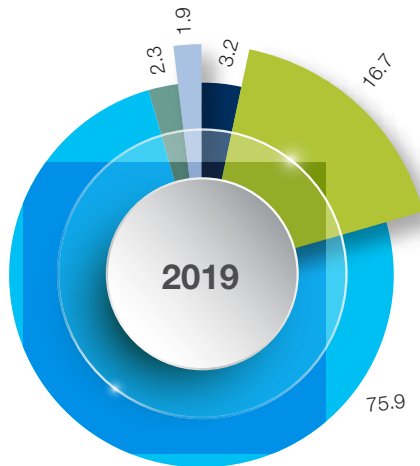
¹ Based on average equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.

² After deducting second interim dividend declared subsequent to year end.



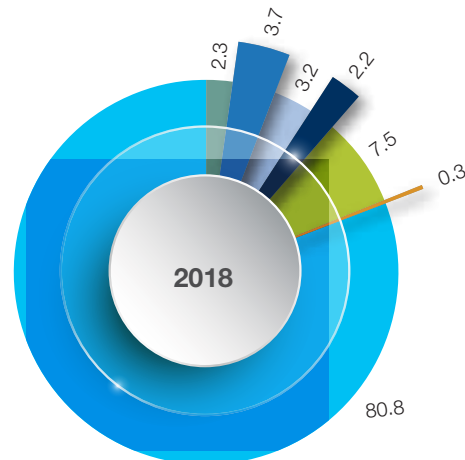
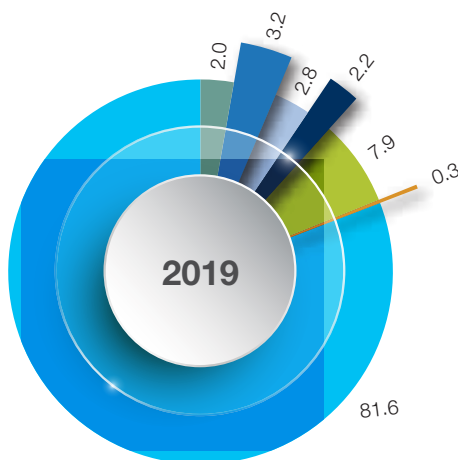
SIMPLIFIED GROUP BALANCE SHEET

ASSETS



- Cash and balances with banks and reverse repurchase agreements
- Portfolio of financial investments
- Loans, advances and financing
- Statutory deposits with Central Banks
- Other assets (including intangible assets)

LIABILITIES & EQUITY



- Deposits from customers
- Deposits from banks
- Bills and acceptances payable and other liabilities
- Debt securities issued and other borrowed funds
- Share capital
- Reserves
- Non-controlling interests

CORPORATE INFORMATION

AS AT 30 APRIL 2020

BOARD OF DIRECTORS

TAN SRI DATO' SRI DR. TEH HONG PIOW

Founder, Chairman Emeritus, Director and Adviser

PSM, SSAP, SPMJ, SIMP, SSIJ, DSAP, DPMJ,
Datuk Kurnia Sentosa Pahang, JP
Hon LLD (M'sia); EFMIM (M'sia); Fellow, AICB; FCIB (UK);
FGIA (Aust); CCMI (UK); FICM (UK); FInstAM (UK); DUniv Sunway *hc*

LAI WAN

Independent Non-Executive Chairman

BA (Econs Hons); Associate, AICB

CHEAH KIM LING

Independent Non-Executive Director

BAcc (Hons); CA (M'sia)

TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

PSM, SSAP, PJN, DIMP, KMN
MBA (Henley); EFMIM (M'sia); Fellow, Chartered Banker, AICB;
FCPA (Aust); F Fin (Aust)

LEE CHIN GUAN

Non-Independent Non-Executive Director

BSc (Hons); BCL (Oxon); LL.M (Cantab);
JD (Chicago-Kent); Barrister-at-Law (Middle Temple)

TANG WING CHEW

Non-Independent Non-Executive Director

BA (Hons)

DATO' MOHD HANIF BIN SHER MOHAMED

Independent Non-Executive Director

DSM, DSPN, PKT
MBA (UK)

LAI WAI KEEN

Independent Non-Executive Director

BEd (Hons); LLB

THAM CHAI FHONG

Independent Non-Executive Director

(Appointed on 1 June 2019)
BSc (Hons); Postgraduate Dip in Comp. Sc.



COMPANY SECRETARY

DATO' CHIA LEE KEE

DIMP
MAICSA 7008270
SSM Practising Certificate No. 202008000979
Telephone No. : 603-2176 6341
E-mail : pbbcocsec@publicbank.com.my

REGISTERED OFFICE

27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Telephone No. : 603-2176 6341, 2163 8888
Facsimile No. : 603-2163 9917

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Telephone No. : 603-2783 9299
Facsimile No. : 603-2783 9222
E-mail : is.enquiry@my.tricorglobal.com

Tricor Customer Service Centre:

Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

MESSRS ERNST & YOUNG PLT

202006000003 (LLP0022760-LCA) & AF 0039

Chartered Accountants

Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia
Telephone No. : 603-7495 8000
Facsimile No. : 603-2095 5332

HEAD OFFICE

Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Telephone No. : 603-2176 6000, 2176 6666,
2163 8888, 2163 8899
Facsimile No. : 603-2163 9917

WEBSITE

www.publicbankgroup.com

INVESTOR RELATIONS

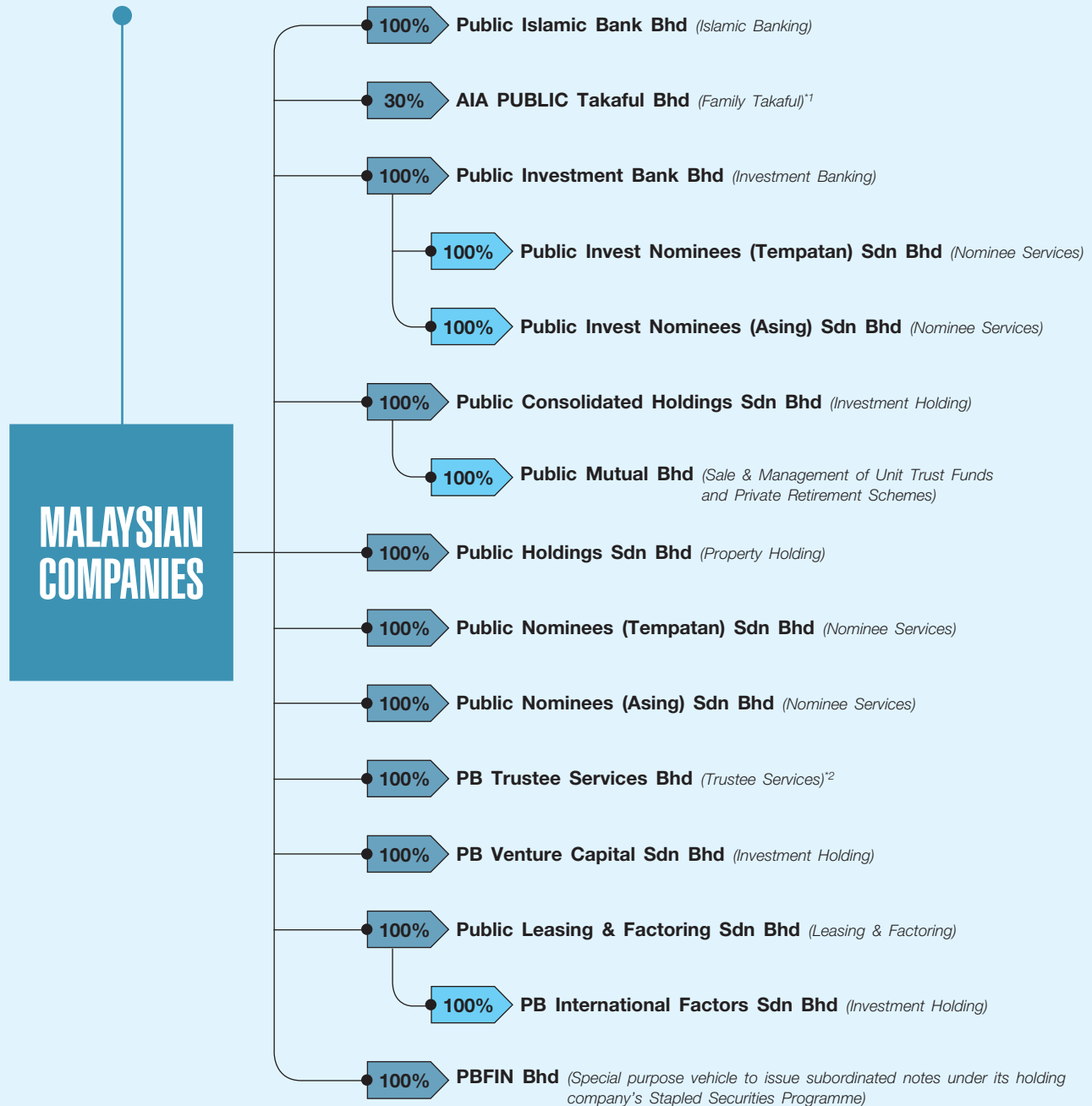
Telephone No. : 603-2176 6293
Facsimile No. : 603-2163 9929
E-mail : ir@publicbank.com.my

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa Malaysia Securities Berhad
Listing Date : 6 April 1967
Stock Name : PBBANK
Stock Code : 1295

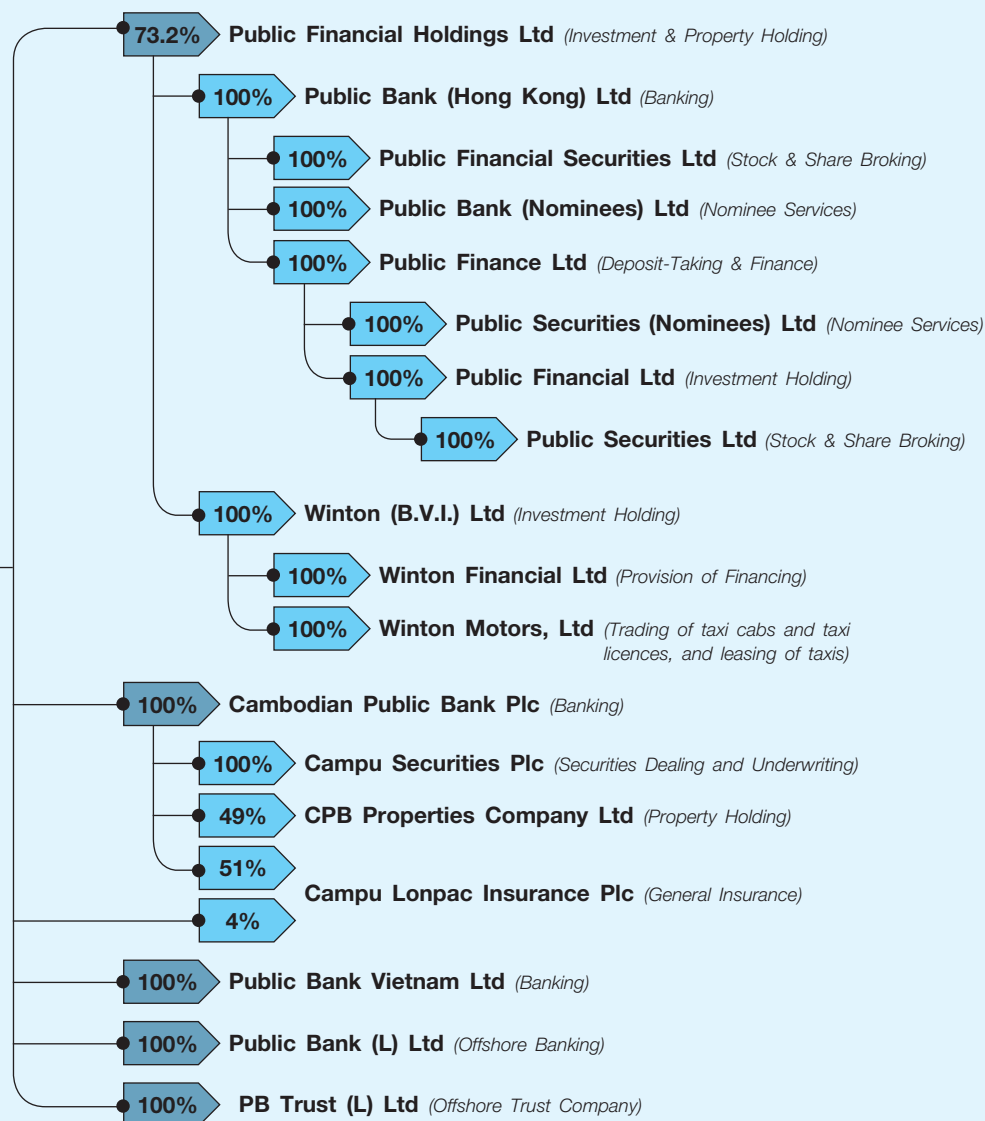
GROUP CORPORATE STRUCTURE

AS AT 30 APRIL 2020





OVERSEAS AND OFFSHORE COMPANIES



Notes:

- The companies reflected are operating subsidiaries/associated companies.
- The full list of companies under the Public Bank Group is set out in Notes 15 and 16 to the Financial Statements on pages 101 to 104 in the Financial Statements section of this Annual Report.

*1 Held by:

- Public Bank Bhd; and
 - Public Islamic Bank Bhd
- with direct shareholdings of 15% each.

*2 Held by:

- Public Bank Bhd;
 - Public Investment Bank Bhd;
 - Public Consolidated Holdings Sdn Bhd;
 - Public Holdings Sdn Bhd; and
 - PB International Factors Sdn Bhd
- with direct shareholdings of 20% each.

CORPORATE PROFILE

AT THE BEGINNING

Public Bank was founded in 1966 by Tan Sri Dato' Sri Dr. Teh Hong Piow, with the vision of growing Public Bank to be "a bank for the people" in serving the banking needs of ordinary people. On 6 August 1966, Public Bank opened its door for business at its first branch located in Jalan Gereja, Kuala Lumpur with 62 pioneer staff. On 6 April 1967, Public Bank was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

PUBLIC BANK TODAY

Regional Network

Public Bank has expanded its banking business not just in Malaysia, but also in Hong Kong, China, Cambodia, Vietnam, Laos and Sri Lanka. Today, the Public Bank Group has a wide network of 264 branches in Malaysia, 84 branches in Hong Kong and China, 55 branches in the Indo-China region and 3 branches in Sri Lanka. The Group employs over 19,000 staff.

Comprehensive Financial Services

Over the years, the Group has grown to provide a comprehensive range of financial products and services. These include personal banking, commercial banking, Islamic banking, investment banking, share broking, trustee services, nominee services, sale and management of unit trust funds, bancassurance and general insurance products. To serve customers better, the Group is strengthening its digital capability and offerings in line with the evolving needs of customers.

Resilient Business Model

The vision of being "a bank for the people" has been shaping Public Bank's resilient business model and growth strategy in retail banking business, focusing on retail consumers and small and medium enterprises ("SMEs"). It has been steering Public Bank's successful growth path through the years giving rise to its track record of unbroken profitability for 53 years.

Respectable Financial Performance

Today, the Public Bank Group is one of the largest premier banking groups in Malaysia in terms of total assets, profitability and market capitalisation. The Group is recognised for its performance in sustaining the highest return on equity, most efficient cost to income ratio and best asset quality among domestic banks. The Group has been achieving leading market share positions in consumer banking, retail commercial banking for the SMEs as well as private unit trust business.

Strong Credit Ratings

With its consistent financial performance, the Group continues to be accorded with strong credit and financial ratings from local and foreign rating agencies.

Standard & Poor's

- Long-term rating of A-
- Short-term counterparty credit rating of A-2 with stable outlook

Moody's

- Long-term deposit rating of A3
- Short-term deposit rating of P-2 with stable outlook

Rating Agency Malaysia

- Long-term rating of AAA, the highest rating accorded by Rating Agency Malaysia
- Short-term rating of P1 with stable outlook





As at 31 December 2019

ONE OF THE LARGEST PREMIER BANKS IN MALAYSIA



TOTAL ASSETS

RM432.83 billion
3rd Largest Bank in Malaysia



MARKET CAPITALISATION

RM75.47 billion
2nd Largest Company
on Bursa Malaysia by Market
Capitalisation



NET PROFIT

RM5.51 billion
53 years of Unbroken
Profitability Track Record

THE BEST AMONG DOMESTIC BANKS



HIGHEST RETURN ON EQUITY

13.6%



LOWEST COST TO INCOME RATIO

34.4%



LOWEST GROSS IMPAIRED LOANS RATIO

0.5%

LEADING MARKET SHARES



RESIDENTIAL PROPERTY FINANCING

19.9%



PASSENGER VEHICLE FINANCING

29.4%



COMMERCIAL PROPERTY FINANCING

35.0%



PRIVATE UNIT TRUST BUSINESS RETAIL MARKET SHARE

35.0%

CORPORATE MILESTONES FROM 1966

1966

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



1967

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



1978

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



1990

Acquisition of Public Finance Limited (then known as JCG Finance Company, Limited) in Hong Kong.



1992

Establishment of Cambodian Public Bank Plc, presently a wholly-owned subsidiary in Cambodia, on 25 May 1992 and branches in Vientiane, Laos and Colombo, Sri Lanka.



1996

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

2001

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



2004

Completed the merger of the finance company business of Public Finance Berhad with the commercial banking business of Public Bank on 4 September 2004.

Public Mutual Berhad, the largest private sector unit trust management company in Malaysia, became a wholly-owned subsidiary on 12 July 2006.

2006



2010

Public Bank and Public Islamic Bank Berhad jointly with ING Management Holdings (Malaysia) Sdn Bhd, obtained a Family Takaful licence to carry out family takaful business.

2014

Paid-up capital of Public Bank exceeded RM3.8 billion upon the issuance of 350,212,513 new ordinary shares of RM1.00 each pursuant to the completion of the Public Bank Rights Issue.

2007

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

2016

VID Public Bank (previously 50% held by Public Bank) became a wholly-owned subsidiary of Public Bank and changed its name to Public Bank Vietnam Limited with effect from 1 April 2016.

2018

Public Bank launched the all-in-one digital payment terminals on 8 November 2018 in partnership with Revenue Group Berhad and was the first bank to roll out such an integrated payment terminal in Malaysia.



2008

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



CORPORATE MILESTONES FROM 1966

1966	- On 6 August 1966, Public Bank first opened its doors for business at No. 4 Jalan Gereja, Kuala Lumpur with 62 pioneer staff. - Public Finance Berhad, then Public Bank's wholly-owned finance company subsidiary, commenced business on 24 September 1966. - The start of an expanding network of Public Bank with the opening of Public Bank's Malacca Branch on 15 September 1966 and Ipoh Branch on 7 January 1967, a domestic network that stands at 262 branches today. 1st five months of business yielded a profit of RM71,562, the start of an unbroken profitability track record of 53 years.	1992	- Listing of Public Finance Berhad (the former finance company subsidiary of Public Bank) on Bursa Malaysia Securities Berhad (then known as the Kuala Lumpur Stock Exchange) on 15 July 1992. - VID Public Bank, Public Bank's 50:50 joint venture bank with Bank for Investment and Development of Vietnam commenced business in Hanoi, Vietnam on 18 May 1992. - Establishment of Cambodian Public Bank Plc, presently a wholly-owned subsidiary in Cambodia, on 25 May 1992 and branches in Vientiane, Laos and Colombo, Sri Lanka.
1967	- Official opening of Public Bank on 4 April 1967 by Malaysia's first Prime Minister, the late Y.T.M. Tunku Abdul Rahman. - On 6 April 1967, Public Bank was listed on Bursa Malaysia Securities Berhad (then known as the Kuala Lumpur Stock Exchange).	1993	- Commencement of Islamic Banking service with the launch of "Skim Perbankan Tanpa Faedah" and the setting-up of Public Bank's Islamic Banking Unit. - Acquisition of 55% interest in Public Mutual Berhad (then known as Kuala Lumpur Mutual Fund Berhad) on 26 May 1993.
1969	1st RM1 million annual pre-tax profit.	1996	Public Bank moved to Menara Public Bank, its present landmark Head Office building in the heart of Kuala Lumpur's central business district.
1970	Public Bank paid its 1st dividend of 3.5% per ordinary share of RM1.00 each, the start of an unbroken stream of dividends paid by Public Bank for every financial year.	1998	Paid-up capital of Public Bank exceeded RM1 billion.
1978	Public Bank moved to Bangunan Public Bank, the first Head Office building owned by the Bank.	2000	- Acquisition of Public Merchant Bank Berhad (then known as Sime Merchant Bank Berhad) on 25 October 2000 expanded the Group's business into merchant banking. 1st RM1 billion annual pre-tax profit with RM1.25 billion pre-tax profit in the year.
1980	1st RM10 million annual pre-tax profit with RM21 million pre-tax profit achieved for the year. - Total assets surpassed RM1 billion for the 1st time.	2001	Completed the acquisition of Hock Hua Bank Berhad on 31 March 2001.
1987	Completed the acquisition of PB Securities Sdn Bhd (then known as GP Securities Sdn Bhd) on 1 October 1987, marking the Public Bank Group's entry into stockbroking business.	2002	Paid-up capital of Public Bank exceeded RM2 billion.
1990	- Acquisition of Public Finance Limited (then known as JCG Finance Company, Limited) in Hong Kong. - Establishment of a wholly-owned off-shore banking subsidiary, Public Bank (L) Ltd, in the Federal Territory of Labuan. 1st RM100 million annual pre-tax profit with RM128 million pre-tax profit in the year.	2003	- Public Bank started buying back its own shares, the first bank in Malaysia to do so. - Completed the privatisation of Public Finance Berhad on 13 June 2003. - Paid-up capital of Public Bank exceeded RM3 billion.
1991	- Listing of Public Financial Holdings Limited (then known as JCG Holdings Limited) on The Stock Exchange of Hong Kong Limited. - Total assets surpassed RM10 billion for the 1st time.	2004	1st issue of subordinated debt of USD350 million. - Completed the merger of the finance company business of Public Finance Berhad with the commercial banking business of Public Bank on 4 September 2004.
		2005	- Pre-tax profit surpassed RM2 billion for the 1st time. - Total assets surpassed RM100 billion for the 1st time.



2006	• 1st Malaysian bank to issue innovative hybrid Tier-1 capital securities in both the international market in US Dollars of USD200 million and in the domestic market in Ringgit of RM1.2 billion. • Acquisition of Public Bank (Hong Kong) Limited (formerly known as Asia Commercial Bank Limited) in Hong Kong for HKD4.5 billion. • Public Mutual Berhad, the largest private sector unit trust management company in Malaysia, became a wholly-owned subsidiary on 12 July 2006. • Public Investment Bank Berhad, a wholly-owned subsidiary, was established on 18 December 2006 upon completion of the merger of the merchant banking business of Public Merchant Bank Berhad with the stockbroking business of PB Securities Sdn Bhd.	2011	• ING PUBLIC Takaful Ehsan Bhd, the joint venture Takaful company set up by Public Bank and Public Islamic Bank Berhad jointly with ING Management Holdings (Malaysia) Sdn Bhd, was launched on 5 April 2011.
2007	• Pre-tax profit surpassed RM3 billion for the 1st time. • Total loans, advances and financing exceeded RM100 billion for the 1st time. • Public Bank entered into an exclusive regional strategic alliance agreement with ING Asia/Pacific Limited for the joint development of bancassurance business, Takaful business and various other services between Public Bank and ING in the Asia Pacific region for 10 years. • Establishment of Campu Lonpac Insurance Plc, a 55% subsidiary of Public Bank Group, to provide general insurance business in Cambodia.	2012	• Pre-tax profit surpassed RM5 billion for the 1st time.
2008	• Public Islamic Bank Berhad, a wholly-owned subsidiary, commenced business on 1 November 2008 upon the completion of the transfer of the Islamic banking business of Public Bank to Public Islamic Bank Berhad. • Public Bank became the largest banking group in Malaysia by market capitalisation and the 2nd largest listed company on Bursa Malaysia Securities Berhad on 18 July 2008 with a market capitalisation of RM36.03 billion.	2013	• Public Bank entered into new regional strategic alliance agreement on bancassurance with American International Assurance Company, Limited. • ING PUBLIC Takaful Ehsan Bhd changed its name to AIA PUBLIC Takaful Bhd following the completion of the acquisition of ING Insurance Berhad by AIA Bhd in Malaysia on 17 June 2013.
2009	• Total assets surpassed RM200 billion for the 1st time.	2014	• Completed the merger of ordinary shares of RM1.00 each in Public Bank (PBB Shares) listed and quoted as "Local" and PBB Shares listed and quoted as "Foreign" on the Main Market of Bursa Malaysia Securities Berhad on 16 April 2014. • Paid-up capital of Public Bank exceeded RM3.8 billion upon the issuance of 350,212,513 new ordinary shares of RM1.00 each pursuant to the completion of the Public Bank Rights Issue.
2010	• Pre-tax profit surpassed RM4 billion for the 1st time. • Profit after tax surpassed RM3 billion for the 1st time. • Public Bank and Public Islamic Bank Berhad jointly with ING Management Holdings (Malaysia) Sdn Bhd, obtained a Family Takaful licence to carry out family takaful business. • Public Islamic Bank Berhad, a wholly-owned subsidiary, opened its first full-fledged Islamic branch offering Shariah-compliant products.	2015	• Pre-tax profit surpassed RM6 billion for the 1st time.
		2016	• VID Public Bank (previously 50% held by Public Bank) became a wholly-owned subsidiary of Public Bank and changed its name to Public Bank Vietnam Limited with effect from 1 April 2016. • Public Bank Vietnam Limited received the licence from the State Bank of Vietnam for its establishment and operation as a 100% foreign-owned bank in Vietnam with effect from 1 April 2016. • Public Bank celebrated its 50th anniversary on 6 August 2016.
		2017	• Pre-tax profit surpassed RM7 billion for the 1st time.
		2018	• Public Bank launched the all-in-one digital payment terminals on 8 November 2018 in partnership with Revenue Group Berhad and was the first bank to roll out such an integrated payment terminal in Malaysia.



Honorary doctorate for banking legend

PUBLIC Bank founder, chairman emeritus, director and adviser Tan Sri Dr Teh Hong Paw's banking acumen continues to be recognised through conferment of an honorary doctorate by Sunway University.

The "Honorary Doctor of the University" degree is in recognition of Teh's outstanding contributions in overseeing the evolution of Public Bank into a modern and integrated financial institution and the growth of the country's banking and finance industry in general.

The award was presented by Sunway University Chancellor Tan Sri Dr Jeffrey Cheah in a ceremony held at Sunway Resort Hotel & Spa.

The event was attended by all Public Bank Group board members and 1,200 of its senior staff.

In his speech, Cheah said, "Tan Sri Teh's name was foremost in our mind when we were selecting an individual who personifies the ideals of the honorary doctorate."

"My hope is that his achievements, attributes and life journey will be an inspiration to our stu-



Teh (left) receiving the honorary doctorate from Cheah.

has also held the record of over 50 years of unbroken profitability," he added.

Teh, in acknowledging the award, said, "I am deeply honoured and touched to be conferred such a high honour. It is not always that a man of 89 years gets to receive awards."

saying "pleasure in the job puts perfection in the work".

"Now as chairman emeritus of Public Bank, my passion for banking has not ebbed nor do I find it challenging any less exciting."

Teh added that his 53-year jour-

大众银行第三季赚 13.6 亿

(首增 7 百) 大众银行 (PBBANK) 2019 财年第三季净利 13.6 亿 2019 年 9 月 30 日止, 净利同比增长 1.1%。

该集团 9 月 30 日止, 净利同比增长 1.1%。截至 9 月 30 日止, 净利同比增长 1.1%。

大众银行 2019 财年第三季净利 13.6 亿, 同比增长 1.1%。截至 9 月 30 日止, 净利同比增长 1.1%。

大众银行 2019 财年第三季净利 13.6 亿, 同比增长 1.1%。截至 9 月 30 日止, 净利同比增长 1.1%。

贷存增长跑赢同业

大众银行 2019 财年第三季净利 13.6 亿, 同比增长 1.1%。截至 9 月 30 日止, 净利同比增长 1.1%。

资产增长跑赢同业

大众银行 2019 财年第三季净利 13.6 亿, 同比增长 1.1%。截至 9 月 30 日止, 净利同比增长 1.1%。

Public Mutual biggest winner at the 2019 Lipper Fund Awards from Refinitiv

It repeats winning feat by bagging 28 fund awards and one group award

by REFINITIV ANALYST TEAM

SINGAPORE Public Mutual has been named the biggest winner at the 2019 Lipper Fund Awards from Refinitiv, bagging 28 fund awards and one group award.

The award ceremony was held in Singapore on 14 November 2019. Public Mutual was the biggest winner, bagging 28 fund awards and one group award.

Public Mutual's success was attributed to its strong performance in the Singapore market, particularly in the equity and fixed income funds.



PUBLIC BANK POSTS RM4.11B PROFIT

Group's performance affected by lower net interest margin due to rate cut in May

SINGAPORE

Public Bank has posted a net profit of RM4.11 billion for the third quarter ended 30 September 2019, down from RM4.25 billion in the same period last year.

The profit was affected by a lower net interest margin due to the rate cut in May.

Public Bank's performance was also affected by a lower net interest margin due to the rate cut in May.

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Untung suku pertama Public Bank RM1.82b

Peningkatan 1.4 peratus berbanding tempoh sama pada 2018

SINGAPORE

Public Bank has posted a net profit of RM1.82 billion for the first quarter ended 30 September 2019, up from RM1.78 billion in the same period last year.

Public Bank's performance was also affected by a lower net interest margin due to the rate cut in May.

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Public Bank and China Construction Bank officials signing a memorandum of understanding.

Campu Bank to collaborate with China Construction Bank

CAMPUBANK Public Bank (PBBANK) has signed a memorandum of understanding (MOU) with China Construction Bank (CCBC) to collaborate in the Kingdom of Cambodia.

The signing of this MOU is timely as Cambodia is experiencing rapid growth with consistent GDP of seven per cent for the past five years coupled with strong influx of investors from People's Republic of China.

Public Bank and CCBC will collaborate in the Kingdom of Cambodia, providing financial services to the growing economy.

FIVE-YEAR GROUP FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER	2019	2018	2017	2016	2015
OPERATING RESULTS (RM'MILLION)					
Operating profit	7,283	7,270	7,319	6,745	6,631
Profit before tax expense and zakat	7,134	7,101	7,118	6,554	6,491
Net profit attributable to equity holders of the Bank	5,512	5,591	5,470	5,207	5,062
KEY BALANCE SHEET DATA (RM'MILLION)					
Total assets	432,831	419,693	395,276	380,053	363,758
Gross loans, advances and financing	330,468	317,302	304,453	293,959	273,447
Total liabilities	388,084	377,597	356,831	344,689	331,450
Deposits from customers	353,340	339,160	319,259	309,974	301,157
Core customer deposits	294,646	283,846	269,723	258,155	245,171
Share capital	9,418	9,418	9,418*	3,882	3,882
Shareholders' equity	43,594	40,973	37,365	34,213	31,231
Commitments and contingencies	94,315	96,368	95,443	105,592	107,533
SHARE INFORMATION AND VALUATION					
Share Information					
Per share (sen)					
Basic/Diluted earnings	142.0	144.4	141.7	134.8	131.1
Dividend	73.0	69.0	61.0	58.0	56.0
Net assets	1,122.9	1,055.4	967.6	886.0	808.8
Share price as at 31 December (RM)	19.44	24.76	20.78	19.72	18.52
Market capitalisation (RM'Million)	75,469	96,122	80,671	76,556	71,897
Valuations					
Dividend yield (%)	3.8	2.8	2.9	2.9	3.0
Dividend payout ratio (%)	51.4	47.9	43.1	43.0	42.7
Price to earnings multiple (times)	13.7	17.2	14.7	14.6	14.1
Price to book multiple (times)	1.7	2.3	2.1	2.2	2.3

* The Bank's share premium account was transferred to form part of the Bank's share capital pursuant to the Companies Act 2016 which came into force on 31 January 2017.



YEAR ENDED 31 DECEMBER	2019	2018	2017	2016	2015
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net interest margin on average interest bearing assets	2.2	2.2	2.3	2.2	2.2
Net return on equity ¹	13.6	14.8	15.8	16.5	17.8
Return on average assets	1.7	1.7	1.8	1.8	1.8
Return on average risk-weighted assets	2.6	2.7	2.8	2.7	2.8
Cost/income ratio	34.4	33.0	31.9	32.3	30.5
Asset Quality Ratios					
Gross loans to fund ratio	88.9	88.4	90.0	90.8	86.8
Gross loans to fund and equity ratio	79.2	79.0	80.7	81.8	78.7
Gross impaired loans ratio	0.5	0.5	0.5	0.5	0.5
Loan loss coverage					
– Exclude regulatory reserve	124.1	126.0	95.5	102.7	120.8
– Include regulatory reserve	249.8	237.5	256.5	248.5	258.6
Capital Adequacy Ratios²					
Common Equity Tier I (“CET I”) capital ratio	13.5	13.1	12.2	11.4	10.9
Tier I capital ratio	13.5	13.7	13.0	12.2	12.0
Total capital ratio	16.8	16.3	16.0	15.5	15.4
PRODUCTIVITY RATIOS					
Number of employees	19,260	18,721	18,553	18,651	18,373
Gross loans per employee (RM'000)	17,158	16,949	16,410	15,761	14,883
Deposits per employee (RM'000)	18,346	18,117	17,208	16,620	16,391
Profit before tax per employee (RM'000)	370	379	384	351	353
MARKET SHARE (%)					
Domestic market share ³					
Loans, advances & financing	17.3	17.2	17.8	17.7	17.4
Deposits from customers	16.5	16.2	16.6	16.9	16.6
Core customer deposits	16.9	16.8	17.4	17.5	16.8

¹ Based on equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.

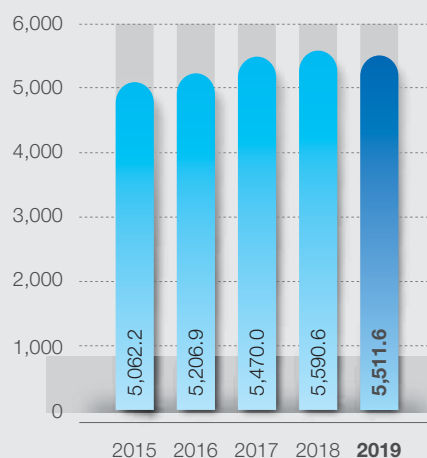
² After deducting second interim dividend declared subsequent to year end.

³ From year 2018 onwards, industry figures were revised to include data from MBSB Bank Bhd.

SUMMARY OF FIVE-YEAR GROUP GROWTH

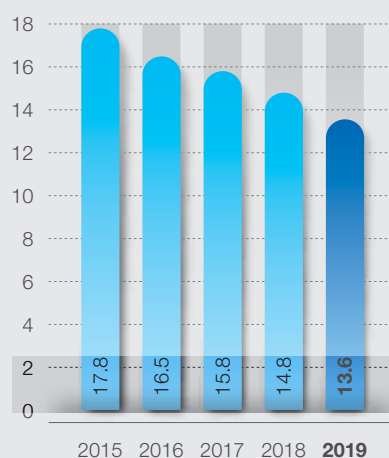
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

RM'Million



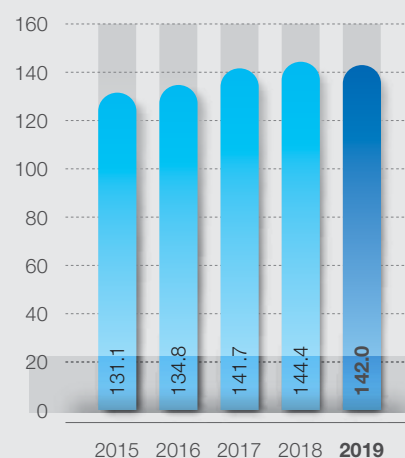
NET RETURN ON EQUITY

Percentage (%)



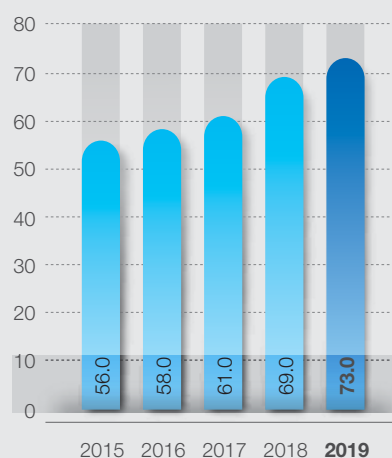
EARNINGS PER SHARE

Sen



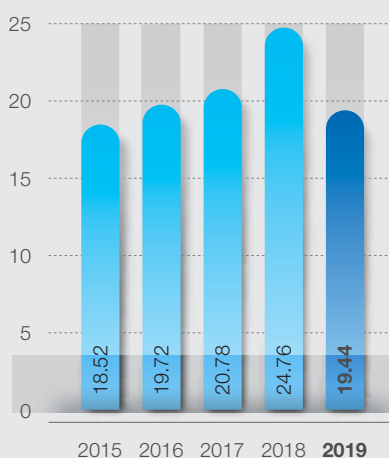
DIVIDEND PER SHARE

Sen



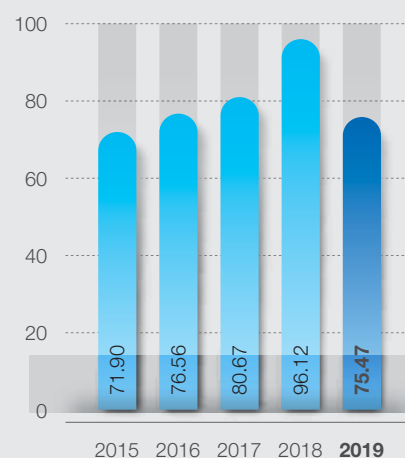
SHARE PRICE

RM



MARKET CAPITALISATION

RM'Billion



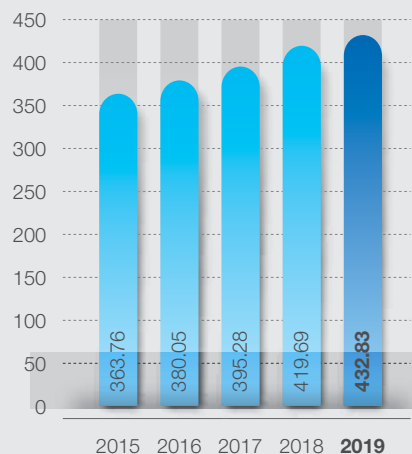
PUBLIC BANK'S RANKING BY MARKET CAPITALISATION ON BURSA MALAYSIA SECURITIES BERHAD

Year	2015	2016	2017	2018	2019
Ranking	3rd	3rd	3rd	2nd	2nd



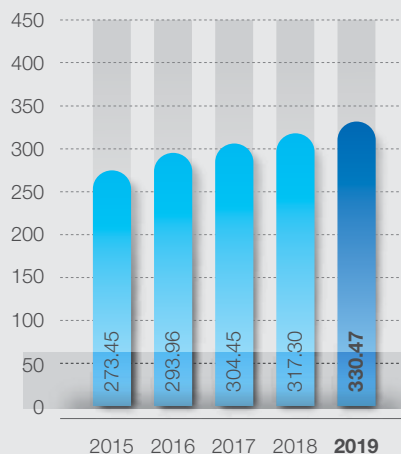
TOTAL ASSETS

RM'Billion



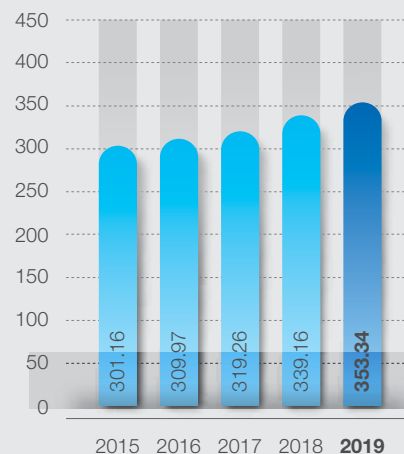
GROSS LOANS, ADVANCES AND FINANCING

RM'Billion



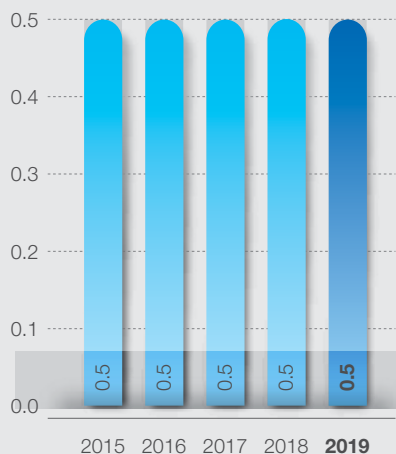
CUSTOMER DEPOSITS

RM'Billion



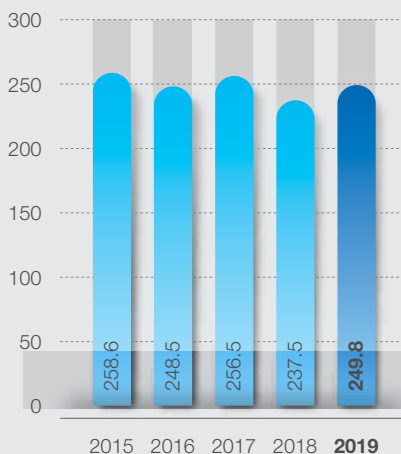
GROSS IMPAIRED LOANS RATIO

Percentage (%)



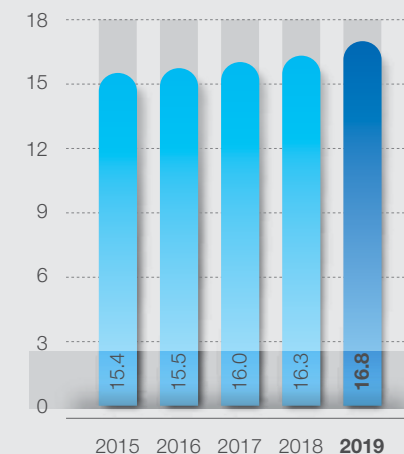
LOAN LOSS COVERAGE*

Percentage (%)



TOTAL CAPITAL RATIO**

Percentage (%)



* Including regulatory reserves

** After deducting second interim dividend declared subsequent to year end

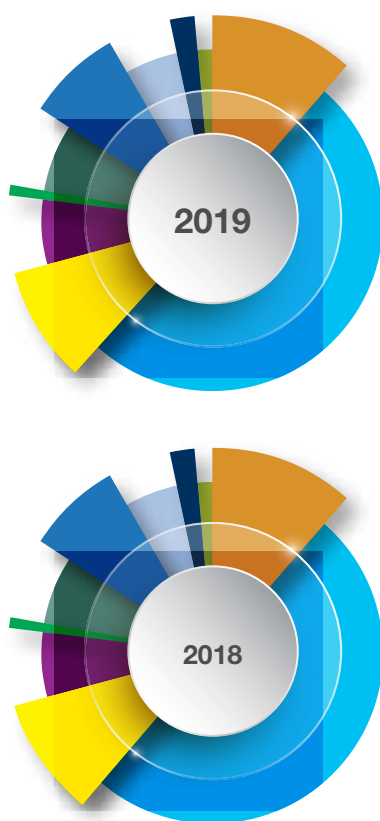
KEY INTEREST BEARING ASSETS & LIABILITIES

	2019			2018		
	Average Balance RM'Million	Average rate (%)	Interest RM'Million	Average Balance RM'Million	Average rate (%)	Interest RM'Million
INTEREST EARNING ASSETS						
Loans, advances and financing	316,961	5.11	16,197	303,355	5.27	15,987
Balances with banks	11,795	2.77	327	10,042	2.91	292
Financial investments	69,465	3.65	2,535	67,643	3.71	2,506
Total	398,221	4.79	19,059	381,040	4.93	18,785
INTEREST BEARING LIABILITIES						
Deposits from customers	306,117	3.07	9,398	288,393	3.14	9,056
Deposits from banks	12,213	2.76	337	13,451	2.91	391
Recourse obligations on loans and financing sold to Cagamas	5,500	4.28	235	5,647	4.27	241
Debt securities issued and other borrowed funds	13,276	4.11	546	13,345	4.57	610
Total	337,106	3.12	10,516	320,836	3.21	10,298



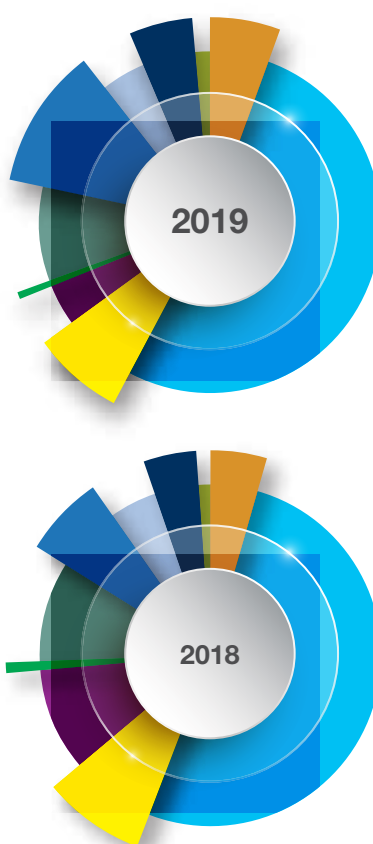
SEGMENTAL ANALYSIS

OPERATING REVENUE



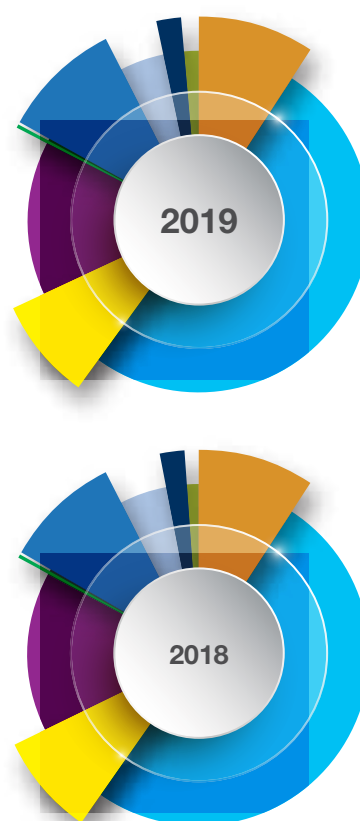
	2019 %	2018 %
Hire purchase	11.3	11.6
Retail operations	49.8	50.3
Corporate lending	8.9	9.0
Treasury and capital market operations	6.3	6.3
Investment banking	0.7	0.8
Fund management	5.9	6.3
Others	8.4	7.6
Total domestic	91.3	91.9
Hong Kong SAR	5.2	4.9
Cambodia	2.0	1.9
Other countries	1.5	1.3
Total overseas	8.7	8.1
Total	100.0	100.0

PROFIT BEFORE TAX



	2019 %	2018 %
Hire purchase	5.6	4.6
Retail operations	52.2	51.4
Corporate lending	7.2	7.8
Treasury and capital market operations	3.9	8.8
Investment banking	0.6	0.7
Fund management	9.1	9.4
Others	11.0	7.6
Total domestic	89.6	90.3
Hong Kong SAR	4.2	4.5
Cambodia	4.9	4.2
Other countries	1.3	1.0
Total overseas	10.4	9.7
Total	100.0	100.0

TOTAL ASSETS



	2019 %	2018 %
Hire purchase	9.3	9.4
Retail operations	50.9	50.4
Corporate lending	8.0	8.0
Treasury and capital market operations	14.6	15.1
Investment banking	0.4	0.4
Fund management	0.1	0.1
Others	9.2	9.2
Total domestic	92.5	92.6
Hong Kong SAR	4.2	4.5
Cambodia	2.1	2.0
Other countries	1.2	0.9
Total overseas	7.5	7.4
Total	100.0	100.0

GROUP QUARTERLY PERFORMANCE

	2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2019
FINANCIAL PERFORMANCE (RM'MILLION)					
Operating revenue	5,567.9	5,598.4	5,614.3	5,674.1	22,454.7
Net interest income and income from Islamic banking business	2,154.0	2,119.8	2,195.7	2,231.8	8,701.3
Operating profit	1,814.3	1,797.8	1,806.0	1,865.0	7,283.1
Profit before tax expense and zakat	1,819.2	1,730.6	1,761.8	1,822.5	7,134.1
Profit attributable to equity holders of the Bank	1,410.1	1,332.9	1,362.7	1,405.9	5,511.6
Earnings per share (sen)	36.3	34.4	35.1	36.2	142.0
Dividend per share (sen)	–	33.0	–	40.0	73.0

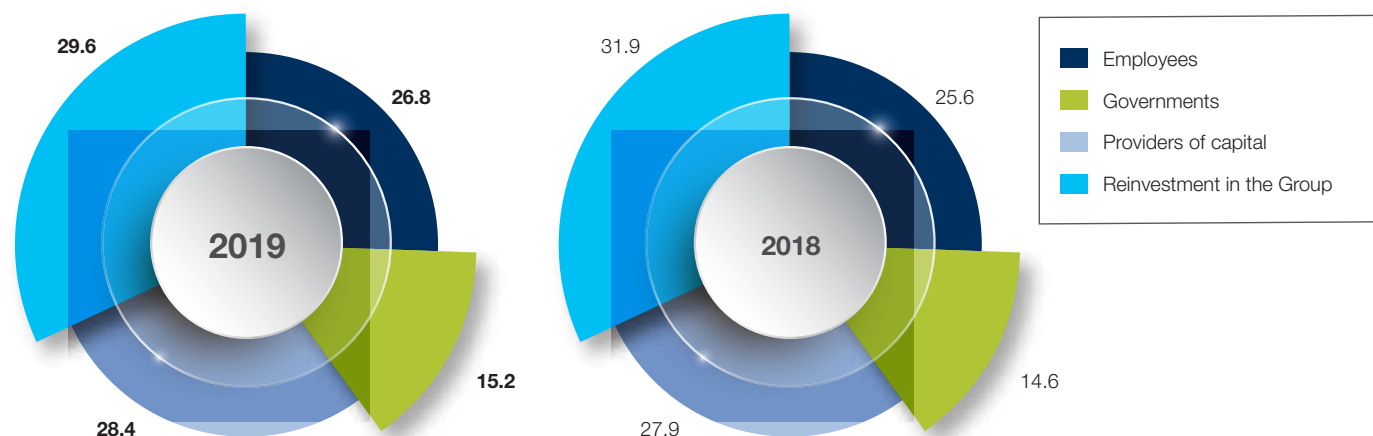
	2018				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2018
FINANCIAL PERFORMANCE (RM'MILLION)					
Operating revenue	5,349.2	5,435.9	5,624.7	5,632.0	22,041.8
Net interest income and income from Islamic banking business	2,163.2	2,142.3	2,142.6	2,180.8	8,628.9
Operating profit	1,858.6	1,777.8	1,809.0	1,824.5	7,269.9
Profit before tax expense and zakat	1,794.0	1,757.7	1,759.8	1,789.7	7,101.2
Profit attributable to equity holders of the Bank	1,405.4	1,396.2	1,383.6	1,405.4	5,590.6
Earnings per share (sen)	36.4	36.1	35.7	36.2	144.4
Dividend per share (sen)	–	32.0	–	37.0	69.0



STATEMENT OF VALUE ADDED

Value added is a measure of wealth created by the Public Bank Group through various business activities. The statement of value added shows the total wealth created and how it was distributed to stakeholders, including the governments, as well as reinvestment for the replacement of assets and further expansion of the business of the Group.

	2019 RM'000	2018 RM'000
VALUE ADDED		
Net interest income	7,572,286	7,562,967
Net income from Islamic banking business	1,129,061	1,065,885
Other operating income	2,400,904	2,214,578
Other operating expenses excluding staff costs and depreciation	(725,397)	(818,285)
Allowance for impairment on loans, advances and financing	(154,466)	(169,263)
Writeback of allowance/(Allowance) for impairment on other assets	2,175	(4,766)
Share of results of equity accounted associated companies	3,376	5,250
Value added available for distribution	10,227,939	9,856,366
DISTRIBUTION OF VALUE ADDED		
To employees:		
Personnel costs	2,741,623	2,526,524
To the Governments:		
Taxation	1,554,701	1,436,253
To providers of capital:		
Dividends paid to shareholders	2,833,961	2,678,675
Non-controlling interests	67,885	74,301
To reinvest in the Group:		
Depreciation	352,172	228,677
Retained profits	2,677,597	2,911,936
Total distributed	10,227,939	9,856,366



2019 AWARDS & ACHIEVEMENTS

1. AGENSI KAUNSELING DAN PENGURUSAN KREDIT (AKPK)

Anugerah Kolaborasi Tertinggi AKPK 2018-2019 (AKPK Highest Collaboration 2018-2019 Award)

2. ALPHA SOUTHEAST ASIA

Best Bank in Malaysia
2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007

3. ASIAMONEY

Asiamoney Asia's Outstanding Companies Poll 2019:
Most Outstanding Company in Malaysia under the financial sector

4. ASIA PACIFIC BRANDS FOUNDATION

The BrandLaureate SMEs Strategic Business Partner Award 2018-2019
2019, 2018

5. BANK OF NEW YORK MELLON

Bank of New York Mellon Straight-Through Processing Award
2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010

6. BRAND FINANCE

Brand Finance Awards 2019:
6th Most Valuable Brand in Malaysia

7. CORPORATE GOVERNANCE ASIA

a) 9th Asian Excellence Recognition Awards 2019:
Best Investor Relations Company for Malaysia
2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011

b) Corporate Governance Asia Recognition Award for Malaysia (Icon on Corporate Governance)
2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005

8. EUROMONEY

Best Bank in Malaysia
2019, 2018, 2016, 2015, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 1999, 1998, 1993

9. FORBES

Forbes-Global 2000 World's Best Employers 2019:
One of the Global 2000 – World's Best Employers

10. FINANCEASIA

FinanceAsia Country Awards 2019:
Best Bank in Malaysia
2019, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999

11. GLOBAL BANKING & FINANCE REVIEW

Best Bank for Remittance Services Malaysia 2019

12. GLOBAL FINANCE

Best Bank in Malaysia
2019, 2017, 2015, 2014, 2010, 2009, 2004, 2003, 2002, 2000

13. INLAND REVENUE BOARD OF MALAYSIA

One of the 11 recipients of the Best Tax Payer Award
2018, 2017, 2016

14. J.P. MORGAN CHASE BANK

J.P. Morgan Quality Recognition Award 2018 for achieving outstanding best-in-class straight through processing rates in payment transfer operations:

- a) MT103 Elite Quality Recognition Award
2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002
- b) MT202 Elite Quality Recognition Award
2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002





15. NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

Certificate of Merit
2019, 2017, 2016

16. PAYMENTS NETWORK MALAYSIA (PAYNET)

Malaysian e-Payments Excellence Awards 2019:

- a) Best MyDebit Bank
2019, 2018, 2017
- b) Outstanding Contribution to MyDebit
2019, 2018, 2017
- c) MyDebit Top Acquirer
2019, 2018
- d) JomPAY Best Biller Bank
2019

17. READER'S DIGEST

Reader's Digest Trusted Brands 2019:
Gold Award in the Bank category in Malaysia
2019, 2018, 2017, 2016, 2015, 2014, 2013,
2012, 2011, 2010, 2009, 2008, 2007, 2006,
2005, 2004

18. THE ASSET

The Asset ESG Corporate Awards 2019:
Gold Award

19. THE BANKER

Bank of the Year in Malaysia
2019, 2016, 2011, 2009, 2008, 2005, 2001

20. THE EDGE BILLION RINGGIT CLUB

The Edge Billion Ringgit Club Corporate Awards 2019:
Highest Return on Equity Over Three Years Award under the Financial Services – RM10 Billion and Above Market Capitalisation category
2019, 2018

21. THE WORLD BRANDS FOUNDATION

The BrandLaureate Iconic Brands of the Decade Award for Banking

CHAIRMAN EMERITUS' AWARDS

A. CORPORATE GOVERNANCE ASIA

Asian Corporate Director Recognition Award 2019
2019, 2018, 2017, 2016, 2015, 2014, 2013,
2012, 2011, 2010

B. SUNWAY UNIVERSITY

The Honorary Doctor of the University

C. THE WORLD BRANDS FOUNDATION

The BrandLaureate Hall of Fame Lifetime Achievement Award as the Greatest Banking Icon of the Decade





D E T E R M I N A T I O N

R E L E N T L E S S

G R I T

PERSEVERANCE

Resilience in Challenging Times



C O U R A G E

T E N A C I T Y

“ You hold the key to your own success. With the right attitude and outlook, you will reap the fruits of your own labour. ”

~ TAN SRI DATO' SRI DR. TEH HONG PIOW

STATEMENT BY TAN SRI DATO' SRI DR. TEH HONG PIOW

FOUNDER, CHAIRMAN EMERITUS, DIRECTOR AND ADVISER

2019 was another challenging year. The operating environment was affected by softer economic growth, heightened uncertainties, and continued downside risks from both external and domestic factors. These, in turn, impacted business sentiments and the growth of the banking sector. Banks' earnings were further pressured following the reduction of 25 basis points in the Overnight Policy Rate in May 2019.

Despite the difficult operating conditions, I am pleased that the Public Bank Group had in the year once again demonstrated its ability to navigate through the challenging times. The Group's solid foundation continued to drive stable profitability in 2019, with a pre-tax profit of RM7.13 billion and net profit attributable to shareholders of RM5.51 billion. The Group also continued to lead in its asset quality and cost efficiency, despite the challenging operating environment with increased cost pressures. This enabled the Group to sustain a resilient net return on equity of 13.6% for 2019.

In the face of challenges from multiple fronts during the year, the Public Bank Group continued to stay focused on growing its core business in consumer and commercial banking. The Group's multi-pronged approaches in the pursuit of its time-tested organic growth strategy had continued to drive sustainable business growth and enhance its market position.

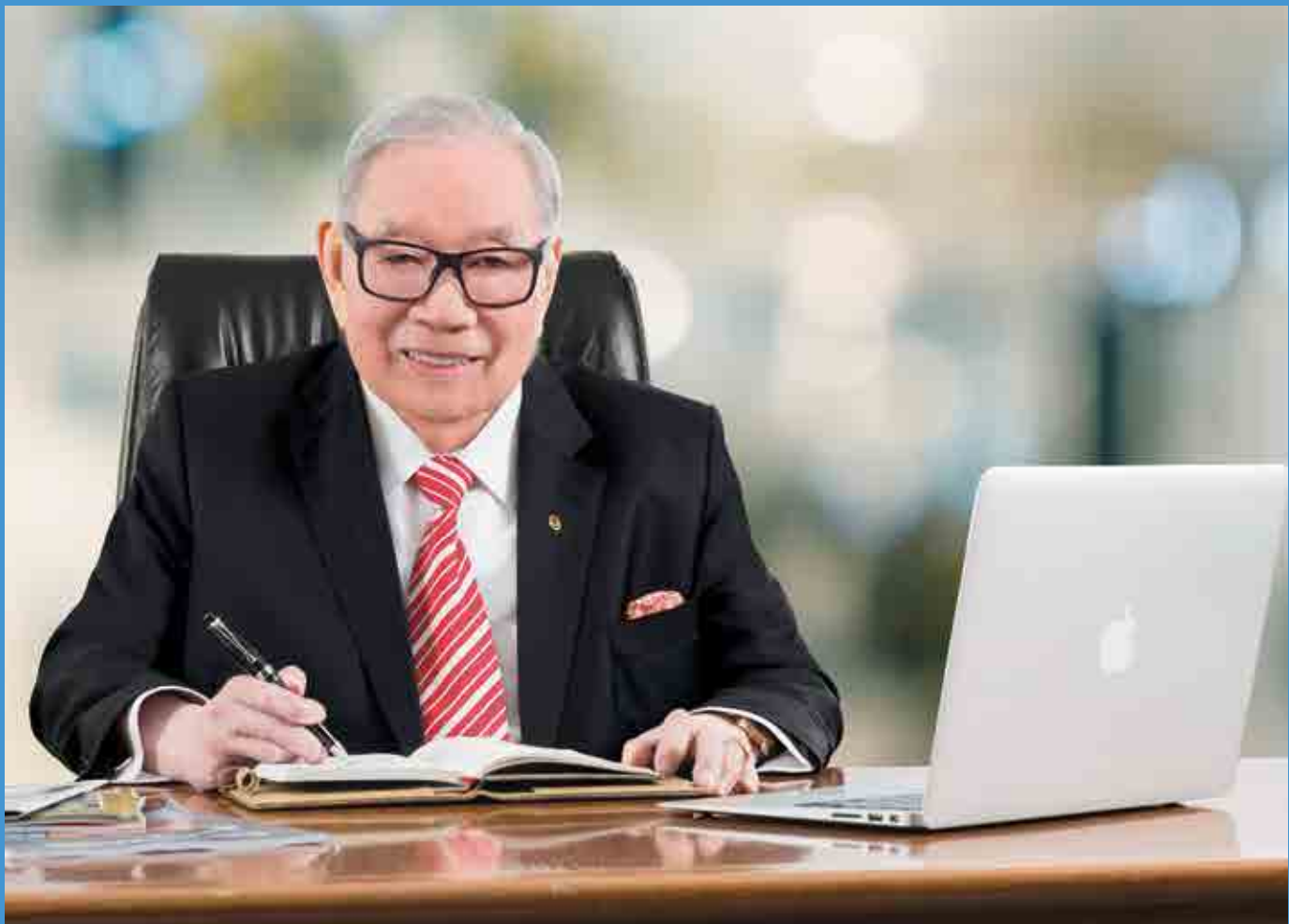
In addition, the Public Bank Group remains steadfast in embedding a strong culture of corporate governance and sound risk management. The Group constantly enhances its compliance and risk management practices in its operations, and frequently communicates with its employees about the Group's expectation in compliance and risk management. The Group also proactively engages with regulators to better understand their expectations, and constantly updates regulators with ongoing compliance and risk management initiatives undertaken by the Group.

Since its inception in 1966, the Public Bank Group is now more than half way to its 100 years. Over the last 53 years, the Group has built a solid and vibrant business which is still standing tall today. The Group is mindful that this cannot be achieved without the unwavering support from its customers, shareholders, employees and the community. It is their continued support that always reminds the Group of its responsibility to continue creating long term shared values for its stakeholders, while actively pursuing business growth.



STATEMENT BY TAN SRI DATO' SRI DR. TEH HONG PIOW
FOUNDER, CHAIRMAN EMERITUS, DIRECTOR AND ADVISER

Creating, delivering and enhancing values to the stakeholders will continue to be the Group's approach as it continues to deliver its Corporate Mission of sustaining the position of being the most efficient, profitable and respected premier financial institution in Malaysia.



TAN SRI DATO' SRI DR. TEH HONG PIOW
Founder, Chairman Emeritus, Director and Adviser



The Public Bank Group has continued to reward its shareholders in appreciation of their support. For 2019, the stable performance of the Group had enabled the Board of Directors to declare a higher total dividend of 73 sen per share, which amounted to a total dividend payout of RM2.83 billion, representing 51.4% of the Group's net profit for 2019.

For its customers, Public Bank's corporate tagline "Excellence is Our Commitment" reflects its continuous pursuit to deliver best-in-class services. The Public Bank Group always endeavours to provide greater service value, attentive to customers' feedback and strive to respond quickly to their needs. The Group constantly improves its product features to cater for the diverse needs of customers, and drives greater innovation to provide more convenience and higher efficiency for their banking needs. It is the ability to anticipate in the evolving needs of customers and meet their needs beyond their expectation that has continued to shape the Group's high level of service standard today.

For the past five decades, the hard work and dedication of the employees have shaped and strengthened Public Bank's corporate culture. This has enabled the Public Bank Group to flourish throughout the years. In recognition of its employees' contribution, the Group is mindful that understanding its people is important. The Group is committed to inculcate a conducive, inclusive and dynamic workplace where its employees are valued, respected and empowered. In 2019, the Group continued to invest a substantial amount to develop, care and reward its employees. To continuously upskill its employees, the Group had in the year implemented new enhancement programmes and initiatives to widen employees' knowledge and skills, as well as offering sponsorships to encourage employees to take up self-learning courses. It is also worth noting that in 2019, Public Bank had once again recorded the highest number of graduates for the banking qualifications offered by the Asian Institute of Chartered Bankers.

To the broader community it serves, the Public Bank Group is always cognisant of its important role as a responsible corporate citizen. The Group has always been supporting community investment initiatives. The Group is also mindful that climate change is a prominent global issue affecting people's health, food supply, and the whole ecosystem. The Group will continue to play its role in joining the banking sector's initiatives to address climate issues.

The long term agenda for the Public Bank Group is to generate greater sustainability. To create banking for the future, the Group is always thinking ahead, exploring new opportunities, and enhancing its competitive strengths. Given that technology will shape the future of banking, one of the Group's key strategic focus is digital innovation and advancement. 2019 had been a year of achievement for the Group in digital payment as it continued to enhance its digital involvement through its three-year Digital Roadmap as part of its long term strategic plans to respond to changing customer needs. Towards these objectives, the Group is also exploring on initiatives to enhance its capability in data analytics and artificial intelligence.

As the Public Bank Group continues to deliver on its mission and look into more avenues to strengthen sustainability, the Board of Directors of Public Bank will continue to support the Group's strategy and remain committed to safeguard and future proof the value of the Group.

As we stepped into year 2020, the operating environment is faced with a major challenge arising from the widespread of COVID-19 outbreak. This unexpected pandemic has inflicted significant economic disruption across the world as most countries, including Malaysia, have taken unprecedented but necessary control measures such as country lockdown and movement control to contain the spread of the outbreak.

In view of this extremely challenging condition, the Malaysian Government and Bank Negara Malaysia have implemented substantial fiscal measures, as well as financial and monetary support to mitigate the downside pressure on the nation. The Public Bank Group has also joined collaborative efforts and played its part as a responsible corporate citizen by offering loan moratorium to borrowers and providing monetary contribution to provide relief to the community. In fighting against the outbreak, the Group also deeply appreciates those on the frontlines helping to curb the spread of the pandemic. Their dedication and sacrifices are held in high regard.

For 2020, the adverse impact of the pandemic is likely to affect the economy for the most part of the year. Coupled with the plunge in global oil prices, the Malaysian economy is expected to be significantly impacted this year. For the banking industry, the reductions in Overnight Policy Rate will result in higher pressure on net interest margins.

Amid these unprecedented economic challenges, the Public Bank Group will remain focus on strengthening its solid foundation and competitive strength for business growth. Its strategy will remain centred on the values of integrity, accountability and corporate responsibility. Creating, delivering and enhancing values to the stakeholders will continue to be the Group's approach as it continues to deliver its Corporate Mission of sustaining the position of being the most efficient, profitable and respected premier financial institution in Malaysia.

Over the years, the Public Bank Group has received tremendous support from shareholders and customers. The Group and I wish to record our deepest appreciation to all of you. We are also thankful to the management and all employees for their dedication and commitment in growing the Bank from strength to strength. Our gratitude as well to Bank Negara Malaysia and the relevant authorities for their guidance and support.

Tan Sri Dato' Sri Dr. Teh Hong Piow

Founder, Chairman Emeritus, Director and Adviser

30 April 2020

LAI WAN
Chairman

TAN SRI DATO' SRI TAY AH LEK
Managing Director/Chief Executive Officer





JOINT STATEMENT BY CHAIRMAN AND MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

The Public Bank Group had once again managed to steer through a year of challenging economic conditions in 2019. Building on its solid fundamentals and market positions, the Group continued to make progress in its areas of strength, and achieved continued profitability on the back of its growing core banking activities focusing on financing and deposit business.

In 2019, the Public Bank Group's focused efforts on growing its retail consumer and commercial banking continued to drive positive results, with its financing and deposit growth outperforming the domestic banking industry. During the year, the Group achieved a total domestic loan growth of 4.5%, higher than the domestic banking industry's loan growth of 3.9%. On deposit taking, the Group recorded a growth of 4.7% domestically, as compared to the industry's deposit growth of 2.9%.

The Public Bank Group's competitive position was also supported by its continued strength in cost efficiency and asset quality. In 2019, the Group sustained the most efficient cost to income ratio in the domestic banking sector at 34.4%, which was well below the latest industry's average cost to income ratio of 44.7%. On asset quality, the Group kept its gross impaired loans ratio at the lowest among peers at 0.5%, significantly below the domestic banking sector's gross impaired loans ratio of 1.5%. These underlying strengths have not only provided competitive advantage for the Group to weather challenges, it also reflects the Group's commitment to responsible growth. Sustaining fundamental stability has always been the unwavering focus in the Group's business strategy.

On non-interest income, the Public Bank Group's unit trust business managed by Public Mutual, continued to maintain its leading position in the domestic private unit trust market, as it continued to capture the largest retail market share of 35.0% with a net asset value under management of RM86.63 billion as at the end of 2019.

Notwithstanding its long record of stable financial performance, the Public Bank Group is mindful that staying relevant amid the fast changing environment is crucial. With agility in mind, the Group had made significant progress in 2019 using technological innovation to deliver more meaningful customer experience. The Group had in the year launched the new PB engage mobile banking application, which offers new and enhanced features, such as device binding, face identification and future-dated financial transactions that enable enhanced efficiency and convenience for the customers. The Group also went further ahead by being the first bank to launch the DuitNow QR, to facilitate greater convenience for those merchants and customers on mobile payments. The Group's continued and expanded efforts to foster a cashless society had been recognised by PayNet in 2019 with the prestigious Malaysian e-Payments Excellence Awards. It was with great honour that the Group had emerged as one of the top performers securing four accolades in the Awards.

Mindful that customers' needs and goals evolve as they progress financially, the Public Bank Group strives to meet their needs by adding value and breadth to its products and services. Further, while the Group

seeks to develop its digital capability, it remains attentive to the needs of customers who value personal touch. In addition to its expanding branch network which has reached a total of 264 domestic branches today, the Group had in 2019 opened two new Red Carpet Banking Centres to provide more personalised and tailored advice and service to its customers.

Staff development remained another important agenda of the Public Bank Group's growth strategy in 2019. Given the evolving banking environment arising from the more stringent regulatory requirement, and the changing dynamics of customer expectations and banking trend, the Group continued to initiate steps to ensure the relevance and competency of staff as required of their job scope, as well as their readiness for future challenges. In 2019, the Group had undertaken a bank-wide Skills Gap Analysis to assess the competency of staff and to identify their skills gap. The assessment has facilitated the formulation of more effective training plans which are targeted to develop and enhance specific skill needs of staff.

For 2020, the operating environment will continue to be significantly challenging. The COVID-19 outbreak and its containment measures have weighed heavily on economic growth. Even if the spread of the outbreak slows, the severity of its impact on the economy remains uncertain. The economy is also affected by the slump in global oil prices. In view of these challenges, the Malaysian Government and Bank Negara Malaysia have implemented fiscal stimulus, as well as financial and monetary measures to provide some support to the economy.

For the banking industry, the business environment will be significantly impacted by the difficult economic environment. Banks will also face further pressure on net interest margins following the reductions in Overnight Policy Rate in 2020.

Amid this challenging environment, the Public Bank Group will continue to focus on sustaining its fundamental strengths. The Group's time-tested strategies will enable the organisation to remain stable and resilient against challenges. The Group will also continue to explore new strengths to compete more effectively in this competitive banking landscape.

On this note, the Board would like to express its deepest appreciation and utmost respect to Tan Sri Dato' Sri Dr. Teh Hong Piow, our Founder, Chairman Emeritus, Director and Adviser, for his long term vision which has set a strong corporate culture of integrity and perseverance in the Public Bank Group, as well as his invaluable insights and guidance which have continued to steer the Group to greater heights. We are confident that the Group will continue to be in good stead and well-prepared to navigate the opportunities and challenges in the years ahead.

Lai Wan
Chairman
30 April 2020

Tan Sri Dato' Sri Tay Ah Lek
Managing Director/Chief Executive Officer

BOARD OF DIRECTORS



Third from Left:

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

Founder, Chairman Emeritus,
Director and Adviser

Left to Right:

LEE CHIN GUAN

Non-Independent Non-Executive Director

TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

LAI WAI KEEN

Independent Non-Executive Director

CHEAH KIM LING

Independent Non-Executive Director



Left to Right:

TANG WING CHEW

Non-Independent Non-Executive Director

DATO' MOHD HANIF BIN SHER MOHAMED

Independent Non-Executive Director

DATO' CHIA LEE KEE

(Company Secretary)

LAI WAN

Independent Non-Executive Chairman

THAM CHAI FHONG

Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

AS AT 30 APRIL 2020



TAN SRI DATO' SRI DR. TEH HONG PIOW

FOUNDER, CHAIRMAN EMERITUS,
DIRECTOR AND ADVISER

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 90, male, began his banking career in 1950 and has 70 years' experience in the banking and finance industry.

He founded Public Bank in 1965 at the age of 35. He was appointed as a Director of Public Bank on 30 December 1965 and had been the Chief Executive Officer of Public Bank since its commencement of business operations in August 1966. He was re-designated as Chairman of Public Bank with effect from 1 July 2002. He retired as Chairman of Public Bank on 31 December 2018. He was conferred the position of Chairman Emeritus and Adviser of Public Bank with effect from 1 January 2019.

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

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



- Value Creator: Malaysia's Outstanding CEO 2010
- The BrandLaureate - Tun Dr. Mahathir Mohamad Man of the Year Award 2010 - 2011
- Best CEO (Investor Relations) 2011 for Malaysia
- Asian Corporate Director Recognition Award 2011 for Malaysia
- The BrandLaureate Premier Brand Icon Leadership Award 2011
- Best CEO (Investor Relations) 2012 for Malaysia
- Asian Corporate Director Recognition Award 2012 for Malaysia
- Best CEO (Investor Relations) 2013 for Malaysia
- Asian Corporate Director Recognition Award 2013 for Malaysia
- BrandLaureate Banker of the Year Award 2012 - 2013
- Best CEO (Investor Relations) 2014 for Malaysia
- Asian Corporate Director Recognition Award 2014 for Malaysia
- Banker Extraordinaire 2015
- Global Chinese Entrepreneur Lifetime Achievement Award 2015
- BrandLaureate "Icon of Icons - The King of Banking"
- Asia's Best CEO (Investor Relations) 2015 for Malaysia
- William "Bill" Seidman Lifetime Leadership Achievement in Financial Service Industry Award 2015
- Asian Corporate Director Recognition Award 2015 for Malaysia
- Asia's Best CEO (Investor Relations) 2016 for Malaysia
- Asian Corporate Director Recognition Award 2016 for Malaysia
- Asia's Best CEO (Investor Relations) 2017 for Malaysia
- Asian Corporate Director Recognition Award 2017 for Malaysia
- The Greatest Malaysian Banker of All Time
- Asia's Best CEO (Investor Relations) 2018 for Malaysia
- The BrandLaureate Hall of Fame - Lifetime Achievement Award 2018 - Man of the Year
- Grand Prix D'Excellence Brand Leadership Award in Banking
- The Best of Best in Brand Leadership Award 2018 - Overall Championship
- Asian Corporate Director Recognition Award 2018 for Malaysia
- Asian Corporate Director Recognition Award 2019 for Malaysia
- The BrandLaureate Hall of Fame Lifetime Achievement Award as the Greatest Banking Icon of the Decade

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

Tan Sri Teh was conferred the Royal Order of Monisaraphon, Commander by The Royal Government of The Kingdom of Cambodia in 2016, in recognition of his outstanding leadership and immense social economic contributions towards the progress and development of Cambodia over the last 24 years. He is the first Malaysian banker ever to receive the Royal Order.

Tan Sri Teh was awarded the "Medal for the Development of Vietnam Banking Industry" in 2017 by the State Bank of Vietnam in recognition for his manifold contribution to the construction and development of Vietnam's banking industry. Tan Sri Teh is the first foreign banker in Vietnam to be awarded this medal.

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

Tan Sri Teh was conferred The Honorary Doctor of The University by The Board of Directors and The Academic Senate of Sunway University on 28 January 2019, in recognition of his distinction as one of the leading bankers of Malaysia, having founded and overseen the evolution of Public Bank into a modern and integrated financial institution, and for his outstanding contribution to the growth of the financial services industry of Malaysia.

He had served in various capacities in public service bodies in Malaysia; he was a member of the Malaysian Business Council from 1991 to 1993; a member of the National Trust Fund from 1988 to 2001; a founder member of the Advisory Business Council since 2003; and is a member of the IPRM Accreditation Privy Council.

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

His directorships in other public companies within the Public Bank Group are as Chairman of Public Mutual Bhd, Public Financial Holdings Ltd (a public company listed on the Stock Exchange of Hong Kong), Public Bank (Hong Kong) Ltd, Cambodian Public Bank Plc and several other subsidiaries of Public Bank, and as Director of Public Investment Bank Bhd and Public Islamic Bank Bhd. His directorship in other public company is as Chairman of LPI Capital Bhd (a public company listed on the Main Market of Bursa Malaysia Securities Bhd).

Tan Sri Teh attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.



LAI WAN

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Lai Wan, aged 77, male, was appointed as a Director of Public Bank on 26 April 2012. He was appointed as an Independent Non-Executive Deputy Chairman of Public Bank on 26 September 2017. He was re-designated as Independent Non-Executive Chairman of Public Bank with effect from 1 January 2019. He is a member of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Compliance Committee and the Credit Risk Management Committee.

He graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya. He is an Associate of the Asian Institute of Chartered Bankers.

Mr Lai has 46 years of experience in the banking and finance related industries. He had served Bank Negara Malaysia for 20 years and the last position held before his resignation in 1985 was as the Deputy Manager, Bank Examination and Internal Audit Department.

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

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

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

His directorships in other public companies within the Public Bank Group are as Co-Chairman of Public Financial Holdings Ltd (a public company listed on the Stock Exchange of Hong Kong) and Public Bank (Hong Kong) Ltd and as Director of Public Bank (L) Ltd.

Mr Lai attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.



TAN SRI DATO' SRI TAY AH LEK

MANAGING DIRECTOR/
CHIEF EXECUTIVE OFFICER

Tan Sri Dato' Sri Tay Ah Lek, aged 77, male, has 59 years' experience in the banking and finance industry. He was appointed as an Executive Director of Public Bank on 18 June 1997 and was re-designated as Managing Director/Chief Executive Officer with effect from 1 July 2002. He joined the Public Bank Group as a pioneer staff in 1966. He was the Executive Vice-President of Public Bank from 1995 to 1997 and prior to this appointment, he was the Executive Vice-President of the former Public Finance Berhad. He is a member of the Board Executive Committee. He is the Chairman of the Credit Committee, the IT Steering Committee, the Assets & Liabilities Management Committee, the Share Investment Committee, the Operational Risk Management Committee, the Business Continuity Management Committee, and the Losses and Claims Committee, and is a member of the Group Human Resource Committee.

He holds a Master's degree in Business Administration from Henley, United Kingdom and he had attended the Advanced Management Program at Harvard Business School. He is an Emeritus Fellow of the Malaysian Institute of Management, a Fellow, Chartered Banker, of the Asian Institute of Chartered Bankers, and is a Fellow of CPA Australia and the Financial Services Institute of Australasia.

He is presently the Chairman of the Association of Hire Purchase Companies Malaysia and is a Member of the Steering Committee and the Service Provider Consultative Group of the National Payments Advisory Council, and the Economic Action Council.

His directorships in other public companies in the Public Bank Group include as Director of Public Investment Bank Bhd, Public Mutual Bhd, Public Islamic Bank Bhd and Public Bank (Hong Kong) Ltd. His directorships in other public companies are in Cagamas Holdings Bhd and Ombudsman for Financial Services.

Tan Sri Tay attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.





TANG WING CHEW

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tang Wing Chew, aged 75, male, was appointed as an Independent Non-Executive Director of Public Bank on 29 March 2011. He was re-designated as a Non-Independent Non-Executive Director with effect from 29 March 2020 upon reaching the maximum 9 years tenure as an Independent Non-Executive Director. He is a member of the Nomination and Remuneration Committee, the Risk Management Committee and the Compliance Committee.

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

He has 53 years' experience in the financial services industry, ranging from research, management and project studies, training, mergers and integration, and stewardship of financial institutions. He joined Bank Negara Malaysia (BNM) in 1966 as an Assistant Economist in the Economic Research Department. During his 18 years of service with BNM, he also served as Manager (Penang Branch), Principal (BNM Staff Training Centre) and Manager (Operational Planning Division).

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

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

His directorships in other public companies within the Public Bank Group are as Director of Public Bank (L) Ltd, Public Financial Holdings Ltd (a public company listed on the Stock Exchange of Hong Kong) and Public Bank (Hong Kong) Ltd.

Mr Tang attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.



LAI WAI KEEN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Lai Wai Keen, aged 65, female, was appointed as a Director of Public Bank on 29 May 2012. She serves as the Chairperson of the Risk Management Committee and is a member of the Audit Committee, the Nomination and Remuneration Committee and the Compliance Committee.

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

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

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

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

Ms Lai attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.





CHEAH KIM LING

INDEPENDENT NON-EXECUTIVE DIRECTOR

Cheah Kim Ling, aged 62, female, was appointed as a Director of Public Bank on 29 April 2014. She serves as the Chairperson of the Compliance Committee and the Credit Risk Management Committee, and is a member of the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee.

Ms Cheah holds a Bachelor of Accounting (Honours) degree from the University of Malaya and is also a Chartered Accountant of the Malaysian Institute of Accountants.

She had served Bank Negara Malaysia for 32 years whereby she was involved in all aspects of banking regulation from formulation of policies/regulations/guidelines to the administration of different legislations governing financial institutions.

Ms Cheah was also involved in formulating and executing strategies and policies for payment systems, administering the legislations, oversight of the payment systems and payment instruments, development of the payment infrastructure to support developments in the financial system and promoted the migration to electronic payments.

Ms Cheah attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.



LEE CHIN GUAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Lee Chin Guan, aged 61, male, was appointed as a Director of Public Bank on 27 December 2018. He is a member of the Nomination and Remuneration Committee, the Risk Management Committee and the Compliance Committee.

Mr Lee qualified as a Barrister-at-Law from the Middle Temple, United Kingdom in 1982. He also holds a Bachelor's Degree in Science (Honours) from the University of Manchester Institute of Science & Technology, England and Degrees in Law from Cambridge University, Oxford University and Chicago-Kent College of Law.

Mr Lee has 25 years of experience in legal matters, with 13 years of experience in legal practice, principally in commercial and corporate matters.

His directorships in other public companies within the Public Bank Group are as Director of Public Financial Holdings Ltd (a public company listed on the Stock Exchange of Hong Kong) and Public Bank (Hong Kong) Ltd. His directorships in other public companies are as Director of LPI Capital Bhd (a public company listed on the Main Market of Bursa Malaysia Securities Bhd) and Lonpac Insurance Bhd.

Mr Lee attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.





DATO' MOHD HANIF BIN SHER MOHAMED

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Dato' Mohd Hanif bin Sher Mohamed, aged 68, male, was appointed as a Director of Public Bank on 22 January 2019. He is the Chairman of the Audit Committee and the Nomination and Remuneration Committee, and is a member of the Risk Management Committee, the Compliance Committee and the Credit Risk Management Committee.

Dato' Mohd Hanif holds a Master's degree in Business Administration from Northland Open University, United Kingdom.

Dato' Mohd Hanif has vast experience in corporate finance and consumer banking including strategic planning, risk management, rehabilitation and restructuring debts, property development, property investment and manufacturing and road maintenance including experience in Australia, United Kingdom, Pakistan and Oman.

He was the former Chief Executive Officer of Credit Corporation (Malaysia) Berhad, where he had served for over 26 years, and he had held various senior management positions including managing associate companies in Singapore (Credit Corporation Singapore Ltd) and Brunei (Credit Corporation Brunei Ltd).

He is presently the Chairman of Sivash Holdings Bhd and BRDB International Ltd.

His directorship in other public company within the Public Bank Group is as Director of Public Mutual Bhd.

Dato' Mohd Hanif attended all the 16 Board meetings which were held in the financial year ended 31 December 2019.



THAM CHAI FHONG

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Tham Chai Phong, aged 63, female, was appointed as a Director of Public Bank on 1 June 2019. She is a member of the Audit Committee, the Risk Management Committee and the Compliance Committee.

Ms Tham holds a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya and a Postgraduate Diploma in Computer Science from University of Malaya.

She possesses extensive experience in IT systems, capabilities and applications from her tenure of 26 years in IT functional areas in one of the largest banking groups in Malaysia.

Ms Tham attended 9 Board meetings that were held in the financial year ended 31 December 2019 following her appointment on 1 June 2019.

None of the Directors has:

- Any family relationship with any Director and/or major shareholder of Public Bank.
- Any conflict of interest with Public Bank.
- Any conviction for offences within the past 5 years other than traffic offences, public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

All of the Directors are Malaysians.





DATO' CHIA LEE KEE

COMPANY SECRETARY

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

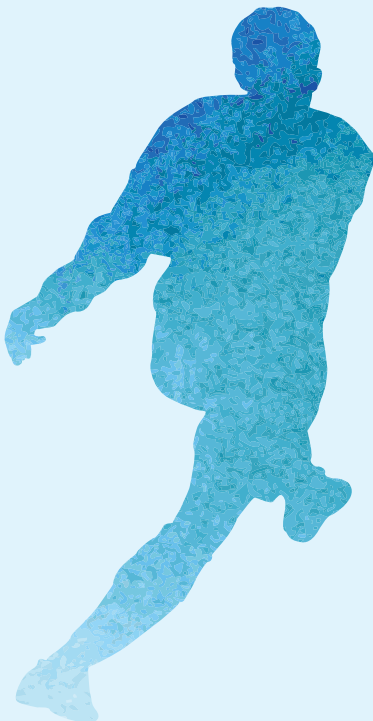
She heads the Public Bank's Secretariat Division.

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



“Since its inception in 1966, the Group is now more than half way to its 100 years. Over the last 53 years, the Group has built a solid and vibrant business which is still standing tall today. The Group is mindful that this cannot be achieved without the unwavering support from its customers, shareholders, employees and the community. It is their continued support that always reminds the Group of its responsibility to continue creating long term shared values for its stakeholders, while actively pursuing business growth.”

Tan Sri Dato’ Sri Dr. Teh Hong Piow





SKILFUL

STAMINA

STRENGTH

Resilience in Challenging Times

A high-angle, close-up photograph of American football players in a pile-up on a green field. The players are wearing red and white uniforms (number 7 is visible) and green and yellow uniforms (number 3 is visible). They are all lying on their sides, with their arms and legs tangled together. The image is used as a background for the text overlays.

R O B U S T

D I S C I P L I N E D

W I L L P O W E R

“ *Success goes to those who have fire in their belly and a good head for risks.* ”

~ TAN SRI DATO' SRI DR. TEH HONG PIOW

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This statement provides an overview by the Public Bank Board of Public Bank's application of the 3 key principles of good corporate governance as set out in the Malaysian Code on Corporate Governance 2017 (MCCG 2017). Public Bank's applications of the practices set out in the MCCG 2017 during the financial year 2019 are disclosed in the Public Bank's Corporate Governance Report for the financial year ended 31 December 2019 which can be downloaded from Public Bank's corporate website at www.publicbankgroup.com.

MCCG 2017 PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is responsible for formulating and reviewing key policies and charting the course of the Bank's business operations. The Board, through the Audit Committee, Risk Management Committee and Compliance Committee, provides effective oversight of the Management's performance, risk assessment and controls over business operations, and compliance with regulatory requirements. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The key responsibilities of the Board are disclosed in the Public Bank's Corporate Governance Report for the financial year ended 31 December 2019 which can be downloaded from Public Bank's corporate website at www.publicbankgroup.com.

The Board has delegated authority to various Board Committees to enable them to support the Board effectively in accordance with their terms of reference.

Roles of Chairman, Managing Director and Non-Executive Directors

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

The Non-Executive Chairman ensures the smooth functioning of the Board and its governance structure, and inculcates positive culture in the Board. He ensures that the procedures and processes are in place to facilitate effective conduct of business of the Board. The Chairman also ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.

The Chairman encourages open and frank deliberations by Directors at every Board meeting.

The Managing Director/CEO is primarily responsible for the day-to-day management of the Bank. He is responsible for developing the business direction and strategies of the Bank and also to ensure that the Bank's business strategies and policies are effectively implemented.

The Non-Executive Directors scrutinise the performance of Management in meeting key performance targets and monitor the reporting of performance. The Non-Executive Directors are responsible to satisfy themselves on the integrity of financial information and that financial controls and system of risk management are robust and defensible. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels. The Independent Non-Executive Directors engage with the external and internal auditors to address matters concerning the management and oversight of the Bank's business and operations.

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

Company Secretary

The Board is supported by the Company Secretary who is very experienced, competent and knowledgeable on new statutes and directives issued by the regulatory authorities. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities.

Board Meetings and Access to Information

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and ensure their full attendance at Board meetings.

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



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

The Chairs of various Board Committees would inform the Directors at Board meetings, of salient recommendations and matters that may have arisen at their respective meetings which require the Board's notice or direction to be given to the Management.

The minutes of various Board Committees meetings which record the key deliberations and the decisions taken during these meetings are circulated to all Board Members for noting together with the monthly Board meeting agenda items.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 7 days before the Board meeting.

The Board Members come well prepared for Board meetings and engage in robust discussions on key matters in the agenda. The Managing Director/CEO provides comprehensive monthly updates to the Board on the Bank's and the Group's business operations.

A Director is required to abstain from deliberations and decisions of the Board on matters where he/she is the interested party, and he/she does not exercise any influence over the Board in respect of the matter. In the event a corporate proposal is required to be approved by shareholders, interested Directors are required to abstain from voting on their shares held in Public Bank on the shareholders' resolutions pertaining to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the relevant shareholders' resolutions.

The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting.

The Deputy CEO attends all Board meetings by invitation, while the Senior Chief Operating Officers and Senior Management Officers are invited to attend Board meetings to report to the Board on matters pertaining to their respective areas of responsibility, and also to brief and provide details to the Directors on recommendations or reports submitted to the Board. The Chief Financial Officer also attends Board meetings by invitation to update the Board on financial guidelines issued by BNM and new accounting standards, and to brief the Board on matters relating to the finance portfolio, such as guidelines and policies to be implemented by the Bank pursuant to BNM policy documents or new accounting standards.

Some Directors also sit on the Boards of Public Bank's subsidiaries, and this gives the Board access to direct insight of the performance and operations of the subsidiaries.

Board Charter

The Board Charter sets out the roles and responsibilities of the Board, Board Committees, individual Directors and Management in upholding sound corporate governance standards and practices. The Board Charter reflects the matters reserved for the Board's consideration and approval. The Board Charter is available on Public Bank's corporate website at www.publicbankgroup.com.

Board Composition

The Board as at 30 April 2020 comprises 9 Members. The size and composition of the Board are optimum to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent directors. The present Board has the appropriate combination of experience and expertise in banking and finance, accountancy, law and information technology.

The 9 Members of the Board are persons of high calibre and integrity, and they have a sound understanding of the Bank's business as well as deep industry expertise. They possess the skills, knowledge, experience and competencies to address key risks and major issues relating to the Bank's business and its policies and strategies. The Directors more than adequately fulfill the fit and proper criteria as specified in the Financial Services Act 2013 (FSA) and the BNM Policy Document on Fit and Proper Criteria.

The profile of each of the Member of the Board is as presented on pages 42 to 51 of this annual report.

Board Balance and Independence

The Board comprises only 1 Executive Director and a strong presence of 8 Non-Executive Directors, of whom 5 ie. more than half of the Board Members are Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides effective check and balance in the functioning of the Board to safeguard the interests of the Bank and all stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board comprises 33% women Directors ie. 3 out of the 9 Members of the Board. The 3 women Directors provide the Board with gender diversity that serves to bring value to Board discussions from the different perspectives and approaches of the women Directors.

Tenure of Independent Directors

The maximum tenure of an Independent Non-Executive Director is a cumulative term of 9 years. Upon reaching such maximum tenure, the Independent Non-Executive Director may continue to serve on the Board but shall be redesignated as Non-Independent Non-Executive Director.

New Appointment and Re-Appointment of Director

Pursuant to provisions of the FSA and policy documents and guidelines issued by BNM, the proposed appointment of a new Director is subject to the prior approval of BNM, and the term of appointment shall be as specified by BNM in its approval.

The Nomination and Remuneration Committee is responsible for assessing the candidate for proposed directorship and thereupon submitting their recommendation to the Board for decision. The Nomination and Remuneration Committee's recommendation is made after due consideration of inter-alia the following:

- The Board's composition and requirements in terms of appropriate size, required mix of skills, experience and core competencies, diversity and adequacy of balance between Executive Director, Non-Executive Directors and Independent Directors.
- The candidate's ability to supplement the collective skill sets of the Directors and bring different perspectives to the Board, and his/her fitness and propriety to be considered for appointment based on the factors specified in the Bank's Fit and Proper Policy and the BNM Policy Document on Fit and Proper Criteria.
- The candidate meets regulatory requirements for appointment and possesses the qualifications to be able to contribute effectively as a member of a harmonious Board.

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

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

Re-Election of Directors

The Constitution of Public Bank provides that at every annual general meeting of Public Bank, one-third of the Directors for the time being or the number nearest to one-third, and those Directors newly appointed subsequent to the preceding annual general meeting, shall retire from office and shall be eligible for re-election. The Constitution further provides that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

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

Time Commitment

To ensure that Directors do not have competing time commitments that impair their ability to discharge their duties effectively, the Board has established a policy on the maximum number of directorships in public listed companies, non-public listed companies and non-profit organisations that a Director can hold in Malaysia and offshore/overseas, which is as follows:

- Maximum of 5 directorships held in public listed companies.
- Maximum of 15 directorships held in non-public listed companies and non-profit organisations.

The Directors remain fully committed in carrying out their duties and responsibilities and are able to give sufficient time commitment to their duties and responsibilities as reflected by, inter-alia, the following:

- Their full attendance at the Board meetings held during the financial year ended 31 December 2019.
- The total number of directorships held by each Director is in compliance with the maximum number set by the Board.

Directors' Training

During financial year 2019, the Members of the Public Bank Board had received training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated sessions. The Directors had attended talks, dialogue sessions and focus group sessions organised by FIDE Forum, an initiative of the alumni members of the Financial Institutions Directors' Education (FIDE) Programme, which is set up to enhance corporate governance practices in the boards of financial institutions and to develop world class directors who are advocates of best practices and excellence in corporate governance. The Directors



had also kept up-to-date with market developments and related issues through Board discussion meetings with the Deputy CEO, Senior Chief Operating Officers, Chief Financial Officer and other Senior Management Officers.

The Company Secretary and the Bank's Knowledge & Learning Centre undertake the role as the co-ordinator to manage and co-ordinate the Directors' training requirements, which include the following:

• **Mandatory**

- Pursuant to the Bursa Malaysia Main Market Listing Requirements, a newly appointed Director is required to attend the Mandatory Accreditation Programme within 4 months of his/her appointment.
- New Directors are to participate in induction programmes which allow the new Directors to meet with the CEO/Senior Management staff and be accustomed with the Company's governance framework, financial management and business operations.
- FIDE Core Programme shall be the core training for Directors.

• **Electives**

Upon completion of the FIDE Core Programme, Directors are eligible to attend FIDE Elective programmes that focus on Board Committee, technical and advanced governance issues.

• **Enrichment**

To keep abreast with the current developments in the marketplace, Directors will be provided with opportunities to attend public programmes or seminars on the areas related to their functions/roles and for continuous development.

Directors may request that training programmes on specific subjects be arranged in order to facilitate them to discharge their duties effectively.

The Company Secretary and Secretaries of Audit Committee, Compliance Committee and Risk Management Committee regularly update and apprise the Directors on new statutes, policy documents and guidelines issued by the regulatory authorities, and the requirements to be observed by the Company and Directors thereupon.

The Nomination and Remuneration Committee conducts annual review of training attended by the Directors during each financial year.

Conferences, seminars and training programmes attended by Directors in 2019 included the following:

Corporate Governance

- FIDE Forum 1st Distinguished Board Leadership Series: Reading the Signs – The Next Financial Crisis and its Potential Impact on Asia.
- Demystifying the Diversity Conundrum: The Road to Business Excellence.
- Mandatory Accreditation Programme for Directors of Public Listed Companies.
- Independent Directors Programme: The Essence of Independence.
- Leadership in a Disruptive World.
- Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees.
- e-Training on Independent Non-Executive Director's Role in Corporate Governance.
- Directors & Officers Liability Insurance.

Risk/Compliance/Regulatory

- FIDE Forum Dialogue with Deputy Governor on Draft Risk Management in Technology Policy.
- International Conference on Financial Crime and Terrorism Financing.
- Talk on Trends and Developments in Anti-Money Laundering/Counter Financing of Terrorism and Personal Data Protection Act.
- Workshop on Corporate Liability Provision (Section 17A) of the Malaysian Anti-Corruption Commission Act 2009.
- Talk on the Malaysian Anti-Corruption Commission (Amendment) Act 2018.
- Discourse on Shariah Governance Policy Document 2019 – Reinforcing Shariah Governance Practices of Islamic Financial Institutions.

Banking, Finance & Economy

- Financial Industry Conference.
- Regional Conference on Climate Change.
- Technical Workshop: Addressing Climate Change through Capital Markets.
- Talk on Inequality, Imbalances & Instability: The New Normal?
- Talk on Redesign Customer Service for Superior CX.

Fintech and Technology Based Innovations

- FIDE Forum Masterclass on Cybersecurity: Unseen Threats by Jamie Woodruff.
- FIDE Forum Dialogue on Key Aspects of Fintech and Regulation.
- FIDE Forum 4th Distinguished Board Leadership Series: Digital to the Core.
- FIDE Forum Digital Assets: Global Trends, Legal Requirements and Opportunities for Financial Institutions.
- Cyber Security in the Boardroom: Accelerating from Acceptance to Action.
- Talk on The State of AI in Banking.
- Talk on Cyber Threat Awareness: What Boards Need to Know.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration

The Nomination and Remuneration Committee recommends the level and structure of Directors' fees which comprise an annual fee for service on the Board and ensures that the level of remuneration for Non-Executive Directors is linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board. In making its recommendation, the Nomination and Remuneration Committee considers the responsibilities of the Directors and also by benchmarking against the Directors' fees of peer banks.

The Board as a whole determines the remuneration of Non-Executive Directors. The remuneration of the Non-Executive Directors for financial year ended 31 December 2019 is based on the following fee structure:

Director's Fees (per annum)		
Chairman Emeritus, Director and Adviser (RM)	Chairman (RM)	Other Directors (RM)
427,870	427,870	316,050

Board Committee Fees (per month)	Chairman (RM)	Member (RM)
• Audit Committee	14,550	11,360
• Risk Management Committee	7,280	5,730
• Compliance Committee	7,280	5,730
• Credit Risk Management Committee	7,280	5,730

Meeting Attendance Allowances	RM per meeting Attended
• Board of Directors	1,500
• Nomination and Remuneration Committee	1,500

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2019 are as follows:

	Remuneration Received from the Bank						Remuneration Received from Subsidiary Companies		
	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits -in-kind RM'000	Bank Total RM'000	Fees RM'000	Other Emoluments RM'000	Group Total RM'000
2019									
Executive Director									
Tan Sri Dato' Sri Tay Ah Lek	8,856	316	18,968	6,525	33	34,698	521	420	35,639
Non-Executive Directors									
Tan Sri Dato' Sri Dr. Teh Hong Piow	–	428	–	19,969	55	20,452	960	199	21,611
Lai Wan	–	428	–	429	–	857	229	–	1,086
Tang Wing Chew	–	316	–	401	–	717	229	–	946
Lai Wai Keen	–	316	–	333	–	649	–	–	649
Cheah Kim Ling	–	316	–	400	–	716	–	–	716
Lee Chin Guan	–	316	–	175	–	491	214	–	705
Dato' Mohd Hanif bin Sher Mohamed*	–	316	–	385	–	701	263	97	1,061
Tham Chai Phong**	–	184	–	174	–	358	–	–	358
	–	2,620	–	22,266	55	24,941	1,895	296	27,132
Total Directors' remuneration	8,856	2,936	18,968	28,791	88	59,639	2,416	716	62,771

* Appointed on 22 January 2019.

** Appointed on 1 June 2019.



Senior Management

The CEO together with the Senior Management have a primary and significant responsibility for the management and performance of the Bank. They develop and implement corporate goals, strategic plans, policies, and make decisions on the business and operations in accordance with the directions set out by the Board of Directors. They play a vital role in achieving the success of the Bank and establishing a strong governance culture within the Bank.

There is a clear segregation of responsibilities among the Senior Management which promotes accountability and transparency as well as serves as an embedded check and balance system for the day-to-day business and operations of the Bank.

The internal control mechanisms which include compliance with regulatory requirements and internal policies are constantly being monitored and reviewed by the Bank's control functions namely Risk Management Division, Compliance Division and Internal Audit Division, in order to enforce good corporate governance and robust risk management across the Group. The control functions are independent and report directly to their respective Board Committees i.e. Risk Management Committee, Compliance Committee and Audit Committee.

Senior Management Appointment and Removal

The Bank's Fit and Proper Policy has established procedures and processes for the appointment and removal of the relevant Key Responsible Persons (KRPs) as well as the stringent assessment of candidates against the minimum requirements. All KRPs are assessed to have met all the fit and proper criteria based on the following factors:

1. Probity, Personal Integrity and Reputation
2. Competence and Capability
3. Financial Integrity
4. They do not hold an aggregate interest of 5% or more in the shares of Public Bank.

Succession Planning

The Bank has in place a robust succession planning, human capital development as well as talent management to ensure there is sustainable growth and continuity in meeting the Bank's long term goals and objectives. The Bank has put in concerted efforts to identify and build a pool of talents with the right skill sets, experience and leadership qualities to prepare them for succession to all the key leadership positions in the Bank.

In 2019, the Bank's emphasis is on the functional and leadership development of the Bank's identified successors by further honing their capabilities and competencies in 5 broad areas namely, Leadership, Strategic Thinking and Execution, Change Management, Future Readiness and Contemporary Banking.

There are continuous reviews and evaluation of their progress and the tracking of targets as set out in their individual development plans. Strategic development activities are initiated to close identified gaps so as to ensure that the talents in the succession pool remain robust and future-ready.

Career conversations are also regularly conducted with newly identified high potential talents whose career aspirations are aligned to the organisation's business objectives in order to establish a continuous flow of talents into the Bank's Talent Pool.

The Bank continues to practise a 'Look Within' policy so as to retain corporate knowledge and ensure that the Bank's corporate values are embedded at Senior Management level. This also creates growth opportunities and paves a path for internal talents to eventually fill key leadership positions when they arise.

The Bank's succession planning policy and programme is subject to the review and approval of the Board of Directors assisted by the Nomination and Remuneration Committee and collectively implemented by the Senior Management team.

Remuneration Policy & Practice

The Public Bank Remuneration Policy is drawn up based on its corporate vision, strategic business objectives and ethical values. It sets out the Bank's philosophy and principles to perpetuate a performance-orientated culture, appropriately balanced with prudent risk-taking across its business practices in support of the Bank's strategies and its long term vision.

The Bank's Remuneration Policy has been revamped to ensure compliance with the requirements stipulated in BNM Policy Document on Corporate Governance. The Bank has appointed an external consultant to undertake the review of the remuneration policy including the design and structure of the variable remuneration and the multi-year framework.

The Remuneration Policy has been reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors for implementation across all levels of staff including Senior Management and other staff not governed by any collective agreement in the Bank. Senior Management in this context refers to Management staff who are KRPs as defined in the Bank's Fit and Proper Policy as well as persons who are accountable or responsible for the management and oversight of the Bank. These comprise:

1. CEO
2. Deputy CEO
3. Senior Officers defined as follows:
 - i. KRPs who are defined under BNM Policy Document on Fit and Proper Criteria as those who have primary and significant responsibility for the management and performance of significant business activities of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- ii. Other Senior Management staff performing group-wide management responsibilities.
- iii. Other Senior Management staff who are Heads of Divisions.

The remuneration framework is designed to ensure that reward is measurably linked to the achievement of business and performance objectives. However, to prevent any conflict of interest, the framework stipulates that staff of the control functions are to be assessed independently from the business units that they oversee. For effective segregation, these staff will be appraised principally based on the achievement of their control objectives set out by the Board Committees of their respective control function and differentiated from that of the business units they oversee.

The remuneration framework outlines the total compensation packages of fixed remuneration and variable remuneration payable to staff. Fixed remuneration refers to basic salary and other fixed income which commensurate with the role and position of an individual staff, including professional experience, qualifications, responsibilities, job complexity and local market condition etc.

The variable remuneration refers to the discretionary performance bonus which is cash-based and does not consist of shares or non-cash instruments. The pool for the variable remuneration is determined by financial matrices such as the Bank's overall performance, achievement of selected financial ratios, market trends and economic outlook.

The variable performance bonus for the Senior Management is separated into two main components with different payout criteria. The first component of the performance bonus is linked to the individual performance of Senior Management and the payout above a set threshold is subject to a deferment of 3 years. The proportion of the deferred amount corresponds to the level of risks assumed by the respective job positions.

The prescribed deferred amount of performance bonus is further subject to a multi-year framework, minimally a 3-year graded vesting with a proportionate rate of 35%/35%/30% and payable annually at the end of each vested period.

The second component of the variable performance bonus is cash-based and linked to the Total Shareholder's Return (TSR) of the Bank. However, it is cliff-vested over a period of 3 years. The quantum is calculated as a percentage of the individual eligible performance bonus for the prevailing financial year but payable at the end of the cliff-vested period of 3 years and further subject to the achievement of TSR and good individual performance.

The variable performance bonus whether it is vested or unvested is subject to adjustments (e.g. malus, clawback and other reversals or downward revaluation of awards) in the event of bad performance

of the business unit or the Bank, attributable to the individual or if he/she commits serious legal, regulatory or internal policy breaches. The awards may be clawed back within 3 years from the date of payment to the staff.

Members of Senior Management shall commit not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.

The following shows the total value of cash-based remuneration paid out to Senior Management staff of Public Bank for financial year 2019:

Remuneration	No. of Senior Management Staff	Non-Deferred (RM)	Deferred (RM)
Fixed	27	21,799,612	–
Variable		3,357,847	15,171,000

Note: The above excludes the remuneration of Managing Director/CEO which has been declared under the Directors' Remuneration

Strengthening Corporate Governance Culture

The Public Bank Group recognises that upholding high standards of corporate governance and ethics is key to long-term value creation and contributes directly to a sustainable business performance. The following policies have been established to further inculcate ethical values and governance culture in the Group:

- **Public Bank Group Code of Ethics**

The Public Bank Group Code of Ethics is aligned to the Professional Code established by the Financial Services Professional Board and it is encapsulated in 5 Fundamental Ethical Principles which the Group and each employee must adhere to, both in letter and in spirit. The 5 Fundamental Ethical Principles are as follows:

1. Competence
2. Integrity
3. Fairness
4. Confidentiality
5. Objectivity

Further details of the Public Bank Group Code of Ethics are set out on page 78 of this annual report.



• Whistleblowing Policy and Procedures

The scope of the Whistleblowing Policy and Procedures (WBP) covers all employees and third parties in making disclosure of any improper conduct or irregularities without any risk of reprisals. The WBP is accessible via the Group's corporate website at www.publicbankgroup.com. The platform, accessibility and channels of reporting are user-friendly to facilitate the submission of disclosure.

A Board Member has also been appointed and designated as the Non-Executive Director responsible for the effective implementation of this Policy.

Further details of the Whistleblowing Policy and Procedures are set out on page 79 of this annual report.

• Anti-Fraud Policy

The Anti-Fraud Policy sets out the Group's expectations on all its staff and the requirements relating to the prohibition, recognition, reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities.

The Policy also articulates the Group's ultimate objective in eliminating any form of fraud from all its business activities as the Group has zero-tolerance towards any form of fraud.

The definition/scope of "FRAUD" in the Anti-Fraud Policy has been expanded to cover the following:

- a. Asset Misappropriation
- b. Fraudulent Statement/Representation
- c. Corruption
- d. Fraudulent acts or attempted fraudulent acts committed on but is not limited to assets, data, records, documents or other information etc. belonging to a shareholder, customer, staff, supplier, vendor, agent or any persons who has dealings with the Group.

Further details of the Anti-Fraud Policy are set out on page 79 of this annual report.

Board Committees

The Board has established the following Board Committees which are made up of majority Independent Non-Executive Directors to support the Board in carrying out its functions:

- Nomination and Remuneration Committee
- Audit Committee
- Risk Management Committee
- Compliance Committee
- Credit Risk Management Committee

The roles and responsibilities of Board Committees as well as authority delegated by the Board to these Committees, are reviewed from time to time to ensure that they remain relevant and are up-to-date.

The roles and responsibilities of the Board Committees and attendance of each Director at the Board Committee meetings are disclosed in the Public Bank's Corporate Governance Report for the financial year ended 31 December 2019 which can be downloaded from Public Bank's corporate website at www.publicbankgroup.com.

The main activities of the Nomination and Remuneration Committee in 2019 included the following:

- Annual review of size and composition of Board, Board balance and independence of Directors and skills of Directors.
- Annual evaluation of performance and effectiveness of the Board as a whole and annual evaluation of performance of each individual Director.
- Annual review of compositions, functions and terms of reference of Board Committees.
- Annual evaluation of Board Committees and individual Audit Committee Members.
- Assessment of fitness and propriety of Directors for re-appointment/re-election.
- Assessment of fitness and propriety of candidates for proposed appointment as Directors of Public Bank.
- Annual review of training attended by Directors and recommendation to the Board on budget for Directors' training and development.
- Annual fit and proper assessment of Senior Management who are key responsible persons.
- Annual assessment of fitness and propriety of Company Secretary to remain appointed.
- Recommendation to the Board on promotion and appointment of key responsible persons.
- Recommendation to the Board on renewal of contracts of employment of the Deputy CEO and Senior Management staff.
- Review of Public Bank's succession planning policy for key leadership positions.
- Recommendation to the Board on proposed payment of Directors' fees, Board Committee Members' fees and allowances to Directors subject to shareholders' approval.
- Recommendation to the Board on proposed cap on bonus payment and salary adjustments to be granted by the Bank.
- Recommendation to the Board on bonus payment and annual increment for the Managing Director/CEO, Deputy CEO and other key responsible persons.
- Review of Public Bank's Remuneration Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

MCCG 2017 PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee is established by the Board and till 28 March 2020, it comprised 6 Members, all of whom are Independent Non-Executive Directors. The Chairman of Audit Committee is appointed by the Board and he is not the Chairman of the Board.

With effect from 29 March 2020, the composition of Audit Committee is reduced to 5 Members after the Chairman of the Audit Committee who had served a maximum tenure of 9 years as Independent Non-Executive Director was redesignated as Non-Independent Non-Executive Director. Accordingly and pursuant to the requirements set out in the Policy Document on Corporate Governance issued by BNM on 3 August 2016 and MCCG 2017, he ceased to be a Member of the Audit Committee.

A new Chair of the Audit Committee had been appointed with effect from the same date and the Chair is not the Chairman of the Board.

The Composition, Authority as well as the Roles and Responsibilities of the Audit Committee are set out in its Terms of Reference which are approved by the Board and published in the Public Bank's corporate website.

The Audit Committee has in place a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a Member of the Audit Committee.

Collectively, the Audit Committee Members have a wide range of necessary skill, knowledge and experience, including accounting or related banking expertise and experience, ranging from banking regulatory, finance, research, information technology functional areas, training and stewardship of financial institutions to discharge their duties. In addition, one (1) Audit Committee Member is a Chartered Accountant of the Malaysian Institute of Accountants.

With the relevant skill sets, knowledge and experience, the Audit Committee Members are financially literate and are able to understand, analyse and challenge matters under the purview of the Audit Committee including the financial reporting process.

The Audit Committee Members have attended various training courses, conferences, seminars and topical talks arranged by Knowledge & Learning Centre in 2019 to keep themselves abreast of relevant developments in the banking industry including relevant regulatory requirements as well as effective governance practices.

The Audit Committee assists the Board in overseeing the financial reporting process and assesses the reliability of the financial reporting and financial positions of Public Bank and the Public Bank Group. The Audit Committee also seeks explanations and additional information from the Senior Management including the Chief Financial Officer and the Group Chief Internal Auditor in regard to the financial performance and preparation of the financial statements of Public Bank and the Public Bank Group. In addition, the Audit Committee also meets up with the external auditors to discuss their audit plan, audit findings and observations on the draft annual and interim financial results of Public Bank and the Public Bank Group.

The details of the duties and responsibilities of the Audit Committee are set out under the Audit Committee Report on pages 87 to 94 of this annual report.

Relationship with External Auditors

The Audit Committee has put in place policies and procedures to assess the suitability, objectivity and independence as well as the performance of the external auditors. In performing this role, the Audit Committee reviews and conducts assessment, on an annual basis, the appointment or re-appointment of external auditors in accordance with the criteria set out in the Public Bank Group's Policies and Procedures for Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services (Group Policies and Procedures) to ensure that the independence and objectivity of the external auditors as statutory auditors are not compromised.

The assessments of the external auditors for audit and non-audit services are carried out vide an assessment checklist in accordance with the assessment criteria set out in the Group Policies and Procedures. This assessment checklist covers regulatory requirements, the competency, audit quality and resources of the external auditors in relation to the audit as well as the independence and objectivity of the external auditors.

Before Management can engage the external auditors to provide non-audit services to Public Bank and/or the Public Bank Group, the Audit Committee has to be satisfied that the external auditors are suitable, independent and objective in the provision of such services. The Audit Committee must also be satisfied that there is no element of conflict of interest and the fees to be charged are within the allowable threshold set.

The details of the fees paid/payable to the external auditors for their provision of statutory audit, audit related and non-audit related services in 2019 are set out in Practice 8.3 of the Public Bank's Corporate Governance Report for the financial year ended 31 December 2019 which can be downloaded from Public Bank's corporate website at www.publicbankgroup.com.



Internal Audit Function

Public Bank has an in-house Internal Audit function which is carried out by the Internal Audit Division (IAD). The Audit Committee oversees the performance and effectiveness of the Internal Audit function based on the approved key performance indicators, assesses the competency and experience of the Internal Audit staff as well as the adequacy of resources in order for the Internal Audit function to carry out its work effectively. The Audit Committee also ensures that internal audit staff have the authority to carry out their work objectively and independently, free from any relationship or conflicts of interest.

Public Bank's IAD is staffed by 200 individuals and majority of them are equipped with relevant experience and qualifications. IAD comprised 9 sections which specialise in various auditing/business areas.

The Group Chief Internal Auditor (GCIA), Mr Lim Then Fui oversees the Internal Audit functions of Public Bank and the Public Bank Group. He is a qualified accountant, a Member of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. Mr Lim has a total of 40 years of working experience in auditing, risk management, compliance and commercial banking.

The Internal Audit Charter sets out the purpose, objectives, authority, scope of work and responsibilities of the Internal Audit function in Public Bank and the Public Bank Group. The Internal Audit Charter, which was drawn up with reference to the relevant guidelines and policy document issued by BNM and the Basel Committee on Banking Supervision, is subject to review annually to ensure that it remains relevant and is updated with the latest developments in the applicable regulatory requirements. The Internal Audit Charter is published in the Public Bank's intranet for all the staff of Public Bank and the Public Bank Group to access.

To reflect the independence of Internal Audit function, Internal Audit staff report directly to the GCIA, who in turn reports functionally to the Board through the Audit Committee. The Audit Committee approves the appointment, replacement and dismissal of the GCIA, evaluates the GCIA's performance and reviews the remuneration and/or bonus, if any, payable to the GCIA and the Senior Management staff of IAD.

The Internal Audit function performs ongoing periodic reviews and assessments on the Bank's risk management systems, internal controls and governance processes in accordance with and conforms to the requirements set out in the BNM's Guidelines on Internal Audit Function of Licensed Institutions.

As part of the measures to ensure that Internal Audit staff are free from any relationship or conflicts of interest situations which could impair their objectivity and independence, Internal Audit staff who are transferred from other divisions or branches within the Bank are not allowed to conduct audit on areas in which they were previously engaged, until the "cooling off" period is over or after an independent audit has been conducted, whichever is earlier. For this purpose, the "cooling off" period shall not be less than 6 months from the date they joined Internal Audit or such longer period as may be determined by the GCIA.

The details of the Audit Committee's oversight over the activities carried out by the Internal Audit function are set out under the Audit Committee Report on pages 87 to 94 of this annual report.

Risk Management and Internal Control Framework

The Board has established a risk management and internal control system that enables the identification, measurement, continuous monitoring and reporting of all relevant and material risks on a group and entity-wide basis, including new and emerging risks. The Board ensures that the risk management and internal control system manages the Public Bank Group's relevant and material risks within its risk appetite in the Group's pursuit of its strategies and business objectives.

The establishment of the risk management and internal control system is driven by the Public Bank Group's Risk Management Framework which is approved by the Board and developed based on the BNM's Policy Document on Risk Governance. The key principles and components of the Public Bank Group's Risk Management Framework outlining the requirements for effective risk management are risk governance, risk appetite, risk management processes and risk culture.

The adequacy and effectiveness of the risk management and internal control system as well as the level of compliance with the relevant laws, regulations, policies and procedures are subject to ongoing assessment by the Risk Management Function, Compliance Function and Internal Audit Function. These independent control functions, as well as the Risk Management Committee, the Credit Risk Management Committee, the Compliance Committee and the Audit Committee assist the Board in discharging its oversight responsibilities on the adequacy and effectiveness of the risk management and internal control system.

The Board receives assurance from the Chief Executive Officer and the Chief Financial Officer on the adequacy and effectiveness of the Public Bank Group's risk management and internal control system on an annual basis.

For further information, please refer to the Statement on Risk Management and Internal Control as set out on pages 81 to 86 of this annual report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Risk Management Committee

The Risk Management Committee is established by the Board and supports the Board in carrying out its risk management roles and responsibilities as delegated and authorised by the Board. It comprises 7 Members as at 30 April 2020, of whom 5 Members including the Chair of the Risk Management Committee are Independent Directors. All Members are Non-Executive Directors. The Chair of the Risk Management Committee is appointed by the Board and is not the Chair of the Board. The Risk Management Committee assists the Board in meeting the expectations on risk management including ensuring the effective implementation of the risk management framework.

MCCG 2017 PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

Public Bank believes that continuous engagement and communication with stakeholders contribute towards mutual trust and understanding between the Bank and its stakeholders. It provides stakeholders with better appreciation of Public Bank, including its mission, growth strategies, business operations, financial performance, governance practices and track records of achievement. This in turn facilitates stakeholders to make informed decisions in their investments in and dealings with Public Bank. From the Bank's perspective, it is an avenue to obtain, understand and appropriately respond to the stakeholders' feedbacks and expectations. In addition, Public Bank continues to ensure that communication with stakeholders is effective, transparent, regular and timely.

In this respect, Public Bank's investor relations function undertakes communication with stakeholders through several channels of investor relations activities. Public Bank makes announcements of its quarterly financial results to Bursa Malaysia and issues press statement to the media. The Bank conducts briefings to the analysts covering the Bank's half-year and full-year group financial results. Additionally, the Bank conducts conference call to cater to the analysts who could not be present at the briefings.

Throughout the year, Public Bank's Senior Management responsible for investor relations continue to engage and communicate with the domestic and international investors and analysts through several channels, which include physical one-on-one and group meetings, conference calls, telepresence meetings, as well as at investor conferences held locally and overseas. For the year 2019, Public Bank's Senior Management had met with a total of 405 investors/shareholders/analysts.

In recent times, it is observed that some investors, as part of their investment consideration, are placing greater emphasis on understanding Public Bank's practices in the areas of environment, social and governance ("ESG"). Public Bank has, accordingly, engaged and responded to the investors' inquiries on ESG.

In addition to the investor relations activities, Public Bank communicates with its stakeholders through its Annual Report and Financial Statements which provide extensive information about Public Bank. Apart from the printed copy, stakeholders could access the Annual Report and Financial Statements from the Bank's corporate website at www.publicbankgroup.com. The Public Bank corporate website also has a dedicated Investor Relations section that provides relevant investor-related information, both current and past. This includes the quarterly financial results, five-year financial highlights, credit ratings and capital and debt securities issued and outstanding.

In addition to financial information, the corporate website has a Corporate Governance section which sets out extensive information on Public Bank's corporate governance practices. This includes the Board Charter, Constitution, Roles and Responsibilities of Nomination and Remuneration Committee, Composition and Terms of Reference of Audit Committee, Corporate Governance Report, Code of Ethics and Whistleblowing Policy and Procedures.



The investment community can make inquiries about investor relations matters with the Public Bank's dedicated investor relations team as follows:

PUBLIC BANK

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INVESTOR RELATIONS UNIT

Denise Fong Po Yen

Corporate Planning, Strategy & Economics

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Annual General Meeting

The annual general meeting of Public Bank is a primary platform which enables direct two-way interaction between the shareholders of the Bank and the Bank's Directors and Senior Management. At the annual general meeting, the Managing Director/CEO presents a comprehensive review of the Public Bank Group's financial performance and value created for the shareholders. During the annual general meeting, shareholders are given opportunity to raise questions or seek clarification on the agenda items of the meeting. The questions and clarifications are addressed, while feedbacks and suggestions are taken note of by the Directors and Senior Management. The turnout of shareholders at the annual general meetings has always been high and this has been supporting a meaningful and effective engagement with shareholders. A summary of the proceedings of the annual general meetings is made available at the corporate website of the Bank.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 30 April 2020.

RISK MANAGEMENT

“The Public Bank Group believes that an effective risk management system is key to creating value for its shareholders, customers, counterparties, employees, investors and the community it serves. As risks evolve, the Group continues to enhance its integrated risk management approach and processes to ensure effectiveness of its risk management processes.”

INTRODUCTION

In 2019, the economic and banking environment has been increasingly challenging on multiple fronts namely a trade war, a China-led economic slowdown, dampened domestic business sentiment, volatility in commodity prices, and disruption from digitalisation and cyber threats. The confluence of these factors contributed to an increasingly uncertain and volatile environment which required the Public Bank Group to be alert and proactive in managing the heightened risks.

Amidst this backdrop, the Public Bank Group elevated its vigilance in establishing and executing its business strategies and continued to strengthen its resilience to the risks faced by the Group. The Group manages the identification, assessment and mitigation of top and emerging risks through an internal governance process, risk professionals with value-adding insights, and the use of risk management tools and processes. The Group’s approach to risk identification and impact assessment aims to ensure that it mitigates the impact of these risks on its financial results, long-term strategic goals and reputation.

During the year, the risk management policies, systems and processes were reviewed, enhanced and refined to proactively manage risks to ensure that the Public Bank Group’s risk profile remains consistent with its risk appetite. The Group has steadily enhanced its risk management capabilities as it believes that an effective and robust risk management system is vital to create value for its stakeholders.

Risk Management Framework

The key principles and components of the Risk Management Framework of the Public Bank Group are as follows:

- Risk Governance Structure
- Risk Appetite
- Risk Management Culture
- Risk Management and Internal Controls

RISK GOVERNANCE STRUCTURE

The Public Bank Group’s risk governance structure sets out the roles and responsibilities of the parties involved in the Group’s risk management and internal control system as follows:



ESTABLISH RISK APPETITE & POLICY	1. Board of Directors	10. COMPLIANCE COMMITTEE (supported by Compliance Function)	11. AUDIT COMMITTEE (supported by Internal Audit Function)
	2. Risk Management Committee		
	3. Credit Risk Management Committee		
	4. Shariah Committee		
ENSURE IMPLEMENTATION OF RISK AND COMPLIANCE POLICY	5. Dedicated Risk Committees		
	Assets & Liabilities Management Committee Operational Risk Management Committee Internal Capital Adequacy Assessment Process Working Group		
	6. Credit Committee		
	7. Risk Management and Control Functions		
IMPLEMENT AND COMPLY WITH RISK POLICY	Risk Management Function Compliance Function Shariah Compliance Function		
	8. Support Functions		
	Human Resource Information Technology Finance Banking Operations Credit Control, Administration & Supervision Property Security		
	9. Business Functions		
	Corporate Lending Investment Banking Islamic Banking Retail Banking and Financing Operations Share Broking Fund Management Treasury and Capital Market Operations		

Board of Directors

The Board of Directors ("Board") has overall responsibility for the Public Bank Group's risk management and internal control system. For this purpose, the Board:

- Ensures that the corporate objectives are supported by sound risk strategies and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities
- Is responsible for the overall oversight on the soundness of the risk management processes and internal controls
- Is responsible for the remuneration of the Senior Management and that the remuneration is aligned with prudent risk taking
- Provides direction and guidance to the Senior Management on action to be taken to address the material risks identified

RISK MANAGEMENT

Risk Management Committee

The Risk Management Committee ("RMC") assists the Board to oversee the management of all material risks including inter-alia reviewing risk management frameworks and policies, reviewing risk management limits, risk exposures and portfolio composition and ensuring risk infrastructure, resources and systems are put in place for effective risk management oversight.

Credit Risk Management Committee

The Credit Risk Management Committee assists the Board in discharging its oversight role over the management of credit risk including inter-alia in ensuring the risk infrastructures and systems are able to manage and control the risk taking activities within the risk appetite and credit risk strategy.

Compliance Committee

The Compliance Committee maintains overall responsibility to oversee the design and implementation of sound compliance management system in assessing the compliance profile, and evaluating the effectiveness of the overall management of compliance risks. The Compliance Committee also deliberates on compliance issues identified regularly to ensure such issues are resolved effectively, and ensures appropriate infrastructure, resources, processes and systems are in place for compliance risk management.

Audit Committee

The Audit Committee assists the Board to evaluate and assess the adequacy and effectiveness of the risk management systems, internal control and governance processes. In performing this role, the Audit Committee reviews the internal control issues, the root causes and impacts identified by the Internal Audit Division, external auditors and regulatory authorities during their periodic audit. The Audit Committee also reviews the performance and effectiveness of the Internal Audit function with particular emphasis on the achievement of key performance indicators, audit methodology applied, adequacy of audit scope and coverage, adequacy of resources, and knowledge as well as competency of the internal audit personnel.

Shariah Committee

The Shariah Committee has the responsibility to provide objective and sound advice to the Board which includes providing decision or advice on the application of any rulings of the Shariah Advisory Council of Bank Negara Malaysia or standards on Shariah matters to ensure that the Islamic operations, business, affairs and activities are in compliance with Shariah. The Shariah Committee deliberates and endorses Shariah matters relating to the Islamic operations and activities which include the Islamic products/services and the

documents used in the Islamic business operations. It also deliberates and affirms Shariah non-compliance findings by the relevant functions and endorses rectification measures to address any Shariah non-compliance event.

Dedicated Risk Committees

The dedicated risk committees assist the RMC in the management of all material risks. These committees are responsible for the effective implementation of the risk management strategies and policies as approved by the Board or RMC. The key responsibilities of the dedicated risk committees are as follows:

- Ensuring all relevant and material risks associated with the Public Bank Group have been identified and assessed, and are operating within the Group's risk appetite
- Implementing, assessing and monitoring the risk management and internal control system in accordance with the Group's risk management strategies and overall risk appetite
- Identifying changes in the operating environment which may give rise to risks and taking the appropriate actions followed by the prompt escalation of the identified risks and actions to the Board

RISK APPETITE

The Public Bank Group's risk appetite defines the amount and the types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also sets out the level of risk tolerance and limits to govern, manage and control the Group's risk taking activities. The strategic objectives, business plans, desired risk profile and capital plans are aligned to the risk appetite.

RISK CULTURE

The culture of managing risk is embedded into the day-to-day operations and decision-making process through the following:

- Strong corporate governance
- Organisation structure with clearly defined roles and responsibilities
- Effective communication
- Commitment to compliance with laws, regulations and internal controls
- Integrity in fiduciary responsibilities
- Clear policies, procedures and guidelines
- Continuous training



RISK MANAGEMENT AND INTERNAL CONTROLS

The principal risks faced by the Public Bank Group together with the key risk management and internal controls are outlined below.

Principal Risks	Definition	Risk Management and Internal Controls
Credit Risk (including counterparty credit risk and country risk)	Credit risk is the potential loss of revenue as a result of defaults by the borrowers/customers or counterparties through lending/financing, hedging, trading and investing activities	• Credit policy incorporating prudent lending criteria and guidelines to manage credit risk • Clearly defined levels of authority to ensure the role of approving authorities commensurate with the level of credit experience, complexity of the credit and clear segregation of duties between parties originating and approving credits • Strong credit controls and close monitoring are in place to identify potential distress for early intervention and/or to take prompt recovery actions • Pre-approval independent credit review by Risk Management Division ("RMD") on large loan application, credit request and review
Residual Credit Risk	Residual credit risk is the risk of loss or increase of other risk such as legal, operational, liquidity and market risk as a result of the acceptance of collateral and guarantees which are not properly executed and managed	• Policies to determine the eligibility of collateral/guarantee for credit risk mitigation, which include requiring collateral/guarantee to meet specific operational and legal requirements • Depending on the type of collateral, the valuation of collateral is carried out regularly based on the Group's valuation and review guidelines • Processes to ensure proper documentation of the collateral and guarantee accepted
Model Risk	The risk of the potential adverse consequences from model misused and poorly designed/implemented models. Model risk can lead to financial loss, poor business or strategic decision making, or reputation loss	• Framework and policies to manage the model risk • Credit risk models are subject to periodic monitoring and validation which are independently performed
Credit Concentration Risk	Concentration to any single exposure or group of exposure or sector that has the potential to result in losses large enough to undermine the health of the Group	• Policies and limits are periodically reviewed to ensure their relevance in managing credit concentration risk • Processes and methodologies to identify, measure, control and monitor the credit concentration risk
Market Risk	Market risk is the risk that movements in market variables, including interest/profit rates, foreign exchange rates, credit spreads, commodity prices and equity prices, will reduce the earnings or capital of the Group	• Regular review of the market and economic conditions to identify areas which may give rise to market risk • Market risk policies, procedures and internal control measures are periodically reviewed to ensure relevance in managing market risk • Derivative activities for trading are strictly prohibited. Approval from the Board is required • Hedging interest rate/rate of return risk and foreign exchange risk in the event the exposures exceed the risk appetite

RISK MANAGEMENT

Principal Risks	Definition	Risk Management and Internal Controls
Liquidity and Funding Risk	Liquidity risk is the risk that the Group is unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due or securing the funding requirements at excessive cost. Funding risk is the risk that the Group does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient	- Pursuing growth in stable customer deposits is core - Maintaining a diversified and balanced funding portfolio comprising of customer deposits, shareholders' funds, debt and capital funds - Hold sufficient liquidity cushion factoring liquidity needs under normal and stress conditions as well as to meet the regulatory requirements - Debt issuance programme to facilitate immediate access to wholesale funding - Subsidiaries are to attain self-funding position - Contingency funding plan to enable the management to act effectively and efficiently during period of stress - Liquidity stress test to anticipate potential impact from severe liquidity stress event
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events	- Day-to-day management of operational risk through system of internal controls and risk management processes to ensure compliance with internal policies, guidelines, controls and limits - Use of operational risk management tools such as loss incident management, Risk and Control Self-Assessment, Key Risk Indicators and Scenario Analysis for monitoring of operational risk exposures and effectiveness of controls - New products or services introduced and variations are subject to a vigorous product evaluation process which assesses the potential risk and the readiness to introduce the said products or services - Risk assessment is conducted for electronic banking ("e-banking") services in ensuring risk management and security controls are in place to mitigate risks prior to implementing the e-banking services or any material enhancement to the e-banking services - Conduct regular information technology ("IT") risk assessment to identify areas for enhancement and ensure the resilience of the IT infrastructure and adequate cybersecurity preparedness - Disaster recovery and business continuity plans covering all critical business operations are regularly tested and updated to ensure continuity of key business services during unforeseen events
Capital Risk	Capital Risk is the risk of insufficient capital to meet the capital required to support the Group's business growth strategies and to satisfy regulatory capital adequacy requirements	- Close monitoring of capital positions to ensure the Group complies with current regulatory requirements and is well positioned to meet future requirements - Conduct bi-annual enterprise stress test to assess the adequacy of capital levels under various stress scenarios - Ability to raise additional capital in a variety of ways including raising equity via rights issue or debt instruments - Internal Capital Targets factoring capital to meet regulatory requirements, regulatory capital buffers, capital required under period of stress and Pillar 2 risk - Capital contingency plan setting out the governance, escalation process and monitoring of capital position as well as actions to be taken in the event of a capital deficiency



Principal Risks	Definition	Risk Management and Internal Controls
Reputation Risk	Reputation risk is the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts, staff, community, other relevant parties or regulators (collectively known as stakeholders) that can adversely affect the Group's ability to maintain existing or establish new business relationships and continued access to sources of funding	• Periodic identification, assessment and monitoring of key risk/performance factors associated with reputation risk through a set of Key Risk/Performance Indicators and ongoing enhancement of the control measures implemented to manage reputation risk • Procedures on the escalation and management of potential or current reputation events to ensure such events are managed timely and appropriately • Conduct comprehensive risk assessment on emerging risk events to identify areas vulnerable to reputation risk
Strategic Risk	Strategic risk is the risk of current or prospective impact on the entities' earnings, capital or reputation arising from changes in the environment in which the Group operates, adverse strategic directions, improper implementation of decisions and lack of responsiveness to industry, economic or technological changes	• Business plans and targets are aligned to the Board approved risk appetite and Board approved strategic directions • Close monitoring of the achievements against the business targets and prompt actions are instituted to arrest any variances identified and are escalated to the respective Boards periodically • Regular review of the Group's business strategies taking into account the market conditions and developments
Shariah Non-Compliance Risk	Shariah non-compliance risk is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which an entity may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM") and/or the SAC of Securities Commission, standards on Shariah matters issued by BNM pursuant to section 29 (1) of the Islamic Financial Services Act 2013 ("IFSA"), or decisions or advice of the respective entities' Shariah Committee/ Shariah Advisor	• On-going identification, assessment, monitoring and controlling of Shariah non-compliance risk as set out in the Shariah Governance Framework and other guidelines to ensure the entities' operations and business activities are in compliance with Shariah requirements • Use of operational risk management tools such as loss incident management, Risk and Control Self-Assessment and Key Risk Indicators for monitoring of Shariah non-compliance risk exposures and effectiveness of controls • New Islamic products or services introduced and variations are subject to a product evaluation process which assesses potential Shariah non-compliance risk as well as the readiness to introduce the said products or services • Periodic review of the potential risks and issues relating to the Shariah concepts/contracts of the Group's Islamic products and services to ensure the potential issues are managed and the products and services are Shariah compliant • Sponsoring staff to acquire Shariah certification to enhance knowledge and upgrade skills on Shariah matters
Compliance Risk	Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage which a financial institution may suffer as a result of its failure to comply with legal and regulatory requirements applicable to its activities	• Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines and directives which are updated periodically • Compliance Function undertakes Compliance Risk Assessment ("CRA") to identify and prioritise the legal and regulatory requirements and develops appropriate testing and resource plans based on the results of the CRA, to assess, monitor and report on compliance risk for the Group

RISK MANAGEMENT

Principal Risks	Definition	Risk Management and Internal Controls
Compliance Risk (continued)		• Full time compliance officers are deployed and stationed at branches and Hire Purchase Centres which are deemed to have higher exposure to compliance risk • Dedicated Compliance Officers are appointed to support the business/support units to establish and execute their compliance risk mitigation strategies and processes to ensure that internal controls are implemented effectively • For branches without Resident Branch Compliance Officer and Securities Documentation Centres, a mobile compliance officer is deployed for on-site compliance checks • Compliance Checklists are the core tools to monitor the compliance status of the compliance risk areas at each business/support unit within the Group

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

- i. Note 46 to the financial statements
- ii. Pillar 3 Disclosure

TOP AND EMERGING RISKS

Identifying and monitoring emerging risks are integral to the Public Bank Group's risk management approach. The emerging risks are identified through a top-down and bottom-up approach involving members of the RMC, Senior Management, independent risk and control units as well as business and support units. This is followed by a comprehensive risk assessment undertaken to ascertain the risk exposures and impact of the emerging risk on the Group's business activities and strategies including actions that will be taken if the risk is assessed to result in a material impact.

During the year, the Public Bank Group paid particular attention to the following top and emerging risks and put in place various strategies to mitigate these risks:

Operational Risk

Cyber Risk

The pace of digital adoption continues to accelerate and transform the way in which customers interact with bank. In particular, the use of internet and mobile devices to conduct banking transactions have led to heightened cyber risk for both the customers and banks. For this reason, the ability of banks to respond to heightened cyber risk is key to retaining customer trust in a digital banking environment. To safeguard both the customers and banks, and given that the threats from cyber-attacks are not only growing but also mutating into new and insidious forms, cyber risk has come under increased regulatory scrutiny and is top of agenda of Senior Management in operational risk management. It is also regularly reported at the Board level to ensure appropriate visibility, governance and executive support for ongoing cybersecurity activities.

With this, it is imperative that close and careful attention is given to ensuring the Public Bank Group's IT infrastructure maintains strong and robust defences against cyber-attacks, particularly on security infrastructure and operational controls to safeguard customers' and other stakeholders' interest and in upholding the PB brand. In this connection, the Group's Cyber Resilience Framework ("CRF") provides guidance to the Group on managing cybersecurity risk, improving cyber resilience as well as ensuring adequate cybersecurity preparedness throughout the Group on a continuous basis. The CRF sets out the baseline security control requirements encompassing technology, processes and people in safeguarding cyber resilience.



The Public Bank Group remains alert and vigilant to the evolving cyber threats which would correspondingly require robust cyber resiliency measures. To address this, the Group continues to focus and invest in security control measures in order to prevent, detect and respond to an increasingly hostile cyber threat environment. The Group also works closely with consultants, cybersecurity services providers, peers and regulators to understand and address threats originating from outside the Group. Some of the measures taken to combat cyber risk are as follows:

- Subscribing to third party security services to proactively monitor, detect and remove phishing websites and to keep abreast with the latest development on cyber threats and fraud modus operandi to prepare the Group from such potential threats
- Carrying out continuous assessment of the susceptibility of its systems to cyber-attacks and other information security threats and strengthening the information security including enhancing the security controls of the internet and mobile banking systems, the self service terminals as well as the security features of the card payment system
- Conducting periodic risk and control assessment to address the plausible emerging risk issues relating to the threat of IT system failures that could disrupt the Group's business operations and to ensure the resilience of its IT infrastructure
- Engaging external security consultants to carry out assessment of IT core risks including cybersecurity and resilience assessments to benchmark existing IT capabilities against international standards and best practices
- Carrying out continuous security awareness programmes and education on cybercrimes to alert customers on online banking security and strengthening staff awareness to mitigate information leakage

Threats of Electronic Payment Frauds

To foster an environment for accelerated migration to electronic payments, BNM's efforts remain centred on amongst others, establishing market incentive structures to sustain continuous investments in electronic payment infrastructure and services, promoting greater awareness and confidence in the use of electronic payments and enabling interoperability between banks and non-bank e-money issuers via a shared payment infrastructure.

In tandem with the growth of electronic payments, the Public Bank Group has strengthened its risk management systems and practices to combat the threats of online fraud on financial transactions, mainly attributed by social engineering fraud whereby customers are deceived into divulging their banking credentials to fraudsters which are then used to make unauthorised transactions. The information generated by the automated fraud detection system is analysed to detect fraud and any suspicious incidences are

promptly investigated. Through this system, customers are alerted on the suspicious fraudulent transactions and actions are taken to reduce customer susceptibility to the online frauds. The Group also pursues continuous education to promote consumer awareness on the threats of payment fraud and financial scam by publishing advisories and fraud alerts on the Group's websites.

Conduct of Business

Regulators in Malaysia and other countries have continued to increase their focus on fair treatment to customers and the conduct of businesses in an orderly and transparent manner by financial institutions. These include attention to sales processes and incentives, product and investment suitability, product governance, employee activities and accountabilities as well as concerns on general conduct of business to ensure due consideration is given with regard to the interest of consumers in developing, marketing and selling of products.

Taking heed of the growing concern in these areas, the Public Bank Group continues to review and enhance its policies and procedures governing the conduct of business including the policies on the Group's e-banking services, product development, offering and marketing as well as the code of conduct of its employees to ensure compliance with the relevant laws and regulations in all jurisdiction where the Group operates and to provide fair and responsible treatment to the customers.

Money Laundering and Terrorist Financing Risks

Regulators increasingly seek financial institutions to place emphasis on anti-money laundering ("AML") and counter financing of terrorism ("CFT") to safeguard the financial system. The range of threats arising from money laundering and terrorist financing continues to grow and is further exacerbated with the use of new technologies for illicit purposes. To be effective and efficient in combating these threats, implementation of robust AML/CFT systems and measures are critical. The AML/CFT programme is continuously reviewed and updated in response to changes in the operational needs, business environment or regulatory requirements.

The Public Bank Group has reinforced its group wide AML/CFT policies, systems and measures to mitigate money laundering/terrorist financing risks through the following:

- Refinement of the risk-based assessment approach by enhancing the money laundering/terrorism financing ("ML/TF") risk factors which include customer, geographical coverage, products/services and delivery channels assessment in managing ML/TF risks exposures
- Enhancement of its management information system and work processes in conducting customer due diligence, strengthening transaction monitoring and detecting suspicious transactions

RISK MANAGEMENT

- Enrichment of training programmes to ensure that staff improve their knowledge and analytical skills and keep abreast with the changing risk and regulatory landscape relating to AML/CFT
- Compliance testing to review and enhance the adequacy and effectiveness of the AML/CFT control measures put in place to mitigate the identified ML/TF risks.

Regulatory Developments

Financial service providers continue to face stringent regulatory and supervisory requirements, particularly in the areas of capital and liquidity management, innovation and digitalisation of payment services, ethics and conduct of business, financial crime, internal control framework and the integrity of financial service delivery. The Public Bank Group acknowledges that the strengthening of the regulatory framework is necessary to maintain an orderly conduct in the banking system. To this end, the Group remains vigilant to sound regulatory development and ensures proper planning in formulating viable and effective plans to meet the new regulatory requirements. The Group also recognises the importance of proactive engagement with regulators to facilitate early understanding and expeditious implementation of the regulatory requirements. In this regard, the Group strives to build and maintain positive relationships with regulators who have oversight responsibilities in the locations where the Group operates. Accordingly, the Group's frameworks, policies and associated practices are regularly reviewed to ensure that they keep pace with regulatory changes.

Credit Risk

In 2019, the property market remained subdued due to continued oversupply of properties and pricing mismatch. Businesses continued to face headwinds from trade war tariffs and volatile commodity prices. Shop lots continued to register the highest number of overhang units in the commercial properties, while the overall property overhang remained elevated. In the second quarter ended June 2019, the residential sector experienced its first quarter-on-quarter decline in overhang since the third quarter of 2017, but the trend going forward is still uncertain.

Against such backdrop, the Public Bank Group remained vigilant while focused on the financing of residential properties mainly in the affordable and owner occupied segments. During the year, the Group participated actively in the Home Ownership Campaign 2019 initiated by the Ministry of Housing and Local Government and Ministry of Finance in collaboration with the Real Estate Housing Developers Association Malaysia. This has enabled the Group to achieve an overall loans growth of 4.1% contributed mainly from the growth in residential property financing which grew by 8.3%. With this growth, the Group increased its market shares in the residential property financing to 19.9% from 19.6% as at the end of 2018. For the same period, the financing of transport vehicles grew by 2.1% and the Group increased its market share to 29.4% from 28.4% as at the end of 2018.

Despite the challenging operating environment, the Public Bank Group continued to sustain its strong asset quality. The Group's gross impaired loans ratio stood at 0.5% (2018: 0.5%) and was one-third the industry gross impaired loans ratio of 1.5%. This was possible due to the Group's strong credit culture and prudent credit risk practices. Prudent credit underwriting and responsible financing remained key in the on-boarding of credits. Emphasis are placed on the assessment of the cash flow sustainability to support the borrower's repayment capacity. On-boarding credit underwriting standards and practices are continuously reviewed and enhanced for its relevance. The enhancements are supported by analysis of statistical data and findings from post mortem which reveals invaluable default characteristics of borrowers. Revisions to on-boarding practices are independently reviewed for its ability to mitigate risks prior to implementation. Loans to large business enterprises other than Small and Medium Enterprises ("SMEs") constituted 8.7% of the Group's total loans and all these loans are approved by the Credit Committee.

Managing the credit repayment of borrowers is crucial especially in the current operating environment. The Public Bank Group actively reviews its borrowers' aging and repayment behavioural characteristics to identify early signs of credit weaknesses. This is followed by early engagement and intervention to assist the borrowers to tide over the challenging period. In 2019, the Group expanded the criteria applied to identify borrowers with elevated credit risk to facilitate early engagement with the borrowers. The early engagement with the borrowers involved debt management programme under Agensi Kaunseling dan Pengurusan Kredit and/or restructuring or rescheduling the loan repayments.

The Public Bank Group's credit risk management infrastructure is continuously reviewed for its ability to identify and to measure credit risk. At its pinnacle is the Group's Credit Risk Strategy which underpins the credit risk management directions. The Credit Risk Strategy ensures balance is achieved between the Group's growth objectives, profitability and credit quality. The Credit Risk Strategy is operationalised into credit practices, policies and limits for each of the core credit portfolios. All key credit portfolios are on statistical credit models. The governance over the credit models is formulated in accordance with Basel best practices. Credit models' performance is independently monitored by non-business units followed by periodic tabling to the Credit Committee. To provide further insights to the credit portfolios, Risk Management Division reviews the credit risk profile at each stage of the entire credit life cycle. Through this process, changes in the credit profiles are identified and are surfaced to the Credit Committee. Depending on the severity of the changes, recommendations are made to mitigate the identified risk. The sectorial lending directions are reviewed annually in consultation with the Economics Department and business units to ensure the credit on-boarding and risk management initiatives reflect the changing risk landscape. Identified major emerging risk affecting the Group will be followed by comprehensive risk assessment and sensitivity analysis performed



on borrowers and/or portfolios susceptible to the risk to gauge its impact. During the year, such assessment was performed on the borrowers and portfolios affected by the United States of America and China trade war and real estate sector.

Liquidity and Funding Risk

In 2019, the banking system recorded slower deposits growth of 2.9% (2018: 9.2%). Notwithstanding this, the industry's 12 months average Loan-to-Fund-Equity ("LTFE") declined slightly to 72.3% from 72.8% owing to the corresponding lower financing growth of 3.9% (2018: 7.7%). 2019 also saw the issuance of the final BNM Guidelines on Net Stable Funding Ratio ("NSFR") with an implementation date of 1 July 2020. Under the guidelines, the compliance with the NSFR is at the consolidated level. The issuance of the guideline has provided sufficient time for banks to meet the compliance requirements. This coupled with the compliance at consolidated level will ensure an orderly transition to the NSFR requirements.

During the year, the Public Bank Group's deposits from customers grew by 4.2% to RM353.34 billion. The Group's deposits from individuals and SMEs constituted 64.3% of the total deposits from customers. This segment is a key source of stable funds and is vital to managing down the regulatory liquidity compliance cost. Notwithstanding the Group's strong deposit franchise, the Group is cognisant of the developments in the market place and the changing deposits demographics which will further intensify deposits competition. To this end, the Group has embarked into the DuitNow QR service, enhancing its mobile banking and introducing deposit products that meet customers' needs. Complementing the deposits from customers is the continued issuance of debt instruments by Public Bank Berhad ("PBB") and Public Islamic Bank Berhad ("PIBB"). During the year, PBB and PIBB refinanced their long term debts via new issuances of subordinated medium term notes of RM2.00 billion and subordinated sukuk of RM0.50 billion respectively. The proceeds from debt instruments and excess funds are invested in High Quality Liquid Assets. As at the end of 2019, the holdings of government securities constituted 66.5% of the total financial instruments held.

Although the Basel III liquidity ratios are key in driving the deposits mix and funding profile, the Public Bank Group continued to employ various best practices in managing its funding and liquidity risk. Liquidity policies and limits are reviewed periodically to ensure they are able to identify risks and facilitate the initiation of appropriate actions. All entities within the Group are expected to attain self-funding position. Intra-group liquidity limits are in place to manage reliance on intra-group funding.

Notwithstanding the strength of the Public Bank Group's funding position, the Group remains vigilant to the developments in both the global and domestic market place and continually monitors developments that may pose challenges to the Group's funding positions or may provide opportunities to tap the alternative sources of stable funds.

Foreign Exchange Risk

Fluctuations in exchange rates affect the value of the Public Bank Group's assets and liabilities denominated in foreign currencies as well as the earnings from the Group's overseas operations. Sharp currency movements can also impact trade flows and the wealth of clients both of which could have an impact on the Group's performance. Fluctuations in exchange rates are closely monitored by the Group's Treasury Division and Risk Management Division. The funding of assets in the same currency is key in the Group's exchange rate risk management. It is the Group's policy to hedge its foreign exchange exposures in order to protect the Group's reserves and capital ratios from the effects of fluctuations in exchange rates. In determining the ability to hedge, the Group takes into account the cost of hedging and the liquidity of the hedging instruments.

COVID-19 Outbreak

The COVID-19 outbreak and the various Movement Control Order or lockdowns have resulted in an unprecedented disruption to all stakeholders. This will have an adverse impact on the global economies and the countries in which the Public Bank Group operates. At the earliest date, the respective entities within the Group had invoked business continuity plans to safeguard the safety and well-being of their customers and staff. In addition, priorities were placed on the smooth running of critical business operations to provide continued support to customers.

To date, various measures have been instituted by central banks and governments to cushion the adverse impact. It remains unclear how this will evolve through 2020 and the developments will be closely monitored. For 2020, the key focus of the Public Bank Group will be on managing the capital, credit and liquidity risks. This will be achieved, *amongst others*, through incessant credit portfolio reviews to identify portfolios-at-risk followed by channelling of these information to business and control units to initiate early engagement with borrowers. The automatic moratorium of a 6-month repayment holiday provided by Bank Negara Malaysia for SMEs and individuals will defer the cash inflows of banks. To this, top on the Group's agenda is the assessment of borrowers' repayment behaviours, growth scenarios as well as vigorous stress testing on the capital and liquidity positions. This will provide Senior Management with key insights into the credit and liquidity profiles that may have an adverse impact on the Group and to enable the formulation of early pre-emptive measures.

Although there are much uncertainties, the central banks have pledged full commitment to assist the borrowers and have granted much regulatory requirements reprieves to banks to see through this challenging period. The Public Bank Group's consistent prudent approach to risk provides a strong foundation for the Group to overcome this challenging period.

ETHICS, INTEGRITY AND TRUST

“WE NEED TO REMIND OURSELVES THAT INTEGRITY IS NOT JUST A NICE SOUNDING WORD. IT IS A VALUE WE LIVE BY EVERYDAY.”

- Tan Sri Dato' Sri Dr. Teh Hong Piow

ETHICAL LEADERSHIP

Reputation is paramount to business. The Public Bank Group continuously strives to engender public trust by constantly adhering to the highest ethical standards. The Group is committed to inculcate a culture of integrity and has put in place comprehensive policies to promote and develop individual as well as team character and virtue. The policies provide guidance and assist employees in carrying out their daily activities in compliance with Public Bank's standards of moral and ethical values. All employees are also expected to demonstrate these values and principles through their actions and decisions. The related policies are outlined as follows:

PUBLIC BANK GROUP CODE OF ETHICS

The Public Bank Group's Code of Ethics is aligned to the Professional Code for the Financial Services Industry issued by the Financial Services Professional Board. The Group's Code of Ethics defines the behavioural standards required of each employee in their personal and professional activities. The Group's purpose and values are entrenched in the following five Fundamental Ethical Principles:

1. Competence

To develop and maintain the relevant knowledge, skills and behaviour to ensure that activities are conducted professionally and proficiently.

2. Integrity

To be honest and open in all business dealings or relationships. Behaving in an accountable and trustworthy manner.

3. Fairness

To be responsible and take actions that are fair and transparent towards all stakeholders.

4. Confidentiality

To protect the confidentiality and sensitivity of information, including customer's relationship with Public Bank.

5. Objectivity

To not allow bias, conflict of interest or undue influence of others to override business and professional judgement.

FIT AND PROPER POLICY FOR KEY RESPONSIBLE PERSONS

The Public Bank Group has established the Fit and Proper Policy for Key Responsible Persons in accordance to the guidelines set out by Bank Negara Malaysia ("BNM") to ensure that key leadership positions in the Group are assumed by ethical, professional and competent personnel who have met the following criteria:

- Probity, Personal Integrity and Reputation – possesses the personal quality such as honesty, integrity, diligence, independence of mind and fairness.
- Competence and Capability – have the relevant knowledge, skills, experience, ability and commitment to carry out the person's role.
- Financial Integrity – able to manage his financial affairs properly and prudently.

To ensure that there is a clear separation between ownership and management of Public Bank, it is a requirement for all members of Senior Management to declare whether they hold an aggregate interest of 5% or more in the shares of Public Bank during their initial Fit & Proper assessment. Thereafter, they are required to inform the Bank as and when there are changes pertaining to their declaration.

INVESTOR PROTECTION POLICY

The Public Bank Group adheres to the prevailing provisions of the Capital Market and Service Act 2007 by conducting periodic review and maintenance of related policies, systems and internal controls to ensure compliance with the provisions including the following:

- Standards on "fit and proper" on its employees carrying out permitted capital market activities.
- Investor protection.
- Maintenance of a register of names.

COMPLIANCE POLICY

The Public Bank Group is committed to ensuring that all business activities comply with applicable laws and regulations. The establishment of the Group's Compliance Policy is underpinned by integrity and high ethical standards and provides a comprehensive, integrated and effective framework to adequately manage the compliance risk associated with the Group's operating environment.

The objectives of the Group's Compliance Policy are as follows:

- Set out the roles and responsibilities of the Board of Directors, Senior Management and Employees of the Public Bank Group in managing compliance risk.
- Set out the mandate of the Compliance Function for the Group.



- Set out the compliance requirements and standards for the Group.
- Set out the operating model for Compliance Function with regards to the identification, management and reporting of compliance risk.
- Promote a corporate culture that upholds high standards of zero tolerance for legal and regulatory non-compliance, integrity and ethics in the conduct of the Group's business.

ANTI-FRAUD POLICY

The Public Bank Group practises a zero-tolerance approach to any form of fraud. The establishment of this Anti-Fraud Policy demonstrates the Group's commitment to the highest possible standards of openness, honesty, transparency and accountability in all of the Group's business dealings and transactions.

The objectives of the Anti-Fraud Policy are as follows:

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

The definition/scope of "Fraud" in the Anti-Fraud Policy includes the following:

- a. Asset Misappropriation
- b. Fraudulent Statement / Representation
- c. Corruption
- d. Fraudulent acts (including acts of omission) or attempted fraudulent acts committed on but is not limited to assets, data, records, documents or other information etc. belonging to a shareholder, customer, staff, supplier, vendor, agent or any person(s) who has dealings with the Bank.

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM POLICY ("AML/CFT")

In response to evolving money laundering and terrorism financing threats as well as international standards, the Public Bank Group has established a comprehensive AML/CFT framework covering the legal and regulatory requirements. Extensive infrastructure and system of internal controls are embedded in the Group's business operations in order to effectively mitigate the adverse effects of criminal economic activity and promote integrity and stability in the financial industry.

The Group's AML/CFT Policy outlines the following objectives:

- Set out the expectation of AML/CFT requirements for the entities within the Public Bank Group.
- Establish a framework to ensure that all employees understand and comply with the AML/CFT requirements to combat against money laundering or terrorism financing.

WHISTLEBLOWING POLICY AND PROCEDURE

The Public Bank Group's Whistleblowing Policy and Procedure encourage all employees and third parties including customers to report, in good faith, any unethical behaviour, actual or suspected, fraud or violation of the Group's code of ethics. This mechanism strengthens the Group's corporate culture that is characterised by honesty and integrity, a sense of responsibility, and compliance with strict ethical values, laws and corporate governance standards.

The objectives of the policy are:

- To provide an avenue and channels of escalation for employees and third parties (e.g. interns, contractors, consultants, vendors, suppliers and/or customers) to direct their disclosures for the timely attention of Management.
- To set out the protection accorded to whistleblowers to enable them to disclose such irregularities in confidence without any risk of reprisals.

A Non-Executive Director who is also the Chairman of the Audit Committee has been appointed to be responsible for the effective implementation of this Policy.

SOCIAL MEDIA POLICY

Today, social media are powerful communication tools which have significant impact to the reputation of an organisation. The Public Bank Group's Social Media Policy depicts proper guidelines and decorum which every employee must observe while engaging in social media activities both in their personal or professional capacity.

The Group's Social Media Policy is implemented with the following objectives:

- To set out the guidelines on the responsible and ethical usage of social media by all employees of the Group.
- To set out the possible consequences of policy violation by employees.

ETHICS, INTEGRITY AND TRUST

INFORMATION SECURITY POLICY

The “information age” today brings about massive change in the way humans generate, store and exchange information. It has also profoundly altered the terms of interactions with each other, not just as individuals, but also within and between institutions, societies and nations. As a trusted and responsible corporate citizen, the Public Bank Group has an ethical, legal and professional duty to ensure that the information the Group holds conforms to the principles of confidentiality, integrity and availability. To this end, the Information Security Policy is implemented with the following objectives:

- Protect the Public Bank Group’s information from possible threats whether internal or external, deliberate or accidental.
- Enable secure information sharing.
- Ensure all employees are aware of their roles and responsibilities in managing and protecting the confidentiality and integrity of the information they handle.
- Protect the Group from legal liability due to inappropriate use of its information.
- Comply with applicable laws and regulations such as Financial Services Act 2013, Personal Data Protection Act 2010 etc.

EMBEDDING ETHICS, INTEGRITY AND TRUST IN THE PUBLIC BANK GROUP CORPORATE CULTURE

Moral values and ethics are an integral part of a workplace. The Public Bank Group has put in place a comprehensive framework aimed to inculcate ethical behaviour and conduct among its employees. The framework encompasses the following:

- Incorporation of applicable guidelines and policies in the offer letter and service undertaking to be read, understood and acknowledged by all employees upon their appointment.
- Reiteration of the guidelines and policies during the induction programme for new employee.
- Reminders via employee circulars from time to time.
- Comprehensive training on the standards of ethical conduct expected of employee in the Public Bank Group with emphasis on:

- Enhancing employee knowledge on regulatory requirements.
- Enabling employee to understand and internalise the ethical standards set by the Group.
- Equipping employee with knowledge and skills to handle ethical dilemmas with integrity.
- Equipping employee with knowledge and skills to detect early warning signs of fraud and malpractices.
- Enabling employee to comply with the Group’s codes of ethics and conduct.

- Extensive supervisory control and procedures in the Group’s daily operations to ensure scrupulous dealings which are integral to the Group’s corporate culture.
- Conducting stringent and vigorous pre-employment screening on potential incumbents in order to prevent or minimise infiltration of undesirable elements into the staff force.
- Conducting checks and monitoring on employee compliance with relevant guidelines or policies by the internal audit or compliance team on a regular basis.
- Implementing a performance management system incorporating the achievement of expected ethical standards and compliance in the performance evaluation criteria.
- Adopting strategic risk governance on employee remuneration through malus reversal or downward revaluation of rewards in the event of fraud and misconduct.

PRUDENTIAL FRAMEWORK AGAINST UNETHICAL PRACTICES

The Public Bank Group does not compromise on any breach to the Group’s code of ethics and conduct or applicable laws, regulations or policies. Employees who engage in improper or unethical behaviour will be subjected to specific and appropriate disciplinary actions.

All breaches to the Group’s code of ethics are reported to the Board of Directors so that the Board is able to carry out its oversight role effectively.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Bursa Malaysia Securities Berhad Listing Requirements which require the Board of Directors ("the Board") to include in the Company Annual Report a statement about the state of the Company's risk management and internal control. Accordingly, the Board is pleased to provide the Statement on Risk Management and Internal Control that has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia Securities Berhad.

BOARD'S RESPONSIBILITY

The Board has oversight responsibility for the Public Bank Group's ("the Group") risk management and internal control system and for reviewing its adequacy and effectiveness. The Board ensures that the risk management and internal control system manages the Group's relevant and material risks within its risk appetite in the Group's pursuit of its strategies and business objectives. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the relevant and material risks encountered by the Group and a key aspect of this process is the adoption of the three lines of defence model which sets out risk management and control responsibilities of the parties involved. The process for assessing the adequacy and effectiveness of the risk management and internal control system is regularly reviewed by the Board, which is assisted by the Risk Management Committee, the Compliance Committee and the Audit Committee.

MANAGEMENT'S RESPONSIBILITY

Management is overall responsible for ensuring that the day-to-day management of the Group's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board. To this end, the key responsibilities of the Management in respect of implementing the processes for risk management and internal control system are as follows:

- Ensuring that all relevant and material risks associated with the Group's business operations have been identified and assessed to determine whether the risks are within the Group's risk appetite
- Designing, implementing and monitoring of the risk management and internal control system in accordance with the Group's strategies and overall risk appetite

- Identifying changes in the operational environment which give rise to risks or emerging risks and taking appropriate actions and prompt escalation of the identified risks and actions to the Board

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key functions and processes that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

• Risk Management Function

The Risk Management Function is responsible for the development and the implementation of the Group Risk Management Framework which is developed based on the Bank Negara Malaysia's Policy Document on Risk Governance. The Group Risk Management Framework sets out the key principles of risk governance, and the development of risk management practices and tools which enable the continuous identification, measurement, controlling and monitoring of all relevant and material risks of the Group including the identification of emerging risks. The key elements of the Group Risk Management Framework which is approved by the Board are as follows:

– Risk Governance

The Group's risk governance sets out the roles and responsibilities of the Board, the risk committees and the parties involved in the three lines of defence for risk management which consists of the business and support units as the first line of defence, risk management and compliance units as the second line of defence, and internal audit, the third line of defence.

The Board is assisted by the Risk Management Committee ("RMC") to oversee the management of all identified risks including ensuring the risk infrastructures, processes and controls are able to manage the risk activities in meeting the risk appetite. The core committees and working groups set up to manage specific risk areas include the Credit Risk Management Committee, the Assets & Liabilities Management Committee, the Credit Committee, the Operational Risk Management Committee, the Shariah Committee and the Internal Capital Adequacy Assessment Process Working Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

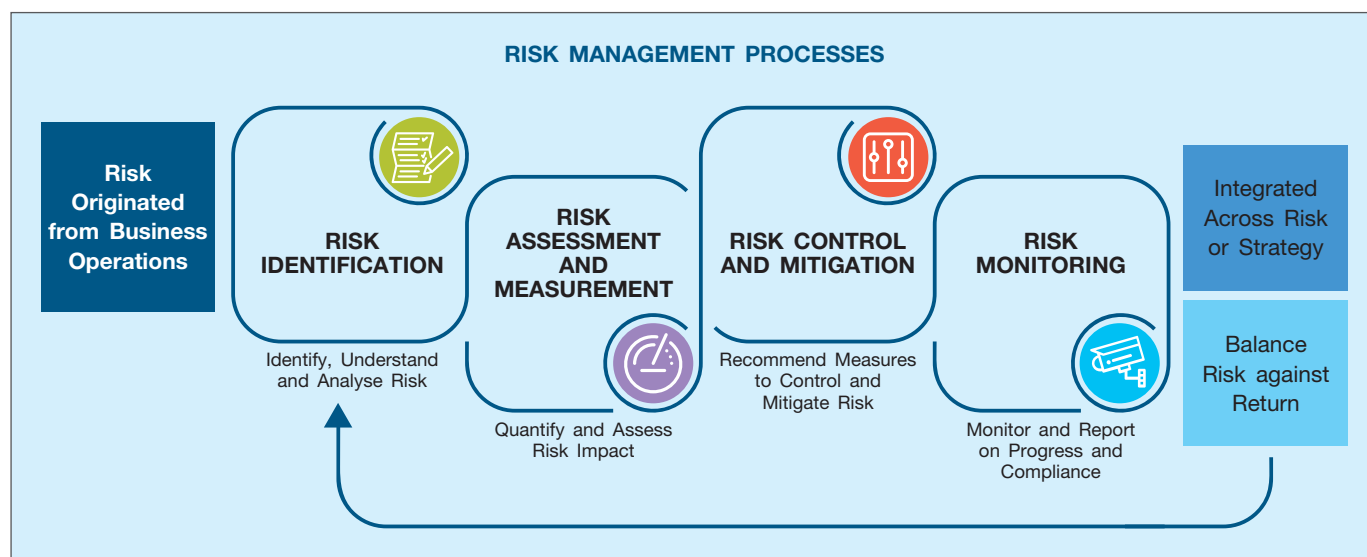
Risk Management Division of Public Bank ("the Bank") provides main support to the RMC and to the other risk management committees in meeting their responsibilities and is responsible to develop and maintain group risk management policies and procedures that are responsive to changes in or expansion of business activities and developments in the operating environment.

- Risk Appetite

The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities. The risk appetite of the Group is articulated via a set of risk indicators, risk limits and risk guiding principles. All entities within the Group are required to develop risk indicators and risk limits that have considered the Group's risk guiding principles and the respective entities' strategic business directions, risk taking capacity, risk profile and the operating environment. The processes for establishing, cascading, monitoring and ongoing review of the risk appetite are set out in the Group Risk Appetite Framework.

- Risk Management Processes

A structured approach to risk management which balances risks against returns is established for all relevant and material risks. The four broad processes for risk management to lead to a balanced risk-return framework are as follows:



The risk management processes are supported by management information systems that facilitate timely and reliable reporting of risks to the Board and Management for deliberation.

- Risk Culture

The inculcation of a risk awareness culture is key in managing risk. The key factors of the Group's risk culture are as follows:

- Strong corporate governance
- Organisational structure with clearly defined roles and responsibilities
- Effective communication
- Commitment to compliance with laws, regulations and internal controls
- Integrity in fiduciary responsibilities
- Clear policies, procedures and guidelines
- Continuous training



• Compliance Function

The Compliance Function is responsible for the management of statutory and regulatory compliance risk of the Group across all jurisdictions in which the Group operates. The Compliance Function's overall responsibility of monitoring the compliance level of Group entities is guided by the Group Compliance Policy, which sets out the mandate of the Compliance Function for the Group and the compliance expectations for its entities to adopt and implement.

As stipulated in the Group Compliance Policy, the Board has the responsibility of oversight over the management of compliance risk. The Board is assisted by the Compliance Committee ("CC") to oversee compliance matters including the implementation of the Group Compliance Policy. The Board recognises that a strong compliance culture cultivates high standards of integrity and conduct. This pursuit is set out in the establishment of the Group Compliance Policy which is based on the following principles:

– Zero Tolerance Approach

The Group adopts a zero-tolerance approach towards legal and regulatory non-compliance and all staff are expected to comply with the laws and regulations governing the Group's business.

– Compliance is Everyone's Responsibility

Compliance is the responsibility of all staff, regardless of their position within the Group.

– Risk-based Approach

The Compliance Function undertakes a periodic Compliance Risk Assessment to identify and prioritise the legal and regulatory requirements applicable to the Group.

Reports on compliance matters covering compliance findings, corrective measures, the latest regulatory environment and any discernable areas of regulatory focus such as anti-money laundering and counter financing of terrorism are tabled to the CC for review and deliberations at the monthly meetings. This facilitates appropriate actions to be taken to address the non-compliance issues, where applicable.

• Shariah Compliance

The Shariah Governance Framework as well as other relevant policies and procedures are in place to manage the Islamic businesses within the Group to ensure that Shariah-compliant products and the execution of the transactions are in compliance with Shariah principles. The Shariah Governance Framework sets out amongst others, the roles and responsibilities of the Board, the independent Shariah Committee, the Management and the internal Shariah compliance functions. The primary

responsibilities of the Shariah Committee, which is presided by Shariah-qualified members, are to advise the Board on Shariah matters pertaining to Islamic operations and to deliberate and endorse all Shariah policies and Shariah related matters. Ongoing Shariah reviews and audits are conducted to provide assessment of the level of compliance with the Shariah rules and principles through an end-to-end review process from product development to management of the day-to-day operations of the Islamic business transactions. The outcome of the assessments and findings is escalated to the Shariah Committee for deliberations.

• Reputation Risk Management

The reputation of the Group is founded on trust from its customers, shareholders, employees, regulators and from the public in general. Isolated events can undermine that trust and negatively impact the Group's reputation and it is therefore of the utmost importance that it is protected. The Group Policy on Managing Reputation Risk is established to ensure that reputation risk is consistently identified, assessed, mitigated/controlled and monitored at both entity and group levels. In addition, procedures on the escalation and management of potential or current reputation events are in place to ensure any reputation events are managed timely and appropriately.

• Information Technology Security and Cyber Resilience

The security and resiliency of the Group's information and technology infrastructure is crucial to maintaining its business operations in meeting customers' and stakeholders' expectations and in safeguarding its reputation. The Corporate Information Security Management Policy is established to ensure that the Group's information systems and data are properly safeguarded and adequately protected from major potential threats such as errors, frauds, privacy violations, service disruptions and natural disasters. In addition, the Group Cyber Resilience Framework ("CRF") is established to provide guidance to the Group on managing cybersecurity risk, improving cyber resilience as well as ensuring adequate cybersecurity preparedness throughout the Group on a continuous basis. The CRF sets out baseline security control requirements encompassing technology, processes and people in achieving cyber resilience.

Continuous and systematic reviews are conducted by Information Technology Divisions of the Bank and its major operating subsidiaries to identify potential threats including cyber threats and to enhance the technology infrastructure, processes and controls to strengthen the Group's ability to prevent, detect and respond to any potential business disruptions and systems failures. In addition, external consultants are engaged periodically to carry out targeted assessments on core IT risks such as cybersecurity and resilience assessments to benchmark the existing IT capabilities against international standards and best practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

• Internal Control System

The key elements of the internal control system of the Group are as follows:

– Board Committees

To discharge its stewardship and fiduciary obligations more effectively, the Board has delegated authority to various Board committees such as the Nomination and Remuneration Committee, the Risk Management Committee, the Credit Risk Management Committee, the Compliance Committee and the Audit Committee to oversee specific responsibilities based on the approved terms of reference. Any change to the terms of reference for any Board committee requires the Board's approval.

– Management Committees and Management Working Committees

Management committees and the management working committees of the Bank and its major operating subsidiaries are established to ensure that the day-to-day business operations are consistent with the corporate objectives, strategies and business plans and budgets approved by the respective Boards including addressing issues emanating from both the external business environment and internal operating conditions.

The management working committees include the Group Human Resource Committee, the Credit Committee, the Operational Risk Management Committee, the Assets & Liabilities Management Committee, the Share Investment Committee, the Business Continuity Management Committee, the IT Steering Committee and the Sustainability Management Committee.

– Annual Business Plans, Budgets and Management Reports

Annual business plans and budgets of the Bank and its major operating subsidiaries, which are developed in line with the Group's strategies and risk appetite, are reviewed and approved by the respective Boards. Performance achievements are assessed against the approved budgets and actions are taken to address variances identified and escalated to the respective Boards periodically. In addition, the respective Boards of the Bank and its major subsidiaries receive and review reports from the Management on a regular basis. These reports include business propositions, proposals on introduction of new products or services and management reports which highlight the key financial and performance indicators, as well as latest developments and compliance requirements on legal and regulatory matters. The Boards deliberate on the reports to ensure that appropriate actions are taken to resolve issues identified and where necessary provide directions to the Management.

– Sustainability Management

The Group's approach to sustainability is founded on a broad understanding of its duties as a financial services provider and its responsibilities toward society and the environment, as well as its role as an employer. The Group has in place a Sustainability Framework which sets out the approach in managing material sustainability matters, namely economic, environmental and social risks and opportunities associated with the Group's everyday operations, as part of the Group's continuous effort to enhance its business operation to add further value to the stakeholders.

Further details of the sustainability management of the Group are also set out in the Sustainability Statement section in the Annual Report.

– Internal Controls, Policies and Procedures

A system of internal controls based on segregation of duties, independent checks, segmented system access control and multi-tier authorisation processes is put in place to ensure control procedures and limits are implemented and complied with. Authority limits are imposed on the Management within the Group to govern the day-to-day risk taking activities such as extension of credits, treasury operations, investments, acquisitions and disposals of assets. Policies and procedures are formulated in support of the Group's internal control framework including the Group Risk Management Framework, the Group Risk Appetite Framework, the Group Compliance Policy, the Group Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Policy, the Group Banking Secrecy Framework, the Group Policy and Procedures on Outsourcing Activities, the Group Policy and Procedures on Risk Management Practices for New Products and the Group Policy and Procedures on Provision of Electronic Banking Services, to ensure compliance with internal controls and relevant laws and regulations and to govern the business and operations of the Group. These policies and procedures are subject to periodic review based on a structured review process and frequency to ensure continuing relevance to the changes in the operational needs, business environment or regulatory requirements and are approved by the Boards, relevant board committees or management committees.

The adequacy and effectiveness of the internal controls, policies and procedures as well as the level of compliance with the relevant laws, regulations, policies and procedures are subject to ongoing assessment by the Risk Management Function, Compliance Function and Internal Audit Function of the Bank and its major operating subsidiaries. These independent control functions assist the Boards in discharging their oversight responsibilities on the adequacy and effectiveness of the risk management and internal control system.



In addition, procedural guidelines are established to set out a systematic process and procedure for the annual review of the adequacy and effectiveness of the risk management and internal control system to provide assurance that the Group's risk management and internal control system is operating adequately and effectively.

– Business Continuity Management

The Bank and its major subsidiaries have established the Business Continuity Management Policy which sets out the objectives, scope, strategies and emergency response procedures as well as the lines of authority and responsibility for effective implementation of business continuity management throughout the organisation. In addition, Business Continuity Plans and Disaster Recovery Plans are established for critical business functions and critical application systems respectively and are regularly tested to ensure the preparedness of staff, the readiness of alternate worksites, the reliability of backup IT systems, and the effectiveness of communication, escalation and recovery procedures. Ongoing changes in systems, applications and procedures are included in the disaster recovery plan update cycle.

– Information Asset Security

The Group holds and processes confidential and personal information on customers, employees, business partners and suppliers as well as information relating to its own operations. To safeguard and prevent the misuse of such information, the Group has established principles and standards expected of staff when accessing and processing information in the course of their duties. In addition, policies, systems and control measures are put in place to ensure that the information assets are properly managed, controlled and protected during the collection, storage, use, transmission, sharing, disclosure and disposal.

– Human Capital Management

The Group manages its human capital according to a framework based on the employee life-cycle which covers different phases and the associated risks of each phase. The framework encompasses policies and operating standards relating to workforce planning, talent acquisition, employment practices, talent management and succession planning aimed at managing and mitigating the people-related risks.

The Group undertakes a structured screening in the acquisition and placement of talents designed to attract and match the right talents to job functions. Customised training programmes are in place to groom and nurture staff at all levels to enhance their professional competencies, knowledge and skills. Various awareness programmes are conducted regularly to inculcate ethical conduct and professionalism in the staff force.

– Group Code of Ethics

The Group Code of Ethics sets out the organisational values and ethical principles including the ethical standard of behaviour expected of all staff in the Group. It is aligned to the Financial Services Professional Board's Professional Code for the Financial Services Industry. The five fundamental ethical principles outlined in the Group Code of Ethics are competence, integrity, confidentiality, fairness and objectivity. They are observed in all business and professional dealings towards all stakeholders.

– Anti-Fraud Policy

The Anti-Fraud Policy is established to ensure that the Group's business is conducted in accordance with the laws as well as to articulate the Group's zero-tolerance towards any improper, illegal and dishonest acts.

It further sets out the Group's expectations on all its staff and the requirements relating to the prohibition, recognition, reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities. The enforcement of the Anti-Fraud Policy helps to manage the Group's reputational and operational risks arising from any fraudulent acts committed by staff. Disciplinary actions including that of dismissal will be taken on staff who breach the provisions of the Anti-Fraud Policy.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

– Whistleblowing Policy and Procedures

The Group is committed to ensure its business and operations are conducted in an ethical, moral and legal manner. In line with this commitment, the Group has put in place the Whistleblowing Policy and Procedures to provide an avenue for all staff, interns, consultants, contractors, vendors, suppliers and/or customers to disclose any illegal, unethical, questionable practices or improper conduct committed or about to be committed within the Group. The complaints shall be treated in strict confidence and without any risk of reprisal.

• Internal Audit Function

The Internal Audit Functions of the Bank and its major subsidiaries check for compliance with statutory/regulatory requirements, internal policies and procedures and review the work processes/procedures for efficiency and effectiveness. In addition, the Internal Audit Functions assess the operating effectiveness of the risk management and internal control systems during their course of audits. Audits are carried out by Internal Audit Functions on all units and branches, the frequency of which is determined by the level of assessed risks, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Bank's and its respective subsidiaries' Audit Committees. Audit findings are submitted to the respective entities' Audit Committees for review at their monthly or periodic meetings. In addition, Shariah related findings are escalated to the Shariah Committee.

The Audit Committees of the Bank and its major subsidiaries review internal control issues identified by the respective Internal Audit Functions, the external auditors, the regulatory authorities and the Management, including the remedial actions taken to address and resolve the issues identified, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Audit Committees also review the internal audit functions with particular emphasis on the audit scope, the frequency of audits and the adequacy and knowledge of the resources. The minutes of the Audit Committee meetings are tabled to the respective Boards of the Bank and its major subsidiaries. Further details of the activities undertaken by the Audit Committee of the Bank are set out in the Audit Committee Report.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system implemented by the Group. Taking into consideration the assurance from the management and input from the relevant assurance providers within the Group, the Board is of the view that the Group's risk management and internal control system in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report is generally adequate and effective to safeguard the interests of shareholders, customers, employees and the Group's assets.

With the increasing stringent regulatory requirements, particularly in the areas of cyber threat and information technology, Shariah and anti-money laundering and counter financing of terrorism, the Board had during the year intensified its focus on these areas. All action plans taken to address the compliance gaps were reviewed to ensure effective and timely resolution. The Board will continue to review and enhance the internal controls, policies and procedures in response to developments in the operating and regulatory environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Group for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.



AUDIT COMMITTEE REPORT


LAI WAN

(Member/
Independent
Non-Executive
Chairman)

TANG WING CHEW[#]

(Chairman/
Independent
Non-Executive
Director)

LAI WAI KEEN

(Member/
Independent
Non-Executive
Director)

CHEAH KIM LING

(Member/
Independent
Non-Executive
Director)

DATO' MOHD HANIF BIN SHER MOHAMED

(Member/
Independent
Non-Executive
Director)

THAM CHAI FHONG

(Member/
Independent
Non-Executive
Director)

1. COMPOSITION

The Audit Committee is a Board-delegated Committee established by the Board of Directors. The Audit Committee comprises six (6) Members, all of whom are Independent Non-Executive Directors. The Board-appointed Chairman of the Audit Committee is not the Chairman of the Board of Directors. In these aspects, the Audit Committee complies with the requirements set out in the Malaysian Code of Corporate Governance ("MCCG") revised by Securities Commission Malaysia on 26 April 2017. Collectively, the Audit Committee Members have a wide range of necessary skills, knowledge and experience, including expertise in accounting, related credit, banking and information technology in discharging their roles, duties and responsibilities.

In 2020, the composition of the Audit Committee is reduced to five (5) members upon the re-designation of Mr Tang Wing Chew as the Non-Independent Non-Executive Director with effect from 29 March 2020 after he had served a maximum tenure of 9 years as Independent Non-Executive Director. Accordingly and pursuant to the requirements set out in the Policy Document on Corporate Governance issued by Bank Negara Malaysia on 3 August 2016 and MCCG 2017, Mr Tang Wing Chew ceased to be the Chairman and Member of the Audit Committee with effect from the same date.

Dato' Mohd Hanif bin Sher Mohamed had been appointed as the new Chair of the Audit Committee with effect from 29 March 2020.

2. ATTENDANCE OF MEETINGS

Pursuant to the Terms of Reference of the Audit Committee which state that meetings shall be held not less than 12 times a year, the Audit Committee had met 16 times in year 2019. The attendance of each Audit Committee Member at the meetings held during the year is shown in the table below:

Name of Audit Committee Members	Attendance at Audit Committee Meetings
Tang Wing Chew Chairman/Independent Non-Executive Director	16/16
Lai Wan Member/Independent Non-Executive Chairman	16/16
Lai Wai Keen Member/Independent Non-Executive Director	16/16
Cheah Kim Ling Member/Independent Non-Executive Director	16/16
Dato' Mohd Hanif bin Sher Mohamed Member/Independent Non-Executive Director	16/16
Tham Chai Fhong* Member/Independent Non-Executive Director	9/9

[#] Ceased to be the Chairman and Member of the Audit Committee with effect from 29 March 2020.

^{*} Appointed as an Independent Non-Executive Director of Public Bank with effect from 1 June 2019.

AUDIT COMMITTEE REPORT

3. ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Board-approved terms of reference including the roles and responsibilities of the Audit Committee were drawn up with reference to and in compliance with the requirements set out in the Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance, Bursa Malaysia Securities Berhad's Main Market Listing Requirements and MCGG 2017. Public Bank's Audit Committee, is supported by the respective Audit Committees established at the subsidiaries as the case may be.

In discharging its duties, the Audit Committee is sufficiently empowered to carry out its roles and responsibilities with unambiguous authority to investigate any matter within its terms of reference, to engage independent professional advices, if necessary, and to require essential resources to perform its duties as well as unrestricted access to any information belonging to Public Bank and the Public Bank Group.

The roles and responsibilities of the Audit Committee, amongst others include the following:

- Reviews the adequacy and effectiveness of the risk management systems, internal controls and governance processes implemented in Public Bank. The Audit Committee is supported by an independent Internal Audit function established in accordance with the BNM's Guidelines on Internal Audit Function of Licensed Institutions. The Internal Audit function performs ongoing periodic reviews and assessments on the risk management systems, internal controls and governance processes put in place and reports the outcome of such assessments directly to the Audit Committee in its monthly meetings.
- Reviews and recommends the Internal Audit Charter to the Board of Directors for approval as well as approves the annual audit plan, training plan and internal audit frameworks.
- Assesses and approves the appointment, replacement and dismissal of the Group Chief Internal Auditor ("GCIA"). On an annual basis, the Audit Committee assesses the suitability of the GCIA in assuming his position in accordance with the fit and proper criteria as approved by the Board of Directors. The Audit Committee also approves the recruitment and dismissal of Senior Management staff (Senior Manager level and above) of Internal Audit Division as well as evaluates the performance and decides the remuneration of the GCIA and the Senior Management staff of the Internal Audit Division annually.
- Oversees the performance and effectiveness of the Internal Audit function based on the approved key performance indicators, assesses the competency and experience of the Internal Audit staff as well as the adequacy of resources in order for the Internal Audit function to carry out its work effectively. The Audit Committee also ensures that Internal Auditors have the authority to carry out their work objectively and independently, free from any relationship or conflicts of interest.
- Reviews the internal and external audit reports to ensure that appropriate and adequate remedial actions are taken timely by Management to address and resolve the key issues/significant lapses in controls and procedures that are identified. The Audit Committee also notes any significant disagreements between the GCIA and the Senior Management team, irrespective of whether the significant lapses have been resolved, in order to identify the impact of the disagreements that may have on the audit process or findings.
- Reviews the annual assurance statement provided by the Internal Audit function on the adequacy and effectiveness of risk management systems, internal controls and governance processes before it is tabled to the Board of Directors for noting.
- Reviews the audit report on related party transactions on a quarterly basis for assurance that these transactions are conducted at arm's length and to inform the Board of Directors of any irregularities noted.
- Oversees the Internal Audit function of the Public Bank's subsidiary companies through the Audit Committee of the respective subsidiary companies.
- On its role with regard to financial reporting, the Audit Committee is entrusted to review the unaudited quarterly and half-yearly financial results and annual audited financial statements of Public Bank and the Public Bank Group prior to its recommendation to the Board of Directors for approval. The Audit Committee, through the Internal Audit function, ensures that the financial reporting process is reliable and transparent within Public Bank and the Public Bank Group.
- Reviews and assesses the performance of the external auditors in accordance with the requirements set out in BNM's Policy Document on External Auditor. This includes assessment on the performance of external auditors prior to recommendation to the Board of Directors for approval on their appointment/re-appointment, remuneration and removal in accordance with the criteria set out in the Public Bank Berhad Group's Policies and Procedures for



Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services (Group Policies and Procedures). For provision of non-audit services by the external auditors, the Audit Committee has to be satisfied that the external auditors are capable, independent and objective in the provision of such services, there is no element of conflict of interest and the proposed fees are within the allowable threshold set before recommending the proposed engagement to the Board of Directors for consideration and approval.

The details of the terms of reference of the Audit Committee are available at www.publicbankgroup.com/About-Us/Board-of-Directors/Composition-And-Terms-of-Reference-of-Audit-Committee.

4. SUMMARY OF ACTIVITIES

For the financial year ended 31 December 2019, the Audit Committee had carried out the following activities in the discharge of its roles and responsibilities:

4.1 Financial Reporting

The Audit Committee had reviewed the draft unaudited quarterly and half-yearly financial results as well as the annual audited financial statements of Public Bank and the Public Bank Group prior to its recommendation to the Board of Directors for approval, submission to BNM and thereafter release to Bursa Malaysia Securities Berhad pursuant to its Main Market Listing Requirements. The review covers amongst others, an assessment on the appropriateness of the accounting standards applied and its treatments, financial reporting and disclosures are in compliance with the relevant regulatory requirements and applicable accounting standards in Malaysia. In carrying out such a review, the Audit Committee had sought explanations and additional information from the Senior Management including the Chief Financial Officer on the reasons for any significant variances/fluctuations in the financial performance of Public Bank and the Public Bank Group, including the key income and operating expenses.

In reviewing the quarterly and annual financial results, the Audit Committee focused on the following:

- Profits contribution by geographical locations and business segments;
- Trends on financial ratios, such as return on equity, net interest margin, cost of funds, cost to income ratio, loan loss allowances ratios and capital ratios; and
- Significant issues relating to adoption of accounting policies and financial reporting.

On the review of the half-yearly and annual financial results of Public Bank and the Public Bank Group, the Audit Committee met up with the external auditors, Messrs. Ernst & Young PLT ("EY") to discuss the outcome of EY's audit on Public Bank and the Public Bank Group with particular focus on:

- Significant matters highlighted including financial reporting issues, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed and resolved; and
- Compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements.

The Audit Committee had also discussed with the GCIA on the internal audit coverage pertaining to the Bank's interim financial results including the adequacy and effectiveness of the procedures put in place for the Bank's financial reporting processes, consistency in the methodology adopted and applied for impairment assessment and computation of impairment allowance, the adequacy of the processes and procedures put in place to account for the significant adjustments made to the financial statements and risk of material misstatement due to fraud.

Based on the above reviews and discussions, the Audit Committee is satisfied that the accounting standards applied as well as the financial reporting and disclosures presented in the financial statements are in conformity with the applicable accounting and financial reporting standards in Malaysia and in compliance with the relevant regulatory requirements in terms of disclosures.

Overall, the Audit Committee had reviewed and noted that the financial statements of Public Bank and the Public Bank Group are presented on a ongoing concern basis, fairly presented and in conformance with the relevant accounting standards in all material aspect of its financial position and performance for the financial year ended 31 December 2019.

Pursuant to the requirements set out in the Companies Act 2016, the Audit Committee had reviewed the solvency assessment performed for Public Bank and the Public Bank Group prior to the submission of the application for interim dividend to BNM for the financial year ended 31 December 2019. The solvency assessment covered areas encompassing the Bank's financial indicators, cashflow, liquidity positions as well as any financing arrangements.

AUDIT COMMITTEE REPORT

4.2 Annual Report

The Audit Committee reviewed, deliberated and recommended the Corporate Governance Overview Statement, Corporate Governance Report, and Statement on Risk Management and Internal Control for Board of Directors' approval. The Audit Committee also reviewed and approved the Audit Committee Report for incorporation into the Public Bank's Annual Report for the financial year ended 31 December 2019.

4.3 Updates on Malaysian Financial Reporting Standards 9 Project

The Audit Committee in its oversight role over the successful implementation of the Malaysian Financial Reporting Standards 9: Financial Instruments ("MFRS 9") on 1 January 2018 had reviewed the following:

- Issues/challenges encountered in the validation of the models and its disposition and implementation of the MFRS 9;
- Appropriateness and robustness of the stage transfer criteria for the classification of loans and advances to ensure the criteria set are in line with the latest developments in regulatory requirements;
- Adequacy and robustness of the framework/policy as well as governing processes to support the model development and validation;
- The appropriateness and adequacy of the parameters and methodology used for the recalibrated MFRS models;
- Outcome of the pre and post-implementation validation of MFRS 9 models, including the recalibrated models to ensure that the models adopted for MFRS 9 are fit for purpose and use;
- Adequacy and appropriateness of the disclosures relating to MFRS 9 in the annual financial reports in accordance with the requirements of MFRS 9 and MFRS 7;
- BNM's comments on the Public Bank's application of credit rating methodologies and approaches for MFRS 9 as well as the action plan to address and resolve the recommendations highlighted by BNM;
- EY comments and recommendations and its disposition relating to MFRS 9; and
- Progress of the implementation in respect of the International Financial Reporting Standard 9 at the Public Bank's overseas banking subsidiaries.

4.4 External Audit

The Audit Committee reviewed and evaluated EY's audit plan particularly the scope of audit for the financial year ended 31 December 2019. EY's audit plan covered its engagement team, concept of materiality, independence and objectivity, and the areas of audit emphasis for the year.

In discharging its duties, the Audit Committee reviewed the key audit matters raised by EY arising from its annual audit. The Audit Committee also followed up on the issues raised in the Management Letter including Management's responses/actions taken on the resolution of such issues.

In 2019, the Audit Committee met four (4) times with Public Bank's external auditors, EY, to apprise on matters under review and in regard to the financial statements for the financial year ended 31 December 2019. In so doing, the Audit Committee had:

- Reviewed the recommendations set out in the Memorandum of Recommendation for the financial year ended 31 December 2019 which was presented by EY;
- Reviewed, followed up and where necessary, sought explanations from EY on the results of their audits and half-yearly limited review;
- Discussed the latest changes to the accounting standards and issues impacting Public Bank's and the Public Bank Group's financial statements; and
- Discussed and analysed matters relating to cyber security threat, challenges and areas of focus in the year 2019.

The Audit Committee is satisfied that EY has put in place adequate policies and procedures to ensure its independence, demonstrated professionalism and objectivity in interpreting accounting standards and policies adopted by Public Bank and the Public Bank Group. The Audit Committee had also assessed and is satisfied with the performance and effectiveness of EY based on the criteria set out in the Group Policies and Procedures, and recommended to the Board of Directors to approve the re-appointment of EY as the external auditors for Public Bank and the Public Bank Group and the proposed remuneration for its services.



Pursuant to the Terms of Reference of the Audit Committee, meetings with the external auditors without the presence of the Management or Internal Audit Staff shall be held at least twice a year. In 2019, the Audit Committee had four (4) meetings with the EY's engagement team to discuss matters of interest without the presence of Management and Internal Audit staff.

4.5 Internal Audit Matters

In its oversight over the Internal Audit function, the Audit Committee approved the internal audit frameworks and the annual audit plan to ensure the adequacy of audit scope and comprehensiveness of coverage over the activities of Public Bank and the Public Bank Group and that all high risk areas are audited at least annually. In addition, the Audit Committee also reviewed and monitored the Internal Audit function's performance, progress of its achievement against the approved annual audit plan and the adequacy of audit coverage on a quarterly basis.

During the year, the Internal Audit function had adopted the standards outlined in the International Professional Practices Framework, the conceptual framework that organised authoritative guidance promulgated by The Institute of Internal Auditors.

The Audit Committee had reviewed and deliberated the revisions of the Internal Audit Charter and recommended the same to the Board of Directors for approval. In addition, the Audit Committee reviewed and approved the revised internal audit frameworks and the action plans to address the competency gaps of the Internal Audit function.

The Executive Summary of each Internal Audit report was tabled to the Audit Committee in its monthly meetings for review, deliberations and noting. Senior Management officers were invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility. Where appropriate, the Audit Committee had directed Management to rectify and improve control procedures based on the internal auditors' recommendations. For the financial year under review, the Audit Committee is not aware of any significant disagreement between the GCIA and Management.

As for the reports issued by regulatory authorities, the Audit Committee reviewed the Management's responses to the supervisory concerns and areas for improvement as well as their recommendations, remedial actions taken and the committed timeline to rectify the gaps highlighted for recommendations to the Board of Directors for approval.

Furthermore, the Audit Committee monitored the timeliness of the resolution of key audit issues and areas of concern highlighted by Internal Audit. In this regard, the Audit Committee reviewed the progress of the corrective actions taken by Management to ensure that appropriate remedial actions were taken on a timely basis to address all key areas of risk and control issues highlighted in the internal audit reports or reports issued by the regulator.

The Audit Committee reviewed on a quarterly basis the tests conducted on the Bank's Business Continuity Plan and Disaster Recovery Plan and assessed annually Public Bank's level of commitment to Business Continuity Management and overall preparedness to ensure compliance with BNM's Guidelines on Business Continuity Management. The Audit Committee also reviewed the internal audit report on related party transactions entered into by Public Bank on a quarterly basis to ensure that these transactions are undertaken on an arm's length basis.

The Chairman of the Audit Committee met with the GCIA and/or Senior Management staff of the Internal Audit function two (2) times in 2019. During these meetings, the Chairman of the Audit Committee provided insights, guidance and directives to further improve the effectiveness of the Internal Audit function in discharging its roles and responsibilities including its readiness to cope with any emerging risks and challenges. The matters discussed during the meetings mainly focused on the following:

- Changes in the banking industry due to advancement in technologies such as blockchain, artificial intelligence, digitalisation and new payment platforms;
- Adequacy of audit scope, methodology and areas of audit focus to be in line with changes in the banking infrastructure and environment;
- Increase usage of audit tools to improve the audit coverage and assessment in meeting challenges arising from developments in financial technology and digital revolution in the banking sector;
- Steps to further elevate the internal auditors' competency, knowledge and technical skill sets to perform their duties and responsibilities through necessary trainings, continuous professional development or specialised certification programme with recognised bodies such that the quality of the Internal Audit function is in line with international professional standards; and

AUDIT COMMITTEE REPORT

- Readiness of the Internal Audit function given the changes in the banking infrastructure and environment to ensure that Internal Audit discharges its duties and responsibilities adequately and effectively.

4.6 Internal Audit's Initiatives Implemented from Year 2014 to 2019 Under the Guidance of the Audit Committee

Under the guidance of the Audit Committee, Internal Audit had been on a change journey since 2014 to enhance its audit methodologies and to elevate its staff's competencies and skills sets with the aim to further strengthen the Internal Audit function as an effective third line of defence. The key enhancement initiatives undertaken by Internal Audit from year 2014 to 2019 were as follows:

(a) Governance

- Re-organisation of Internal Audit Division with the setting up of new specialised audit sections;
- Enhanced and revamped the Internal Audit Charter;
- Enhanced the audit plan to include more detailed and granular analysis covering both financial and non-financial information;
- Improved the format and structure of meeting papers for tabling to the Audit Committee;
- Revised reporting of whistleblowing cases to the Audit Committee from quarterly to monthly basis;
- Conducted independent review on the quarterly Bank's financial statements;
- Established escalation procedures of critical audit issues to Senior Management;
- Enhanced the Internal Audit's half-yearly reporting of audit activities to the Audit Committee;
- Provided an annual assurance statement to the Board of Directors and Audit Committee on the overall adequacy and effectiveness of Public Bank and the Public Bank Group's governance processes, systems of internal control and risk management processes; and

- Enhanced collaboration with the assurance functions namely, Risk Management and Compliance functions.

(b) Infrastructure/Operations

- Developed or enhanced various internal audit frameworks/methodologies to further strengthen the effectiveness of the internal audit function. These include risk assessment and audit planning framework, audit competency framework, audit grading framework, succession planning framework and sampling methodology. Internal Audit shared the above frameworks and methodologies with the Internal Audit function of other subsidiaries for consistency in approach;
- Enhanced the audit report for improved clarity and revised audit programmes to cover end-to-end transaction testings; and
- Implemented a mechanism to monitor and track the achievement of audit plan and the turnaround time for issuance of audit reports.

(c) People

- Developed a roadmap for internal auditors to complete the Certification for Bank Auditors ("CBA") within 5 years from 1 January 2018 and to meet the mandatory requirement that at least 50% of the internal auditors are certified with CBA by 31 December 2020 and 100% by the end of year 2022;
- Developed a structured training programme in order to better equip internal auditors with the knowledge to discharge their duties and responsibilities more effectively;
- Arranged ongoing training courses based on the outcome of the internal auditors' self-assessment to address their competency gaps; and
- Encouraged internal auditors to attain certification programmes to equip themselves with the necessary knowledge and understanding of the subject matter relevant to their job functions.



In 2015, Internal Audit had engaged an external consultant, Ernst & Young Advisory Services Sdn. Bhd. to conduct a Quality Assurance Review ("QAR") on the Internal Audit function to assess its effectiveness. Arising from the QAR report, Internal Audit had implemented enhancement initiatives encompassing governance, people, methodology as well as tools and technology to further elevate the effectiveness and quality of the audit services.

4.7 Following-up and Resolution of Issues Raised during the Audit Committee Meetings

During the financial year ended 31 December 2019, based on the papers presented for review and deliberation, the Audit Committee had raised some comments on the following areas which required Management's actions:

- Contributory causes to incidences of staff misconduct/shortcomings and actions taken to address and resolve the control weaknesses highlighted; and
- Key audit findings and significant matters highlighted in the internal/external audit reports and the adequacy and timeliness of Management's action plans to address and resolve the issues.

All comments/issues raised during the Audit Committee meetings are followed up by the Internal Audit function. The Audit Committee is updated on the progress until resolution of the comments/issues.

4.8 Audit Committee's Oversight Over the Implementation of Whistleblowing Policies and Procedures

The Audit Committee also oversees the implementation of Public Bank's whistleblowing policies and procedures that set out the avenues for Public Bank's staff and other relevant stakeholders such as contractors, consultants and interns to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

Public Bank had further strengthened its whistleblowing policies and procedures in 2017 to take into consideration the requirements set out in BNM's Policy Document on Corporate Governance. In this connection, the Board of Directors appointed the Chairman of the Audit Committee as the designated non-executive director to be responsible for the effective implementation of the whistleblowing policies and procedures, including the evaluation of the periodic reports that monitor and assess how concerns are escalated and dealt with, and overseeing periodic reviews on the effectiveness of the whistleblowing policies and procedures.

5. INTERNAL AUDIT FUNCTION

Internal Audit function, being the third line of defence, is responsible to provide independent assessment of compliance with statutory/regulatory requirements, internal policies and procedures and reviews the adequacy and effectiveness of the risk management systems, internal controls and governance processes put in place by Public Bank and the Public Bank Group.

The Internal Audit Charter ("IAC") sets out the purpose, objectives, authority, scope of work and responsibilities of the Internal Audit function in Public Bank and the Public Bank Group. The IAC, which was drawn up with reference to the relevant guidelines and policy documents issued by BNM and the Basel Committee on Banking Supervision, is subject to review annually to ensure that it remains relevant.

Public Bank's Internal Audit Division is staffed by 200 individuals with relevant experience and qualifications, and comprised nine (9) sections specialising in various auditing/business areas. The GCIA reports directly to the Audit Committee. The Internal Audit function has unfettered access to the Board of Directors, Audit Committee and Senior Management, as well as the authority to seek information and explanations, for the purpose of conducting its audit.

Internal Audit function provides independent assurance to the Audit Committee and Senior Management based on its report on the adequacy and effectiveness of the internal control environment of the areas audited upon the completion of each audit. Internal Audit function adopts a risk-based approach to prioritise the audit work and to scope the audits on high risk auditable areas. Internal Audit's assurance covers a broad range of business activities and operations including the Outsourced Service Providers, to ascertain whether the internal controls are sufficient and effective in ensuring proper safeguarding of assets; maintenance of accurate records and transactions; monitoring the quality of assets; compliance with relevant laws and regulations; adherence to established policies and procedures and management efficiency.

Internal Audit's assurance provides a comprehensive review on the established controls to determine if they are appropriate, effectively applied and consistent with Public Bank and the Public Bank Group's risk management policies. Audit recommendations for improvement to the existing system of internal controls and work processes are made to the Management for resolutions where necessary.

AUDIT COMMITTEE REPORT

Internal Audit function also carried out the following:

- Audits on the information systems of Public Bank and the Public Bank Group to ensure that the computing resources are adequately secured to protect the data integrity and confidentiality, and there are adequate measures to safeguard and provide for the continued availability of the system to support business operational needs;
- Reviews the risk exposures of new systems, business products and services to ensure adequate controls are in place to mitigate the risks identified prior to implementation. When performing such review, Internal Audit function is not involved in the system selection or implementation process in order to maintain its objectivity and independence;
- Conducts investigation audits where there are improper, illegal or dishonest acts reported. The outcome of the investigation is tabled to the Audit Committee for review;
- Conducts ad-hoc reviews/audits requested by regulators such as BNM, Securities Commission Malaysia and Payments Network Malaysia Sdn Bhd;
- Reviews the draft unaudited quarterly and half-yearly financial results and annual audited financial statements focusing on Public Bank’s conformity with applicable approved accounting and financial reporting standards as well as compliance with the relevant regulatory requirements; and
- Reviews the level of commitment to Business Continuity Management and overall preparedness, against the Bank’s Business Continuity Management policies and regulatory requirements as well as to determine the adequacy of the business continuity plan and disasters recovery plan testings exercise.

Internal Audit function works collaboratively with Compliance function and Risk Management function to review and assess the risk governance framework and risk management processes of Public Bank and the Public Bank Group in respect of their adequacy and effectiveness in managing the key risks facing Public Bank and the Public Bank Group.

The total costs incurred for the Internal Audit function of Public Bank and the Public Bank Group for 2019 are as follows:

	RM'000
Public Bank	29,745
Public Bank Group	44,973

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



GROUP MANAGEMENT PROFILE



TAN SRI DATO' SRI TAY AH LEK



Managing Director/
Chief Executive Officer
Public Bank Berhad



77, Male



Malaysian

Qualifications

- Master in Business Administration, Henley, United Kingdom
- Emeritus Fellow of the Malaysian Institute of Management
- Fellow, Chartered Banker of the Asian Institute of Chartered Bankers (AICB)
- Fellow of the Chartered Banker Institute (CBI), Scotland
- Fellow of CPA Australia
- Fellow of the Financial Services Institute of Australasia
- Advanced Management Program at Harvard Business School

Experience

- Tan Sri Dato' Sri Tay is a veteran in the financial services industry with 59 years of experience
- A pioneer staff of Public Bank in 1966, he held several portfolios over the years including the Executive Vice President position in Public Finance and Public Bank
- Appointed Executive Director of Public Bank in 1997 and Managing Director/Chief Executive Officer in 2002

Present Directorship in other Public Companies

- Director of Public Investment Bank Bhd
- Director of Public Islamic Bank Bhd
- Director of Public Mutual Bhd
- Director of Public Bank (Hong Kong) Ltd
- Director of Cagamas Holdings Bhd
- Director of Ombudsman for Financial Services



DATO' CHANG KAT KIAM



Deputy Chief Executive Officer
Public Bank Berhad



65, Male



Malaysian

Qualifications

- Master in Business Administration (Finance), University of Hull, United Kingdom

Experience

- Dato' Chang has been with Public Bank since 1975 and is experienced in all aspects of banking having managed branches and banking business portfolios in Head Office
- Appointed Chief Operating Officer in 2006
- Redesignated Senior Chief Operating Officer in October 2013
- Appointed to his present position in January 2016

Present Directorship in other Public Companies

- Director of Public Financial Holdings Ltd
- Director of Public Bank (Hong Kong) Ltd
- Director of Public Finance Ltd
- Director of Cambodian Public Bank Plc
- Director of Campu Lonpac Insurance Plc
- Director of Campu Securities Plc
- Director of Public Bank Vietnam Ltd
- Director of AIA PUBLIC Takaful Bhd

GROUP MANAGEMENT PROFILE



CHANG SIEW YEN

Senior Chief Operating Officer
Public Bank Berhad



51, Female



Malaysian

Qualifications

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Banker of the Asian Institute of Chartered Bankers (AICB)
- Bachelor in Accounting (Hons), University of Malaya

Experience

- Ms Chang has more than 26 years experience in the auditing, banking and finance industry
- Joined Public Bank in 2005 as Deputy Director of Finance and subsequently appointed Head of Finance and Chief Financial Officer in 2006
- Promoted to General Manager in 2009 and Senior General Manager in July 2012
- Redesignated Chief Operating Officer in October 2013 and promoted to Senior Chief Operating Officer in January 2020
- Presently oversees the Bank's Finance, Corporate Planning, Strategy & Economics, Information Technology and Property

Present Directorship in other Public Companies

- Director of PB Trust (L) Ltd
- Director of PB Trustee Services Bhd



DATO' SULAIMAN BIN ABD MANAP

Senior Chief Operating Officer
Public Bank Berhad



63, Male



Malaysian

Qualifications

- Master in Business Administration (Finance), University of Hull, United Kingdom
- Bachelor of Science (Chemistry), University of Malaya

Experience

- Dato' Sulaiman joined Public Bank in 1981 and experienced in both branch banking and Head Office credit
- Appointed Head of Credit Operations in 2003 and Chief Operating Officer in July 2012. Promoted to Senior Chief Operating Officer in January 2020
- Presently oversees the Bank's Knowledge & Learning, Banking Operations, Credit Administration & Supervision, HP Credit Control, Compliance & Loan Rehabilitation/ Credit Review of Corporate Banking

Present Directorship in other Public Companies

- Nil

**LEE YO-HUNN**

Chief Executive Officer
Public Investment Bank Berhad



44, Male



Malaysian

Qualifications

- Certified Practising Accountants (CPA) Australia
- Bachelor of Commerce, The University of Western Australia, Australia

Experience

- Mr Lee has a total of 22 years working experience comprising 7 years of assurance and advisory work in both Malaysia and Australia as well as 15 years of corporate finance and advisory work with Public Investment Bank
- Joined Public Investment Bank in January 2005 as Manager of Corporate Finance & Advisory Division (CFAD)
- Appointed Head of CFAD in December 2012
- Served as the Deputy Chief Executive Officer since January 2015 overseeing the CFAD, Corporate Banking & Securities Financing Division and Debt Capital Markets Division prior to his appointment as Chief Executive Officer in January 2019

Present Directorship in other Public Companies

- Nil

**SYAMSUL AZUAN BIN AHMAD FAUZI**

Chief Executive Officer
Public Islamic Bank Berhad



44, Male



Malaysian

Qualifications

- Bachelor of Commerce and Management (Accounting), Lincoln University, New Zealand

Experience

- En. Syamsul Azuan has 21 years working experience in the corporate and investment banking field (both conventional and Islamic) of which 7 years were in the middle east
- His attachment with the various financial institutions has developed his technical skills in Islamic finance especially on debt capital market/sukuk and corporate finance
- Held several senior managerial positions prior to joining Public Islamic Bank in February 2019 as Chief Executive Officer

Present Directorship in other Public Companies

- Nil

GROUP MANAGEMENT PROFILE



YEOH KIM HONG

Chief Executive Officer
Public Mutual Berhad



58, Female



Malaysian

Qualifications

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- Certified Financial Planner

Experience

- Ms Yeoh has more than 24 years experience in the unit trust industry
- Joined Public Mutual in 1996 and appointed to her present position in July 2007
- She is a member of the Board of Directors and the Investment Committees of Public Mutual
- She has played an active role in the development of the unit trust industry
- She sits on the Board of the Federation of Investment Managers Malaysia (FIMM) and is a member of the Industry Development Committee, Regulatory Committee and Disciplinary Committee

Present Directorship in other Public Companies

- Nil



TAN YOKE KONG

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



67, Male



Malaysian

Qualifications

- Fellow of the Association of Chartered Certified Accountants, United Kingdom
- Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom
- Fellow of the Hong Kong Institute of Chartered Secretaries
- Diploma in Commerce, TAR College

Experience

- Mr Tan has over 38 years experience in the banking and finance industry
- He was seconded from Public Bank to Hong Kong in 1991
- Appointed to his current position as Executive Director & Chief Executive of Public Bank (Hong Kong) Limited after its acquisition by the Group in 2006
- Prior to this, he was the General Manager & Chief Executive of Public Finance Limited
- He has served as the Vice Chairman of The Deposit-Taking Companies Association and a member of The Deposit-Taking Companies Advisory Committee in Hong Kong for several years prior to his appointment in Public Bank (Hong Kong)

Present Directorship in other Public Companies

- Executive Director/Chief Executive of Public Financial Holdings Ltd



CHONG YAM KIANG

Executive Director
& Chief Executive
Public Finance Limited



70, Male



Malaysian

Qualifications

- Diploma in Management Programme (DIMP), Malaysian Institute of Management

Experience

- Mr Chong has more than 51 years service with the Public Bank Group
- Joined Public Bank in April 1969 and experienced in branch operations before his transfer to Public Bank (Hong Kong) Limited in 2006
- Appointed Executive Director and Alternate Chief Executive in September of the same year
- Appointed to his present position as Executive Director & Chief Executive of Public Finance Limited in January 2020

Present Directorship in other Public Companies

- Director of Public Financial Holdings Ltd
- Director of Public Bank (Hong Kong) Ltd



DATUK PHAN YING TONG

Regional Head
Indo-China Operations



58, Male



Malaysian

Qualifications

- Master in Business Administration, University of London, United Kingdom

Experience

- Datuk Phan has a total of 38 years service with the Public Bank Group
- He was a Branch Manager of several branches in Public Bank before his appointment as General Manager of Cambodian Public Bank Plc in 2002
- Appointed Country Head of Cambodian Public Bank Plc in 2007 before his current appointment as Regional Head of Indo-China Operations in March 2014

Present Directorship in other Public Companies

- Executive Director of Cambodian Public Bank Plc
- Director of Campu Securities Plc
- Director of Public Bank Vietnam Ltd

None of the Group Management staff has:

- Any family relationship with any Director and/or major shareholder of Public Bank
- Any conflict of interest with Public Bank
- Any conviction for offences within the past 5 years other than traffic offences

HEADS OF DIVISION



DATO' AB. RAZAK BIN MD DALI

Senior General Manager
Public Affairs

65, Male, Malaysian

Qualifications

- Master in Science (Corporate Communication), Universiti Putra Malaysia

Experience

- Joined Public Bank in 1977
- Experienced in branch banking and appointed Head of Public Affairs in 1994
- Responsible for the Bank's public relations, corporate communication, advertising and sports portfolio

Present Directorship in other Public Companies

- Nil



DATO' CHIA LEE KEE

Senior General Manager
Secretariat

66, Female, Malaysian

Qualifications

- Chartered Secretary (ICSA)
- Fellow of the Malaysian Institute of Chartered Secretaries and Administrators

Experience

- Joined Public Bank in 1978 and appointed Head of Secretariat in 1997
- Dato' Chia is the Bank's Company Secretary and oversees the Group's company secretarial matters

Present Directorship in other Public Companies

- Director of PBFIN Bhd



CHAN CHEW FUNG

Senior General Manager
Corporate Banking/Credit
Operations/HP Operations/
Share Investment

61, Female, Malaysian

Qualifications

- Bachelor of Arts (Economics) (Hons), City of Birmingham Polytechnic, United Kingdom

Experience

- Joined Public Bank in 1982 and appointed Head of Corporate Banking & Trade Finance in 1995
- Promoted to General Manager in 2009 and Senior General Manager in July 2012 overseeing Corporate Banking
- In January 2016, her portfolio was expanded to also oversee Credit Operations, HP Operations and Share Investment

Present Directorship in other Public Companies

- Director of Public Bank (L) Ltd



KOAY SEOK KHIM

Senior General Manager
Knowledge & Learning

66, Female, Malaysian

Qualifications

- Bachelor of Arts (Economics) (Hons), Ealing Technical College, United Kingdom

Experience

- Joined Public Bank in 1981 as a Trainer
- Appointed Head of Knowledge & Learning Centre since 1993

Present Directorship in other Public Companies

- Nil

**LIM THEN FUI**

Group Chief Internal Auditor

65, Male, Malaysian

Qualifications

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- Certification for Bank Auditors (CBA), Asian Institute of Chartered Bankers (AICB)

Experience

- Mr Lim has a total of 40 years experience in Bank Negara Malaysia and commercial banking
- Joined Public Bank in 2001 and held the positions of Head of Risk Management and Head of Compliance in 2007 and 2013 respectively
- Appointed Group Chief Internal Auditor in October 2013 to oversee the Group's Internal Audit portfolio

Present Directorship in other Public Companies

- Nil

**CHAN CHIEW PENG**Senior General Manager
Retail Financial Services

56, Female, Malaysian

Qualifications

- Bachelor of Economics (Analytical Economics) (Hons), University of Malaya

Experience

- Joined Public Bank Group in 1986
- Held several managerial portfolios at Head Office before her appointment as Head of Retail Financial Services in September 2012
- Appointed General Manager in October 2014 to oversee both PB Card Services & Support and Wealth Management & Transaction Banking
- Promoted to Senior General Manager in September 2018

Present Directorship in other Public Companies

- Nil

**YIK SOOK LING**

Chief Financial Officer

50, Female, Malaysian

Qualifications

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Certified Practising Accountants (CPA) Australia
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Banker of the Asian Institute of Chartered Bankers (AICB)

Experience

- Served as a Group Financial Controller before joining the Public Bank Group in 2010 as Deputy Director
- Appointed Head of Finance and Chief Financial Officer in July 2012

Present Directorship in other Public Companies

- Director of PB Trust (L) Ltd
- Director of PB Trustee Services Bhd

**EDDIE CHAN KOK KWAI**General Manager
Credit Administration
& Supervision

62, Male, Malaysian

Qualifications

- Bachelor of Economics (Business Administration) (Hons), University of Malaya
- The Financial Studies Diploma, The Institute of Bankers, United Kingdom
- Diploma in Banking & Finance, Institut Bank-Bank Malaysia

Experience

- Joined Public Bank in 1982 and appointed Head of Credit Administration and Supervision in 1992
- Responsible for credit control and recovery of impaired retail loans
- Promoted to General Manager in 2011

Present Directorship in other Public Companies

- Director of PBFIN Bhd

HEADS OF DIVISION



FAM YOKE FONG

General Manager
Information Technology

50, Female, Malaysian

Qualifications

- Bachelor of Computer Science, Universiti Sains Malaysia

Experience

- Joined Public Bank in 1994
- Has more than 25 years experience in the IT field
- Appointed Head of Division in January 2017

Present Directorship in other Public Companies

- Nil



JASMINE LOH SOOK LING

Chief Risk Officer

49, Female, Malaysian

Qualifications

- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)

Experience

- Ms Loh has a total of 29 years experience in auditing, finance and risk management
- Joined Public Bank in 1999 and has held several managerial portfolios at Head Office before her appointment as Head of Risk Management in January 2013
- Appointed Chief Risk Officer in June 2016

Present Directorship in other Public Companies

- Nil



TAN SHIEN DOON

Chief Compliance Officer

48, Male, Malaysian

Qualifications

- Bachelor of Science (Business Administration), Bemidji State University, USA

Experience

- Joined Public Bank in 1994 and has more than 20 years experience in Banking Operations
- Appointed Head of Banking Operations in January 2017 before his current appointment as Chief Compliance Officer in March 2017

Present Directorship in other Public Companies

- Nil



MARY NG POH LYN

General Manager
Human Capital Management

56, Female, Malaysian

Qualifications

- ICOSA

Experience

- Joined Public Bank in 1989 and has more than 33 years experience in the HR field
- Appointed Head of Human Capital Management in January 2020 and oversees the Group's Human Resource portfolio

Present Directorship in other Public Companies

- Nil

**WONG MAN HOE**

General Manager
HP Operations

50, Male, Malaysian

Qualifications

- Master in Business Administration, Universiti Putra Malaysia
- Bachelor of Economics (Hons), Universiti Utara Malaysia

Experience

- Joined the Public Bank Group in 1994
- Has more than 15 years experience in both branch banking and hire purchase operations prior to his transfer to Head Office as Senior Manager in 2009
- Appointed Head of HP Operations in May 2012
- Promoted to General Manager in January 2020

Present Directorship in other Public Companies

- Nil

**TUAN HAJI A WAHAB
BIN A RAMAN**

Director
Security

61, Male, Malaysian

Qualifications

- Diploma in Police Science, Universiti Kebangsaan Malaysia

Experience

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

Present Directorship in other Public Companies

- Nil

**BACIL FERNANDEZ**

Head
Treasury

61, Male, Malaysian

Qualifications

- Bachelor of Social Science (Management) (Hons), Universiti Sains Malaysia

Experience

- Mr Fernandez has more than 38 years experience in treasury and capital markets
- Joined Public Bank in 2009 as a Senior Manager of Treasury
- Appointed Head of Treasury in September 2018

Present Directorship in other Public Companies

- Nil

**CHAN SEE CHOI**

Director
HP Credit Control

53, Male, Malaysian

Qualifications

- Bachelor of Science (Agribusiness), Universiti Pertanian Malaysia

Experience

- Joined Public Bank in 1991 with exposure to branch banking and Head Office credit control
- Appointed Head of HP Credit Control in January 2018

Present Directorship in other Public Companies

- Nil

HEADS OF DIVISION



CHEONG KIEN MENG

Director
Property

61, Male, Malaysian

Qualifications

- Diploma in Management Programme, Malaysian Institute of Management

Experience

- Joined Public Bank in 1979
- Held several managerial portfolios at Head Office before his appointment as Head of Property in January 2018

Present Directorship in other Public Companies

- Nil



CARENE KHOO GEOK KHENG

Director
Wealth Management &
Transaction Banking

53, Female, Malaysian

Qualifications

- Master in Business Administration (Finance), University of Hull, United Kingdom
- Bachelor of Arts (Economics) (Hons), University of Malaya

Experience

- Joined the Public Bank Group in 1992 and experienced in both branch banking and retail financial services
- Appointed Head of Wealth Management & Transaction Banking in October 2014

Present Directorship in other Public Companies

- Nil



LEE KOK KEONG

Head
Credit Operations

51, Male, Malaysian

Qualifications

- Bachelor of Economics (Hons), Universiti Kebangsaan Malaysia

Experience

- Joined Public Bank in 1993 and experienced in both branch banking and Head Office credit
- Appointed Head of Credit Operations in November 2016

Present Directorship in other Public Companies

- Nil



POON YUEW SIM

Director
Branch Business Review &
Support/Loan Product
Development & Trade Finance

52, Female, Malaysian

Qualifications

- Bachelor of Management (Marketing) (Hons), Universiti Sains Malaysia

Experience

- Joined Public Bank in 1992 and experienced in both branch banking and Head Office branch business review, loan product development & trade finance
- Appointed Head of Branch Business Review & Support/Loan Product Development & Trade Finance in November 2011

Present Directorship in other Public Companies

- Nil


SAMUEL SOH BOON LEONG

Director
Corporate Banking

47, Male, Malaysian

Qualifications

- Bachelor of Economics (Hons), University of London, United Kingdom

Experience

- Joined Public Bank in 1996 and has more than 23 years experience in managing corporate loans
- Appointed Head of Corporate Banking in 2016

Present Directorship in other Public Companies

- Nil


TEE CHUI CHEE

Director
PB Card Services & Support

57, Male, Malaysian

Qualifications

- Bachelor of Science (Computer Science) (Hons), Universiti Sains Malaysia

Experience

- Joined Public Bank in 1991 and has more than 33 years experience in the card industry
- Appointed Head of Division in January 2014

Present Directorship in other Public Companies

- Nil


SUNNY NG CHEONG SAN

Head
Banking Operations

58, Male, Malaysian

Qualifications

- Master in Business Administration, Heriot-Watt University, United Kingdom
- Advanced Certification in AML/CFT, International Compliance Association/Asian Institute of Chartered Bankers
- Certified Financial Planner, Financial Planning Association of Malaysia

Experience

- Joined the Public Bank Group in 1981
- Has more than 33 years audit experience prior to his transfer to Banking Operations as Senior Manager in 2017
- Appointed Head of Banking Operations in November 2018

Present Directorship in other Public Companies

- Nil

None of the Heads of Division has:

- Any family relationship with any Director and/or major shareholder of Public Bank except Mr Eddie Chan Kok Kwai. He is the brother-in-law of Mr Lee Chin Guan who is a director of Public Bank
- Any conflict of interest with Public Bank
- Any conviction for offences within the past 5 years other than traffic offences

A man in a black sports jersey with white stripes on the sleeves is pulling a thick rope with a determined expression, his mouth open as if shouting or exerting effort. The background is a blurred green field.

R E S O U R C E F U L

C O S T - E F F E C T I V E

I N N O V A T I V E

COMPETITIVENESS

Resilience in Challenging Times



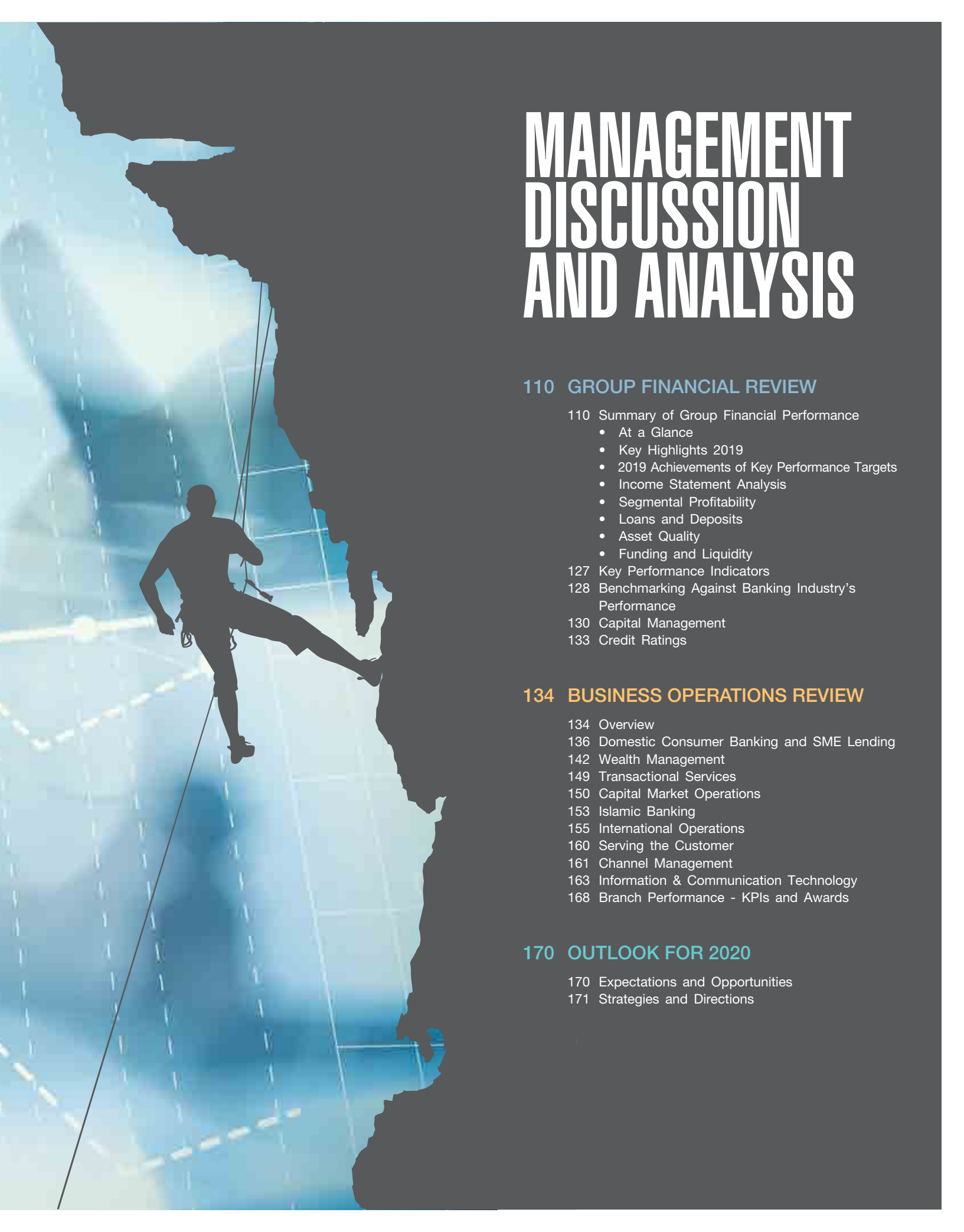
TECHNOLOGY-DRIVEN

CUSTOMER-FOCUSED

“ We must be mindful that every little thing that we do impacts our bottom-line and our reputation. ”

~ TAN SRI DATO' SRI DR. TEH HONG PIOW





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SUMMARY OF GROUP FINANCIAL PERFORMANCE

AT A GLANCE

PROFITABILITY (RM'MILLION)

Operating revenue	22,455	22,042	1.9
Profit before tax expense and zakat	7,134	7,101	0.5
Net profit attributable to equity holders	5,512	5,591	(1.4)
Earnings per share (sen)	142.0	144.4	(1.7)

BALANCE SHEET (RM'MILLION)

Total assets	432,831	419,693	3.1
Gross loans, advances and financing	330,468	317,302	4.1
Deposits from customers	353,340	339,160	4.2
Shareholders' equity	43,594	40,973	6.4

FINANCIAL INDICATORS

Net return on equity	13.6%	14.8%	(1.2)
Cost to income ratio	34.4%	33.0%	1.4
Gross impaired loans ratio	0.5%	0.5%	–
Loan loss coverage	124.1%	126.0%	(1.9)
Liquidity coverage ratio	133.5%	135.6%	(2.1)
Gross loans to fund ratio [^]	88.9%	88.4%	0.5
Gross loans to fund and equity ratio [^]	79.2%	79.0%	0.2
Common Equity Tier I capital ratio [#]	13.5%	13.1%	0.4
Tier I capital ratio [#]	13.5%	13.7%	(0.2)
Total capital ratio [#]	16.8%	16.3%	0.5

[^] Gross loans exclude loans/financing sold to Cagamas. Funds include deposits from customers and debt securities issued and other borrowed funds

[#] After deducting second interim dividend declared subsequent to year end



KEY HIGHLIGHTS 2019

CREATING SHAREHOLDER VALUE

OPERATING
REVENUE**RM22.45 bil**

⬆ 1.9%

2018: RM22.04 bil

PROFIT BEFORE TAX
EXPENSE AND ZAKAT**RM7.13 bil**

⬆ 0.5%

2018: RM7.10 bil

EARNINGS
PER SHARE**142.0 sen**

⬇ 1.7%

2018: 144.4 sen

DIVIDEND
PER SHARE**73 sen**

⬆ 4 sen

2018: 69 sen

NO. 1 AMONGST DOMESTIC BANKS

HIGHEST NET RETURN
ON EQUITY**13.6%**LOWEST COST
TO INCOME RATIO**34.4%**LOWEST GROSS
IMPAIRED LOANS RATIO**0.5%**

LOANS GROWTH

⬆ **4.1%**
GROUP⬆ **4.5%**
DOMESTIC

DEPOSITS GROWTH

⬆ **4.2%**
GROUP⬆ **4.7%**
DOMESTIC

HEALTHY CAPITAL POSITIONS

13.5%CET-I
CAPITAL RATIO**13.5%**TIER I
CAPITAL RATIO**16.8%**TOTAL
CAPITAL RATIOSTRONG CREDIT RATINGS
WITH STABLE OUTLOOK**AAA**

RAM

A-

S&P

A3

MOODY'S

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE

2019 ACHIEVEMENTS OF KEY PERFORMANCE TARGETS

Despite operating in a challenging business environment in 2019, the Public Bank Group's business and profit performance remained stable mainly on account of sustained growth in loans and deposits coupled with strong asset quality and prudent cost management. The Group's achievements against its key performance targets are summarised below:

Key Performance Indicators	2019 Targets	2019 Achievements
Net return on equity	13% to 14%	13.6%
Total capital ratio [^]	>13%	16.8%
Gross impaired loans ratio	<1%	0.5%
Cost to income ratio	34% to 35%	34.4%
Gross loans growth		
– Group	4% to 5%	4.1%
– Domestic		4.5%
Customer deposits growth		
– Group	4% to 5%	4.2%
– Domestic		4.7%

[^] After deducting second interim dividend declared subsequent to year end

The Public Bank Group continues to rank No. 1 in terms of profitability, asset quality and cost efficiency amongst the domestic commercial banking groups in Malaysia, with the highest net return on equity of 13.6%, most efficient cost to income ratio of 34.4% and lowest gross impaired loans ratio of 0.5% as tabulated below:

Key Performance Indicators	Public Bank Group	Industry Average
Net return on equity	13.6%	9.5%*
Cost to income ratio	34.4%	44.7%
Gross impaired loans ratio	0.5%	1.5%

* Based on the average of the other domestic banking groups in Malaysia, as published in their latest announcements of financial statements



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

INCOME STATEMENT ANALYSIS

	2019 RM'Million	2018 RM'Million	Variance	
			RM'Million	%
Net interest income	7,572	7,563	9	0.1
Net income from Islamic banking business	1,129	1,065	64	5.9
Other operating income	2,401	2,215	186	8.4
Net income	11,102	10,843	259	2.4
Other operating expenses	(3,819)	(3,573)	(246)	(6.9)
Operating profit	7,283	7,270	13	0.2
Allowance for impairment on loans, advances and financing	(154)	(169)	15	8.7
Other writeback/(allowances)	2	(5)	7	>100.0
Share of profit after tax of equity accounted associated companies	3	5	(2)	(35.7)
Profit before tax expense and zakat	7,134	7,101	33	0.5
Net profit attributable to equity holders	5,512	5,591	(79)	(1.4)
Net interest margin (%)	2.15	2.22		

In spite of the challenging operating environment characterised by ongoing external headwinds and soft consumer sentiment, the Public Bank Group sustained stable profitability in 2019 with profit before tax and net profit attributable to equity holders of RM7,134.1 million and RM5,511.6 million respectively, as compared to RM7,101.2 million and RM5,590.6 million respectively in 2018. Earnings per share stood at 142.0 sen in 2019.

NET INCOME

The Public Bank Group's net income increased by 2.4% or RM258.8 million to RM11,102.3 million in 2019 mainly contributed by higher other operating income and higher net income from Islamic banking business. Net interest margin declined to 2.15% in 2019 from 2.22% in 2018 mainly due to the timelag effect on deposit repricing arising from the drop in Bank Negara Malaysia's ("BNM") Overnight Policy Rate ("OPR") by 25 basis points in May 2019 as compared to the OPR hike by 25 basis points in January 2018.

NET INTEREST INCOME

Net interest income which contributed 68.2% to the Public Bank Group's total net income increased by 0.1% or RM9.3 million to RM7,572.3 million in 2019 mainly due to growth in loans and customer deposits, partially offset by the impact of OPR drop by 25 basis points in May 2019 as well as the continuous competitive environment in the Group's lending business.

NET INCOME FROM ISLAMIC BANKING BUSINESS

Net income from Islamic banking business, which represented 10.2% of the Public Bank Group's total net income, increased by 5.9% to RM1,129.1 million in 2019 on the back of higher gains on investment securities.

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE

OTHER OPERATING INCOME

	2019 RM'Million	2018 RM'Million	Variance	
			RM'Million	%
Income from fund management business	913	925	(12)	(1.2)
Net commission, service charges and fees	736	751	(15)	(2.0)
Brokerage and commissions from stock broking activities	91	102	(11)	(10.5)
Net fee and commission income	1,740	1,778	(38)	(2.1)
Net gains and losses on financial instruments	168	46	122	>100.0
Foreign exchange income	336	244	92	37.9
Others	157	147	10	6.6
Other income	493	391	102	26.1
Total other operating income	2,401	2,215	186	8.4

Other operating income which accounted for 21.6% of the Group's total net income increased by 8.4% or RM186.3 million to RM2,400.9 million in 2019 mainly arising from higher gains on investment securities and higher foreign exchange income partially offset by lower net fee and commission income.

Net fee and commission income dropped by 2.1% or RM37.6 million to RM1,740.5 million in 2019 mainly due to volatility and uncertainties in the financial markets which resulted in weaker contribution from both fund management and stock broking activities.

Net gains and losses on financial instruments recorded a significant increase of RM121.9 million to RM167.7 million in 2019 mainly due to favourable market conditions.

Foreign exchange profit increased by 37.9% or RM92.3 million to RM336.1 million in 2019 mainly due to certain non-operational foreign exchange loss incurred in 2018.

OTHER OPERATING EXPENSES

	2019 RM'Million	2018 RM'Million	Variance	
			RM'Million	%
Personnel costs	2,742	2,527	215	8.5
Establishment costs	711	652	59	9.0
Marketing expenses	142	148	(6)	(4.1)
Administration and general expenses	224	246	(22)	(9.0)
Total other operating expenses	3,819	3,573	246	6.9
Cost to income ratio (%)	34.4	33.0		
Staff strength	19,260	18,721		



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

The Public Bank Group continued to exercise prudent cost management throughout the year. The Group's total other operating expenses increased by 6.9% or RM245.7 million to RM3,819.2 million in 2019 in line with higher business volume. The Group's cost to income ratio of 34.4% was the most efficient amongst banking groups in Malaysia.

Personnel costs, which accounted for 71.8% of the Public Bank Group's total other operating expenses, rose by 8.5% or RM215.1 million to RM2,741.6 million in 2019. The Group's staff strength grew from 18,721 a year ago to stand at 19,260 as at the end of 2019 to support the Group's growing business.

Establishment costs increased by 9.0% or RM58.8 million to RM710.9 million in 2019 mainly due to higher servicing and maintenance costs as well as higher depreciation expenses.

Marketing expenses declined by 4.1% or RM6.1 million to RM142.5 million in 2019 mainly due to lower advertisement and promotional expenses.

Administration and general expenses dropped by 9.0% or RM22.2 million to RM224.1 million in 2019 mainly due to the abolishment of Goods & Services Tax effective 1 June 2018.

ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	2019 RM'Million	2018 RM'Million	Variance	
			RM'Million	%
Expected credit losses, including loan/financing commitments and financial guarantees:	415	421	(6)	(1.5)
Stage 1	(125)	(102)	(23)	(22.0)
Stage 2	104	13	91	>100.0
Stage 3	436	510	(74)	(14.6)
Recoveries	(261)	(252)	(9)	(3.4)
Impaired loans and financing written off	–	–	–	–
Total allowance for impairment on loans, advances and financing	154	169	(15)	(8.7)
Credit charge ratio (%)	0.05	0.05		

The total allowance for impairment on loans, advances and financing decreased by 8.7% or RM14.8 million to RM154.5 million in 2019.

The drop in expected credit losses ("ECL") of RM6.1 million was mainly due to the following:

- Stage 1: Higher writeback of ECL in 2019 mainly due to the impact arising from the recalibration of the impairment models' risk parameters during the year and lower charge from newly originated loans and advances partially offset by transfer of loans, advances and financing from stage 2 or stage 3 due to improvement in credit quality.
- Stage 2: Higher ECL in 2019 mainly due to loans and advances that migrated to stage 2 from stage 1 due to refinements to the Group's stage transfer criteria during the year and deterioration in credit quality.
- Stage 3: Lower ECL by RM74.6 million in 2019 mainly due to lower impaired loans and financing.

The credit charge remained stable at 5 basis points (2018: 5 basis points), reflecting the strong and stable asset quality of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE

SEGMENTAL PROFITABILITY

(I) PROFIT BEFORE TAX BY BUSINESS SEGMENT

	2019		2018		Growth %
	RM'Million	% of Contribution	RM'Million	% of Contribution	
Domestic Operations					
Comprise of:					
Retail	3,727	52.2	3,648	51.4	2.2
Hire Purchase	399	5.6	325	4.6	23.0
Fund Management	647	9.1	667	9.4	(3.0)
Corporate Lending	515	7.2	558	7.9	(7.7)
Treasury and Capital Market	281	3.9	622	8.7	(54.9)
Investment Banking	40	0.6	49	0.7	(19.5)
Others*	786	11.0	541	7.6	45.4
Total domestic operations	6,395	89.6	6,410	90.3	(0.2)
Overseas Operations	739	10.4	691	9.7	7.0
Profit before taxation	7,134	100.0	7,101	100.0	0.5

* Others comprise mainly of domestic head office, other miscellaneous domestic segment and domestic share of results of equity accounted associated company

- Retail Operations, which was the largest contributor to the Public Bank Group's pre-tax profit at 52.2%, reported an increase of 2.2% in pre-tax profit to RM3,727.0 million in 2019 mainly due to higher net interest income arising from higher average loan balances, partially offset by higher other operating expenses and lower net writeback of loan impairment allowance.
- Hire Purchase Operations' pre-tax profit increased by 23.0% to RM399.1 million in 2019 mainly attributed to lower loan impairment allowance partially offset by lower net interest income and higher other operating expenses.
- Fund Management Operations' pre-tax profit decreased by 3.0% to RM646.8 million in 2019 mainly due to lower fee on sale of trust units, lower net interest income and higher other operating expenses, partially offset by higher management fee from higher average net asset value of funds under management.
- Corporate Lending's pre-tax profit decreased by 7.7% to RM515.5 million in 2019 mainly due to higher loan impairment allowance partially offset by higher net interest income.
- Treasury and Capital Market Operations' pre-tax profit decreased by 54.9% to RM280.6 million in 2019 mainly due to the negative effect on net interest income to the funding center operations arising from the Overnight Policy Rate ("OPR") reduction in 2019 as compared to an OPR hike in 2018. This was partially offset by higher investment income generated by the Treasury operations during the year. Excluding the funding center operations, the pre-tax profit of treasury and capital market operations grew by 14.9%.
- Investment Banking Operations reported a lower pre-tax profit of 19.5% to RM39.6 million in 2019 mainly due to lower brokerage income from stock broking activities and higher loan impairment allowance, partially offset by higher investment income.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

(II) PROFIT BEFORE TAX BY GEOGRAPHICAL LOCATIONS AND MAJOR COMPANIES

	2019		2018		Growth %
	RM'Million	% of Contribution	RM'Million	% of Contribution	
In Malaysia	6,395	89.6	6,410	90.3	(0.2)
<i>of which:</i>					
<i>Public Bank Berhad*</i>	4,991	70.0	4,983	70.2	0.2
<i>Public Islamic Bank Berhad*</i>	642	9.0	619	8.7	3.8
<i>Public Mutual Berhad</i>	647	9.1	667	9.4	(3.0)
<i>Public Investment Bank Berhad*</i>	40	0.6	49	0.7	(19.6)
Outside Malaysia	739	10.4	691	9.7	7.0
<i>of which:</i>					
<u>Hong Kong operations</u>	296	4.2	321	4.5	(7.6)
– <i>Public Finance Limited*</i>	124	1.7	151	2.1	(17.5)
– <i>Public Bank (Hong Kong) Limited*</i>	147	2.1	155	2.2	(4.9)
<u>Cambodian operations</u>					
<i>Cambodian Public Bank Plc</i>	344	4.8	289	4.1	19.0
<u>Vietnam operations</u>					
<i>Public Bank Vietnam Limited</i>	70	1.0	47	0.7	49.1
Profit before taxation	7,134	100.0	7,101	100.0	0.5

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

- Domestic operations contributed 89.6% to the Public Bank Group's pre-tax profit in 2019 whilst overseas operations contributed the remaining 10.4% mainly from Cambodian Public Bank Plc and Public Financial Holdings Group in Hong Kong.
- Overseas operations achieved a 7.0% growth or RM48.2 million in pre-tax profit in 2019, mainly due to higher profit achieved by Cambodian Public Bank Plc and Public Bank Vietnam Limited.

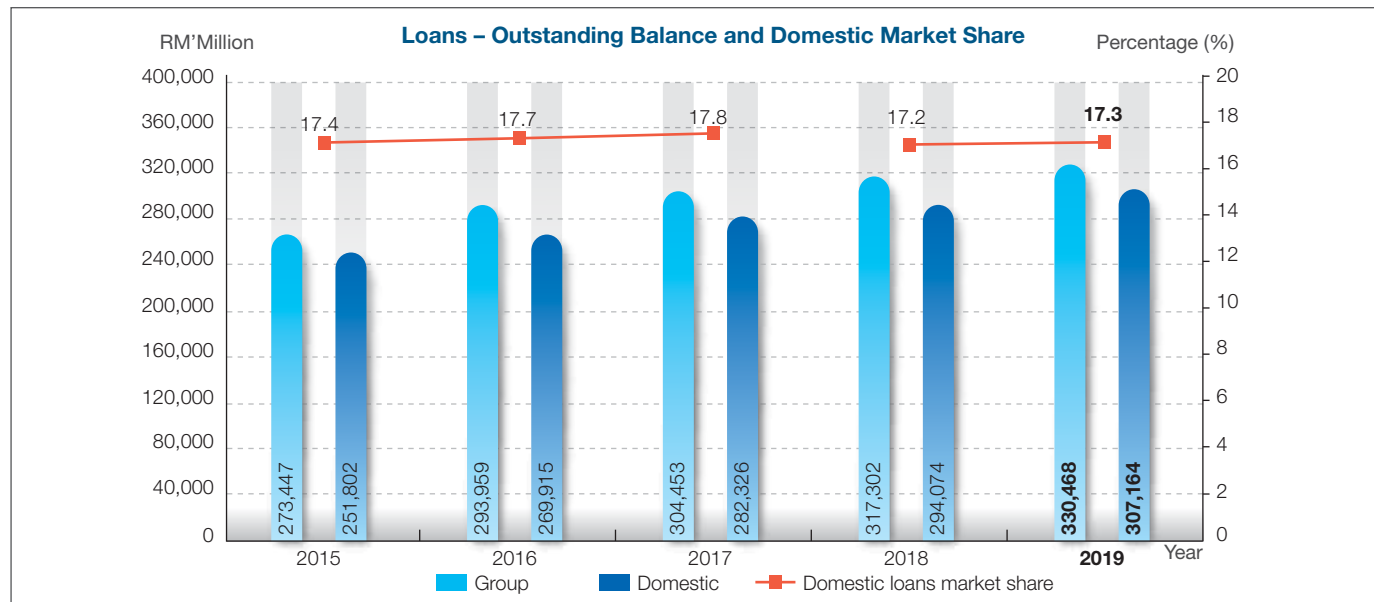
MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE

LOANS AND DEPOSITS

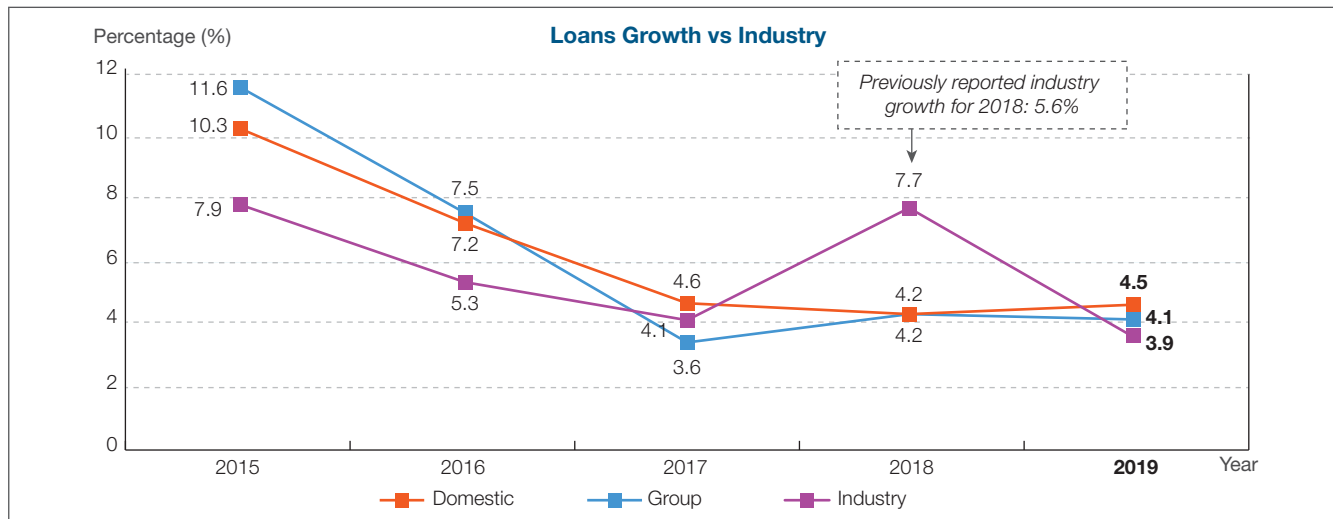
SUSTAINED GROWTH IN LOANS AND DEPOSITS

The Public Bank Group pursues a focused organic growth strategy in retail banking business, particularly in domestic consumer banking and small and medium enterprises lending. In 2019, the Group continued to drive sustainable growth in its lending and deposit-taking businesses and maintained the Group's strong domestic market position in loans and deposits.



Note: From year 2018 onwards, industry figures were revised to include data from MBSB Bank Berhad

- The Public Bank Group's gross loans, advances and financing grew by 4.1% or RM13.17 billion from RM317.30 billion as at the end of 2018 to RM330.47 billion as at the end of 2019. Domestic loans rose by 4.5% or RM13.09 billion to RM307.16 billion as at the end of 2019.
- As at the end of 2019, the Public Bank Group's domestic loans market share further increased to 17.3%, from 17.2% a year ago.

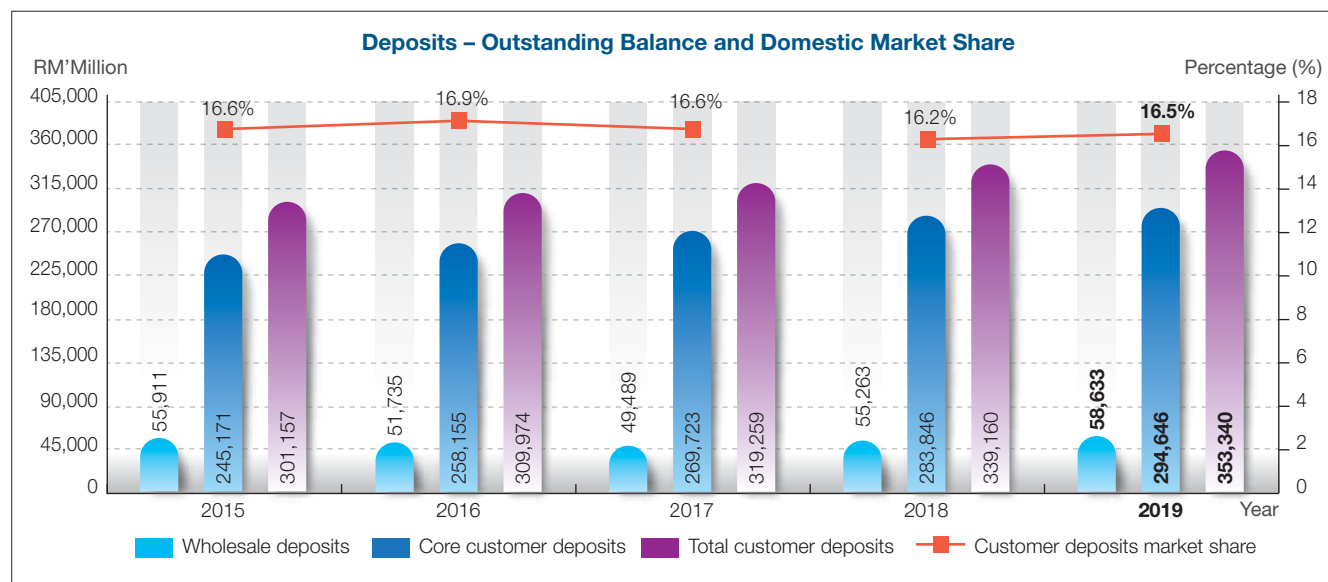


Note: From year 2018 onwards, industry figures were revised to include data from MBSB Bank Berhad

- Despite stiff market competition, the Group's total loans grew by 4.1% in 2019. Domestic loans grew at a faster pace of 4.5%, higher than the banking industry's loans growth rate of 3.9%.

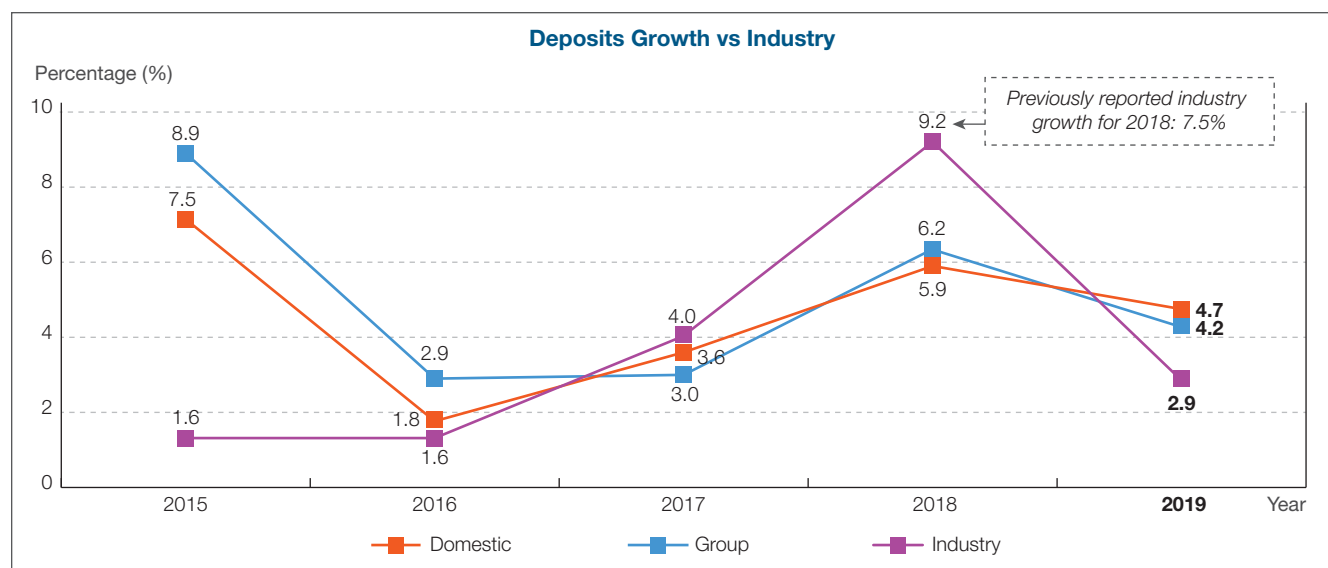


MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW



Note: From year 2018 onwards, industry figures were revised to include data from MBSB Bank Berhad

- The Public Bank Group continued to focus on optimising funding position by balancing between deposits growth and cost of funds during the year. The Group's customer deposits increased by 4.2% or RM14.18 billion to RM353.34 billion as at the end of 2019. The growth was mainly attributed to core customer deposits which grew by 3.8% or RM10.80 billion to RM294.65 billion as at the end of 2019.
- The Public Bank Group's domestic customer deposits market share increased from 16.2% as at the end of 2018 to 16.5% as at the end of 2019, a testament to the Group's strong retail franchise and large domestic depositor base.



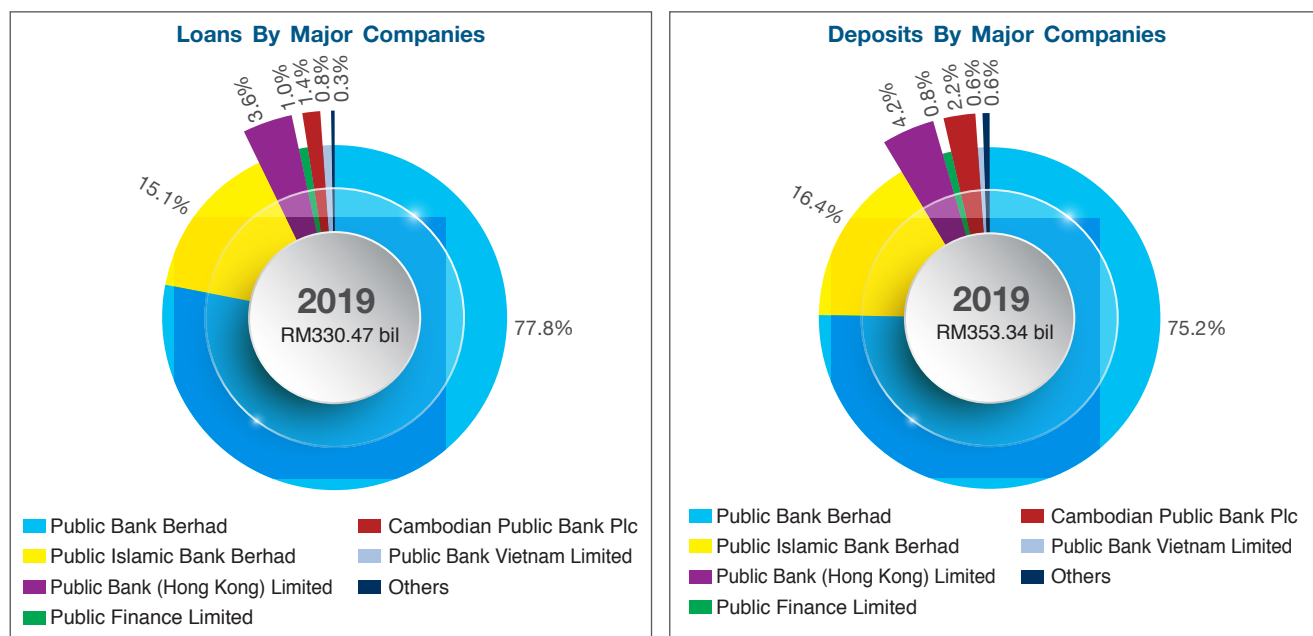
Note: From year 2018 onwards, industry figures were revised to include data from MBSB Bank Berhad

- The Public Bank Group's deposits expanded by 4.2% in 2019 mainly supported by domestic deposits which grew at a faster pace of 4.7%, higher than the domestic banking industry's deposits growth rate of 2.9%.

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE

(I) LOANS AND DEPOSITS BY MAJOR COMPANIES



Loans and Deposits Growth by Geographical Locations and Major Companies

	Loans Growth Rate		Deposits Growth Rate	
	2019 %	2018 %	2019 %	2018 %
Domestic*	4.5	4.2	4.7	5.9
of which:				
Public Bank Berhad	3.5	3.2	3.6	5.6
Public Islamic Bank Berhad	8.9	9.4	10.7	8.4
Overseas	0.3	5.0	(1.5)	9.6
of which:				
Public Bank (Hong Kong) Limited**	(5.7)	0.3	(4.8)	2.8
Public Finance Limited**	1.3	5.8	2.0	7.7
Cambodian Public Bank Plc**	9.5	2.6	2.0	15.9
Public Bank Vietnam Limited**	25.8	31.2	18.9	24.5
Group	4.1	4.2	4.2	6.2

* Excluding overseas branches' as well as intercompany loans and deposits

** Loans and deposits growth computed based on their respective local currency

- The domestic market continues to be the Public Bank Group's key focus. In recent years, the Group has also been actively expanding its business in Indo-China, particularly in Vietnam, capitalising on the favourable economic environment in the Indo-China region.
- In 2019, the domestic market remained challenging with continued uncertainties in the macro environment and intense competition for loans and deposits. However, the Group's domestic loans and customer deposits continued to grow at a healthy rate of 4.5% and 4.7% respectively in 2019.
- The performance of the Group's overseas operations were mixed in 2019. Whilst the Group's Indo-China operations registered strong performance, the Group's Hong Kong operations were affected by unabated social unrest. Total loans of the Group's overseas operations grew by 0.3% whilst total deposits' growth rate contracted by 1.5% in 2019. In particular, Public Bank Vietnam reported commendable double-digit growth of 25.8% and 18.9% respectively in loans and deposits in 2019.



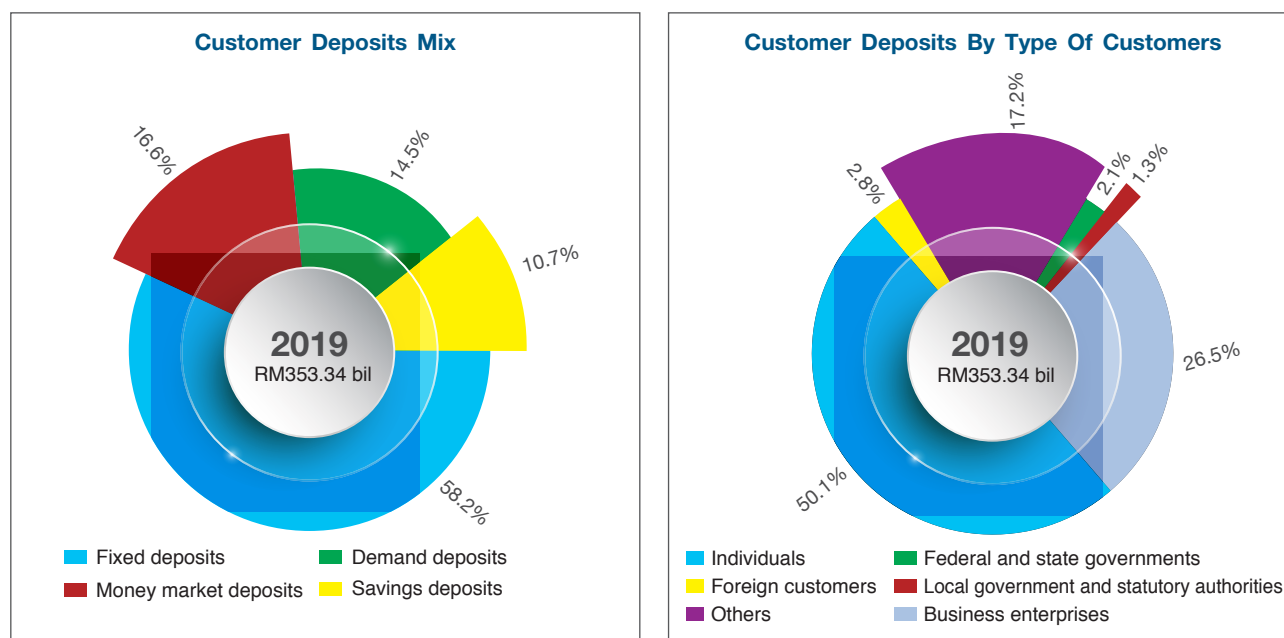
MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

(II) LOANS, ADVANCES AND FINANCING BY KEY RETAIL BANKING SEGMENT

	Outstanding		Growth Rate		2019 Market Share %
	2019 RM'Million	2018 RM'Million	2019 %	2018 %	
Residential Properties	125,851	116,258	8.3	8.4	19.9
– Domestic	119,977	110,543	8.5	8.4	
Passenger Vehicles	51,770	50,721	2.1	0.1	29.4
– Domestic	49,123	48,025	2.3	(0.2)	
SME	68,397	67,925	0.7	(2.5)	21.1
– Domestic	64,582	64,404	0.3	(2.0)	

- The Public Bank Group continued to focus its lending on the extension of financing for the purchase of residential properties, passenger vehicles and commercial lending to SMEs, which accounted for 74.4% of the Group's total gross loans, advances and financing as at the end of 2019.
- Loans growth in 2019 was driven mainly by growth in the Group's financing of residential properties, passenger vehicles and lending to SMEs which grew by 8.3%, 2.1% and 0.7% respectively in 2019.
- Despite the challenging operating environment, the Group retained its strong market positions in the domestic financing for residential properties, passenger vehicles and commercial lending to SMEs with market shares of 19.9%, 29.4% and 21.1% respectively as at the end of 2019.

(III) COMPOSITION OF CUSTOMER DEPOSITS



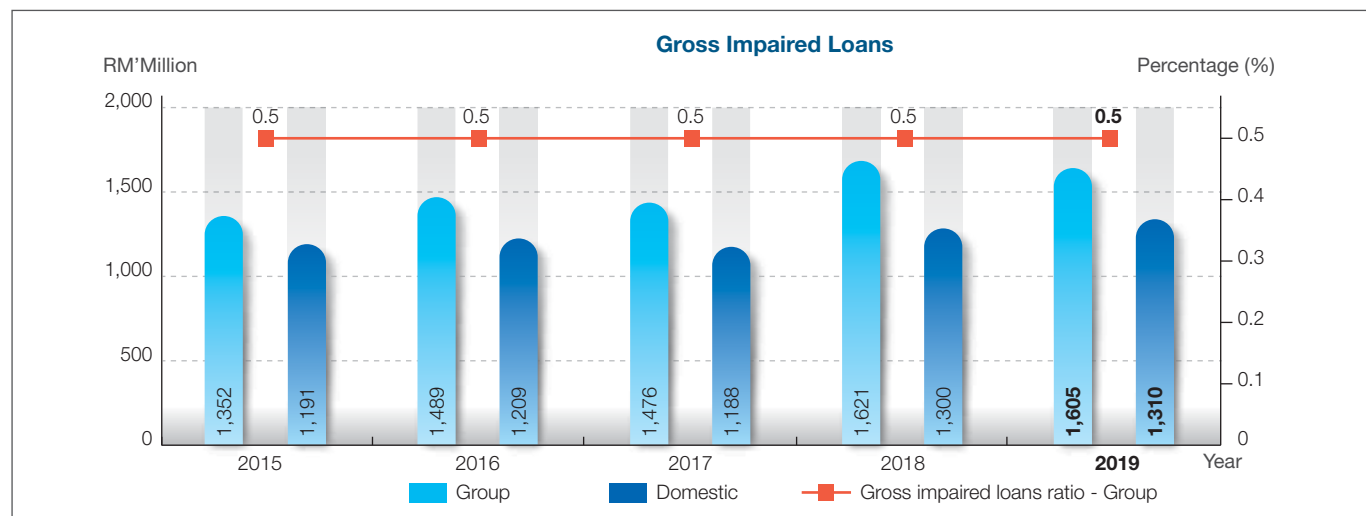
- Core customer deposits which consist of demand deposits, savings deposits and fixed deposits, accounted for 83.4% of the Group's total customer deposits whilst low cost deposits comprising demand deposits and saving deposits represented 25.2% of the Group's total customer deposits as at the end of 2019.
- As at the end of 2019, 50.1% of the Group's total customer deposits were individual depositors which provides a stable source of funding.

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE

ASSET QUALITY

STRONG ASSET QUALITY



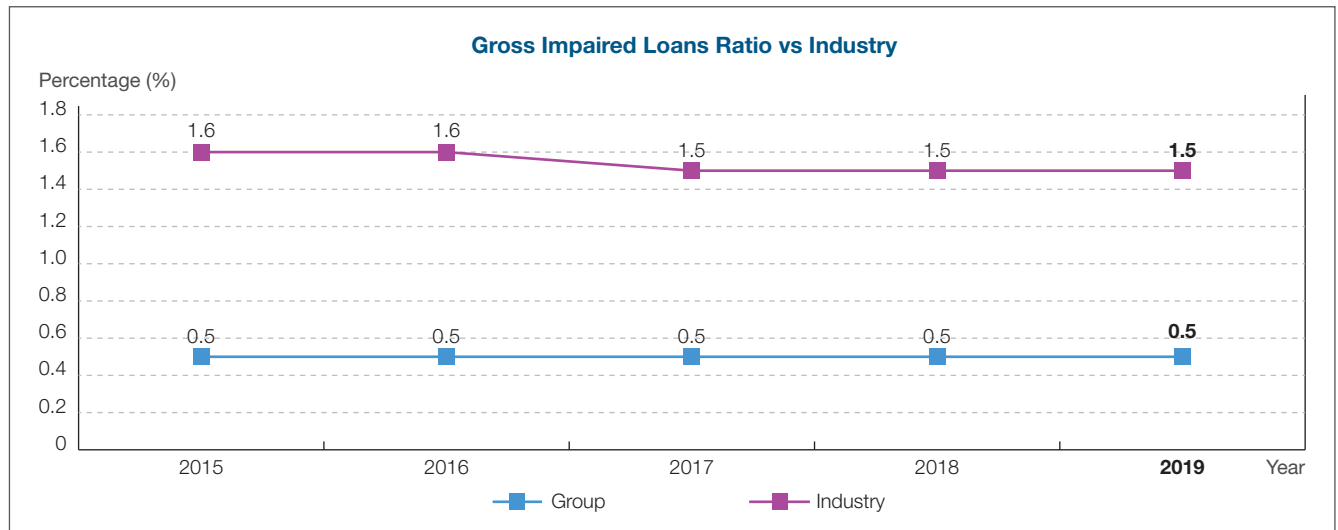
- In spite of the Public Bank Group's growing lending portfolio, the Group's asset quality continues to rank No. 1 amongst the Malaysian banking groups with the lowest gross impaired loans ratio of 0.5% as at the end of 2019.
- The Group's strong and stable asset quality is a result of the Group's disciplined and prudent approach in loans approval process, strong credit risk management practices and effective recovery process.

	2019 %	2018 %
Gross Impaired Loans Ratio		
Domestic	0.4	0.4
of which:		
Public Bank Berhad	0.4	0.5
Public Islamic Bank Berhad	0.6	0.6
Overseas	1.3	1.4
of which:		
Public Bank (Hong Kong) Limited	0.3	0.3
Public Finance Limited	2.0	1.9
Cambodian Public Bank Plc	0.8	1.3
Public Bank Vietnam Limited	1.2	1.2
Group	0.5	0.5

- The Group's domestic gross impaired loans ratio remained low at 0.4% as at the end of 2019, and was the lowest amongst the Malaysian banking groups.
- The asset quality of the Group's overseas operations improved as reflected by gross impaired loans ratio which dropped to 1.3% as at the end of 2019, from 1.4% a year ago.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW



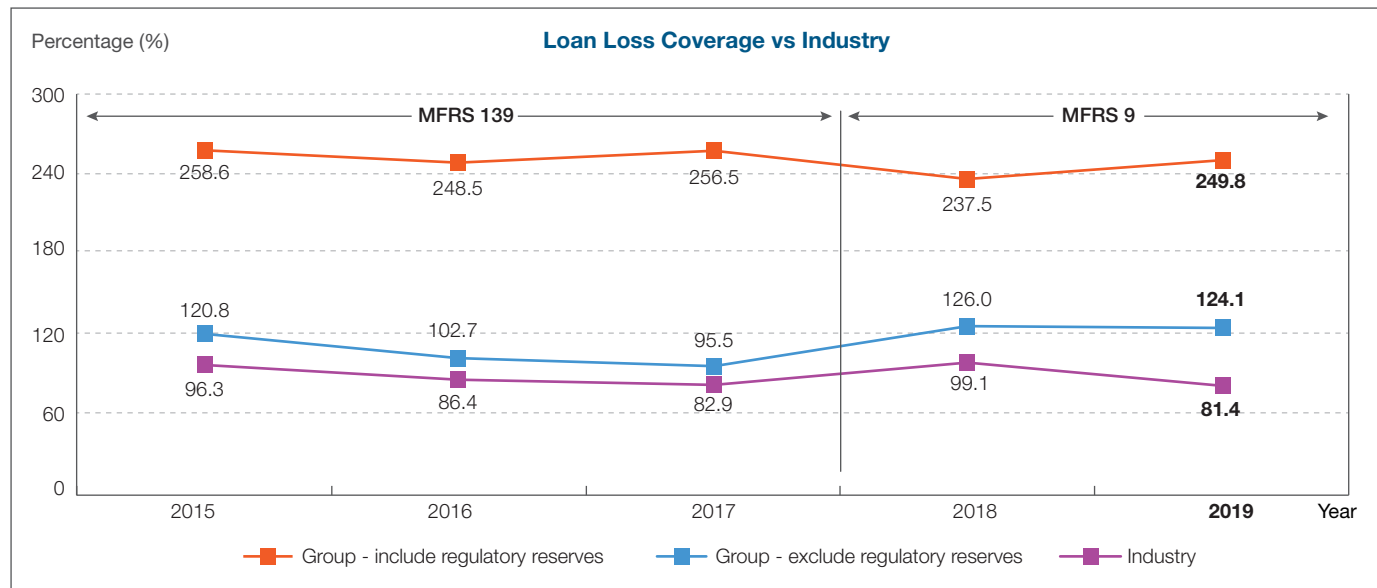
- The Group's gross impaired loans ratio have stayed approximately one-third that of the banking industry's gross impaired loans ratio over the past five years, reflecting the Group's uncompromising commitment to maintain strong asset quality.

	Public Bank Group		2019 Industry Average
	2019 %	2018 %	%
Gross Impaired Loans Ratio by Type of Loans			
Consumer			
Housing Loans	0.5	0.5	1.2
Hire Purchase	0.5	0.6	0.8
Commercial Properties	0.3	0.3	1.4

- The Group's gross impaired loans ratio for housing loans, hire purchase and commercial properties financing of 0.5%, 0.5% and 0.3% respectively as at the end of 2019 continued to be well below the industry average of 1.2%, 0.8% and 1.4% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE



- Apart from its low gross impaired loans ratio, the Public Bank Group has also maintained high levels of provisioning and regulatory reserves as reflected by the Group's high loan loss coverage.
- Despite more than 90% of the Group's impaired loans are secured, the Group's loan loss coverage stood at 124.1% which was well above the banking industry's loan loss coverage ratio of 81.4%.
- With the inclusion of regulatory reserves, the Group's loan loss coverage would be significantly higher at 249.8%.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

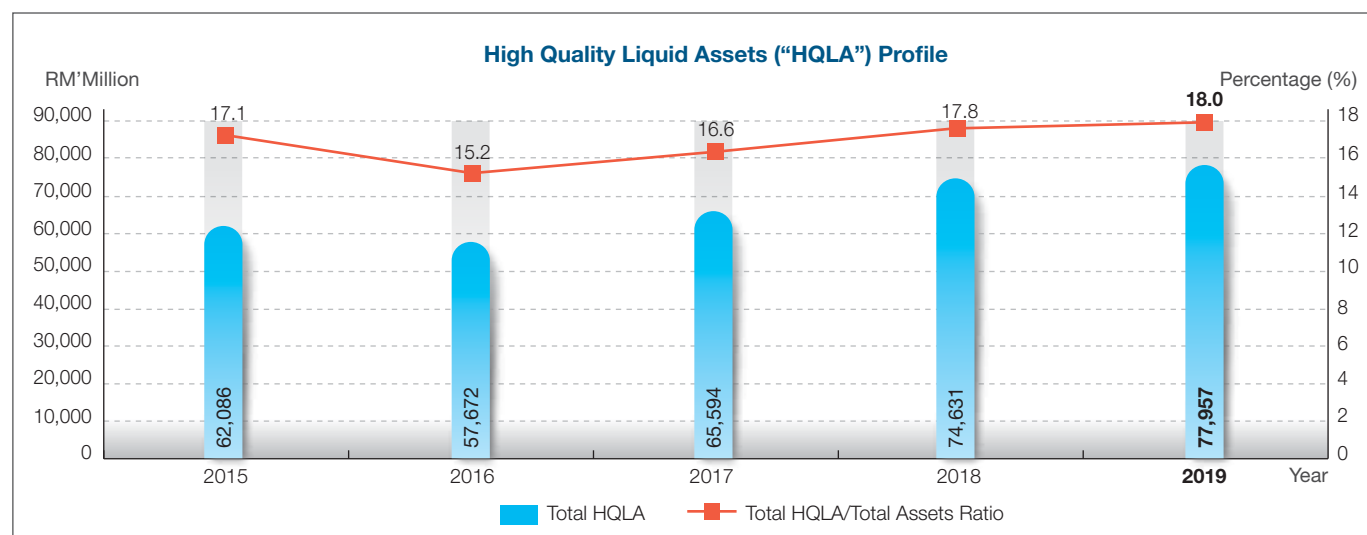
FUNDING AND LIQUIDITY

STABLE FUNDING AND LIQUIDITY POSITION

Group Funding Profile

Year	2015 %	2016 %	2017 %	2018 %	2019 %
Core customer deposits	68.8	69.3	69.5	68.8	69.4
Wholesale deposits	15.7	13.9	12.8	13.4	13.8
Deposits from banks	2.8	3.2	3.0	2.3	2.0
Debt capital funding	3.1	2.7	2.5	2.5	2.2
Equity capital	8.8	9.2	9.6	9.9	10.3
Others	0.8	1.7	2.6	3.1	2.3

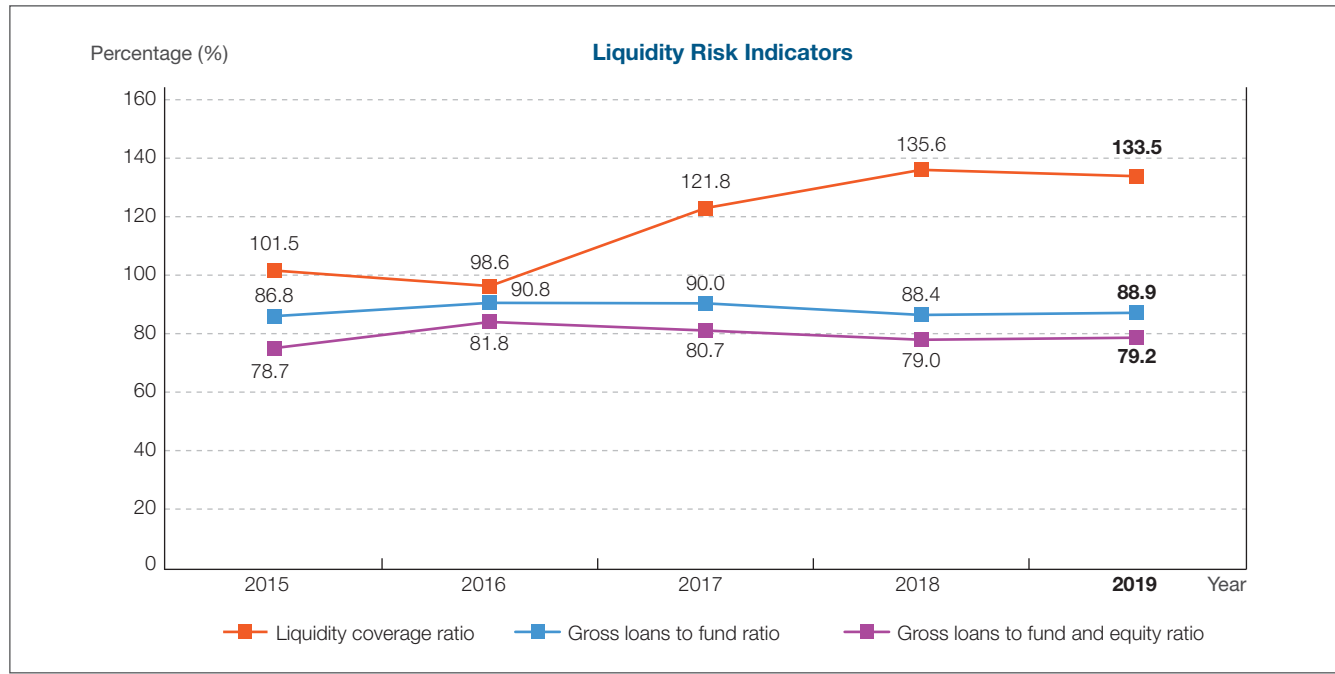
- The Public Bank Group's primary sources of funding are core customer deposits and wholesale deposits which contributed 69.4% and 13.8% respectively to the Group's total funding. A significant portion of the Group's funding over the last five years were from core customer deposits which contributed approximately two-thirds to the Group's total funding. These stable, cost efficient, long term sources of funding supports the Group's ability to grow its core lending business.
- The Group's equity capital and long term debt capital funding comprising of Senior Medium Term Notes, Subordinated Notes, Subordinated Sukuk Murabahah and Additional Tier I Capital Securities formed 12.5% of the Group's total funding as at the end of 2019.



- The Group continues to maintain high quality, well diversified liquid assets to ensure liquidity buffers and to meet regulatory requirements. The Group's high quality liquid assets remained high at RM77.96 billion as at the end of 2019, representing 18.0% of the Group's total assets.

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

SUMMARY OF GROUP FINANCIAL PERFORMANCE



- With the introduction of new liquidity measures such as liquidity coverage ratio (“LCR”) in recent years and the upcoming implementation of Net Stable Funding Ratio, the Public Bank Group will continue to focus on core deposits growth and safeguard its deposits market share while exercising prudence in its cash flows to maintain its healthy liquidity position.
- As at the end of 2019, the Group’s liquidity position remained healthy with its gross loans to fund ratio and gross loans to fund and equity ratio of 88.9% and 79.2% respectively. The Group’s LCR of 133.5% as at the end of 2019 was also well above the Bank Negara Malaysia’s minimum LCR requirement of 100%.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

The table below summarises the key performance indicators of the Public Bank Group over the last 5 years:

Key Performance Indicators	2015	2016	2017	2018	2019
Profitability (%)					
Net return on equity	17.8	16.5	15.8	14.8	13.6
Cost to income ratio	30.5	32.3	31.9	33.0	34.4
Asset Quality (%)					
Gross impaired loans ratio	0.5	0.5	0.5	0.5	0.5
Balance Sheet (RM'Billion)					
Assets	363.8	380.1	395.3	419.7	432.8
Gross loans	273.4	294.0	304.5	317.3	330.5
Deposits	301.2	310.0	319.3	339.2	353.3

PROFITABILITY

- The Public Bank Group's net return on equity has been gradually declining in line with industry trend mainly due to moderating revenue growth and continued margin squeeze arising from stiff market competition amid challenging market conditions. In addition, the further build up of capital had also contributed to the dilution of net return on equity.
- However, the Group continued to record the highest net return on equity amongst Malaysian banking groups with net return on equity of 13.6% in 2019.
- The Group also continued to be the most cost-efficient bank amongst Malaysian banking groups with the lowest cost to income ratio of 34.4%.

ASSET QUALITY

- The Public Bank Group's gross impaired loans ratio of 0.5% as at the end of 2019 remained the lowest and ranked No. 1 amongst domestic banking groups.

BALANCE SHEET STRENGTH

- Since the end of 2015, the Public Bank Group's total assets grew by 19.0% to RM432.83 billion as at the end of 2019 whilst total loans and deposits increased by 20.9% and 17.3% respectively to RM330.47 billion and RM353.34 billion respectively as at the end of 2019.

BENCHMARKING AGAINST BANKING INDUSTRY'S PERFORMANCE

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

Key Financial Indicators	2019		2018	
	Public Bank Group	Latest Industry Average	Public Bank Group	Latest Industry Average
Profitability (%)				
Pre-tax return on average equity	17.1	13.0	18.2	12.6
Pre-tax return on average assets	1.7	1.5	1.7	1.4
Cost to income ratio	34.4	44.7	33.0	44.6
Productivity (RM'000)				
Pre-tax profit/employee	370	311	379	311
Gross loans/employee	17,158	13,957	16,949	13,957
Deposits/employee	18,346	15,707	18,117	15,707
Asset Quality (%)				
Gross impaired loans ratio	0.5	1.5	0.5	1.5
Loan loss coverage	124.1	81.4	126.0	99.1
Growth Rate (%)				
Gross loans (domestic)	4.5	3.9	4.2	7.7*
Deposits (domestic)	4.7	2.9	5.9	9.2*

* From year 2018 onwards, industry figures were revised to include data from MBSB Bank Berhad. Previously reported industry growth rate for loans and deposits in 2018 were 5.6% and 7.5% respectively.

- As at the end of 2019, the Public Bank Group was the third largest banking group in Malaysia with total assets of RM432.83 billion and accounted for 13.9% of the domestic industry's total assets. The Group's domestic market share of gross loans and customer deposits stood at 17.3% and 16.5% respectively as at the end of 2019.

PROFITABILITY

- The Public Bank Group continued to maintain its No. 1 position in the domestic banking groups in terms of profitability and cost efficiency.
- The Group's pre-tax return on average equity and pre-tax return on average assets of 17.1% and 1.7% respectively were above the banking industry's average of 13.0% and 1.5% respectively.
- The Group's cost to income ratio remained efficient at 34.4%, well below the banking industry's average cost to income ratio of 44.7%, making the Group the most cost-efficient domestic banking group in Malaysia.

PRODUCTIVITY

- The Public Bank Group's gross loans per employee and deposits per employee grew by 1.2% and 1.3% respectively to RM17.2 million and RM18.3 million respectively as at the end of 2019 whilst pre-tax profit per employee stood at RM370,400 as at the end of 2019.

ASSET QUALITY

- The Public Bank Group's gross impaired loans ratio of 0.5% as at the end of 2019 remained the best amongst Malaysian banking groups and was well below the banking industry's gross impaired loans ratio of 1.5%.
- The Group's loan loss coverage ratio of 124.1% as at the end of 2019 was higher and more prudent than the banking industry's loan loss coverage ratio of 81.4%.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

COMPARISON AGAINST KEY DOMESTIC BANKS

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

Bank	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	13.6	34.4	0.5
Malaysia			
Malayan Banking Berhad	10.9	46.7	2.6
CIMB Group Holdings Berhad	9.3	53.4	3.1
RHB Bank Berhad	10.3	48.9	2.0
Hong Leong Bank Berhad	10.8	42.8	0.8
AMMB Holdings Berhad	8.1	49.6	1.7
Affin Bank Berhad	NA	63.4	3.0
Alliance Bank Malaysia Berhad	7.5	48.2	1.9

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

NA Not available

The Public Bank Group maintained its leading position amongst the key domestic commercial banking groups in Malaysia in terms of profitability, asset quality and cost efficiency with the highest net return on equity of 13.6% and lowest cost to income ratio of 34.4% as well as lowest gross impaired loans ratio of 0.5%.

COMPARISON AGAINST LEADING BANKS IN ASIA PACIFIC

Bank	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	13.6	34.4	0.5
SINGAPORE			
DBS Group	9.2	38.6	1.6
UOB	11.6	44.6	1.5
OCBC	11.4	42.7	1.5
HONG KONG			
Hang Seng Bank	15.2	30.0	0.2
The Hongkong and Shanghai Banking Corporation Limited	13.9	42.6	NA
AUSTRALIA			
ANZ Bank	5.1	53.8	0.4
Commonwealth Bank of Australia	12.9	43.7	0.4
National Australia Bank	4.7	62.4	1.0

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

NA Not available

When benchmarked against the leading banks in the Asia Pacific region, the Public Bank Group's cost to income ratio of 34.4% ranked second. The Group's net return on equity and gross impaired loans ratio of 13.6% and 0.5% respectively ranked third and fourth respectively when compared to the leading regional banking groups.

CAPITAL MANAGEMENT

The Public Bank Group's capital management approach is guided by key capital management objectives as articulated in the Public Bank Group's Capital Management Framework. The Group's capital position, capital mix and capital allocation are continuously reviewed taking into consideration the Group's strategic and organisational requirements as well as the regulatory and business environment in which the Group operates.

Public Bank Group Capital Management Framework

Key Objectives

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

COMPREHENSIVE RISK ASSESSMENT UNDER ICAAP

The Public Bank Group's capital management objectives are implemented through the Group's Internal Capital Adequacy Assessment Process ("ICAAP") which are broadly encapsulated as follows:

Assessment	Capital plan
• Comprehensive assessment of the Group's material risks	• Preparation of annual capital plan over the medium term horizon of at least three years, taking into consideration the following factors: – Internal Capital Targets for the Group and entities within the Group; – capital demand for regulatory requirements, business strategy and material risks based on the Group's risk appetite; and – availability and composition of different capital components as well as requirements for any capital issuance.
• Evaluation of the adequacy of the Group's capital to support its business activities	
• Assessment of the Group's capital to withstand market shocks via capital stress tests exercise	
• Review and recalibration of the Group's Internal Capital Targets, if necessary	• Approval of annual capital plan by Board of Directors



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

HEALTHY CAPITAL ADEQUACY RATIOS

The Public Bank Group adopts the Bank Negara Malaysia's ("BNM") Capital Adequacy Framework, which is in line with the Basel Committee on Banking Supervision Basel III Capital Adequacy Framework.

Minimum capital adequacy requirements

Under the BNM's Capital Adequacy Framework, the Public Bank Group's regulated banking entities in Malaysia are required to maintain a minimum Common Equity Tier ("CET") I, Tier I and Total Capital Ratios of 4.5%, 6.0% and 8.0% respectively and a capital conservation buffer of 2.5% maintained in the form of CET I capital.

In order to provide an adequate buffer above the minimum regulatory requirements, the capital adequacy ratios of the Public Bank Group's banking entities are maintained above its respective internal capital targets.

The table below shows the capital adequacy ratios of Public Bank Group and the key banking entities within the Public Bank Group as at the end of 2019 as compared to the minimum regulatory requirements by the respective central banks:

Capital Ratios (After Proposed Dividend)	Common Equity Tier I Capital Ratio		Tier I Capital Ratio		Total Capital Ratio/ Solvency Ratio	
	2019 %	Minimum Regulatory Requirements %	2019 %	Minimum Regulatory Requirements %	2019 %	Minimum Regulatory Requirements %
Public Bank Group	13.5	7.0*	13.5	8.5*	16.8	10.5*
Public Bank Berhad	12.1	7.0*	12.2	8.5*	15.5	10.5*
Public Islamic Bank Berhad	12.4	7.0*	12.4	8.5*	16.2	10.5*
Public Investment Bank Berhad	49.5	7.0*	49.5	8.5*	50.0	10.5*
Public Bank (Hong Kong) Limited	18.3	9.0**	18.3	10.5**	19.6	12.5**
Public Finance Limited	20.9	9.0**	20.9	10.5**	22.0	12.5**
Cambodian Public Bank Plc	NA	NA	NA	NA	18.4	15.0
Public Bank Vietnam Limited	NA	NA	NA	NA	43.6	9.0

NA Not applicable

* Inclusive of capital conservation buffer of 2.5%

** Inclusive of capital conservation buffer of 2.5% and counter-cyclical buffer of 2.0%. Under the Banking (Capital) Rules, Hong Kong Monetary Authority can vary any capital requirement rule, including the minimum capital adequacy ratio requirements

Note: On 5 February 2020, BNM issued the Domestic Systemically Important Bank ("D-SIB") Framework. Under the D-SIB Framework, the Public Bank Group has been identified as a D-SIB and is required to set aside D-SIB capital buffer of 0.5% in the form of CET I capital which will come into effect on 31 January 2021. Based on the Group's current capital positions, there is adequate capital buffers to meet this requirement

MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

CAPITAL MANAGEMENT

CAPITAL INITIATIVES

The key capital management initiatives that were undertaken by the Public Bank Group during the year are as follows:

(i) Debt Capital

In July and December 2019, Public Bank issued RM1.5 billion and RM500 million Subordinated Notes under its RM10.0 billion Basel III - Compliant Tier II Subordinated Medium Term Notes Programme.

As at the end of 2019, the Public Bank Group has a total of RM6.10 billion Basel III compliant debt capital outstanding comprising:

	RM'Billion
Subordinated notes/Sukuk Murabahah	6.00
Additional Tier I Capital Securities	0.10
	6.10

(ii) Healthy dividend payout

The Public Bank Group aims to pay consistent and sustainable dividends to its shareholders over the long term by balancing growth with proactive capital management. The Group's dividend per share increased from 69 sen in 2018 to 73 sen in 2019 which represent a healthy dividend payout of 51.4%.

(iii) Superior Returns to Shareholders

If a shareholder of Public Bank had bought 1,000 shares in Public Bank when it was listed in 1967, and assuming the shareholder had subscribed for all rights issues to date and had not sold any of the Public Bank shares, he would have, at the end of 2019, 148,938 Public Bank shares worth RM2.9 million based on the share price of Public Bank shares of RM19.44 as at the end of 2019. In addition, he would have received a total gross dividend of RM1.5 million whilst having only invested a capital outlay of RM235,612, including subscription for all rights issues. The dividends received and the appreciation in share value translate to a remarkable compounded annual rate of return of 18.6% for each of the 52 years that this shareholder has held the shares in Public Bank since it was listed in 1967.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

CREDIT RATINGS

Public Bank is rated by three rating agencies, RAM Ratings, Standard & Poor's and Moody's Investors Service.

During the year, RAM Ratings, the domestic rating agency, reaffirmed the AAA rating on Public Bank. The AAA rating is the highest rating assigned by RAM and reflects the ability to offer the highest level of safety for timely payment of its financial obligations. The credit ratings reaffirmed by Standard & Poor's and Moody's Investors Service also remain unchanged and are equivalent with Malaysia's sovereign rating.

The credit rating agencies conduct annual rating reviews on Public Bank. The Bank carries out regular engagement with credit rating agencies as well as regulators to provide comprehensive, timely and transparent information on the Bank's performance, business strategies and prospects as part of the Bank's commitment to maintain its investment grade credit ratings.

Public Bank Berhad	Long Term	Short Term	Outlook
RAM Ratings	AAA	P1	Stable
Moody's Investors Service	A3	P-2	Stable
Standard & Poor's	A-	A-2	Stable

BUSINESS OPERATIONS REVIEW

OVERVIEW

PBB GROUP'S STRATEGIC FOCUS: ORGANIC GROWTH IN FOCUS AREAS

Core Focus



DOMESTIC CONSUMER BANKING AND SME LENDING

Page 136 – 141

- Focus on consumer lending for purchase of residential properties and passenger vehicles
- Continue to penetrate mid-market SME financing in encouraged sectors
- Secure higher growth in retail and low cost deposits
- Sustain existing pool of deposits
- Achieve optimum balance between growth and cost of funds

Other Areas



WEALTH MANAGEMENT

Page 142 – 148

- Sustain its leading market position in the private unit trust business
- Offer superior services to customers and diversify product range
- Develop new insurance products with AIA



TRANSACTIONAL SERVICES

Page 149

- Promote e-payment
- Maintain effective collaboration with its banking and non-banking partners



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

The Group pursues a focused organic growth strategy in retail banking business, particularly in domestic consumer banking and SME lending.

of Focus

**CAPITAL MARKET OPERATIONS**

Page 150 – 152

- Continue to focus on commercial foreign exchange revenue
- Continue to grow existing corporate portfolio and acquire targeted new corporate clients
- Continue to grow retail and institutional customer base in the investment banking space

**INTERNATIONAL OPERATIONS**

Page 155 – 159

- Enhance contribution from overseas operations in Hong Kong/ People's Republic of China and Indo-China through organic growth

Supported By

**SERVING THE CUSTOMER**

Page 160

Provide top-notch customer service in line with the Group's corporate tagline "Excellence Is Our Commitment"

**CHANNEL MANAGEMENT**

Page 161 – 162

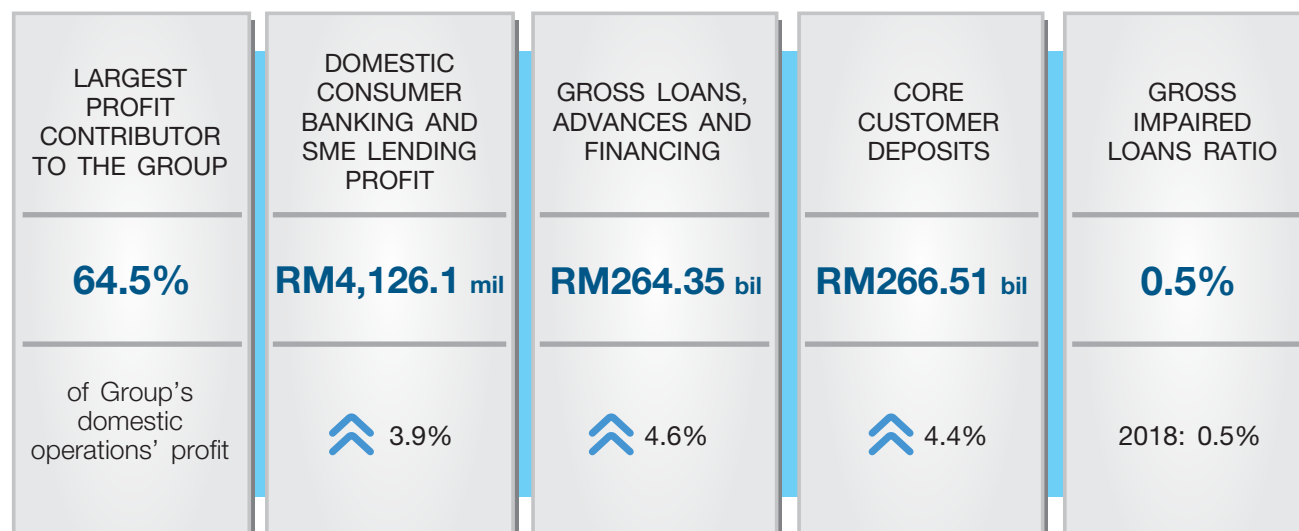
Serve customers through multi-channel network comprising branches, self service terminals and digital channels which include mobile, internet and social media platform

**INFORMATION & COMMUNICATION TECHNOLOGY**

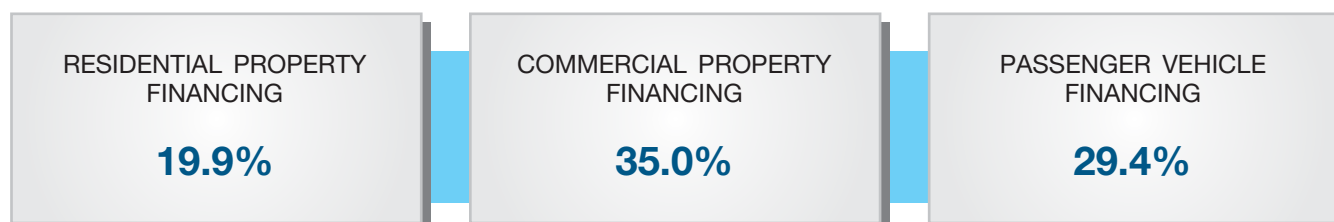
Page 163 – 167

Harness information technology to support the Group's business needs and improve customer experience

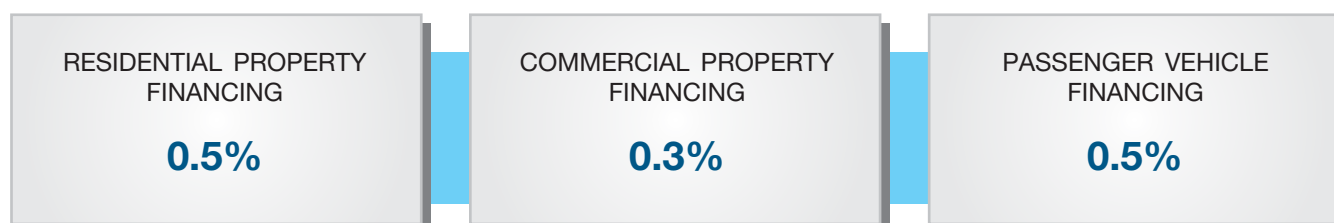
DOMESTIC CONSUMER BANKING AND SME LENDING



Market Shares



Gross Impaired Loans Ratio



The Pubic Bank Group's domestic retail banking offers a wide range of conventional as well as Shariah compliant retail loans, deposits products and financial services to both individual customers as well as small and medium enterprises ("SMEs"). These two business segments under the Group's domestic retail banking, which comprise of consumer banking and SME lending, account for 86.1% of the Group's total domestic lending portfolio.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

DOMESTIC CONSUMER BANKING

The Public Bank Group's domestic consumer banking comprise:

- i. Residential property financing
- ii. Passenger vehicle hire purchase financing
- iii. Personal consumer financing
- iv. Credit and debit cards
- v. Share margin financing
- vi. Customer deposits

Residential Property Financing

The residential property market remained soft in 2019 largely due to the property overhang situation in the country, mismatch of supply and demand issues and cautious consumer sentiment. In order to assist home buyers and stimulate the lacklustre residential property market, the Government launched the Home Ownership Campaign during the year which offered incentives such as stamp duty exemption and discount on house purchase price. The campaign received good response from homebuyers as well as developers, and has led to the residential property market regaining some momentum.

Performance Review

Despite the challenging market conditions in 2019, the Public Bank Group's domestic loan portfolio for residential properties recorded a growth of 8.5% to RM119.98 billion as at the end of 2019, accounting for 39.1% of the Group's total domestic loan portfolio. The Group remained the largest residential property financier in Malaysia, with market share further increasing from 19.6% a year ago to 19.9% as at the end of 2019.

In 2019, the Public Bank Group has approved total residential property loans amounting to RM19.91 billion, which accounted for 32.2% of the total domestic loans approved. The Group remains focused in the mass market segment with the majority of its financing granted for residential properties priced between RM100,000 and RM500,000. Loans to finance residential properties in this price range accounted for 60.2% of the total residential property loans approved in 2019.

The asset quality of the Public Bank Group's domestic residential property loans continued to be strong with low gross impaired loans ratio of 0.5% as at the end of 2019, well below the industry's impaired loans ratio of 1.2%. The ability to sustain strong asset quality is a reflection of the Group's prudent credit culture and stringent underwriting standards.

Products and Marketing Initiatives

Product/Initiative	Results
The Public Bank Group's flagship packages are: • Home Ownership Made Easy • Mortgage Refinancing	• Residential property loans were approved in 2019 for approximately 48,000 customers under these plans.
Bank Negara Malaysia's ("BNM") Priority Sector Lending • Provide financing for low cost homes.	• The Public Bank Group's outstanding loans amounted to RM3.01 billion as at the end of 2019.
PB First Home • Provide financing for first time house buyers. • Individuals with household income of up to RM5,000 are eligible for financing of residential property with purchase price not exceeding RM300,000 at margin of financing up to 110%.	• New to market. Product was introduced in 2019 in accordance with BNM's guidelines on "Home Financing for First Time House Buyers of Lower Income Group".

The Public Bank Group has successfully established itself as the leading financier in the residential property market by leveraging on its strong PB brand, efficient loan service delivery and extensive branch network. The Group continues to maintain close business relationship with solicitors, reputable property developers, property valuers and real estate agents for business support and referrals.

Anticipated Risks and Prospects

As a result of the COVID-19 pandemic, slower demand for home financing is anticipated amid the weakened domestic economy, uncertain outlook and subdued consumer sentiment. Nevertheless, the various fiscal and monetary measures introduced by the Government such as cuts in the Overnight Policy Rate, six months loan moratorium and the RM260 billion Prihatin Economic Stimulus Package aimed at supporting consumer spending and domestic demand, is expected to enable consumer segments to recover from the COVID-19 economic crisis.

Despite the challenging business environment in 2020, the Public Bank Group will strive to sustain its market position in the residential property financing market by focusing on the mass market segment, particularly home mortgages for owner occupation. The Group will also continue to promote financing of affordable housing backed by competitive pricing and flexible loan product packages.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

DOMESTIC CONSUMER BANKING AND SME LENDING

Passenger Vehicle Hire Purchase Financing

The automotive industry continued to be challenging in 2019 mainly due to weak consumer sentiment caused by amongst others, fear of price hikes, job insecurity and rising cost of living.

Performance Review

The passenger vehicle hire purchase financing segment remained one of the key retail lending businesses of the Public Bank Group, representing 16.0% of the Group's total domestic loan portfolio. Despite the weak market condition in this segment, the Group's domestic vehicle hire purchase financing portfolio recorded a growth of 2.3% or RM1.10 billion to RM49.12 billion as at the end of 2019. The Group continued to command a significant market share of 29.4% as at the end of 2019. The asset quality of the Group's domestic vehicle hire purchase portfolio also remained sound with gross impaired loans ratio improving to 0.5% as at the end of 2019, from 0.6% a year ago. This is a testament of the Group's well established prudent lending policies and credit practices.

Marketing Initiatives

The Public Bank Group continued to promote business volume and drive market share in 2019 through promotional campaigns and business collaboration with more than 2,500 established car distributors and dealers nationwide. The Group has a strong team of more than 1,500 staff based at its 26 Hire Purchase Centres, 13 Hire Purchase Hubs and 264 branches. These touch points are strategically located nationwide to support efficient loan delivery and provide personalised customer service to customers and business associates.

During the year, the Public Bank Group together with its business partners, participated in 29 strategic joint sales promotions and interest rate tie-up programmes as well as launched 12 exclusive tactical sales promotional campaigns. The Group had also participated in several mega roadshow events organised by car distributors and agencies.

Anticipated Risks and Prospects

The COVID-19 outbreak and the resulting economic impact will reduce consumer demand in the short term, leading to dampened new vehicle sales and deferred spending on non-essential maintenance. In 2020, vehicle sales are expected to plummet. Malaysian Automotive Association has revised its total industry volume forecast for 2020 from 607,000 units in 2019 to 400,000 units due to the COVID-19 outbreak, temporary closure of car showrooms and production shutdowns taking effect from Movement Control Order announced by the Government in March 2020, as well as weak consumer sentiment.

Against the backdrop of a highly challenging business environment, the Public Bank Group will strive to sustain its market position in the domestic vehicle financing segment by leveraging on its established market presence.

Personal Consumer Financing

The Public Bank Group's domestic personal consumer financing is largely driven by Public Islamic Bank's Bai' Al-Inah ("BAE") Personal Financing-i which is catered for staff of government agencies, statutory bodies, government linked corporations and large corporations. To date, Public Islamic Bank has agency arrangements with more than 290 entities. In line with the Group's low risk appetite, more stringent lending criteria were introduced. Hence, the total financing outstanding of BAE Personal Financing has dropped by 7.8% to RM1.55 billion as at the end of 2019.

Credit and Debit Cards

2019 continued to be a challenging year for the domestic credit card industry mainly due to intense competition among industry players for market share. Despite stiff market competition, Public Bank has successfully increased its credit, debit card and merchant base during the year. In particular, the Bank was strongly supportive of BNM's initiatives to promote debit card as a cost effective payment instrument to replace cash and cheques as well as expand merchant acceptance base in the market place.

Performance Review

The active branding and marketing activities, expansion of customer base and continued support from retail merchants, co-brand partners as well as existing customers contributed positively to Public Bank's business growth in 2019.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Public Bank's credit card receivables and credit card usage grew by 4.7% and 7.2% respectively in 2019, higher than the industry's growth rate of 3.2% and 6.3% respectively. The Bank's credit card base also grew by 4.6%, bucking industry trend which reported a negative growth of 2.1%. In 2019, the Bank's debit card base expanded by 5.1% whilst debit card sales grew by 16.5% to RM3.44 billion in 2019 mainly as a result of tactical campaigns and awareness programmes to promote its usage.

Despite facing stiff pricing competition due to the lowering of domestic interchange reimbursement fee, merchant sales from the merchant acquiring business recorded a strong growth of 17.0% as a result of aggressive sales efforts and offerings of attractive pricing packages. Public Bank's total merchant terminals further increased by 15,832 to 82,356 terminals to date, located at more than 51,200 merchant outlets.

New Products and Marketing Initiatives

In 2019, Public Bank rolled out attractive rewards and merchant privilege programmes aimed at encouraging spending and increasing billings and receivables. Some of the notable campaigns launched during the year include "Spend Everyday with PB Visa Credit Card", "Overseas Spending with PB Visa Credit Card", "Travel & Reward for More Cash Back with Mastercard", "Apply for PB Card Now and Get Complimentary Gift and Cash Rebate" and "Apply for PB Card Now for Amazing Reward". The Bank also partnered with PayNet to promote debit card usage with reputable merchants such as Popular Bookstores, 99 Speedmart, Burger King, MR. D.I.Y. and Eonsave.

In June 2019, Public Bank piloted UnionPay International ("UPI") QR Code Payment acceptance and became the first acquirer in Malaysia to go live with UnionPay QR acceptance. Launched by UnionPay together with commercial banks and payment service providers in China, the UPI QR Code Payment system is developed and supported by UnionPay International and offers one-stop mobile payment services to its users.

To further drive sales and increase e-Commerce acceptance platforms, Public Bank launched the CyberSource e-Commerce Payment Gateway Services in November 2019 which is a payment management platform that facilitates and streamlines payments for online transactions.

As business landscape evolved amid the COVID-19 pandemic, Public Bank is shifting its attention to On-line / e-Commerce and contactless payment solutions to facilitate business needs and consumer expectation. A few campaigns were successfully launched during the Movement Control Order period such as "Stay Home, Shop Online and Be Rewarded", "Stay Safe, Get Protected and Be Rewarded" and "Stay Safe and Wave with PB Credit Card".

Anticipated Risks and Prospects

As competitors continue to roll out more attractive tactical card acquisition and usage campaigns including offering low merchant discount rate to acquire new merchants, more intense competition is expected in 2020. Since the COVID-19 pandemic, Public Bank has started to acquire "non-traditional", unserved merchants and deploying card acceptance devices or business solutions to these merchants. With the new norm of transacting online, contactless and cashless, the Bank expects the demand for merchant acceptance services to further increase.

Despite the competitive business environment, Public Bank is optimistic of increasing its card market share. The Bank will continue to launch new initiatives and develop targeted programmes as well as adopt new technology and leverage on FinTech partnership to further enhance customer experience as well as improve operational efficiency.

Share Margin Financing

Although market competition was intense, the Public Bank Group's share trading and share margin business in Malaysia, PB Sharelink, grew its number of accounts and amount of approved share loans by 5.5% and 5.6% respectively to 71,384 and RM2,877.5 million respectively in 2019. In line with the weaker equity market performance on Bursa Malaysia, total share trading business volume and brokerage income from the share margin business declined by 10.4% and 9.4% respectively. Nevertheless, gross interest income increased by 3.7% in 2019 due to higher share margin utilisation.

The Public Bank Group will strive to grow its online share trading business by improving its services and enhancing service delivery standards to meet higher customer expectations in this highly competitive business environment.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

DOMESTIC CONSUMER BANKING AND SME LENDING

Customer Deposits

Domestic Core Customer Deposits	2019 RM'Billion	2018 RM'Billion	Growth %	Market Share %
Demand Deposits	45.01	44.18	1.9	12.1
Savings Deposits	31.83	30.52	4.3	18.7
Fixed Deposits ("FD")	189.67	180.58	5.0	18.4
Total Domestic Core Customer Deposits	266.51	255.28	4.4	16.9

Performance Review

The Public Bank Group's total domestic core customer deposits increased by 4.4% to RM266.51 billion as at the end of 2019. The growth was mainly driven by 5.0% and 4.3% growth in fixed deposits and savings deposits respectively as a result of the Group's continued focus on acquiring fresh funds from retail customers. The Group's domestic low cost demand and savings deposits ("CASA") grew by 2.9% in 2019 to RM76.84 billion as at the end of 2019 and accounted for 28.8% of the Group's domestic core customer deposits. The Group's core customer deposits market share stood at 16.9% as at the end of 2019.

Marketing Initiatives

In 2019, the Public Bank Group implemented several promotional initiatives and tactical campaigns to acquire new deposits and increase retail customer base.

Tactical campaigns

CASA campaigns

- PB Junior SA Campaign
- PB Golden Fortune Campaign
- PB Save & Reward Campaign

FD campaigns

- PB eFD Campaign
- PB Special2 Fixed Deposit/Term Deposit-i Campaign
- PB Junior FD Campaign
- PB Fixed Deposit/Term Deposit-i Campaign
- PB Enterprise FD Campaign

As a result of the Group's marketing efforts, total deposits amounting to RM71.22 billion were successfully generated via these tactical campaigns.

Red Carpet Banking

Public Bank's Red Carpet Banking ("RCB") serves the needs of the high net worth and affluent customer segment. In 2019, RCB customers grew by 29.2% whilst the average product holding per RCB customer further improved to an average of 4.17 products per RCB customer, from 3.75 in 2018.

During the year, Public Bank opened two new RCB Centres bringing the total RCB Centres nationwide to nine. A few campaigns were also exclusively launched for RCB customers such as the RCB Membership Sign-Up Campaign, PB RCB Current and Savings Account Campaign, RCB Customer Referral Programme, PB RCB Premier Fixed Deposit/Term Deposit-i Campaign, PB Premier High Yield FD Campaign and New RCB Centre Opening Celebration Campaign. The Bank will be setting up more RCB Centres in the future to provide greater accessibility and reach out to more customers. The Bank will also continue to enhance RCB privileges and benefits in order to better serve this customer segment.

Anticipated Risks and Prospects

Competition for retail deposits is expected to remain intense as customers prefer to seek alternative investments with higher returns in the prevailing low interest rate environment as compared to saving in traditional deposits.

To acquire new deposits in this competitive environment, Public Bank will continue to adopt competitive pricing strategy and pursue opportunities to establish effective engagements with FinTech companies for the development of new products and services, improvement of customers' banking experience as well as enhancement of operational efficiency.

The unprecedented COVID-19 pandemic and Movement Control Order will have a significant impact on the economy due to disruption to business activities. Arising from the implementation of social distancing measures, Public Bank will be focusing on the development of online deposit products and online promotional activities to support customers' banking needs.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

SME LENDING

The Small and Medium Enterprises (“SMEs”) sector remains a key pillar of the Malaysian economy and is expected to contribute 50% to the country’s Gross Domestic Product by 2030 under the 2030 National Entrepreneurship Policy. In support of the SME sector in the country, SME lending continues to be one of the core businesses of the Public Bank Group. The Group provides strong support to SMEs through its financing business via its wide range of business funding solutions offered at competitive price.

Performance Review

The SME sector remained challenging in 2019 mainly due to uncertainties in the business environment from protracted United States of America (“US”) and China trade war which have contributed to weak consumer and business sentiment. Despite the challenging market conditions, loans to SME grew by 0.3% to RM64.58 billion as at the end of 2019 and accounted for 21.0% of the Public Bank Group’s domestic loans portfolio. In 2019, the Group has approved financing amounting to RM11.08 billion which represent 17.9% of total domestic loans approved.

Products

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

The SWIFT Plan, which is the Public Bank Group’s flagship product for SMEs, offers comprehensive financing solutions for business expansion, asset acquisition, working capital as well as trade financing. In 2019, the Group has granted a total of RM4.98 billion under the SWIFT Plan to fund SMEs.

BNM Initiated Financing Schemes

As a strong supporter of BNM initiated financing schemes which assist SMEs to access business funding, the Public Bank Group participated in the following schemes:

- BNM’s priority sector lending to SMEs. The Group has consistently exceeded the commitment set by BNM.
- BNM Fund for SME. This fund provides working capital financing to SMEs at a reasonable financing cost. Under the BNM Fund for SME, the Group has approved more than 7,700 applications under the Special Relief Facility to help alleviate the short term cash flow problems faced by SMEs adversely affected by the COVID-19 pandemic.

Credit Guarantee Corporation (“CGC”) and Government Guaranteed Schemes

The Public Bank Group continues to collaborate with CGC to provide working capital financing to SMEs that lack collateral to obtain financing. The various guarantee schemes offered by CGC include Portfolio Guarantee Scheme, BizJamin and BizJamin Bumi.

Apart from CGC guaranteed schemes, the Public Bank Group also participated in government guaranteed financing schemes such as the Working Capital Guarantee Scheme (“WCGS”) 2, WCGS-Start Up, WCGS-Bumi and Automation Process Guarantee Scheme. In support of the national green technology agenda, the Group has also participated in the Green Technology Financing Scheme 2.0 to facilitate the growth of local green businesses involved in green technology projects.

Marketing Initiatives

During the year, the Public Bank Group launched the SWIFT EXTRA which provides 100% financing for the purchase/refinancing of properties and working capital to viable SMEs. In addition, the Group extended its promotional rate campaign which provides business financing at competitive rates to SMEs and participated in various roadshows, seminars and exhibitions to elevate the awareness of SME financing products and services offered by the Group.

Anticipated Risks and Prospects

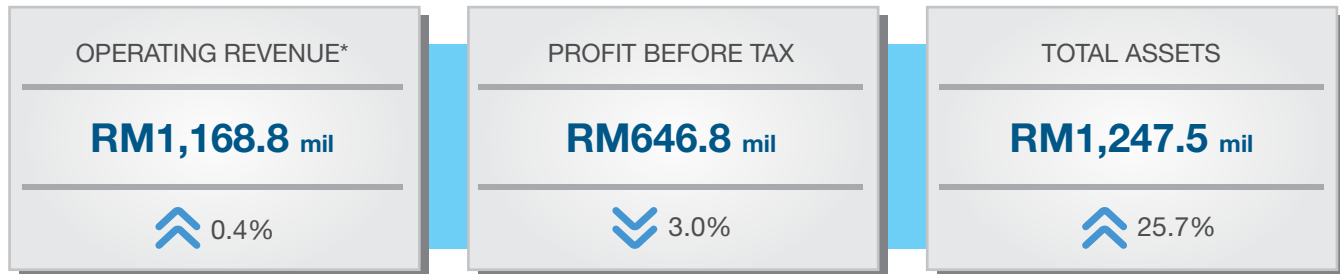
While the trade tension between the US and China remain unabated despite the phase 1 trade deal in January 2020, the global economy suffered another crippling affliction due to the unprecedented COVID-19 pandemic. The Malaysian economy is expected to contract in 2020 and demand for credit by SMEs will likely shrink. Nevertheless, the Government’s various expansionary measures including the RM260 billion Prihatin Economic Stimulus Package and six months loan moratorium will cushion the slowdown in the economy and lend support to the SMEs. It is foreseen that the demand for working capital by SMEs will increase post COVID-19 in order to restore business growth.

Amid this difficult business environment, the Public Bank Group is working concertedly with BNM in offering the Special Relief Facility to assist SMEs overcome their financial constraints. Moving forward, the Group will continue to support the SMEs and recovery of the domestic economy. The Group will also seize new growth opportunities in the SME segment that are within the Group’s risk appetite through the provision of products and services that meet the needs of the SMEs.

WEALTH MANAGEMENT

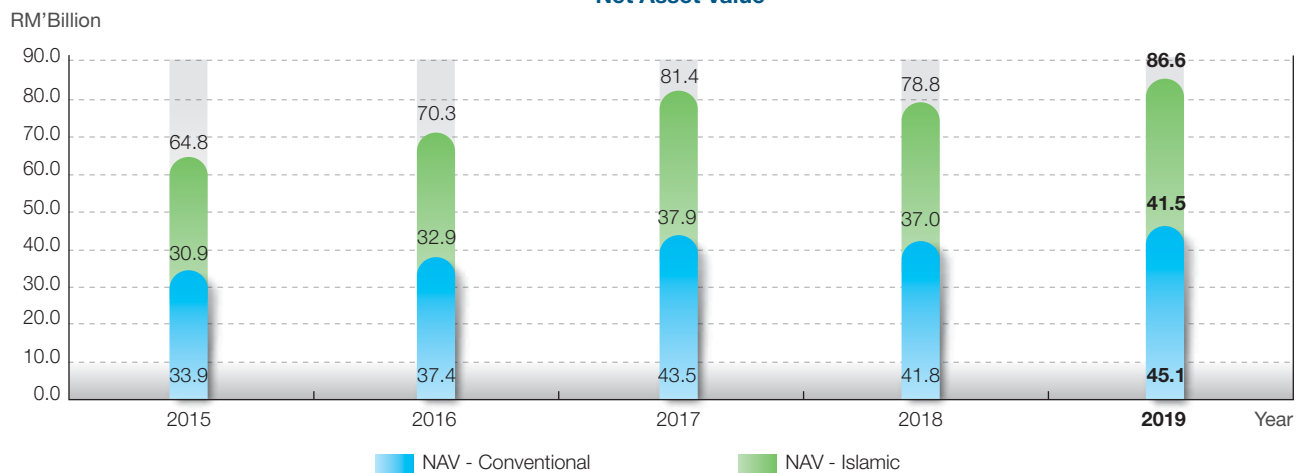
FUND MANAGEMENT

At a Glance

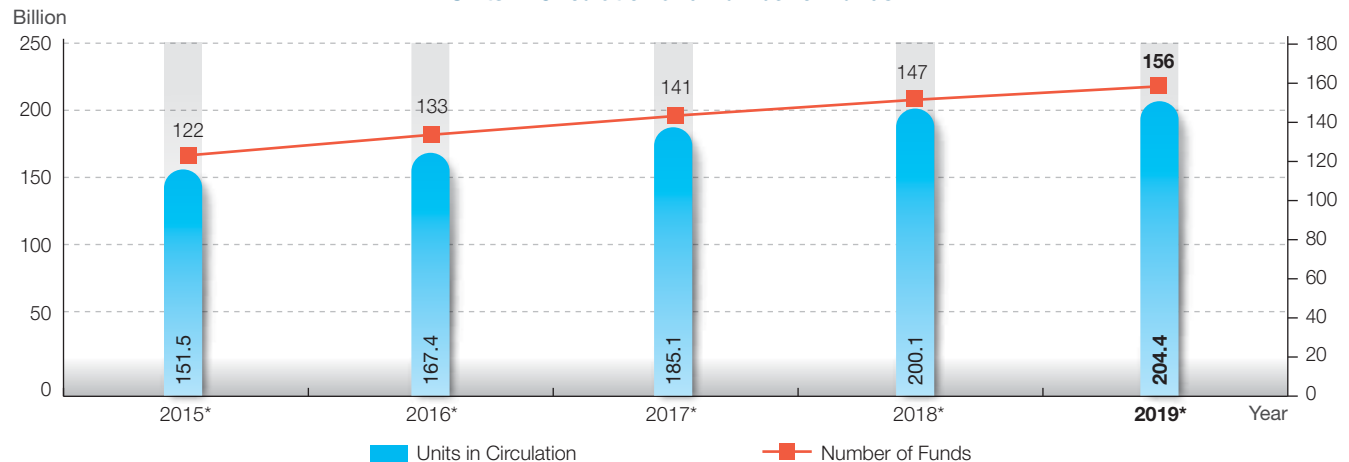


* After offsetting direct sales commission

Net Asset Value



Units in Circulation and Number of Funds



* Inclusive of nine Private Retirement Scheme Funds



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Overview

The developed markets and most equity markets in the Asia Pacific region registered positive returns in 2019 amid easing of monetary policies by global central banks as well as positive United States of America and China trade developments.

On the domestic front, the FTSE Bursa Malaysia Kuala Lumpur Composite Index recorded a loss of 6.0% in 2019 mainly due to outflows of foreign funds while the domestic bond market trended higher on the back of lower interest rates.

Performance Review

Amidst the challenging market environment, Public Mutual Berhad (“Public Mutual”) registered a 0.4% increase in its total operating revenue from RM1,164.4 million in 2018 to RM1,168.8 million in 2019. Despite registering positive growth in its total operating revenue, Public Mutual recorded a 3.0% decline in its profit before tax from RM667.1 million in 2018 to RM646.8 million in 2019 mainly due to lower fee on sale of trust units and higher operating expenses, partially offset by higher management fee income. Public Mutual's total assets under management (“AUM”) expanded by 10.0% to stand at RM86.63 billion as at the end of 2019. Retail funds contributed RM80.69 billion or 93.1% of Public Mutual's total AUM.

Despite a lacklustre performance in the domestic stock market, the total AUM of the Malaysian retail private unit trust industry registered a higher growth of 18.3% in 2019 as compared to 6.9% in 2018, led by inflows into bond and money market funds during the year.

Public Mutual continued to maintain its dominant position in the retail private unit trust industry with an overall market share of 35.0% as at the end of 2019. Public Mutual retained its lead in the key retail unit trust fund sectors of equity funds, Islamic funds, foreign funds and bond funds with market shares of 54.6%, 42.8%, 40.4% and 38.2% respectively as at the end of 2019.

Public Mutual's domestic and foreign equity funds recorded returns of up to 8.0% and 32.9% respectively for the year while the bond funds registered returns of up to 9.0% over the same period.

New Fund Launches

NINE NEW FUNDS IN 2019

FUND	LAUNCH DATE
PB Asia Consumer Sector Fund	3 January 2019
Public Islamic U.S. Equity Fund	10 April 2019
PB Global Technology & Healthcare Fund	9 May 2019
Public e-Enhanced Money Market Fund	29 May 2019
PB Global Opportunities Fund	22 August 2019
Public Vietnam-Global Equity Fund	2 October 2019
Public e-Islamic Sustainable Millennial Fund	5 November 2019
Public Japan Global Equity Fund	3 December 2019
Public Islamic Global Balanced Fund	3 December 2019

NUMBER OF FUNDS 156 TOTAL FUNDS



143 UNIT TRUST FUNDS



9 PRIVATE RETIREMENT SCHEME FUNDS



4 WHOLESALE FUNDS

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

WEALTH MANAGEMENT

Awards

In 2019, Public Mutual won an impressive 48 awards, reinforcing its No.1 position in the private unit trust industry.

29 LIPPER FUND AWARDS from Refinitiv 2019 including the Best Equity Award – Malaysia Islamic

9 LIPPER FUND AWARDS from Refinitiv 2019 – Global Islamic Fund

4 ASIA ASSET MANAGEMENT AWARDS 2019

KLIFF ISLAMIC FINANCE AWARDS 2019 – The Most Outstanding Unit Trust Company Award

THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2019 – Islamic Asset Manager of the Year-Malaysia (Retail)

READER'S DIGEST TRUSTED BRAND AWARDS 2019 – Platinum Award for the Investment Fund Company Category in Malaysia

THE BRANDLAUREATE BESTBRANDS AWARD 2018-2019 – Brand Influencer in Financial & Wealth Planning-Unit Trust

THE BRANDLAUREATE WORLD HALAL BESTBRANDS AWARDS 2019

THE BRANDLAUREATE BRAND ICON LEADERSHIP AWARD 2019 – The BrandLaureate ICONIC Brands of the Decade Award in Financial & Wealth Planning-Unit Trust

Marketing and Promotional Initiatives

In its continuous efforts to increase brand awareness, Public Mutual has intensified its advertising and branding efforts in 2019 with business initiatives such as:

- Extensive billboard coverage at strategic locations nationwide.
- Placement of print advertisements in major newspapers including The Star, The Edge, Berita Harian, Sin Chew and Nanban.
- Online advertisements to reach out to the digital-savvy audience.
- Nationwide roadshows and financial planning talks.
- Targeted investment seminars to engage retail and corporate investors as well as Mutual Gold and Mutual Gold Elite members.
- Sharing of financial planning tips as well as latest news and happenings through Public Mutual's Instagram, LinkedIn pages, radio advertisement and electronic direct mailers.

New Digital Initiatives

In 2019, Public Mutual launched a new digital initiative, Digital Onboarding, which enables new investors to onboard almost instantly and unit trust consultants ("UTCs") to service a larger investor base as it reduces the hassle of submitting physical forms.

Another new digital initiative that was introduced this year is the Regular Investment Authorisation ("RIA"). This facility allows investors to spread out risks associated with a single large investment by switching a pre-determined amount of units from the bond/sukuk/fixed income/money market funds into equity/mixed asset/balanced funds at pre-selected intervals and frequency.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW



>500,000

number of PMO service subscribers



>112,000

high net worth Mutual Gold members



31

branch offices and customer service centres nationwide

Customer Service

Public Mutual Online (“PMO”) is a one-stop online platform which allows subscribers to invest, make transaction requests such as switching and redemption of units, and also enquire on their investment accounts as well as update their profile. Since the launch of PMO in January 2009, the number of subscribers has exceeded 500,000.

The number of Public Mutual’s high net worth Mutual Gold Members continues to grow and as at the end of 2019, there are more than 112,000 members.

Training, Branches Network and Support

Public Mutual continues to enhance the knowledge and skills of its UTCs by providing training programmes that focus on the importance of ethics and compliance, industry best practices and adoption of an investment planning approach to unit trust sales. Team bonding, productivity enhancement and coaching programmes are also emphasised to support leaders in maintaining sustainable business growth. To further enhance customer experience, UTCs are equipped with digital tools that are user-friendly and informative to assist them in their sales presentation.

During the year, Public Mutual’s Miri Branch moved to its new premises whilst Butterworth Branch and Bukit Mertajam Branch were consolidated and relocated to a more strategic location in Seberang Prai in order to serve unit holders and UTCs more efficiently.

Anticipated Risks

Following the outbreak of COVID-19 and the imposition of the Movement Control Order (“MCO”), the unit trust industry is expected to accelerate the development of digital platforms and robo-advisory services. To keep its competitive edge, Public Mutual continues to strengthen its digital capabilities via Digital Onboarding, where investors can be welcomed onboard without submitting any physical documents, and the enhanced PMO that enables investors to invest from wherever and whenever they want. In addition, via the enhanced Public Mutual’s website, investors can easily access fund details and investment information.

Investor education is also emphasised by maintaining continuous communication with investors on investment updates which are disseminated via PMO, website, social media, eDMs and e-newsletters. Moving forward, Public Mutual will introduce e-Suitability Assessment (“eSA”) to help UTCs perform suitability assessment without having to meet the new investor face-to-face. Public Mutual will also continue to enhance the skills of its UTCs through various training programmes to enable them to provide value-added services to their investors. Besides that, the importance of UTCs providing after sales services and maintaining regular interaction with investors will continue to be emphasised.

To mitigate the rising threat of cyber security risk and its impact on confidentiality, availability and integrity of data, relevant information technology policies have been developed whilst cyber security awareness has been enhanced to ensure adequate protection of customer data and continuous availability of essential financial services to customers.

In response to the MCO, Public Mutual has put in place contingency Business Continuity Management measures such as split operations and work-from-home arrangements, to ensure customers are provided with uninterrupted access to essential financial services. Public Mutual also continues to closely monitor the cash flow of the unit trust funds to ensure there is sufficient liquidity in the funds.

Prospects

Given the elevated uncertainties and volatile market conditions arising from the COVID-19 pandemic, the private retail unit trust industry is expected to experience moderate growth as investors remain cautious and opt for a wait-and-see approach before investing. To remain competitive, Public Mutual will continue to offer a comprehensive range of products, embrace new technological innovations and provide exceptional services to cater to the needs of investors.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

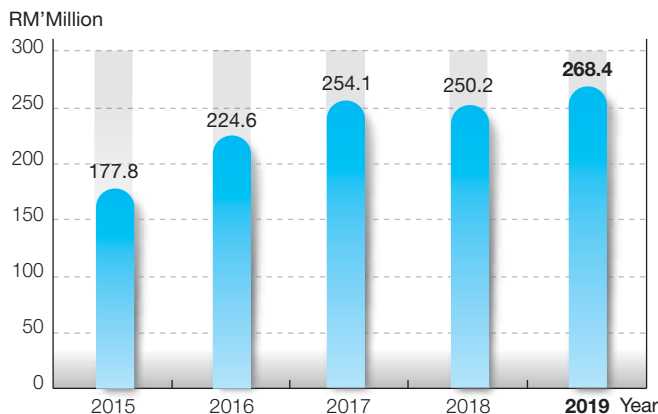
WEALTH MANAGEMENT

BANCASSURANCE

2019 marked the seventh year of strategic bancassurance partnership between the Public Bank Group and AIA Group Ltd. ("AIA"). The Group's bancassurance business remains one of the Group's main fee income generator and provides a broad range of high quality life insurance protection and long term savings solutions. The Group's domestic bancassurance business is fully supported by more than 500 Financial Executives as well as 2,600 credit related staff based across the Group's wide domestic branch network.

Performance Review

Domestic Annualised New Premium



The annualised new premium of the domestic bancassurance business increased by RM18.2 million or 7.3% from RM250.2 million in 2018 to RM268.4 million in 2019.

New Products

PB Health Xtra

In January 2019, Public Bank and AIA unveiled the PB Health Xtra which is a comprehensive medical rider attachable to empower Plan for customers who seek long term coverage for hospitalisation expenses.

PB Term CI

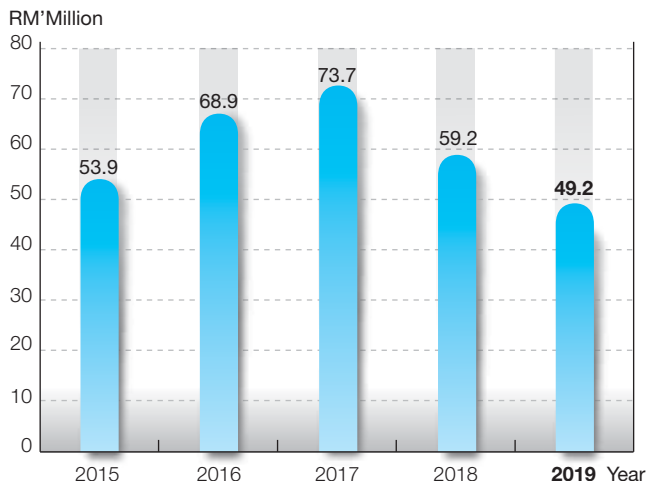
In April 2019, Public Bank and AIA launched the PB Term CI which is a single premium non-participating critical illness term insurance plan that complements the insurance coverage for customers who are currently only insured for death and total permanent disability protection when they take up mortgage loans.

PB Max Advantage

In November 2019, Public Bank and AIA launched the PB Max Advantage, a combination of non-participating plan with investment-linked features.

Telemarketing Insurance Products

Annualised New Premium from Telemarketing



The bancassurance products distributed through the telemarketing channel generated an annualised new premium of RM49.2 million in 2019 mainly contributed by sales of PB Cancer Guard, PB Golden Care and PB CI Protector Plans.

PB Golden Care, a new telemarketing product, commenced distribution on 3 May 2019. This plan provides insurance protection for injury, dismemberment or death under certain circumstances for individuals up to 85 years of age.

Public Bank leverages on data analytics to identify targeted customers in order to increase take up rates of telemarketing products. To further improve conversion rate, Public Bank is also proactively exploring more telemarketing initiatives and opportunities to further penetrate the market.

Marketing Initiatives

Sales Campaigns

During the year, Public Bank and AIA launched campaigns which offer additional sum assured for empower Plan, PB WealthPlus, PB WealthElite and PB Advantage Plus Plan. Various attractive campaigns such as the "2019 Quarterly Regular Premium Challenge", "2019 Quarterly PB WealthElite / PB WealthPlus Referral Challenge", "2019 MR Power Up Challenge", "2019 Prosperity Chinese New Year Special Campaign" and "Regular Premium Half Yearly Branch Challenge" were also launched to motivate and boost the productivity of bancassurance sales staff. In 2019, the Bank and AIA launched the "2019 Incentive Trip Challenge" and "2019 Bancassurance Rookie Conference Trip Challenge" to reward sales staff who have achieved specific targets with travel packages.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Training Initiatives

Public Bank's stringent recruitment process and AIA's rigorous training programmes aim to equip new recruits and existing sales staff with comprehensive product knowledge and selling skills in order to improve sales productivity as well as promote ethical selling. Familiarisation Programme and continuous trainings are provided for new sales staff to elevate their confidence, selling competency and product knowledge. In 2019, the Bank and AIA have provided various product learning and selling skills trainings for newly licensed sales staff which have been incorporated into the First Advisor's Sales Training Results Achieving Curriculum ("FASTRAC"). For experienced sales staff, training courses which focus on driving higher sales productivity with professionalism and need-based selling are provided. The Bank and AIA also launched special training programmes for unit trust sales staff to ensure that they are well equipped to provide professional financial advisory services to customers.

Regional Bancassurance Partnerships

Public Bank's Overseas Operations	Initiatives and Results
Hong Kong Operations - Seventh year of bancassurance partnership with AIA International Limited (Hong Kong). - Leverages on 32 branches from the Public Bank Group's network of branches in Hong Kong which are supported by 46 licensed Customer Service Officers.	- Two new insurance plans were launched namely "Simple Love Encore2" and "Bonus Power 3". - A total of HKD22.9 million in annualised new premium ("ANP") was generated in 2019 mainly contributed by sales of "Simple Love Encore2" plan which has higher savings element.
Cambodian Public Bank Third year of exclusive distribution partnership with AIA (Cambodian) Life Insurance Plc.	A total ANP of USD1.4 million was generated in 2019 from sales of the Samrabchivit life insurance plan and loan repayment insurance policies.
Public Bank Vietnam ("PBVN") Second year of exclusive distribution partnership with AIA (Vietnam) Life Insurance Company Limited.	15 sales events were conducted in 2019 to raise public awareness of PBVN's bancassurance business. - Two new insurance plans were offered namely "IntegrA" (whole life insurance plan) and "DiplomA" (education and life insurance plan). - A total ANP of VND3.33 billion was generated in 2019 mainly contributed by sales of "PB Life Enhancement" insurance plan.

Anticipated Risks and Prospects

The operating environment is challenging for the bancassurance business given the COVID-19 outbreak and global as well as domestic uncertainties. The slow market conditions have resulted in individual customers and companies taking a wait and see approach, preferring to reserve their funds for emergency rather than committing funds into long term financial products. The recent implementation of Movement Control Order to contain the spread of COVID-19 has greatly impacted the sales of bancassurance, particularly sales of regular premium products and single premium products. To overcome the challenges of social distancing measures on business operations, Public Bank and AIA introduced a 'Non-Face2Face' new business submission and remote signature process to eliminate the need for customers to be physically present to sign up for life insurance plans. Moving forward, continuous training will be provided to all licensed sales staff to transition from existing selling practice to the new 'Non-Face2Face' remote selling submission process in order to facilitate a smooth selling experience for customers.

Public Bank will strive to sustain its market presence in the bancassurance business by working closely with AIA to offer products which are competitive and can fulfil customers' changing needs.

INVESTMENT PRODUCTS

PB Dual Currency Investment ("PB DCI")

PB DCI, a short term currency-linked structured product investment contributed RM1.0 million to the Public Bank Group's fee based income in 2019.

The performance of PB DCI is expected to be challenging as market demand tends to focus on fixed deposits and investment products with guaranteed returns amid unstable and volatile market conditions.

PB Retail Negotiable Instruments of Deposit ("PB R-NID")

PB R-NID Tranche 3 which was launched in 2018 to provide customers with an alternative choice of investment matured on 19 October 2019. PB R-NID caters to customers who seek to diversify their investments over the medium to long term and is principal guaranteed if it is held to maturity.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

WEALTH MANAGEMENT

Cross-Selling Initiatives

Public Bank actively engages its customers to provide personalised financial solutions to meet customers' needs as they go through different stages of life cycle. With higher adoption of data analytics, better customer insights were able to be harnessed for development of effective marketing initiatives to optimise sales conversion and improve customers' product holdings.

During the year, Public Bank and AIA have launched three tranches of cross-selling initiatives, known as Project Optimus targeted at different customer groups. Project Optimus leverages on propensity models to increase take up rates. This has increased operational efficiency and improved customer engagement due to well identified needs and better background checks.

Public Bank also continued to launch referral campaigns where cash incentives are rewarded for successful leads to encourage and foster cross selling culture amongst branch staff.

Product Promotional Events

- Conducted quarterly thematic Product Promotional Events ("PPEs") to cross-sell Public Bank's products and services.
- A total of 132 PPEs have successfully generated sales amounting to RM93.7 million in 2019 from various products such as new deposits accounts, unit trust investments, regular premium products and cross-selling of credit and debit cards.

Customer Relationship Management

- Harness data analytics to gain more insights on customers' lifestyle and lifestage financial needs.
- Improve customer insights so that suitable solutions can be offered which are designed according to customers' preferences.
- Continue to enhance the capability of the Customer Relationship Management Application to provide more insightful customer information which can assist to predict customer behaviour.

Lead Generation

- Through the Lead Generation initiative, branch staff are mobilised to engage customers to discover and uncover customer needs and provide need-based financial solutions.
- A total of 114 branches have rolled out the Lead Generation programme and this initiative will be progressively rolled out to all branches.

Cross-Selling Unit

- Dedicated account management executives are stationed across branches nationwide to provide personalised services to customers.
- Through better and more effective engagements with customers, appropriate financial solutions can be matched to customers' needs.
- As at the end of 2019, there are a total of 120 cross-selling units set up at various branches.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

TRANSACTIONAL SERVICES

CASH MANAGEMENT SERVICES

Public Bank's cash management services are specifically customised to provide comprehensive collection and payment solutions to ease routine business functions such as receivables and payables. These services are supported by the Bank's extensive network of branches and digital channels.

With the proliferation of domestic mobile payment options, Public Bank has taken the lead in easing payments to merchants via the Quick Response ("QR") code. In July 2019, Public Bank together with Payment Networks System Malaysia Sdn Bhd ("PayNet"), soft launched the DuitNow QR. Public Bank was the first bank in the country to implement the Malaysia's National QR Standard. The DuitNow QR, which is an extension of the DuitNow service, allows users to make point-of-sale purchases via the DuitNow QR code from any participating bank or e-Wallet mobile apps.

In September 2019, Public Bank extended this initiative to the general public by launching the PBe QR in both static and dynamic QR. Now, everyone can make point-of-sale purchases by just scanning the QR code with their mobile apps. In the same month, the Bank also launched its revamped PB engage, the Bank's mobile banking apps, giving it a fresh new look with improved digital banking experience.

To further promote e-Payments, Public Bank has conducted 195 branch briefings nationwide as well as participated in ten e-Payment Roadshows initiated by Bank Negara Malaysia ("BNM"). The Bank's extensive promotional activities have yielded commendable results with total number of payee and payor corporations increasing by 75.0% to more than 18,900 as at the end of 2019.

Public Bank, as one of the active and close business partners of PayNet, continued to jointly organise online campaigns with merchants to promote PayNet's services such as Financial Process Exchange ("FPX") and JomPAY. The Bank has also actively participated in promotional events and roadshows organised by PayNet in 2019 such as the FPX #MyCybersale Asia Campaign. The Bank is currently studying the feasibility of recruiting merchant aggregators for PayNet's Direct Debit Agent Concept, which will enable the Bank to onboard more Direct Debit merchants more efficiently.



Public Bank won the following awards at the Malaysian e-Payments Excellence Awards 2019 by PayNet for its contribution towards e-Payment development in Malaysia:

- *Best MyDebit Bank*
- *JomPAY Best Biller Bank*
- *Outstanding Contribution to MyDebit*
- *MyDebit Top Acquirer*

REMITTANCES

Public Bank offers a variety of remittance services to its customers through the Public Bank Group's physical and digital network. In 2019, the Bank's total remittance transactions increased by 9.0% to RM51.26 billion mainly supported by remittance campaigns during the year.

Marketing Initiatives

Campaign	Results
PB Overseas Education Campaign	
Special foreign exchange rates for remittance to Australia, New Zealand, United Kingdom and United States for education purpose	Garnered total remittance amounting to RM511.9 million
PB Overseas Remittance Campaign	
- Cross border remittance service between Public Bank and its overseas subsidiaries and branches - Zero fees for sender while beneficiaries enjoy reduced inward remittance service charges for receipts of remittances at the Bank's overseas subsidiaries and branches	Remitted more than 30,700 transactions amounting to USD1.13 billion
PB Indonesia Money Transfer 2019 Ramadan Campaign	
- Collaboration with Bank Central Asia during the Ramadan and Hari Raya festival - Zero fees for over-the-counter remittance transactions to Indonesia	Remitted more than 1,300 transactions amounting to approximately RM2.9 million between 2 May 2019 and 30 June 2019

Anticipated Risks and Prospects

The COVID-19 pandemic is expected to have a significant impact on the economy in 2020, which will have a knock-on effect on the volume of transactional services. In addition, global geopolitical risks and uncertainties are also expected to elevate and remain a concern for businesses. Meanwhile, for banks, disruptive technologies and innovations from non-bank players such as e-Wallet providers and FinTech companies will continue apace. To remain relevant and competitive, the Public Bank Group will stay focused on meeting the needs of its customers through economic cycles by continuing to strengthen its product and service capabilities as well as further promote its remittance business and money transfer services. The Group has launched online promotional campaigns during the Movement Control Order ("MCO") period and will continue with this initiative post MCO in order to support customers' banking needs.

CAPITAL MARKET OPERATIONS

TREASURY

The Public Bank Group's treasury operations provide both conventional and Islamic financial services solutions to corporate, institutional and retail customers to facilitate their investment and hedging needs. This is achieved through the offering of various treasury products, amongst others commercial foreign exchange ("FX"), wholesale deposits, money market (unit trust funds) and dual currency investments. Other functions of the Group's treasury operations include cash flow and liquidity management, proprietary trading in FX and fixed income securities.

The Public Bank Group's International Business Unit, which was set up to boost the Group's international presence, has established strategic alliances with Resona Bank, Saitama Resona Bank and The Kinki Osaka Bank of Japan, Bank Central Asia of Indonesia, The Siam Commercial Bank and China Construction Bank of China. These alliances aim to promote business offerings to targeted clients in specific sectors.

Performance Review

In 2019, the financial markets were rattled by rising trade and geopolitical tensions, taking a toll on business confidence and investor sentiment. A notable shift towards increased monetary policy accommodation by major central banks has cushioned the impact of these tensions on financial market sentiment and activity. Nevertheless, the low global interest rates environment coupled with sell-off in riskier assets have resulted in money flows to safe-haven assets, causing an upward shift in demand for global bond with yields falling to levels not seen since the global financial crisis in 2008.

On the domestic front, subdued demand for emerging market assets and lower crude and palm oil prices have led to lower volatility of the Ringgit as well as smaller trading range against most major currencies. Bank Negara Malaysia ("BNM") reduced the Overnight Policy Rate ("OPR") by 25 basis points to 3.00% in May 2019 as a pre-emptive move against the backdrop of increasing downside risk to the economy and to support growth. The Statutory Reserve Requirement ratio was also reduced by 50 basis points to 3.0% effective 16 November 2019 to release more liquidity into the banking system. As a result, Ringgit bonds continued to be in demand, supported by market expectation of further monetary easing by BNM in 2020 and benign domestic inflation.

The Public Bank Group's domestic treasury operations recorded a profit before tax of RM280.6 million in 2019, a drop of 54.9% or RM341.8 million from RM622.4 million in 2018 mainly due to the negative effect on net interest income to the funding center operations arising from the OPR reduction in 2019 as compared to an OPR hike in 2018. This was partially offset by higher investment income generated by the treasury operations during

the year. Excluding the funding center operations, the pre-tax profit of treasury and capital market operations grew by 14.9%. Other operating income was higher by RM30.9 million mainly attributable to higher trading gain from sales of fixed-income assets.

Anticipated Risks

According to a report published by World Trade Organisation, global trade was already slowing in 2019, weighed down by trade tensions and slowing economic growth. Global trade volume is expected to shrink further in year 2020 as authorities around the world implemented lockdown measures to curb the spread of COVID-19, causing trade and business activities to operate at a fraction of their normal capacity.

In addition, the economic shock of the COVID-19 pandemic has also forced many governments to respond with large-scale fiscal and monetary interventions to maintain financial stability. While such measures may temporarily supersede the economic fallout from the pandemic, they are likely to inflate fiscal deficit of many countries, including that of Malaysia. The global banking industry is also likely to face enormous challenges operating in a decreasing interest rate environment due to these monetary policy responses.

As the domestic economy remains exposed to the external environment and dependent on global trade, the mounting uncertainties may continue to weigh on investors' interest towards Ringgit currency and assets. In the wake of the prevailing risk-off sentiment, the United States dollar is envisaged to continue to outperform other currencies because of its safe-haven status.

Prospects

Against the backdrop of downside risk emanating from the COVID-19 pandemic, market volatility is likely to remain high especially on the foreign exchange and fixed income asset classes. The slowing global trades are expected to take a toll on those domestic trade-dependent sectors, which in return will have an adverse impact on the market volume of foreign exchange transactions. In the face of heightened market uncertainties, the Public Bank Group will continue to remain vigilant in its business approach and further strengthen its risk management capabilities. The Group will also focus on pursuing growth strategy for higher-yielding assets to counter any increase in funding costs. Other strategic priorities in 2020 include enhancing customer service delivery by leveraging on digital solutions as well as intensifying marketing efforts to achieve greater market penetration.

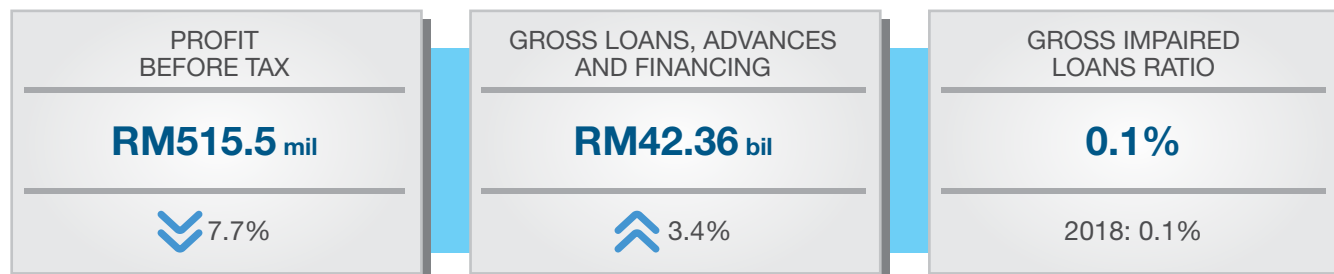
In response to the transition from London Interbank Offer Rate to Risk Free Rates, the Public Bank Group will actively participate in the industry consultation process to keep abreast with the latest developments in order to ensure a smooth transition by 2021.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

DOMESTIC CORPORATE LENDING

At a Glance



2019 was a challenging year for the domestic corporate lending operations of the Public Bank Group as business sentiment turned cautious and this had in turn led to subdued demand for bank financing. External factors such as the escalating United States of America ("US") and China trade conflicts and heightening of a no deal Brexit have stymied global growth while domestically the weak commodity prices, property overhang and new political development have undermined investor confidence and negatively impacted business activity.

Despite the headwinds and substantial loan repayments in 2019, the corporate lending portfolio grew by 3.4% or RM1.40 billion to RM42.36 billion as at the end of 2019. Profit before tax decreased by 7.7% to RM515.5 million in 2019 mainly due to higher loan impairment allowance partially offset by higher net interest income.

The asset quality of the Public Bank Group's domestic corporate lending remained strong with gross impaired loans ratio of 0.1% as at the end of 2019 as the Group continued to practise prudent lending and proactive credit risk management.

Anticipated Risks

The outlook for 2020 is uncertain in the wake of COVID-19 pandemic which has caused worldwide shutdown of businesses under the various form of containment measures to curtail the pandemic. Meanwhile, the trade disputes between the US and China remain unresolved and the often tense relation may further weighed down all efforts to swiftly resuscitate the contraction in economic activity.

The overall abrupt contraction in economic activity has suppressed investor confidence and worsened the already softer than expected investment growth and weakened trade activities. These risks, if further escalated and prolonged, may negatively impact the banking industry's lending activities and asset quality.

Prospects

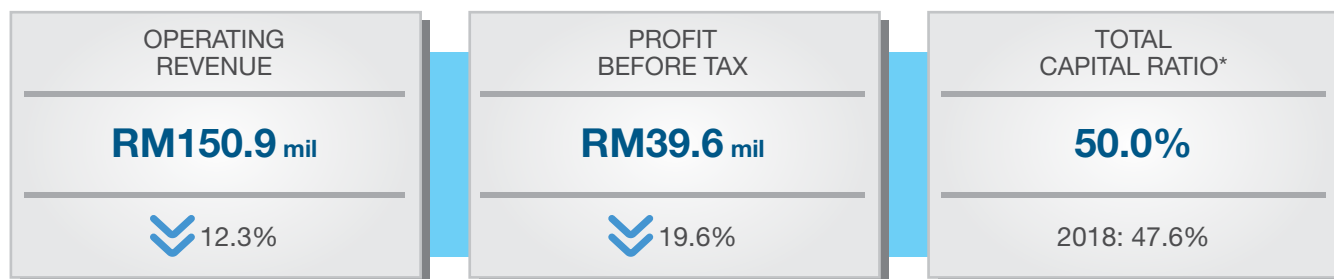
The Public Bank Group's diversification of corporate lending activities to a wider range of industries in 2019 through effective marketing strategies have yielded positive results. The Group will continue to ride on this momentum to capture new grounds by leveraging on its strong franchise and strengthening its ties with existing customers. In combating the negative ramification that COVID-19 is expected to have on the demand for loans and assets quality, the Group is dynamic in reformulating its business strategies and is proactive in ensuring its risk management remains relevant and effective.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

CAPITAL MARKET OPERATIONS

INVESTMENT BANKING

At a Glance



* After deducting interim dividend declared subsequent to year end

Public Investment Bank Berhad (“Public Investment Bank”) provides a broad range of investment banking services, which include corporate finance and advisory services, advisory for the issuance of corporate bonds and sukuk, corporate lending, treasury as well as stock broking services, to a wide clientele comprising both institutional and retail customers.

In 2019, the Corporate Finance and Advisory division successfully completed a total of 15 corporate exercises comprising equity fund raising, merger and acquisition as well as independent advisory. Nine new fund raising programmes were also completed by the Debt Capital Market division which successfully raised a total of RM5.23 billion via the issuance of corporate bonds and sukuks.

For its stock broking business, Public Investment Bank continues to grow in its retail and institutional customer base leveraging on its internet share trading platform and the Public Bank Group’s Share Investment Units located nationwide. The value added services provided by the institutional dealing teams and in-house research team also contributed to the growth of its institutional customer base.

In 2019, Public Investment Bank reported a lower operating revenue and profit before tax of RM150.9 million and RM39.6 million respectively in 2019 mainly due to lower brokerage income from stock broking activities and higher loan impairment allowance, partially offset by higher investment income.

Anticipated Risks

The investment banking segment is dependent on the fund raising and capital market environment which are susceptible to changes in global and domestic conditions. A contraction in the fund raising environment due to lack of investor confidence will lead to a reduction in capital market activities and consequently a slowdown in the debt capital market operations, corporate finance and advisory as well as stock broking business. In light of Industry 4.0 and the rise of artificial intelligence as well as process automation,

the investment banking and brokerage industries are increasingly susceptible to disruptive digital innovations which may have a detrimental impact on investment banking operations and result in a competitive disadvantage for an organisation. The recent plunge in global oil prices is expected to have negative impacts on investor confidence thus exerting further pressure on the investment banking segment. In addition, since the outbreak of the COVID-19 and implementation of Movement Control Order, fund raising and capital market activities have also softened.

Prospects

Consumer confidence and business sentiment has taken a severe hit from the COVID-19 pandemic with disruptions in demand-supply dynamics and break down in economic activities threatening a global recession, to which governments and central banks worldwide have unveiled massive fiscal and monetary measures to avert the economic impact. The outlook is less encouraging as major consuming economies such as the United States of America and the European Union, may struggle to tackle business closures, job losses and wage declines.

The local market conditions may continue to be volatile in the interim, as concerns over global economic decline continue to weigh on sentiment. Equity fund raising activities may start to pick up upon the unveiling of the Government’s economic and growth policies, post COVID-19. Debt fund raising activities may also gain some traction upon further clarity in the interest rate outlook, with possible pick-up in private and public sector investments providing a lift.



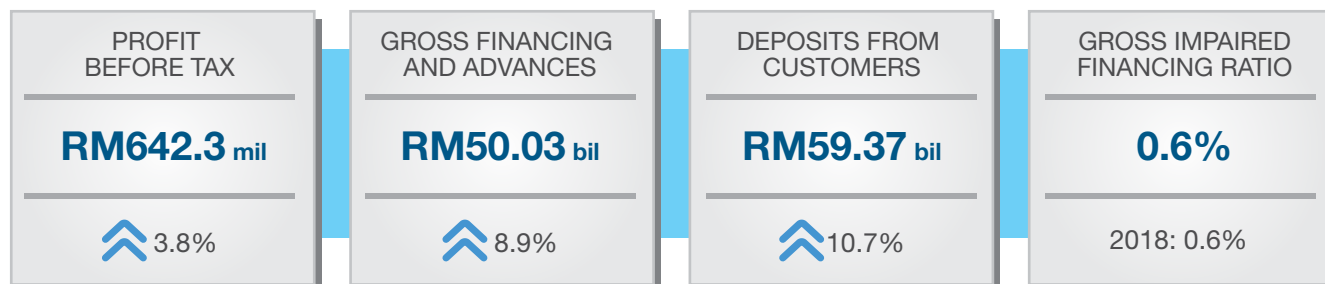
*At the 16th Annual RAM League Awards and Conference, Public Investment Bank was awarded the **RAM Lead Manager Award 2018 for Corporate Bonds and Sukuk Programmes (Joint 2nd)** by programme value.*



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

ISLAMIC BANKING

At a Glance



Public Islamic Bank Berhad (“Public Islamic”) is the Islamic banking arm of the Public Bank Group. Currently, Public Islamic has two full-fledged Islamic bank branches in Klang Valley. As a wholly-owned subsidiary of Public Bank, Public Islamic also leverages on the Bank’s extensive branch network, comprehensive infrastructure and strong PB brand to provide a wide range of Shariah compliant products and services under the guidance of the Public Islamic Shariah Committee.

Performance Review

Public Islamic’s profit before tax grew by 3.8% to RM642.3 million in 2019, which accounted for 9.0% of the Public Bank Group’s profit before tax. The increase in profit before tax was mainly due to higher other operating income partially offset by higher other operating expenses.

Public Islamic’s gross financing and advances increased by 8.9% from RM45.94 billion as at the end of 2018 to RM50.03 billion as at the end of 2019, accounting for 15.1% of the Public Bank Group’s total loans, advances and financing. The increase was mainly driven by higher financing for the purchase of residential properties.

Public Islamic’s customer deposits expanded by 10.7% to RM59.37 billion as at the end of 2019, from RM53.64 billion as at the end of 2018. Public Islamic’s customer deposits accounted for 16.8% of the Public Bank Group’s total customer deposits. Public Islamic continued to sustain its healthy funding and liquidity position with its gross financing to fund as well as gross financing to fund and equity ratio standing at 80.8% and 74.8% respectively as at the end of 2019. Public Islamic’s Liquidity Coverage Ratio (“LCR”) also remained healthy at 131.5%, higher than Bank Negara Malaysia’s (“BNM”) minimum LCR requirement of 100%.



In May 2019, Rating Agency Malaysia reaffirmed Public Islamic’s long and short term financial institution ratings at AAA and P1 respectively. This reaffirmation reflects Public Islamic’s strategic importance as the Islamic banking arm of the Public Bank Group.

Public Islamic’s asset quality remained strong with gross impaired financing ratio of 0.6% as at the end of 2019, which was well below the Islamic banking industry’s ratio of 1.4%. Public Islamic remained well capitalised with Common Equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio standing at 12.4%, 12.4% and 16.2% respectively as at the end of 2019.

New Product and Initiatives

In June 2019, Public Islamic launched the PB Term CI-i, a single contribution group critical illness term plan underwritten by AIA Public Takaful Bhd. Public Islamic is the distribution agent for the sales of PB CI-i.

Public Islamic strongly supports BNM’s Value Based Intermediation (“VBI”) development initiatives to bring about transformation in Islamic finance. Public Islamic is a member of The Association of Islamic Banking and Financial Institutions Malaysia’s VBI Community of Practitioners which is a collaborative platform comprising various Islamic financial institutions in Malaysia with the purpose to strategically advance industry-wide implementation of the VBI agenda.

In support of the VBI agenda, Public Islamic signed a memorandum of understanding in October 2019 with Yayasan Waqaf Malaysia to provide a seamless delivery system via Public Islamic’s internet banking for customers to contribute waqaf.

Role and Authority of Shariah Committee

Public Islamic’s Shariah Committee (“SC”) was established in line with the requirements of Islamic Financial Services Act 2013 and the Shariah Governance Policy Document (“SGPD”) issued by BNM which came into effect on 1 April 2020. The SC is responsible for the overall Shariah governance and Shariah-compliance of Public Islamic.

The SC members appointed by the Board of Directors perform oversight and advisory roles on Shariah matters to ensure that Public Islamic’s business and activities comply with Shariah principles. The roles and responsibilities of the SC, as guided by Para 10.2 of BNM’s SGPD are as follows:

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

ISLAMIC BANKING

- Provide objective and sound advice to ensure that Public Islamic's aims and operations, business, affairs and activities are in compliance with Shariah;
- Accountable for the quality, accuracy and soundness of the SC's decision or advice;
- Establish robust methodology to guide the SC's decision-making process;
- Update the Board of Directors on Shariah matters which may affect the safety and soundness of Public Islamic; and
- Advise Public Islamic to consult the Shariah Advisory Council of BNM and Securities Commission on Shariah matters that cannot be resolved.

Public Islamic's SC comprises of the following members:

1. Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid
2. Allahyarham Tuan Haji Mohd Ridzuan Bin Awang (Demised on 17 November 2019)
3. Associate Professor Datin Dr. Rusnah Binti Muhamad
4. Associate Professor Dr. Abdul Bari Bin Awang
5. Assistant Professor Dr. Mohd Afandi Bin Awang Hamat

Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid, Associate Professor Dr. Abdul Bari Bin Awang and Assistant Professor Dr. Mohd Afandi Bin Awang Hamat had ceased as Public Islamic's SC members on 31 March 2020.

With effect from 1 April 2020, Public Islamic appointed the following three new SC members:

1. Associate Professor Dr. Ab Mumin Bin Ab Ghani
2. Ir. Dr. Muhamad Fuad Bin Abdullah
3. YM Engku Ahmad Fadzil Bin Engku Ali

With the re-appointment of Associate Professor Datin Dr. Rusnah Binti Muhamad, the composition of the SC comprises of four members as at 1 April 2020.

Public Islamic had sent a proposal to BNM to appoint Associate Professor Dr. Ab Mumin Bin Ab Ghani as the new Chairman of the SC. However, the proposal is pending approval by BNM and the SC had agreed to appoint Associate Professor Dr. Ab Mumin Bin Ab Ghani as an Acting Chairman.

During the year of 2019, a total of 14 meetings were held and the details of attendance of each member are as follows:

Shariah Committee members	Number of Committee Meetings	
	Held	Attended
Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid (Chairman of Shariah Committee)	14	14

Shariah Committee members	Number of Committee Meetings	
	Held	Attended
Allahyarham Tuan Haji Mohd Ridzuan Bin Awang	12*	6**
Associate Professor Datin Dr. Rusnah Binti Muhamad	14	14
Associate Professor Dr. Abdul Bari Bin Awang	14	14
Assistant Professor Dr. Mohd Afandi Bin Awang Hamat	14	14

* Allahyarham Tuan Haji Mohd Ridzuan Bin Awang passed away on 17 November 2019

** Allahyarham Tuan Haji Mohd Ridzuan Bin Awang's SCOM attendance was below the minimum attendance requirements due to health reasons

Zakat Obligation

Public Islamic paid a total of RM300,000 zakat payments for its 2018 Islamic banking operations to 14 states and selected orphanage homes in Malaysia.

Anticipated Risks and Prospects

Various changes in the regulatory environment, including Shariah compliance and the implementation of VBI where Islamic banks are encouraged to adopt more structured frameworks to assess value creation and impact, will continue to be a challenge.

In the wake of COVID-19 pandemic, Public Islamic has immediately responded by activating its business continuity plan to protect its staff from infection and ensure essential banking services continued to be provided to customers. In line with Bank Negara Malaysia's guidelines, Public Islamic granted moratorium on financing to assist customers with financial constraints. To assist small and medium enterprises, Public Islamic has also participated actively in the special relief credit facilities initiated by Bank Negara Malaysia and government guarantee agencies to address the expected demand for credit to weather the crisis.

Despite the challenges, Public Islamic will continue to assess its strategies and sustain its financing and deposits portfolios by enhancing and introducing innovative products and services to meet customers' needs. The COVID-19 crisis has accelerated digitalisation trend that is reflected in the increased use of electronic banking and digital channels by customers, not only for banking services but for other day to day services. Hence, the digitisation of products and services is an area of opportunity for Public Islamic to increase and diversify its reach to existing and potential customers, which may help reduce the impact of expected revenue compression due to rate cuts and a decline in demand.

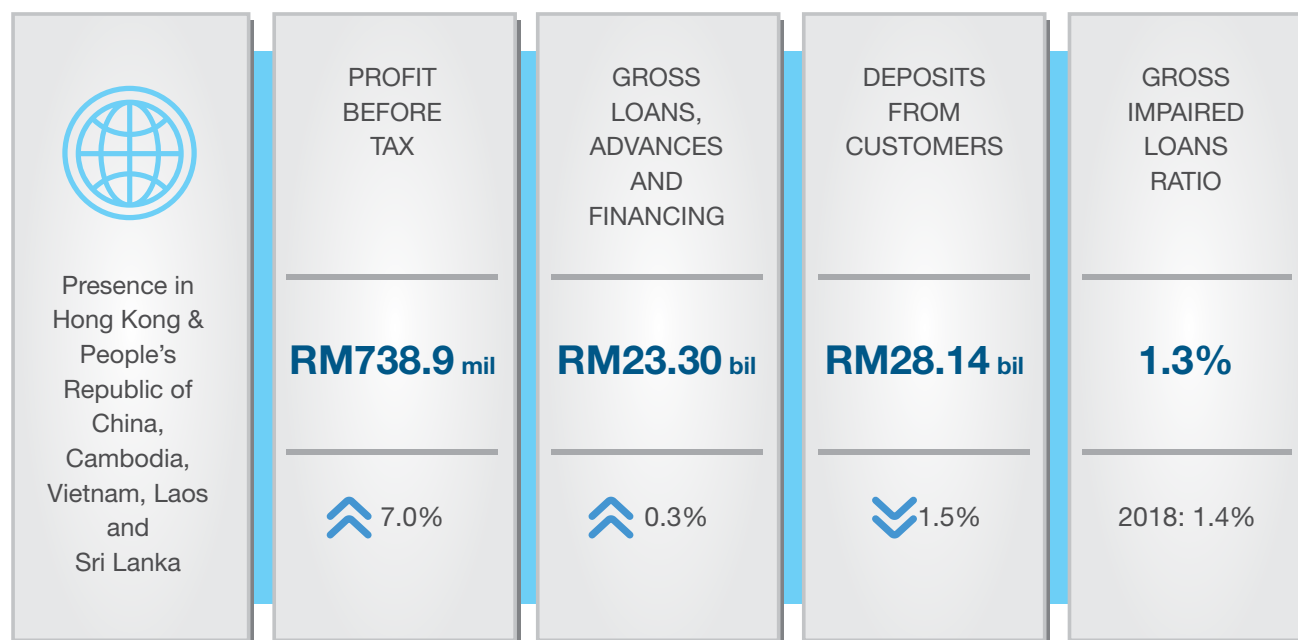
Public Islamic will also strive to deliver its VBI commitment and integrate VBI initiatives into its operations and offerings to promote a more holistic Islamic banking practices.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

INTERNATIONAL OPERATIONS

At a Glance



The Public Bank Group operates across five countries in the Asian region, with subsidiaries in Hong Kong, Cambodia and Vietnam as well as overseas branches in Laos and Sri Lanka.

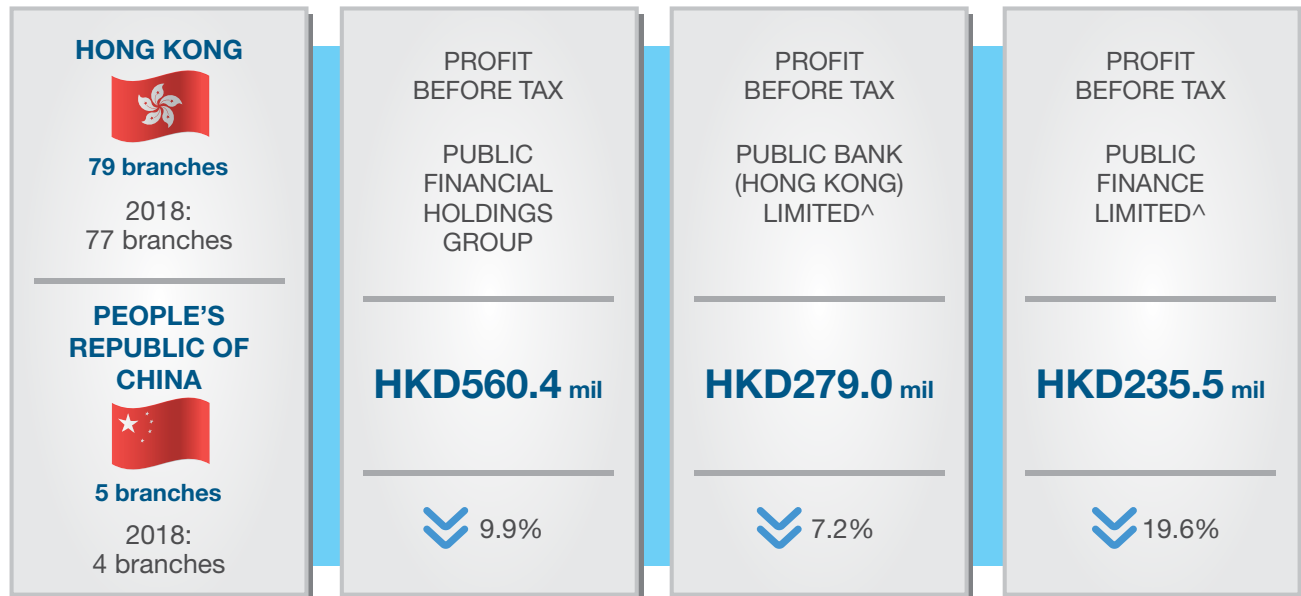
The Public Bank Group's international operations remained an important revenue source and contributed 10.4% to the Public Bank Group's pre-tax profit in 2019, mainly attributed to Cambodian Public Bank Plc ("Campu Bank") and Public Financial Holdings Group in Hong Kong. The Group's pre-tax profit from international operations recorded a 7.0% growth from RM690.7 million in 2018 to RM738.9 million in 2019. The growth in pre-tax profits was mainly due to higher profit achieved by Campu Bank and Public Bank Vietnam Limited in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

INTERNATIONAL OPERATIONS

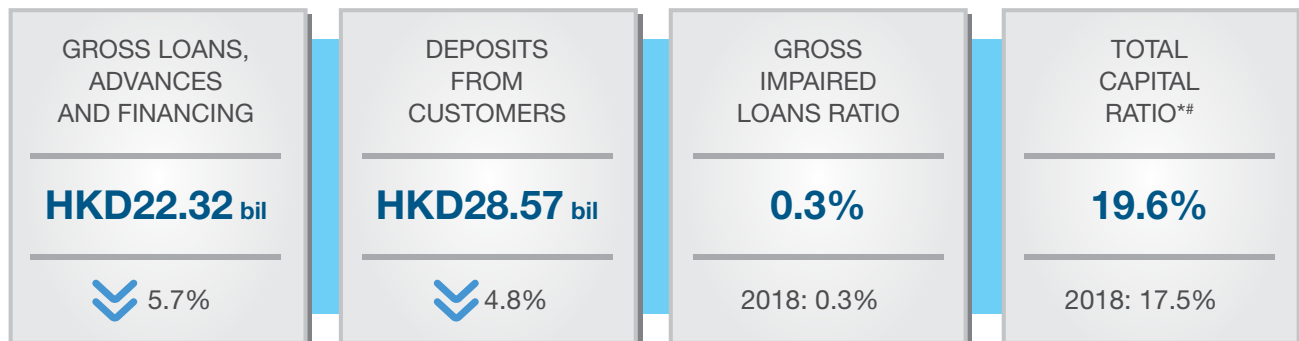
HONG KONG

At a Glance

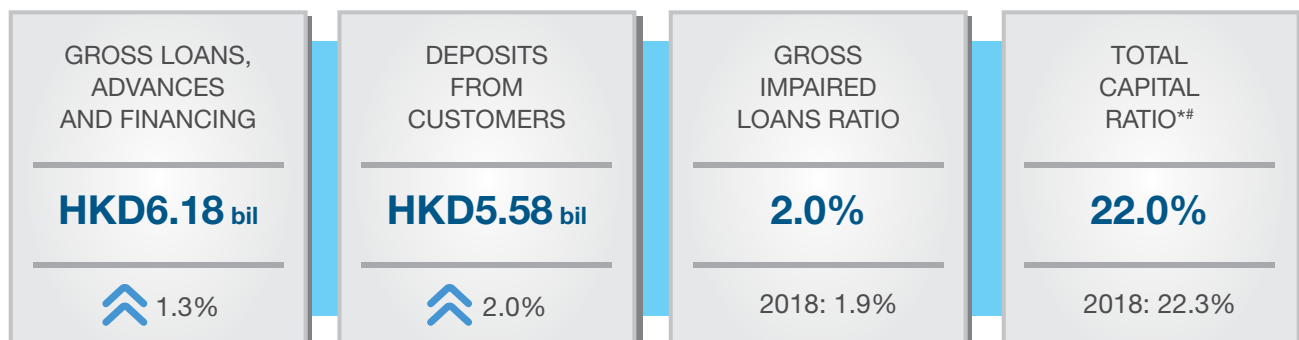


^ Profit excluding dividends from subsidiaries

Public Bank (Hong Kong) Limited



Public Finance Limited



* Presented in accordance with Banking (Capital) Rules under Section 97C of the Banking Ordinance issued by the Hong Kong Monetary Authority

After deducting interim dividend declared subsequent to year end



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

The Public Bank Group's operations in Hong Kong are undertaken by Public Financial Holdings Limited ("PFHL"), a company listed on the Stock Exchange of Hong Kong. PFHL drives its business mainly through its two subsidiaries, namely Public Bank (Hong Kong) Limited, which provides a wide range of retail and commercial banking services, stockbroking and wealth management services, and Public Finance Limited which specialises in the offering of personal financing.

Performance Review

The Hong Kong economy faced unprecedented headwinds in 2019, with escalation of the United States of America ("US") and China trade conflict and unabated social unrest which took a toll on its economic growth momentum. Against this backdrop of a challenging and recessive environment, Public Bank (Hong Kong) Limited and Public Finance Limited registered a drop of 7.2% and 19.6% respectively in profit before tax to HKD279.0 million and HKD235.5 million respectively in 2019. The decrease in profit before tax was mainly due to net interest income drop arising from lower net interest margin and higher allowance for loan impairment.

With the softening of business activities in Hong Kong, Public Bank (Hong Kong) Limited's loans and advances dropped by 5.7% to HKD22.32 billion as at the end of 2019. Despite the challenging economic conditions, Public Finance Limited's lending business, which focus on the lower- to middle-income market and overseas contract workers, remained resilient and recorded a loans growth of 1.3% to HKD6.18 billion as at the end of 2019.

On the funding side, Public Finance Limited recorded a growth of 2.0% in customer deposits to HKD5.58 billion as at the end of 2019 whilst Public Bank (Hong Kong) Limited posted a drop of 4.8% to HKD28.57 billion as at the end of 2019 largely due to fierce competition.

Despite the difficult business landscape in Hong Kong, the asset quality of the Public Bank Group's Hong Kong operations remained sound mainly due to continued prudent credit risk management. The gross impaired loans ratio of Public Bank (Hong Kong) Limited and Public Finance Limited remained resilient at 0.3% and 2.0% respectively as at the end of 2019.

The year 2019 marked the seventh year of Public Bank (Hong Kong) Limited's strategic bancassurance partnership with AIA International Limited (Hong Kong) ("AIA") to distribute bancassurance products through the Public Bank Group's branch network in Hong Kong. In 2019, a total of HKD22.9 million in annualised new premium was garnered from successful joint marketing campaigns and active cross-selling efforts.

During the year, Public Bank (Hong Kong) Limited opened its fifth branch in Qianhai, Shenzhen in the People's Republic of China ("PRC") whilst Public Finance Limited opened its 43rd and 44th branch in Tai Kok Tsui, Kowloon, and Ma On Shan respectively, thus expanding the Public Bank Group's branch network in Hong Kong and PRC to 84 branches, comprising 79 branches in Hong Kong and five branches in Shenzhen.

Anticipated Risks and Prospects

The operating environment for the banking sector in Hong Kong is poised to remain challenging with the prolonged US-China trade war and domestic social unrest. This has been further compounded by the economic fallout from the COVID-19 pandemic leading to rising unemployment rate, weakening retail sales and a slump in business activities. Despite these difficult conditions, the Public Bank Group's operations in Hong Kong is expected to remain resilient as the Group will continue to manage risks prudently whilst striving to grow its retail and commercial banking as well as consumer financing businesses.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

INTERNATIONAL OPERATIONS

CAMBODIA

At a Glance

Cambodian Public Bank Plc



The Public Bank Group's operations in Cambodia are undertaken by:

- Cambodian Public Bank Plc ("Campu Bank")
- Campu Securities Plc ("Campu Securities")
- Campu Lonpac Insurance Plc ("CLIP")

Established in 1992, Campu Bank drives the Public Bank Group's retail and commercial banking business in Cambodia. Campu Securities, a wholly-owned subsidiary of Campu Bank was established to provide securities underwriting and trading activities whilst CLIP, a 55% subsidiary of the Group, is a market leader in the provision of general insurance services in Cambodia.

Performance Review

Campu Bank achieved a growth of 14.9% in profit before tax to USD82.3 million mainly driven by higher net interest income on the back of higher loans and customer deposits as well as higher net writeback of loan impairment allowances.

Despite the competitive business landscape, Campu Bank's loans and advances grew by 9.5% from USD1.05 billion as at the end of 2018 to USD1.15 billion as at the end of 2019. Asset quality remained sound with gross impaired loans ratio improving to 0.8% as at the end of 2019, from 1.3% a year ago due to proactive loans recoveries.

During the year, Campu Bank continued to focus on deposits mobilisation, in particular low cost savings and current deposits. Leveraging on the established PB brand and deeper customer engagement, customer deposits rose by 2.0% to USD1.93 billion as at the end of 2019. In support of National Bank of Cambodia's initiative to promote greater usage of the Khmer Riel and to inculcate early saving habits, Campu Bank launched the BrightStar Children Savings account in Khmer Riel in 2019.

Campu Bank entered into its third year of bancassurance strategic partnership with AIA (Cambodia) Life Insurance Plc in 2019 to distribute AIA bancassurance products. Tapping on Campu Bank's strong branch network, annualised new premium amounting to USD1.4 million was generated in 2019.

Amidst a highly competitive business environment, CLIP registered profit before tax of USD1.5 million in 2019. CLIP remained a major player in the general insurance business in Cambodia and will continue to tap on Campu Bank's extensive customer base to expand its business moving forward.

Anticipated Risks and Prospects

The sharp growth of the export-oriented economy of Cambodia is forecasted to slow down arising from the COVID-19 global pandemic. To manage the economic impact due to the pandemic, and the partial withdrawal of the "Everything But Arms" status by European Union ("EU") whereby Cambodia enjoys preferential access to EU market, the Government of Cambodia has introduced relief measures focusing on tourism, manufacturing and agricultural sectors. Leveraging on its strong market presence and brand name, Campu Bank will continue to broaden its market share in lending to the retail and commercial sectors amid the challenging economic condition.



In recognition of Campu Bank's strong commitment to excellence in all aspects of its banking operations, Campu Bank was accorded with the following awards:

- Cambodia Domestic Retail Bank of the Year - 2019** for the eighth consecutive year by Asian Banking & Finance
- Asiamoney Best Bank Award for Cambodia** - Best Bank for SME
- Leadership Awards** from VISA International in 5 categories

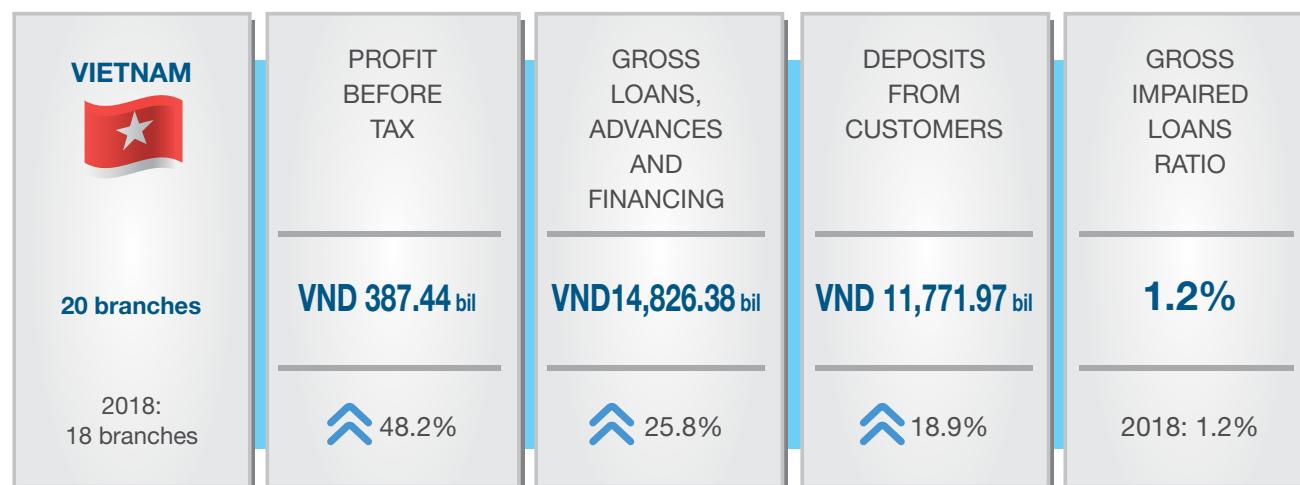


MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

VIETNAM

At a Glance

Public Bank Vietnam Limited



2019 was a stellar year for Public Bank Vietnam Limited (“PBVN”) as profit before tax, loans and customer deposits registered double-digit growth as compared to 2018.

Profit before tax increased by an impressive 48.2% to VND387.44 billion in 2019, from VND261.48 billion in 2018 mainly due to higher net interest income on the back of higher loans and customer deposits. Loans and customer deposits achieved strong double-digit growth of 25.8% and 18.9% respectively to VND14,826.38 billion and VND11,771.97 billion respectively as at the end of 2019. Whilst the lending portfolio expanded, asset quality remained sound with gross impaired loans ratio of 1.2% as at the end of 2019.

PBVN’s second year of exclusive bancassurance partnership with AIA (Vietnam) Life Insurance Company Limited in 2019 continued to be encouraging as a total of VND3.33 billion new annualised premium was underwritten in 2019 mainly contributed by the sales of “PB Life Enhancement” insurance plan.

To support its rapid business expansion, the chartered capital of PBVN was doubled from VND3,000 billion to VND6,000 billion in July 2019. In October 2019, the State Bank of Vietnam also approved PBVN’s application to open eight new branches within the next 12 months. With the opening of two new branches in Hanoi and Ho Chi Minh respectively in December 2019, PBVN now has a total of 20 branches, with another six new branches to be opened in 2020.

Anticipated Risks and Prospects

The economy in Vietnam is expected to remain robust despite the financial impact of the COVID-19 pandemic due to the strong growth momentum of the manufacturing industry, resilient domestic consumption and continuous inflow of foreign direct investments supported by relief measures and financial incentives provided by the Government of Vietnam. Moving ahead, PBVN will capitalise on the strong business opportunities in Vietnam to further grow its business operations, which includes expanding its branch network.

LAOS OPERATIONS

Public Bank Laos Operations achieved an improvement in profit before tax of 4.6% to USD8.9 million in 2019 compared to USD8.5 million recorded in 2018 on the back of higher loan recoveries. Although total customer deposits increased by 5.6% to USD94.7 million as at the end of 2019, loans and advances declined by 4.5% to USD156.1 million due to the challenging business environment in Laos. Presently, Public Bank has four branches in Laos.

SRI LANKA OPERATIONS

Public Bank Sri Lanka Operations registered a drop of 15.3% in profit before tax to LKR338.8 million in 2019 from LKR399.8 million in 2018 mainly due to Sri Lanka’s weakened business and market conditions exacerbated by the Easter Sunday bombings in 2019. Total loans and advances stood at LKR7.02 billion as at the end of 2019 as compared to LKR6.95 billion a year ago. Total customer deposits increased by 15.7% to LKR2.89 billion as at the end of 2019. Public Bank currently has three branches in Sri Lanka.

SERVING THE CUSTOMER

CUSTOMER SERVICE EXCELLENCE IS OUR COMMITMENT

The Public Bank Group continues to invest significantly to enhance the delivery of financial products and services in order to meet increasing demands for efficiency in the market place. Advancement in technology and communications have changed, and will continue to change customers' definition and perception of quality products and services. Whilst this digital trend is considered disruptive to the traditional banking business, the Group sees this continuous evolving digital trend as an opportunity to reinvent and improve the efficiency of its delivery process and the quality of its services. The Group's effort to meet this challenge is reflected in its continuous investment in technology as well as its staff to improve customer service experience, enhance volume and efficiency of its delivery channels and further improve its delivery processes to ensure customers are served with top-notch services at every point of interaction.

The cornerstone of the Public Bank Group's service culture is the quality and efficiency of its service delivery. Among the initiatives carried out to ensure high quality and efficient delivery of customer service include modernising banking services to cater for the increasingly time-conscious customers and reviewing delivery processes to ensure customers are served within the shortest time span.



Public Bank's corporate tagline "Excellence is Our Commitment" is a testament of the Public Bank Group's commitment to deliver top-notch customer service.

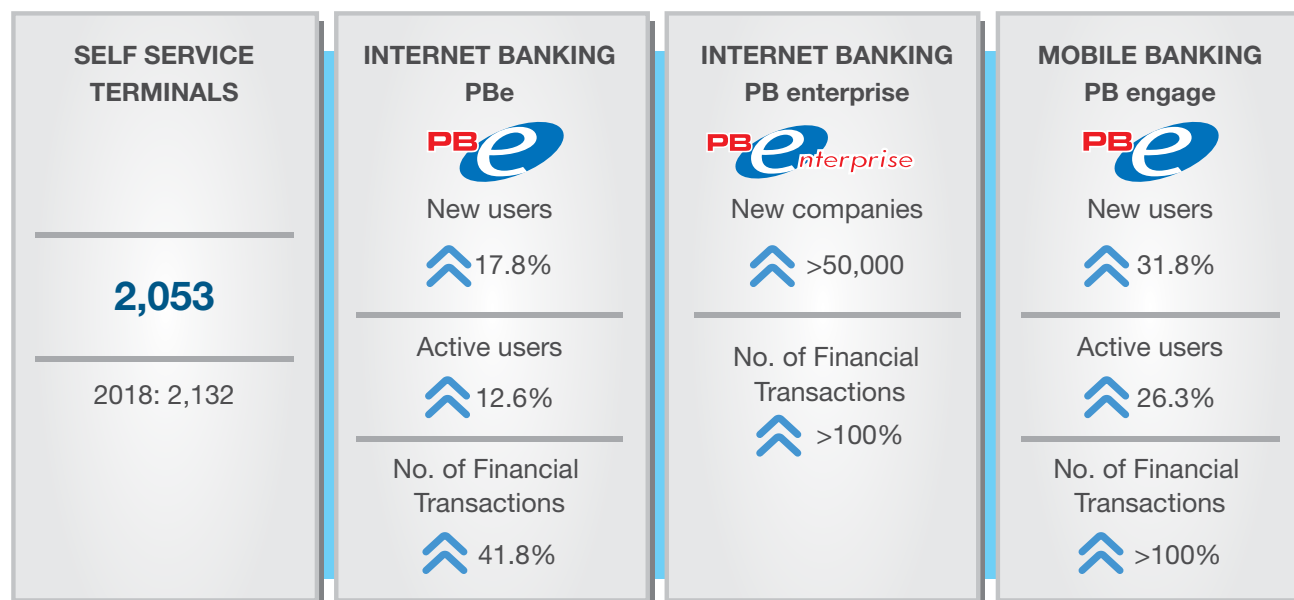
Key Initiatives

SIRIM Certification <i>reaffirmed by SIRIM for another three years to 2020</i>	ISO 9001:2015 certification for the "Provision of Customer Service at the Front Office" - In 2019, compliance to the Standard Waiting Time ("SWT") was 74%, with more than 9.3 million customers served within the 2-minute SWT. In terms of 10-minute SWT, the Group achieved a higher conformance level, with 93% frontline customers being served within 10 minutes. ISO 9001:2015 certification for the "Provision of Customer Service in Loan Delivery" - Public Bank has implemented standard operating procedures, continuous work process improvement and compliance with standard turnaround time from loan origination to loan disbursement to ensure an efficient loan delivery process.
Service Ambassadors ("SA")	Public Bank stations SA at branches to assist, educate and familiarise customers with the range of services offered over the counters and at self service terminals.
Business Continuity Plan ("BCP")	The Public Bank Group's BCP aims to ensure smooth and uninterrupted delivery of banking services in the event of disasters.
Customer Resolution System	Public Bank ensures that all customer complaints and feedback received are responded to and resolved within the benchmark set.
Customer Service Focus Group	Implemented at all branches nationwide, Public Bank's customer engagement programme allows the Bank to obtain, document and address the expectations and needs of customers through a first-hand engagement process which aims to increase customer retention and acquisition.
Special Care Counters	Public Bank provides special care counters for the physically disabled, senior citizens and expectant mothers at all its branches to ensure priority services are accorded regardless of the nature of services.
Customer Feedback Survey	Customer feedback survey conducted in 2019 shows that more than 90% of Public Bank's customers surveyed were satisfied with the level of the Bank's customer experience at the branch frontline counters and loan delivery services.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

CHANNEL MANAGEMENT



Today, customers prefer different service options to manage their financial needs. This insight underpins the Public Bank Group's multi-channel approach to provide accessible banking solutions to its customers. The Group has a wide network of branches and digital channels such as self service terminals, internet and mobile banking as well as social media to serve the needs of its customers.

SELF SERVICE BANKING

The Public Bank Group has more than 2,000 units of self service terminals which consist of Automated Teller Machines, Cash Deposit Machines, Cheque Deposit Machines, Cash Recycling Machines and Coin Deposit Machines installed at in-branch and off-branch sites nationwide. The Group continuously implement proactive measures to ensure maximum availability or up-time of these machines to maximise customer convenience. For customers who prefer personalised services, Public Bank also provides 24-hour customer service helplines which are available to customers who require round the clock assistance.

INTERNET BANKING AND MOBILE BANKING

The year 2019 has been another eventful year for the Public Bank Group as efforts to promote online banking to customers produced encouraging results. For its internet banking and mobile banking channels, the Group achieved double-digit growth in all key performance metrics in 2019: namely newly registered users, active users and number of financial transactions.

During the year, the Public Bank Group also launched its newly redesigned PB engage mobile application, which introduced new and improved features such as DuitNow QR, Face ID login, customisable profile / theme, future-dated transactions, SecureSign Token authentication and receipt sharing as well as a brand new aesthetic user interface which enable easier navigation and user experience.

In terms of corporate online banking, PB enterprise has gained great traction since its initial launch in 2017, increasing by more than two folds in terms of newly registered users and active users respectively. In 2019, the Public Bank Group has registered more than 50,000 new companies on the Group's PB enterprise and processed more than 6.0 million financial transactions. Additional features such as Foreign Telegraphic Transfer services and Direct Debit will also be implemented in the future.

Going forward, the Public Bank Group will continue to revamp and improve its internet banking platform, PBe, to create fresh outlooks accompanied by innovative functionalities and better navigational tools.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

CHANNEL MANAGEMENT

FINTECH & DIGITAL INNOVATION

Having prioritised the Public Bank Group's 3-year Digital Roadmap over the past few years, the Group is now strategically ready to embody banking of the future. Currently, the Group is at the tail-end of its 3-year Digital Roadmap which outlines the digitalisation plans for the Group. Recognising the importance of providing seamless customer experience, the Group will continue to focus on reimagining and transforming customer journeys through digitalisation. In particular, the Group's two key focus areas in 2019 were simplifying payments and developing the Group's platform capabilities.

Following the successful collaboration between the Public Bank Group and its strategic partners (e.g. Ant Financial Services and Tencent) in the previous year to ease settlement for cross-border payments, the Group is currently focused on simplifying local payments. The proliferation of various domestic Quick Response ("QR") payment options in recent years has resulted in numerous e-Wallets in the market place today. At present, merchants display multiple QR codes in order to accept mobile payments which may be confusing. Recognising this inconvenience, the Group created the PBe QR, which rides on DuitNow QR and is an interoperable QR code that allows a merchant to accept mobile payments from any bank and e-Wallet domestically. Merchants are only required to register and download the PBe QR Mobile Application to start accepting payments.

During the year, the Public Bank Group has deployed the Application Programming Interfaces ("API") market place on its online banking channel to enable third party developers to develop digital solutions on the Group's APIs or partner with the Group to enhance existing solutions within the Group's delivery channels. With this, developers will have access to an array of APIs and may use the in-depth documentation and sandbox environment to integrate intuitive banking solutions within the Group's digital environment. The Group is also expanding its digital connectivity via ecosystem partnership across multiple industries as well as enhancing its developer portal with more APIs in the market place.

The Public Bank Group's Innovation Hub is a centre for collaborative thoughts and innovation between internal and external parties and will host third party technology and FinTech company solutions as well as conduct rapid prototyping in a sandbox environment. The Innovation Hub is open for FinTech companies to engage with the Group's FinTech and Digital Innovation unit which is responsible for streamlining initiatives with the Group's overall digital transformation strategy.

ONLINE SECURITY

In response to rise in cybercrimes such as PAC scams, the Public Bank Group's Cyber Fraud Security unit has further implemented several countermeasures to deal with cyber threats. Since the implementation of new countermeasures, the Cyber Fraud Security unit has successfully reduced PAC scam cases, prevented transfers to mule accounts and improved detection of confirmed fraud transactions.

To promote awareness of cyber threats, the Public Bank Group constantly keeps its customers updated with information on cyber threats and cyber security on its website, via e-mails and social media. Customers may also visit the Group's Online Security Microsite, a dedicated educational portal for more information.

ANTICIPATED RISKS

The unprecedented COVID-19 pandemic has brought about new customer behaviour when conducting banking and payment transactions. Hence, the Public Bank Group's online platform is set for an upsurge in transaction volume and value which may inadvertently result in new cybercrime trends emerging. To remain relevant to customers' needs post Movement Control Order ("MCO"), the Group will reposition its products and services proposition to meet customer expectations whilst ensuring security measures are in place to protect customers. The Group will also continue investing in new and relevant technologies to protect customers from cyber risks and information security risks as well as to increase cyber security awareness of customers and staff across the Group.

PROSPECTS

COVID-19 has changed the business landscape and will require banks to adapt to social distancing measures and move firmly towards digital interactions. Various transformational activities within the banking industry, driven by digital disruption and digital transformation is poised to flourish with this new norm in the post MCO period.

The Public Bank Group is positive that its ongoing efforts to revamp and enhance its delivery channels, both physical and digital, will enable the Group to meet the changing financial and lifestyle needs of its customers. The Group is committed to continuing its digitalisation agenda to capture new opportunities amidst this challenging environment and will also continue to extend digital touch points to areas that intersect with customer's lifestyle.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

INFORMATION & COMMUNICATION TECHNOLOGY

Digitalisation is fundamentally changing the way customers interact with banks, competition within the industry as well as the efficiency and quality of service delivery. To meet these challenges, the Public Bank Group has put in place a 3-year Digital Roadmap and allocated RM600 million for Information & Communication Technology (“ICT”) development. In spite of tough economic headwinds, the Group is strongly committed to achieve the desired objectives of its digital agenda. The following summarises the Group’s strategic approach to digitalisation:

STRATEGIC APPROACH TO DIGITALISATION



ADOPTING NEW TECHNOLOGIES & INDUSTRY STANDARDS

- Open API for FinTech collaboration.
- Artificial Intelligence and Machine Learning for fast decision making.
- Big data predictive, behavioural and risk analytics for security and compliance.
- Industry standards for governance, business alignment, software development and security.



PRIORITISING INTERNAL SOFTWARE DEVELOPMENT

- In-house technology ownership.
- Internal capabilities for innovation & service differentiation.
- Mobile-first design strategy.
- Agile development methodology to increase business agility.
- Corporate standards & streamlined workflows.
- Code reviews for governance.



SEEKING TECHNOLOGY PARTNERSHIPS

- Commercial packages & services acquisition for specialised expertise or advanced technology unavailable in-house.
- Smart partnerships with FinTechs, customers & reputable vendors.
- Readiness for platform banking.
- Cyber threat intelligence sharing.



STAYING CYBER RESILIENT

- Cyber Resilience Framework.
- Security-by-design principles.
- Constant upgrades with preventive ‘fail-safes’ for the ICT infrastructure.
- ‘Safe-to-fail’ strategies for rapid breach detection & recovery.
- Security conscious culture cultivation.



OBSERVING ICT COST OPTIMISATION

- Private cloud infrastructure to optimise ICT resources.
- Robotic Process Automation to save manpower required for mundane tasks.
- Internally developed software customisation & deployment to align Overseas Operations.



TRAINING AND DEVELOPING STAFF

- Continuous training and exposure to the latest ICT developments to be future-ready for Industry 4.0.
- Skill set upgrades via classroom training and mobile learning on-the-go.
- Professional certifications.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

INFORMATION & COMMUNICATION TECHNOLOGY

Opportunities and Challenges of Digitalisation

During the year, the Public Bank Group focused on areas that would effectively leverage on digitalisation to capitalise on opportunities in the market and address challenges that arose.

OPPORTUNITIES/ CHALLENGES	Increased adoption of digitalisation provides new avenues for growth.	Digitalisation creates opportunities to provide better customer experience, increase innovation and operational efficiency.
FOCUS AREAS	Enabling business agility 	Accelerating digitalisation 
ACHIEVEMENTS IN 2019	DuitNow Digital Services • In collaboration with Paynet, Public Bank was an early implementer of the DuitNow payment (under Paynet's Realtime Payment Platform). • The first bank to launch DuitNow Quick Response ("QR") standard acceptance for e-Wallets. • Developed a merchant DuitNow QR mobile app to allow merchants to dynamically create QR codes on their mobile devices for accepting payments instead of relying on static printed QR codes display. Enhanced Delivery Channels • The first bank to implement MyDebit acceptance at petrol kiosks, together with Petron and Paynet. • Launched the new PB Engage MY mobile banking app with additional biometric support and enhanced security features. • Successful initiatives at Cambodian Public Bank include: – Introducing WeChat Pay for POS terminals. – Enabling payments for vehicle registration, driving license and vehicle ownership fees to the Ministry of Public Works and Transport at its branches. – First bank to support payments for personalised vehicle number plates auctions.	Big Data Analytics • Extended the use of advanced data analytics to branches and more Head Office divisions to further derive value from the Group's Enterprise Data Warehouse. • Continuously expanded the Enterprise Data Warehouse data lake as new systems come online to maintain a comprehensive view of the enterprise. Open API • Published an OpenAPI specification on the Bank's FinTech microsite for FinTech providers to incorporate the Bank's microservices into their offerings. The microservices developed currently allow query of publicly available bank information. • In the future, the OpenAPI will facilitate JomPAY and bill payment services as part of the drive towards a banking ecosystem using data and collaboration for platform-based banking. Platform Modernisation • Revamped the hire purchase delivery system using the latest Agile Development. New features include an improved user interface which enabled faster application processing monitoring using a dashboard as well as direct information transfer from connected vehicle dealers to facilitate convenient customer on-boarding.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Resilience is an advantage as customers prefer services that cost less and are more reliable.	Competition is intensifying and margins are squeezed while investments in ICT must continue to be made to stay relevant.	Regulatory requirements are increasingly stringent.
Increasing infrastructure resilience 	Ensuring ICT cost sustainability 	Enforcing governance and compliance 
Infrastructure Upgrades - Upgraded key network equipment and internet network capacity to support business growth. - Implemented real-time database clustering to further increase application system availability. - Replaced or upgraded equipment and software to the latest supported versions including a migration of PCs running on Windows 7 to Windows 10. Analytics Dashboards - Used analytics dashboards to provide insights on performance bottlenecks and issues, which have improved visibility over data centre operations.	Infrastructure Convergence - Reduced hardware and software costs through the use of virtualisation, shared storage area network and centralised backup resources. - Migrated a large number of additional servers to virtual servers in 2019 to support business growth without increasing the number of physical servers. Digital Resource Efficiency - Reduced substantial development time with the use of middleware with micro-services and other coding standards that ensure high code reusability. - Reduced licensing costs tied to CPU utilisation by optimising the performance of processor intensive programs.	Regulatory Requirements - Efforts are currently being undertaken to meet Bank Negara Malaysia's Risk Management in Technology standards with the remaining gaps to be addressed with further enhanced technology and services. SWIFT Security Compliance - The latest SWIFT Customer Security Controls Framework 1.0 assessment conducted has affirmed the Group's compliance. Chip Card Migration - ATM cards in Vietnam are being migrated to the local Vietnam Chip Card Specification based on the Europay Mastercard Visa standard.

MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

INFORMATION & COMMUNICATION TECHNOLOGY

OPPORTUNITIES/ CHALLENGES	The risk of cyber-threats continues to escalate. Methods of attack continue to grow in sophistication making detection and prevention harder. Thus, the ability to recover quickly from an attack is an essential part of cyber resilience.	The workforce may not be ready or able to effectively carry out the digitalisation efforts if not well trained.
FOCUS AREAS	Strengthening cyber security 	Maintaining a high performance workforce 
ACHIEVEMENTS IN 2019	Predictive Security Analytics - Added an artificial intelligence engine that uses machine learning and predictive analytics to the Security Information and Event Management system in order to uncover security blind spots and allow proactive remediation. Stronger Security Controls - Tightened access controls to critical systems with multi-factor authentication to deter malware and social engineering attacks targeting internal users. Cyber-Attack Simulations - Conducted an Intelligence-led Cyber-Attack Simulation Testing to test the Bank's cyber resilience. - Carried out Cyber Drills to test the ability to recover from attacks including a Distributed Denial of Service attack simulation, general phishing and spear phishing tests and participated in Capital Market Cyber Drill. - Expanded its cyber threat intelligence cooperation network to include the Paynet Cyber Resilience Working Group, Securities Commission Cyber Risk Working Group and Cisco AEGIS Threat Intelligence.	Talent Development - To ensure an ICT workforce that is future-ready, talent development aims to nurture creativity and analytical thinking as well as cultivate a security mindset to guard against the onslaught of cyber threats. Training provided included: Agile Development & Innovation - DevOps - Design Thinking - Hackathon - Project Management Digital Technologies - Mobile Programming - Microservices - UI/UX Design - AI & Machine Learning Cyber Security - CREST Certified - Forensic Investigation - Predictive Security Analytics Infrastructure Management - Certified Data Centre Professional - Cloud Computing - Containerisation



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Future Plans

The Public Bank Group's strategic digital roadmap implementation will continue to be accelerated while additional focus will be placed on emerging technologies.



BRANCH PERFORMANCE – KPIs AND AWARDS

BRANCH KEY PERFORMANCE INDICES

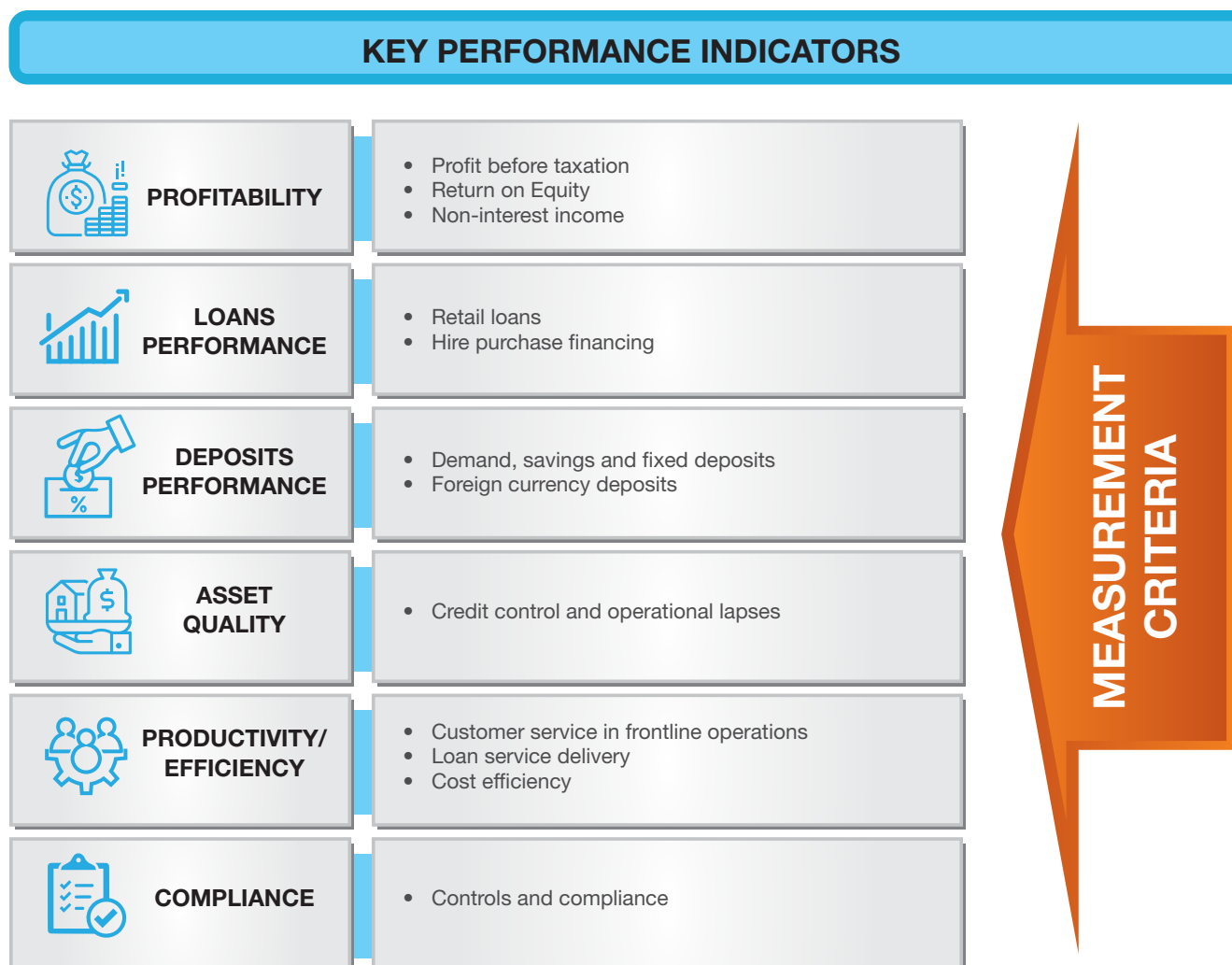
Public Bank adopts Key Performance Indicators (“KPIs”) to drive and evaluate business performance and operational efficiency of its branches. These KPIs are quantifiable measurements which incorporate all key performance factors to determine branch performance such as profitability, loans and deposits growth, asset quality, service delivery, controls and compliance as well as staff productivity and efficiency. Apart from evaluating branch performance, the KPIs also provide a basis for allocating resources as well as appraising and rewarding key management and supervisory staff at branches.

Public Bank’s Approach

Public Bank reviews the KPIs annually and aligns them to the business strategies and objectives of the Bank as well as the current operating environment. To enable appropriate measures to be taken to improve performance, the business performance and ranking of each branch against their peers are disseminated to all branches on a monthly basis. The close monitoring of the branches’ KPIs will also spur branches to strive for outstanding results in their respective areas of performance.

Public Bank’s Measurement Criteria

The KPIs included in the performance measurement of branches, key management and supervisory staff are set out below:





MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Branch Performance Awards

Each year, Public Bank awards its top performing domestic and overseas branches. The Branch Performance Awards which carry attractive cash prizes inspire branches to strive for outstanding business performance as well as higher efficiency and productivity.

The branches are segregated into six groups based on branch size and rated against their peer group of branches. The selection of winners is subject to very stringent criteria covering the key areas of business performance, loan asset quality, compliance and risk management, cost efficiency and customer service delivery.

Branch Performance Awards 2019

- **FOUNDER AND CHAIRMAN EMERITUS AWARD** for the Overall Best Domestic Branch
- **BEST BRANCH AWARDS** for domestic and overseas branches
- **SPECIAL AWARDS** which cover the key areas of business performance, branch management and service quality

The Winners

A total of 104 awards with cash prizes of RM1.0 million were granted to the winners of the Branch Performance Awards for 2019.

WINNERS OF THE BEST BRANCH AWARDS FOR 2019

Domestic Branches		Overseas Business Units	
Group 1	Kulai Branch	Public Bank (HK) Limited	Main Branch
Group 2	Taman Desa Cemerlang Branch	Public Finance Limited	Fanling Branch
Group 3	Taman Connaught Branch	Cambodian Public Bank	Phnom Penh Main Branch
Group 4	Kapar Branch	Public Bank Vietnam	Ho Chi Minh Branch
Group 5	Jalan Tun Sambanthan Branch	Sri Lanka Operations	Nawala Branch
Group 6	Jalan Apas Branch		



FOUNDER AND CHAIRMAN EMERITUS AWARD – RM50,000 & GOLD TROPHY

TAMAN DESA CEMERLANG BRANCH

2nd consecutive year

OUTLOOK FOR 2020

EXPECTATIONS AND OPPORTUNITIES

The global economy could experience a contraction in 2020. The adoption of containment measures to prevent the spread of the COVID-19 outbreak has a pronounced impact across economic sectors globally, owing to acute shocks and extensive disruption in global supply chains. Central banks will continue to ease policies in tandem with accommodative fiscal responses, in support of economic activities.

Advanced economies including the US, Europe and Japan are expected to contract as containment measures of the COVID-19 outbreak are deployed. Asia is also expected to experience a downturn as the health crisis affects various sectors regionally.

The Malaysian economy will not be spared from the global weaknesses, particularly due to the economic impact from containment efforts to prevent the spread of the COVID-19 outbreak, uncertainties in global economic and financial conditions as well as weaknesses in commodity-related sectors, including the lacklustre global crude oil price.

Malaysia's GDP will be undermined by weak economic activities in 2020. However, fiscal stimulus measures coupled with monetary and financial accommodation, will provide some support to the economy. The Overnight Policy Rate was reduced to 2.50% following rate cuts of 25 basis points in January and March, respectively. Meanwhile, Malaysia's inflation is expected to be subdued in 2020, in the absence of both cost and demand pressures.

Notwithstanding the challenging macro environment, Malaysia's banking system remains orderly, underpinned by ample liquidity and strong capital buffers. Monetary and financial conditions remain accommodative and supportive of economic activities.

Businesses in Malaysia are expected to operate more efficiently by stepping up efforts on cost controls and balance sheet management. Similarly, banks in Malaysia are likely to further enhance its operational efficiency, especially during periods of economic uncertainties.





STRATEGIES AND DIRECTIONS

The Public Bank Group will continue to operate efficiently, maintain prudence in management of credit risk and asset quality while preserving strong corporate governance and sound risk management practices.

The unprecedented COVID-19 pandemic raises significant challenges for many businesses and individuals. The Public Bank Group has been stepping up efforts to reschedule and restructure ("R&R") loans, while assisting customers who are facing financial constraints by offering deferment of loan repayments for a period of six months effective 1 April 2020. The Group is also working concertedly with Bank Negara Malaysia to allocate financing facilities for the small and medium enterprises ("SMEs") through the Special Relief Facility, to help businesses manage cash flow difficulties.

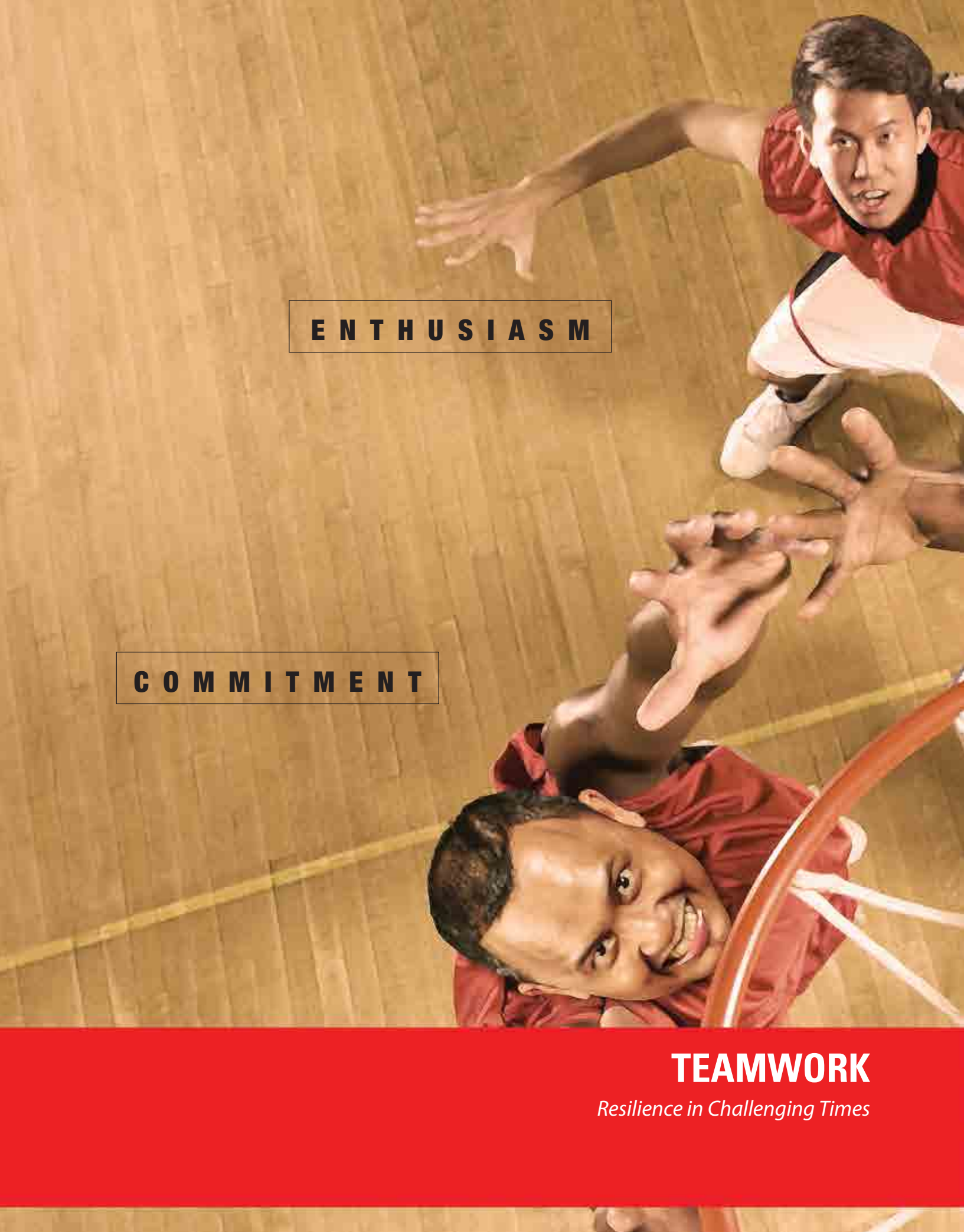
The Public Bank Group will continue to support financing in residential properties, passenger vehicles as well as lending to SMEs. The Group will also capitalise on its efficient customer service delivery and extensive network of physical and digital channels to sustain its position as market leader in the domestic retail and consumer segments. The Group remains committed to expand its corporate lending activities by leveraging on its strong franchise and strengthening its relationship with existing customers.

Amid a challenging macro environment and market uncertainties, the Public Bank Group's treasury operations will remain vigilant in its business approach and continue to maintain a prudent risk profile, while further strengthening its risk management capabilities to weather market stress.

For its unit trust business, the Public Bank Group will continue to offer a comprehensive range of unit trust funds, embrace new technology and provide exceptional services to cater to the needs of investors. Given the elevated risk and volatile market conditions, the private retail unit trust industry is expected to be impacted as investors are likely to stay cautious.

The Public Bank Group remains committed to strengthen its regional presence, particularly in the Indo-China region, by leveraging on its strong PB brand and prudent management practices.

For long-term sustainability, the Public Bank Group will continue to improve its service delivery standards and infrastructure through the advancement of technology, in order to provide seamless banking experiences across multi-delivery channels and customer touch points.

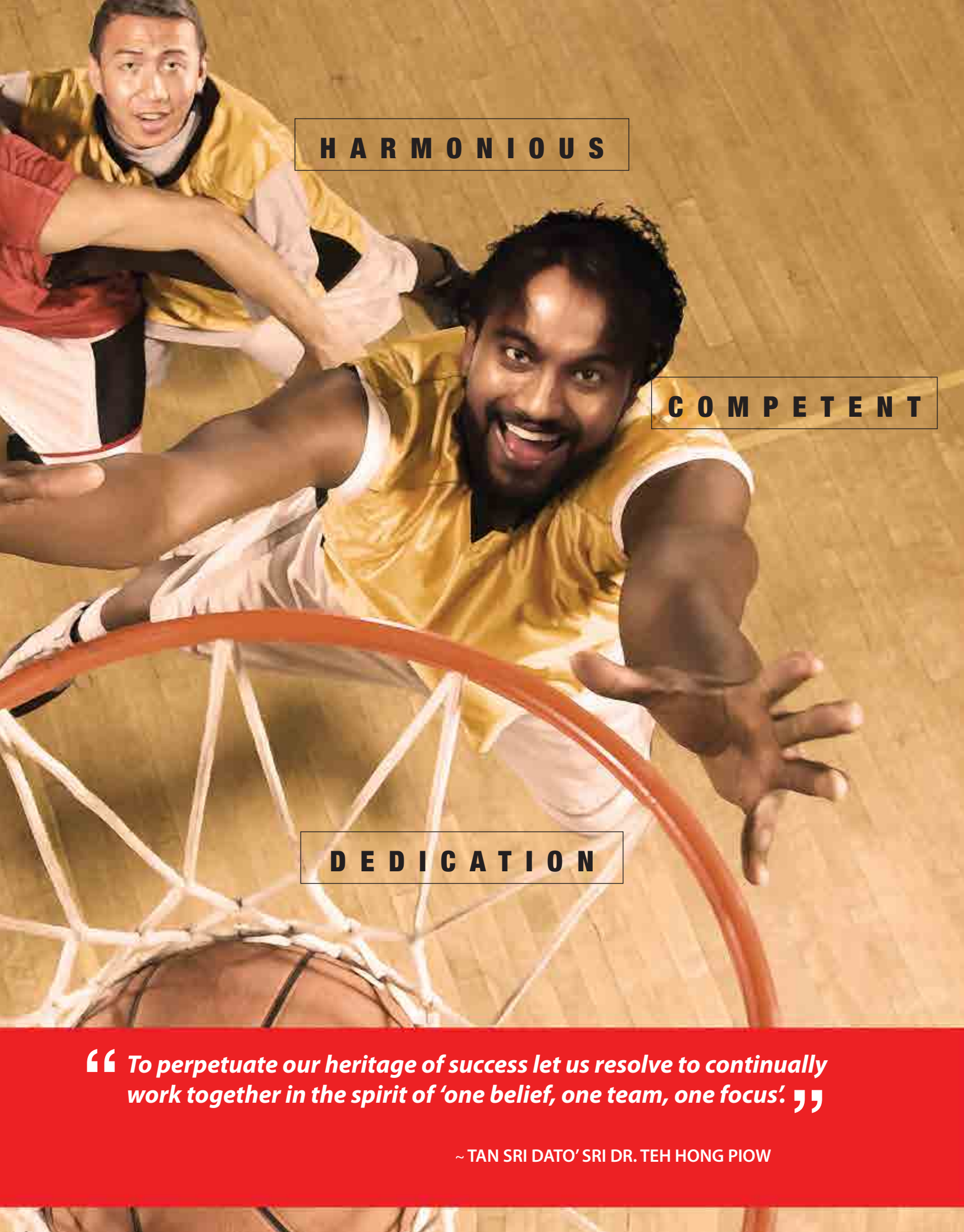


E N T H U S I A S M

C O M M I T M E N T

TEAMWORK

Resilience in Challenging Times



H A R M O N I O U S

C O M P E T E N T

D E D I C A T I O N

“ To perpetuate our heritage of success let us resolve to continually work together in the spirit of ‘one belief, one team, one focus.’ ”

~ TAN SRI DATO' SRI DR. TEH HONG PIOW



SUSTAINABILITY STATEMENT

Over the span of more than five decades, the Public Bank Group has diligently sowed its seeds of success for a sustainable future. As the Group pursues continued business growth, the Group is mindful that its objectives cannot be achieved without embracing shared values with its stakeholders.

With this in mind, the Group has aligned its Corporate Mission to be consistent with the principles as reflected in its Corporate Philosophy, which are to contribute to its customers, shareholders, employees and the community it serves. The Group aims to further embed these principles into its corporate culture along its sustainability journey.



CORPORATE MISSION

To Sustain the Position of Being the Most Efficient, Profitable and Respected Premier Financial Institution in Malaysia



CORPORATE PHILOSOPHY

Public Bank Cares...



FOR ITS CUSTOMERS

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



FOR ITS SHAREHOLDERS

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



FOR ITS EMPLOYEES

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



FOR THE COMMUNITY IT SERVES

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

...With Integrity



SUSTAINABILITY STRATEGY



ORGANIC GROWTH STRATEGY in retail banking business



FIVE MAIN SUSTAINABILITY THEMES

- Responsible Business
- Conduct and Compliance
- Developing Employees
- Corporate Citizenship
- Managing Environmental Impact

SUSTAINABILITY STATEMENT

ABOUT PUBLIC BANK SUSTAINABILITY STATEMENT 2019

This Statement presents the Public Bank Group's material Economic, Environmental and Social ("EES") opportunities and risks, and describes how the Group drives progress towards achieving opportunities, while addressing challenges.

The preparation of this Statement is guided by the Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits. The Public Bank Group has also identified nine United Nation's Sustainability Development Goals which are the most relevant to its material sustainability matters. Hence, this Statement is also a disclosure on how the Group has contributed towards achieving these global goals.

This Statement has been reviewed by the Sustainability Management Committee and approved by the Board of Directors of Public Bank.

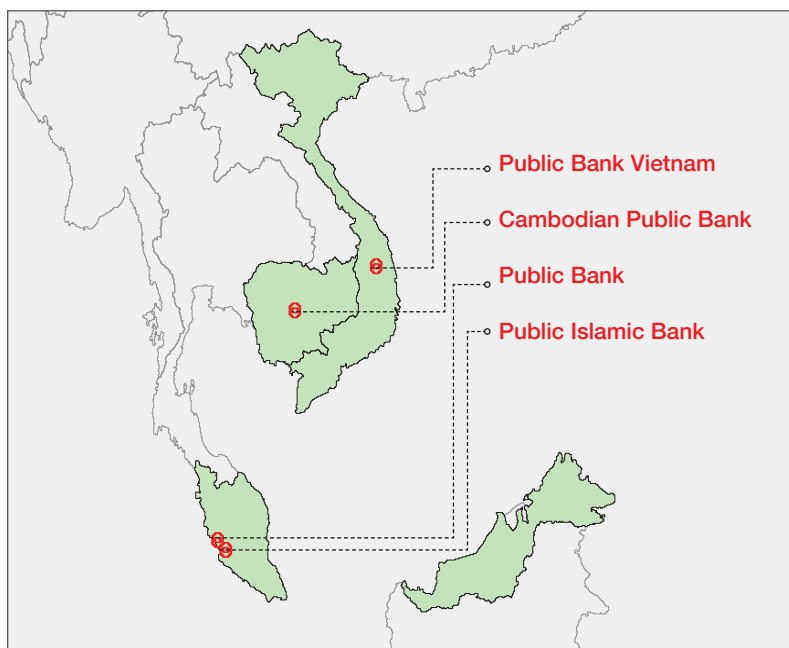
For more comprehensive information about the Group's sustainability management and performance, this Statement should be read together with other sustainability-related disclosures in the Annual Report 2019.

Reporting Scope

This Statement covers the Public Bank Group's major business operations encompassing its domestic banking operations of Public Bank Berhad and Public Islamic Bank Berhad in Malaysia for the financial year 2019.

To provide more meaningful disclosure to its stakeholders, the Public Bank Group has also included information on its EES management and progress by Cambodian Public Bank Plc ("Campu Bank") in Cambodia, and Public Bank Vietnam Limited ("PBVN") in Vietnam, where location-specific information is stated in this Statement.

Each year, the Public Bank Group's listed subsidiary in Hong Kong, Public Financial Holdings Limited ("PFHL"), publishes its Environmental, Social and Governance ("ESG") Report in accordance with the ESG Reporting Guide issued by Hong Kong Exchanges and Clearing Limited. The Report covers its four subsidiaries, namely Public Bank (Hong Kong) Limited, Public Finance Limited, Public Securities Limited and Winton Financial Limited. PFHL's latest ESG Report is available at www.publicfinancial.com.hk/home_en.





SUSTAINABILITY GOVERNANCE

The Public Bank Group is guided by its Sustainability Framework which outlines the governance structure, approach and important aspects about how the Group integrates sustainability into its business operations. The Group's sustainability management starts at the highest level with the Board of Directors ("Board") playing the leading role in setting the tone and oversight of the Group's sustainability management and performance. The Board's commitment in sustainability is also reflected in the Board Charter (available on www.publicbankgroup.com/About-Us/Board-Of-Directors/Board-Charter), which sets out one of the key responsibilities of the Board and that is to promote sustainability through appropriate ESG considerations in the Group's business strategies. To ensure effective integration of EES consideration into the Group's management, the Board is assisted by the Board Executive Committee in managing sustainability matters. The Board has also established the Sustainability Management Committee to assist in the implementation of sustainability matters.



MATERIALITY APPROACH

For effective management of sustainability, it is crucial that the Public Bank Group responds to the issues that matter to the Group and the key stakeholders. As such, an integral part of the Group's materiality approach is stakeholder engagement. The Group has established various communication platforms to engage the key stakeholders in order to gauge their expectations and identify their concerns, which have helped the Group to develop response solutions and strategies to address their concerns.

To identify the key stakeholders who are important for the Public Bank Group to engage with, the Group conducted a stakeholder prioritisation process based on two factors, the influence of stakeholders on the Group, and the dependence of stakeholders on the Group.

SUSTAINABILITY STATEMENT

Stakeholder Engagement

Key Stakeholder	Engagement Platform	Frequency of Engagement	Key Interests	Group's Approach (with reference to relevant sections in Annual Report 2019)
 Customers	Branches	Ongoing	• Products and services which cater to their needs • Service quality • Fair and ethical banking • Data privacy • Banking convenience	The Public Bank Group's pursuit of high standards of customer service is exemplified in its Corporate Tagline "Excellence is Our Commitment". The Group has been continuously investing in enhancing its products and services, upskilling its employees and upgrading its infrastructure to meet customers' needs and to safeguard their interests. The Group also focuses on maintaining long lasting relationships with its customers. Refer to: • Ethics, Integrity and Trust (page 78) • Management Discussion and Analysis – Serving the Customer (page 160), – Channel Management (page 161) • Sustainability Statement – Theme 1: Responsible Business (page 187), Theme 2: Conduct and Compliance (page 201)
	Sales and marketing team	Ongoing		
	Customer service channels	Ongoing		
	Surveys	Ongoing		
	Social media	Ongoing		
	Annual report	Yearly		
	Financial roadshows and carnivals	As and when required		
	Group's website	Ongoing		
 Shareholders and Investors	SME financing roadshow	As and when required	• Financial performance • Major corporate decisions • Strategies and directions • Ethical and responsible conduct • Compliance with rules and regulations • Group's sustainability	To sustain value proposition to its shareholders and investors, the Public Bank Group continues to put in place sustainable strategies and employs multiple approaches in its organic growth strategy to grow its core banking business, while further sharpening its competencies to strengthen its long term prospects and capabilities to navigate future challenges. Refer to: • Statement by Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder, Chairman Emeritus, Director and Adviser (page 34) • Joint Statement by Chairman and Managing Director/Chief Executive Officer (page 38) • Five-Year Group Financial Summary (page 22) • Management Discussion and Analysis (page 108) • Corporate Governance Overview Statement (page 56) • Risk Management (page 68) • Investor Information (page 239) • Sustainability Statement (page 174) • Annual Report – Financial Statements
	Investor relations channel	Ongoing		
	Annual general meeting	Yearly		
	Conferences and roadshows	As and when required		
	Analyst briefings	Half yearly		
	Annual report	Yearly		
	Group's website	Ongoing		



Key Stakeholder	Engagement Platform	Frequency of Engagement	Key Interests	Group's Approach (with reference to relevant sections in Annual Report 2019)
 Employees	Training	Ongoing	• Career progress • Remuneration and benefits • Workplace safety • Banking conduct and culture	Having more than 19,000 employees and low turnover rate, the Public Bank Group has built a strong workplace culture for its employees. The Group places great emphasis on upskilling the competencies of its employees, sustaining their integrity and good working ethics, as well as nurturing a conducive working environment. Refer to: • Ethics, Integrity and Trust (page 78) • Sustainability Statement – Theme 3: Developing Employees (page 206)
	Appraisal meetings	Yearly		
	Employees engagement campaigns	As and when required		
	Public Bank's intranet	Ongoing		
	Circular Management System	Ongoing		
	Wawasan Vision Quarterly Bulletin	Quarterly		
	New Year Message by Chairman Emeritus	Yearly		
	Email blast	As and when required		
	Annual Report	Yearly		
	Philanthropic activities	Ongoing		
 Communities and Non-Governmental Organisation	Philanthropic activities	Ongoing	• Community investment • EES impact of the Group's activities on the community	The Public Bank Group continues to play a part in supporting the national agenda for inclusive development and improving the well-being of people through both monetary and non-monetary assistance. The Group's community contribution continues to focus on improving the standard of healthcare, education, professional development, environmental conservation, as well as supporting the underprivileged. Refer to: • Sustainability Statement – Theme 4: Corporate Citizenship (page 215), Theme 5: Managing Environmental Impact (page 221)
	Annual Report	Yearly		
	Group's website	Ongoing		

SUSTAINABILITY STATEMENT

Key Stakeholder	Engagement Platform	Frequency of Engagement	Key Interests	Group's Approach (with reference to relevant sections in Annual Report 2019)
 Regulators	Meetings	As and when required	• Compliance with rules and regulations • Ethical and responsible conduct • Corporate culture • Electronic banking • Financial inclusion • Managing environmental impact	The Public Bank Group continues to maintain a productive relationship and engage proactively with regulators to ensure understanding and adherence to rules and regulations. Building on this positive relationship, the Group also seeks to further contribute to the stability and advancement of the banking sector. Refer to: • Corporate Governance Overview Statement (page 56) • Risk Management (page 68) • Ethics, Integrity and Trust (page 78) • Statement on Risk Management and Internal Control (page 81) • Audit Committee Report (page 87) • Annual Report – Financial Statements • Sustainability Statement – Theme 1: Responsible Business (page 187), Theme 2: Conduct and Compliance (page 201), Theme 5: Managing Environmental Impact (page 221)
	Industry forums	As and when required		
	Dialogues	As and when required		
	Consultation sessions	As and when required		
	Correspondences	As and when required		
 Media	Interviews	As and when required	• Financial performance • Major corporate decisions, strategies and implementation • Group's outlook • Timely and transparent reporting	The Public Bank Group emphasises and sustains a good media relationship as it is an essential tool to enhance its visibility and communication with stakeholders. Refer to: • Statement by Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder, Chairman Emeritus, Director and Adviser (page 34) • Joint Statement by Chairman and Managing Director/Chief Executive Officer (page 38) • Corporate Governance Overview Statement – Communication with Stakeholders (page 66) • Management Discussion and Analysis – Outlook for 2020 (page 170)
	Press releases	As and when required		
	Social media	Ongoing		
	Annual general meeting	Yearly		
	Group's website	Ongoing		
 Suppliers and Vendors	Procurement process	Ongoing	• Fair pricing • Efficient and responsible procurement process • Ethical business	The Public Bank Group supports the development of a sustainable supply chain. As the Group ensures a fair and responsible process in its supplier relationship management, it also encourages its suppliers to operate in ways that contribute positive EES impact. Refer to: • Sustainability Statement – Theme 1: Responsible Business – Sustainability in Supply Chain (page 199) • Ethics, Integrity and Trust (page 78)
	On-site visit	Ongoing		



Prioritisation of Material Sustainability Matters

The Public Bank Group reviews its sustainability matters every year. With stakeholders' expectations constantly changing, the Group has put in place a structured process to assess the materiality of each stakeholders' concern or interest, in order to identify matters that stakeholders expect the Group to put more focus on. The Group also takes into consideration sustainability risks and opportunities, corporate strategy, current macro and industry trends, regulatory landscape, media review, and stakeholders' input, in its materiality analysis.



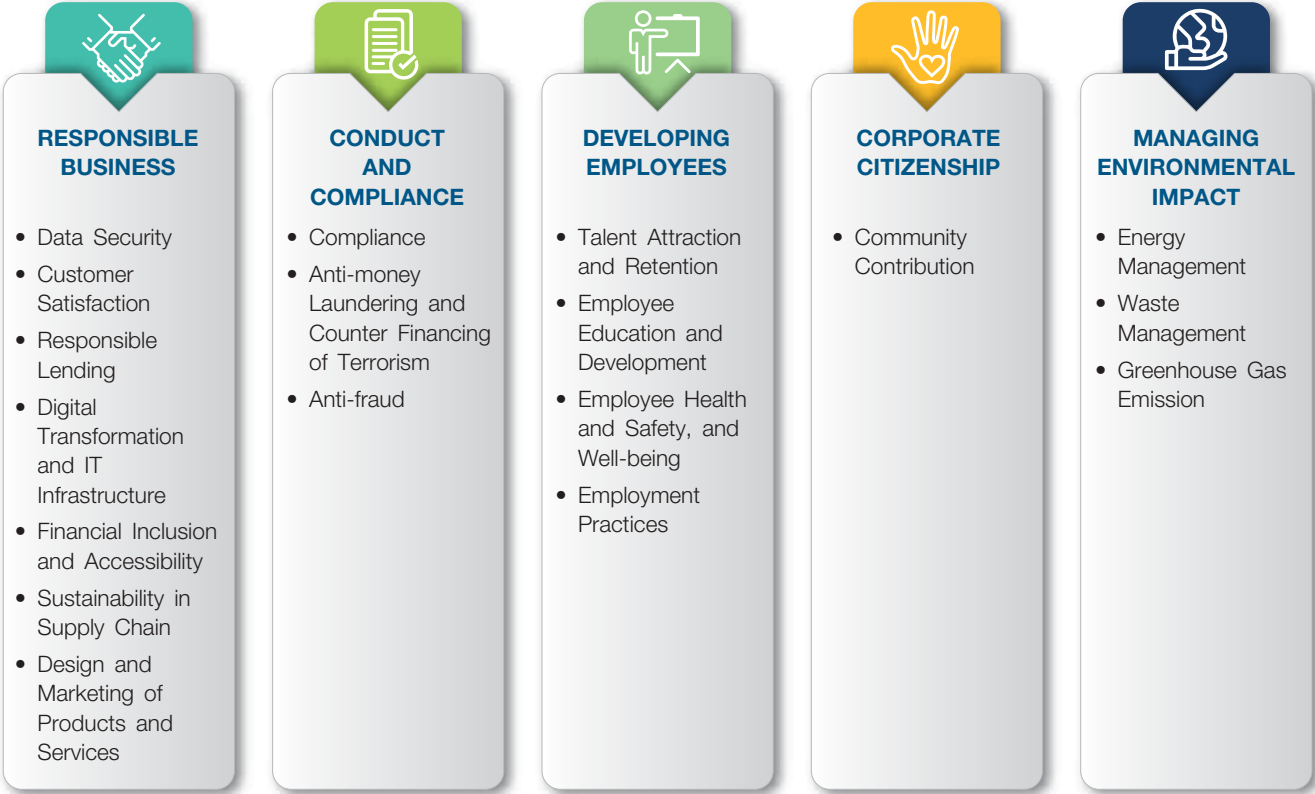
The result of the analysis has been plotted into a materiality matrix. The matrix shows the different level of importance of each sustainability matter, with matters in the upper right quadrant indicating the highest priority for stakeholders and having the most impact on the Group's business.



SUSTAINABILITY STATEMENT

From both the external and internal stakeholders’ perspective, data security and compliance matters such as anti-money laundering and counter financing of terrorism are the most material sustainability issues. Further, customer satisfaction and employees-related matters continue to rank high in the quadrant, with the Group continuing to place emphasis in creating value proposition for them. Despite that environmental-related matters are in the lower left quadrant, the Group recognises that climate change has become more entrenched, and it will need to play a more proactive role to promote environmental sustainability.

The 18 sustainability matters have been categorised into five themes, which form the reporting structure in the section Managing Sustainability Matters in this Statement.





CONTRIBUTING TO THE SUSTAINABILITY DEVELOPMENT GOALS

The Public Bank Group is supportive of the United Nations Sustainability Development Goals ("SDGs"). Guided by its Corporate Philosophy, the Group believes it is on a similar trajectory with the SDGs. This year, the Group has identified nine SDGs which are the most relevant to its material sustainability matters. The nine Goals are:



Going forward, the Public Bank Group will further step up its efforts in contributing to the SDGs, focusing on the most relevant SDGs to its banking business. The Group will explore further and identify the relevant SDG targets related to the nine Goals, which will be the priority areas for the Group to set performance goals and track the progress of its SDGs initiatives.



The Sustainability Development Goals is a universal call by the United Nations to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. At its core are 17 goals and 169 targets to be achieved by 2030 which require all nations across the world to work together to build a more sustainable future for the people and planet.

SUSTAINABILITY STATEMENT

KEY SUSTAINABILITY PERFORMANCE

CUSTOMER SATISFACTION



89%

of customers rated frontline services as **"Excellent"** or **"Good"**



96%

of customers rated loan delivery services as **"Exceeded Expectation"** or **"Within Expectation"**



93%

conformance level to the **10-minute** Customer Waiting Time



74%

conformance level to the **2-minute** Standard Waiting Time

ASSISTING CUSTOMERS WITH FINANCIAL DIFFICULTY

Granted loan moratorium for
>900 customers

Rescheduled and restructured financing for
>1,900 customers

FINANCING ACCESSIBILITY



264

Domestic Branches



>2,000

Self Service Terminals

Number of registered customers for:



Internet Banking :

▲ 19.3%

Mobile Banking :

▲ 31.8%

DIGITALISATION INITIATIVES



First in Malaysia to launch universal QR payment, **PBe QR**



Newly revamped **PB engage** mobile banking application



Pilot launch FinTech microsite revamped with Open Application Programming Interfaces (**"API"**)



Working on **Innovation Hub** to facilitate engagement with FinTech companies



Intensify usage of **Artificial Intelligence** and **Advanced Data Analytics**





GRANTED NEW LOANS IN SUPPORT OF FINANCIAL INCLUSION

RM19.91
billion

for
>50,000
home purchasers

RM15.68
billion

for
>209,000
motor vehicle
buyers

RM11.08
billion

for
>41,000
SMEs

GROSS IMPAIRED LOANS RATIO

0.5%

SUSTAINABLE SUPPLY CHAIN

96.7%

of procurement spending
on ICT equipment were local-based

DEVELOPING AND CARING FOR EMPLOYEE



- **36** training hours per employee
- Comprehensive and extensive range of training catered for employees of different levels
- Low employee attrition rate **5.4%**
- Highest number of Asian Institute of Chartered Bankers graduates
- Extending maternity leave up to **90** days, in addition to the existing 90 days of maternity leaves

WOMEN
EMPOWERMENT

47.0%

of women in
management

48.0%

of women in top
management

33.3%

of women in
Board of Directors



Emerged as
TOP 3 BEST EMPLOYER
IN THE BANKING SECTOR
by Talentbank



**COMPLIANCE AND
CONDUCT**
No material instances of
non-compliance



DONATED RM70,000
under **Festive Charity**
Programme



2019 INCOME TAX PAID
RM1.26
billion



AWARDED >180
students under **Star**
Achiever Programme

Continued to provide
financial support to
promote

FINCO CSR
Activities



ENVIRONMENTAL CONSERVATION

- Increasing digitalisation of banking operations to reduce paper usage
- Solar system at Menara Public Bank 2 reduced 38.1 tCO_{2e} carbon emission
- Continued replacement of light bulbs to LED bulbs across the Group's premises

SUSTAINABILITY STATEMENT



Awards and Recognitions

The Public Bank Group takes pride that it has been consistently recognised and honoured by external organisations for its achievements in sustainability. These recognitions have inspired the Group to continue to live its values, and create values for its stakeholders, as well as pursue higher performance in its sustainability journey.



FTSE

A constituent in FTSE Bursa4Good,
FTSE4Good ASEAN 5
and FTSE4Good Emerging Index



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Public Bank Berhad has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (“ESG”) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



MSCI
AA ESG Rating



THE ASSET ESG
AWARDS
Gold



MANAGING SUSTAINABILITY MATTERS

RESPONSIBLE BUSINESS

- Data Security
- Customer Satisfaction
- Responsible Lending
- Digital Transformation and IT Infrastructure
- Financial Inclusion and Accessibility
- Sustainability in Supply Chain
- Design and Marketing of Products and Services

Supported SDGs:

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



THEME 1: RESPONSIBLE BUSINESS

1. DATA SECURITY

As banks acquire, store, process and manage huge amount of customer and banking information, they play a crucial role to protect information confidentiality. Banks which place emphasis on the safety and security of customer information in order to mitigate potential data security risks are able to gain the trust of customers, thereby enhancing customer loyalty and retaining existing customer base. Hence, a lack of awareness or being ignorant of the consequences of a data security breach would result in a trust deficit among the public and banks' clientele, and place banks' reputation at risks which may adversely impact their bottom line.

Group's Approach and Initiatives

At the Public Bank Group, data security is a strategic priority. The Group adopts a zero-tolerance policy on data security breach. The essential preventive measures include deploying well-trained workforce, robust information system security, secure data storage infrastructure and proper data disposal.

The immense opportunities to improve productivity and efficiency brought about by technological advancements also lead to increased risks of cyber threats. To protect against the evolving digital security risks, the Public Bank Group has established comprehensive policies, procedures and processes to safeguard information security. The Group also continues to invest substantially in strengthening its security infrastructure.

Guiding Policies and Frameworks

Banking Secrecy Framework

The Framework had been further strengthened to be in line with the standards stipulated under the Bank Negara Malaysia's Management of Customer Information and Permitted Disclosures. Key initiatives include establishing and maintaining information and communication technology ("ICT") controls and quarterly reminders to employees to stringently adhere to customer information control measures

Cyber Resilience Framework

Provides guidance to the Group in managing cybersecurity risks, improving cyber resilience as well as ensuring adequate cybersecurity preparedness throughout the Group on a continuous basis. The Framework sets out baseline security control requirements encompassing technology, processes and people under four main pillars, namely Identification, Protection, Detection and Response/Recovery

Corporate Information Security Management Policy

Outlines wide-ranging principles to ensure that the Group's information and information systems are properly safeguarded and adequately protected from threats, including fraud, data leakages, service disruption and natural disaster

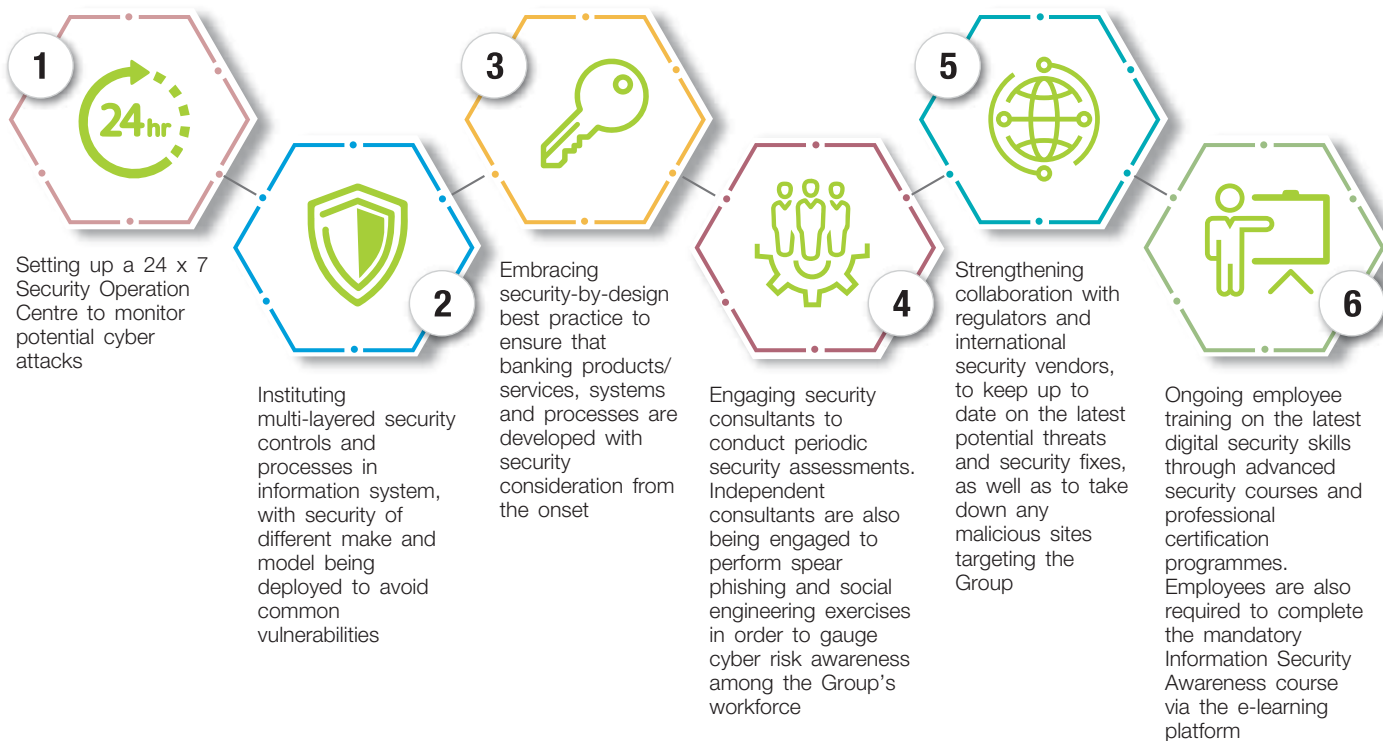
Enterprise Architecture Framework

Outlines the overall technical design and high level plan of the Group's ICT architecture to promote standardisation and a disciplined way of delivering information technology solutions. The Framework describes the high level ICT architecture for technology infrastructure application and security controls

SUSTAINABILITY STATEMENT

Actions taken to Strengthen Information Security

The Public Bank Group has continued to focus on strengthening countermeasures and conducting regular assessments to ensure the resilience of cybersecurity. These include:



At the Public Bank Group's overseas operations, the system security infrastructure continued to be strengthened in alignment with the Group's stringent Cyber Resilience Framework. Defence-in-depth upgrades were conducted to increase infrastructure resilience against cyber threats while regular security assessments that included intelligence-led simulation attacks were conducted to validate the security posture of the Group.

The Public Bank Group also emphasises stringent physical data security. Regular reminders are sent out to all employees to take appropriate measures to safeguard physical copies of customer information. These include reminders to verify the identity of customers before releasing account information, restricting access to areas containing sensitive information, adopting clean desk and computer screen policy, as well as shredding and deleting all unwanted documents containing confidential information immediately. The Group also sends out regular circulars to inform all employees about the latest audit findings on employees' conduct in safeguarding customer information, hence keeping them aware that the Management takes a serious stance on any non-compliance, and stern disciplinary action will be taken in the case of a data breach.



In May 2019, the Group kicked start a new learning series called **"Focus of the Month"**, in which Cybersecurity was selected as the topic for three consecutive months. This activity was aimed at strengthening employees' knowledge, as well as to raise their awareness, on the latest trend in cybersecurity issues.



2. CUSTOMER SATISFACTION

Banking is a customer-driven business. Superior customer service standards lead to higher customer satisfaction and loyalty, which ultimately will generate greater value for the business. In the face of increasingly intense competition, especially when products are highly identical among peers, a high standard of customer service is a key differentiating factor in customer acquisition and retention.

Group's Approach and Initiatives

Service excellence is at the core of the Public Bank Group's strategy. As guided by its Corporate Tagline – Excellence is Our Commitment, the Group always strives to serve customers with the highest standards of service quality, and it is this unwavering commitment that has enabled the Group to remain at the forefront of customer relationship management. The Group also cares about customers' views of its services. The Group constantly reaches out to customers for their feedback on its service quality. This has enabled the Group to identify the areas which need further improvement in order to provide higher customer satisfaction.

In 2019, the Public Bank Group continued to strengthen its service approach, while actively striving towards delivering service performance which is higher than the industry standards, as outlined in its Customer Service Charter.

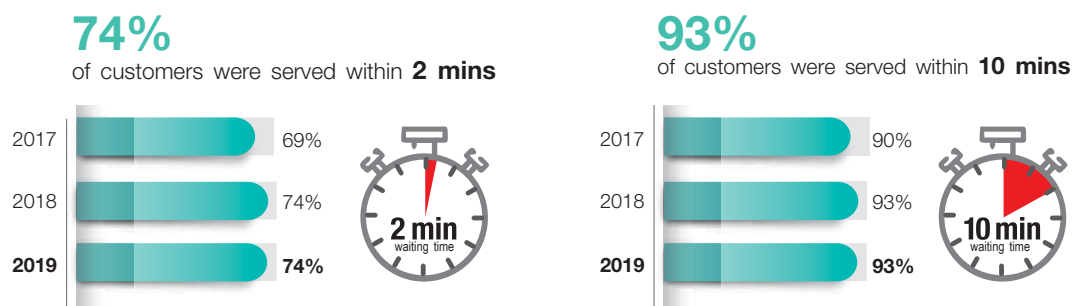
Queue Management System

The Public Bank Group has established the Queue Management System with the aim to monitor and manage the efficiency of the Group's counter service. One of the key targets is the 2-minute Standard Waiting Time, with the Group striving towards 80% of its frontline customers to be served within two minutes for simple banking transactions. The Group's 2-minute Standard Waiting Time is a higher bar compared to the industry standard which only expects 80% of frontline customers to be served within 10 minutes.

In terms of performance in 2019, 74% of the Public Bank Group's frontline customers were served within the 2-minute Standard Waiting Time. In terms of the 10-minute waiting time, the Group achieved a higher conformance level, with 93% of its customers served within 10 minutes.

Despite the high conformance level in meeting the 10-minute waiting time, the Public Bank Group will continue to evaluate its queue management performance and undertake enhanced efforts in its counter service to meet the more challenging 2-minute Standard Waiting Time goal. To accelerate the efficiency of counter service, the Group will further encourage the migration to self service terminals for certain simple banking transactions, while continuing to upskill its Service Ambassadors to actively assist customers to complete their transactions more efficiently.

Customer Waiting Time



Loan Service Delivery

The Public Bank Group has set a high benchmark for its loan processing standard turnaround time, which all branches are required to strictly comply with. The Group monitors closely the performance of each branch and regularly sends out reminders on corrective actions to be taken to address any low conformance rate. The Group also ensures employees are equipped with sufficient knowledge and skills to carry out loan processing efficiently and effectively via regular training.

SUSTAINABILITY STATEMENT

Achieving Customer Service Which Meets Global Standards and High Customer Satisfaction

Customer Satisfaction on Frontline Service Delivery and Loan Delivery Service

The Public Bank Group’s frontline service delivery and loan delivery service, which are the hallmark of the Group’s service quality, continued to show high customer satisfaction in 2019. During the year, 89% of customers rated overall customer experience at frontline counters as “excellent” or “good”. For loan delivery service, the Group achieved improved performance, with 96% of customers rating their experience as “exceeded expectation” or “within expectation”.



ISO 9001 Certified Frontline Service and Loan Delivery

The Public Bank Group has built a long track record of customer service excellence. The Group obtained a bank-wide ISO 9001:2000 certification for Quality Management System Frontline (“QMSFL”) in 2001 and Quality Management System Loan Delivery (“QMSLD”) in 2003. With the Group sustaining its superior service, the QMSFL and QMSLD were subsequently upgraded to the latest version of the standard, ISO 9001:2015 in 2018.

In line with the concept of risk-based thinking in the ISO 9001:2015 Standard, the Public Bank Group has established a Quality Management System Risk Library which lists the critical risk areas and potential risk exposures which could impede the successful maintenance of the Quality Management System, including the QMSFL and QMSLD. The Risk Library also provides description of risk mitigation to address every risk factor. All employees are required to understand and ensure strict compliance with the Quality Management System manuals.

Managing Customer Complaints

The Public Bank Group is mindful that every complaint matters. Effective handling of complaint will not only resolve the issue, but also increase the Group’s accountability to customers. Further, complaint management is increasingly becoming the regulators’ area of focus, with the aim to improve banking service and heighten customer protection.

To reinforce an effective and efficient complaint management resolution, the Public Bank Group has set an internal stipulated time frame of ten days to address complaints. To facilitate this, the Group has put in place a Complaint Tracking System which outlines the complaint-handling procedure. The system allows Customer Service personnel to keep track of the status of any complaint and to extract statistical analysis of complaint and resolution as and when required. Amid the increasing usage of electronic payment, the Group has also set up a Customer Grievance System to track all complaints relating to electronic fund transfers.

Given the Public Bank Group’s efficient process for timely resolution of customer complaint, the Group had once again achieved a 100% compliance rate in meeting the 10-day turnaround time for processing complaints in 2019.

Stringent Complaint Management in Campu Bank and PBN

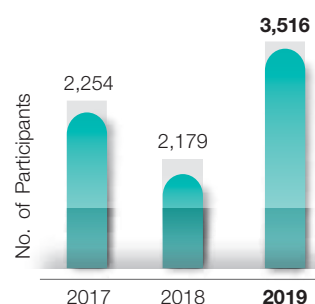
Campu Bank and PBN have established a stringent complaint management system, in which complaints from customers are required to be addressed within 14 business days. Both banks have complied with the 14 days turnaround time in 2019.



Regular Training to Uplift Customer Service Standards

Amidst the dynamic and rapidly changing banking landscape, customers are increasingly expecting higher levels of service standards. The Public Bank Group embraces agility to meet changing customer expectation, and conducts regular trainings to ensure its employees are well guided to deliver their best to meet customers' demands. In 2019, a total of 3,516 employees attended trainings to step up their customer service skills and knowledge.

Customer Service Training



Strengthening Service Standards In Campu Bank and PBN

To accelerate their customer service standards, Campu Bank and PBN have continued to conduct classes to upskill their employees. In 2019, a total of 169 and 136 employees in Campu Bank and PBN respectively had attended training to strengthen service standards.

Following the successful implementation of Customer Care Campaign Phase 3, Campu Bank launched the Customer Care Campaign Phase 4 – Doing It Right For You, with the sub-tagline “First in Quality Service” across all its branches in 2019. The Campaign was to further cultivate the superior service culture and reinforce Public Bank’s internally set service standards among frontline employees, including:

- 5-minute Standard Waiting Time at frontline counters
- Zero complaints
- Practice of GUEST (Greeting, Using name, Eye contact, Smiling, Thank you)
- Completion of core transactions within processing time of three minutes

3. RESPONSIBLE LENDING

Banks, as the key financing provider, play a pivotal role to facilitate economic growth. Their lending behaviour can be crucial to the preservation of social and economic stability. Assessing customers' affordability and needs before approving financing is important to prevent them from accumulating excessive debts. It is also vital that banks take into consideration the potential economic, environmental and social-related risks resulting from their financing decisions.

Group's Approach and Initiatives

The Public Bank Group's lending approach is underpinned by its high level of lending prudence. The Group will not solely act in its own interests, but will also consider customers' needs and affordability, which is in line with Bank Negara Malaysia's Responsible Financing Guidelines. The Group's prudent credit culture is supported by its stringent credit appraisal system with individual accountability, and reinforced with strong centralised credit control and credit risks management systems. While the Group actively strives to achieve higher loan expansion, it also ensures its credit growth is in line with its Credit Risk Strategy which seeks an optimal balance between credit quality, profitability and growth objectives. The Group also promotes green financing in support of a low carbon environment.

Prudent Lending Practice

The Public Bank Group has put in place a Credit Policy which provides a comprehensive framework encompassing lending directions, procedures, management of credit risks and minimum credit standards aligned with the Group's prudent credit culture. The Policy was also developed in line with Bank Negara Malaysia's Credit Risk Policy Document. Guided by the Credit Policy, each loan application is carefully assessed and considered on its own merit, based on the suitability of the product to the borrowers, as well as their affordability and credit standing.

SUSTAINABILITY STATEMENT

To facilitate a more objective credit assessment, the Public Bank Group has an internal statistical-based credit scoring system which enables credit officers to better quantify the risk involved, hence helping to determine the creditworthiness of loan applicants. The Group also conducts regular training to continually develop employees' ability to make insightful credit judgement amid the rapidly evolving credit management environment.

Helping Borrowers Overcome Financial Hardship

At the Public Bank Group, conducting its business in a responsible manner also includes taking a proactive stance to help customers who may need assistance to overcome their short term financial difficulties. The Group is mindful of the importance to respond to customers' financial hardship as soon as possible before the situation deteriorates further. As every customer is affected differently, the Group assesses every case considering its specific circumstances before extending appropriate assistance to the customer. The assistance includes extending repayment, restructuring and rescheduling of loans, and reducing payments for a period of time.

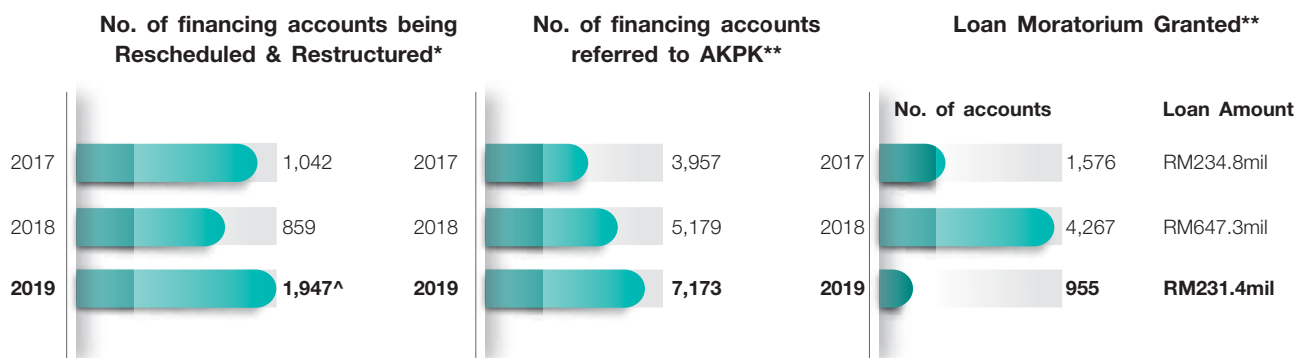
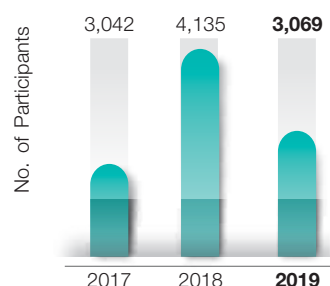
In 2019, in line with Bank Negara Malaysia's guideline, the Public Bank Group further extended its assistance to performing small and medium enterprises ("SMEs") and performing individual borrowers who faced temporary repayment difficulty by exempting their debt from being classified as credit impaired and, rescheduled and restructured in the Central Credit Reference Information System ("CCRIS"), subject to certain conditions. This measure has provided flexibility and opportunity for borrowers who are viable but faced temporary hardship to overcome their difficulties.

The Public Bank Group also engages borrowers with financial hardship under the debt management programme spearheaded by Agensi Kaunseling and Pengurusan Kredit ("AKPK"), whereby borrowers are given the opportunity to regain control of their finances with personalised repayment plans. In special circumstances should borrowers encounter repayment difficulties owing to natural disasters, the Group will provide a temporary reprieve for them by granting a moratorium on loan repayment.



The Public Bank Group has been granted the Anugerah Kolaborasi Tertinggi AKPK 2018-2019, in recognition of its efforts in collaborating with AKPK to assist borrowers overcome financial difficulties and get back financial control

Training to Enhance Credit Quality



* For retail loan, hire purchase, credit card and corporate banking

** For retail loan, hire purchase and credit card

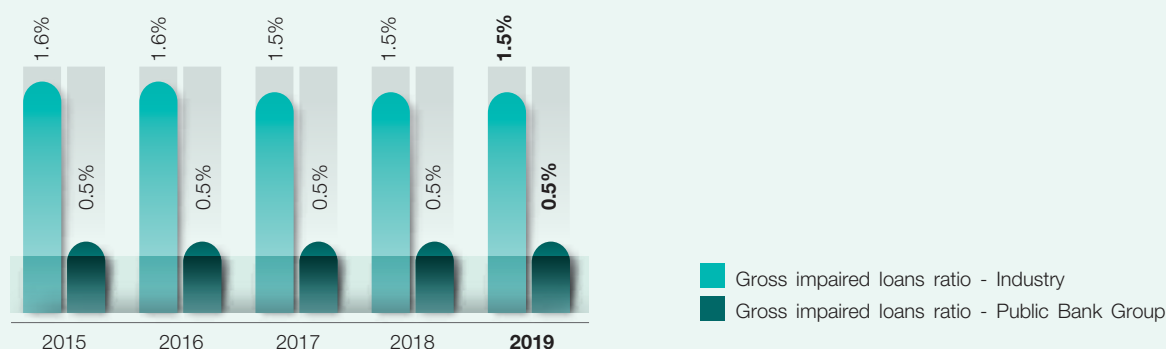
^ Inclusive of performing SME account being exempted as rescheduled and restructured classification by Bank Negara Malaysia

In response to the COVID-19 outbreak which has inflicted significant economic disruption, the Public Bank Group has offered financial relief measures to alleviate customers' financial constraints. The Group offers moratorium of up to six months for the monthly instalment of loans and financing, as well as accommodating requests by customers to restructure and reschedule their loans and financing. In addition, the Group is also a participating financing institution offering Bank Negara Malaysia's Special Relief Facility which is catered to SMEs at a low financing rate of 3.50% per annum.



The Public Bank Group's responsible lending practice has resulted in the Group achieving strong asset quality, as reflected in its long record of gross impaired loans ratio below 1.0%. The Group's gross impaired loans ratio was also three times lower than the domestic banking system for many years. The strong and stable asset quality has been a key strength supporting the Group's business and position in the banking industry. Sustaining the Group's financial stability is a responsibility not only to its customers, but also to its key stakeholders including shareholders, investors and employees.

Gross Impaired Loans Ratio



Likewise, Campu Bank and PBVN continued to achieve stable asset quality. In 2019, Campu Bank's gross impaired loans ratio stood at 0.8%, as compared to the Cambodian banking industry's gross impaired loans ratio of 2.2%*. Meanwhile, PBVN achieved a gross impaired loans ratio of 1.2%, lower than the Vietnam's banking industry's ratio of 2.3%*.

* latest available

Promoting Green Financing

The Public Bank Group's support of sustainable growth includes taking into account environmental considerations when making financing decisions. The Group's support of green financing is also in line with the national green technology agenda, with the aim to build a sustainable and resource-efficient economy. As at the end of 2019, in support of the Government's Green Technology Financing Scheme, the Group had approved total financing of more than RM17.0 million to businesses involved or invested in green technology such as biogas, solar photovoltaic and renewable energy system. Following the launch of the Green Technology Financing Scheme 2.0 by the Government, the Group continued to show its support by offering financing solutions to businesses investing in green technology.

The Group's support of the green agenda is also practised by its operations in Vietnam, with PBVN providing financing to businesses involved in waste collection and recycling operations.

Value-based Intermediation

Bank Negara Malaysia has issued the Value-based Intermediation ("VBI") framework to set a guidance for Islamic financial institutions to integrate value proposition and creation of sustainable socio-economic impact into their business strategies. The VBI has been set as the next strategic direction of the domestic Islamic banking industry.

In support of the initiative, Public Islamic Bank has embarked on the journey to embed VBI principles into its business approach and practice, and has undertaken further steps aimed at creating more positive impact for the community and economy at large. Public Islamic Bank, as one of the major Islamic banks in Malaysia, can be an effective catalyst in promoting the VBI. Tapping on this strategic role, Public Islamic Bank is currently taking an in-depth look at how it can contribute further to positive socio-economic impact by offering preferential financing rates for green homes and eco-friendly cars. Public Islamic Bank is also looking at the offering of affordable financing for the purpose of pursuing higher education.

SUSTAINABILITY STATEMENT

4. DIGITAL TRANSFORMATION AND INFORMATION TECHNOLOGY INFRASTRUCTURE

Technological innovation is growing at an incredible speed and redefining everyday lives. It has also reshaped how consumers think and act, hence creating new opportunities for the banking industry to explore, innovate and produce banking solutions to meet the diverse needs and interests of customers.

However, as digitalisation and technology accelerate opportunities, it has also brought new challenges such as cyber risks, changes in the regulatory landscape, and the entrance of non-bank financial providers. These have led to greater need for banks to embrace digitalisation to better manage the challenges, while seizing the opportunities arising from digital transformation.

Group's Approach and Initiatives

The Public Bank Group's direction on digital transformation is to make banking easy, fast, secure and reliable for its customers by redefining and reimagining customer engagement through multiple customer touch points. The Group's customer-centric digital transformation journey focuses on humanising banking with technology, and to provide its customers with a more comprehensive and personalised experience. Taking into consideration that consumers are highly connected to social applications on smart phones and tablets, the Group is mindful that it needs to combine digital speed and convenience with human interactions in its customer transformation journey.

The Public Bank Group had in 2019 stepped up efforts to accelerate progress on its 3-Year Digital Roadmap, which is based on four key drivers - Convenience, Efficiency, Security and Innovation.



Convenience

The Group reviews, reengineers and redesigns products and services based on customer journey thinking and human-centred design principles:

- Launched the newly revamped **PB engage** mobile banking application with enhanced user experience and user interface
- Launched the **PBe QR**, Malaysia's first universal QR payment acceptance riding on DuitNow QR, which provides businesses with the convenience of displaying just one QR code to receive payment from their customers through mobile applications
- Working on revamping the **PBeBank.com** internet banking which is expected to be equipped with new and innovative services such as online account opening

Efficiency

The Group works on streamlining and automating back-end processes to create faster, simpler and more efficient customer experience:

- Working towards deploying a **virtual assistant** which is powered by artificial intelligence to assist customers and employees in banking transactions
- Continuing to conduct proof-of-concept testing for **electronic know-your-customer ("eKYC")** solution, a digital identity process using facial recognition and thumbprint biometrics technology
- Intensifying the usage of **artificial intelligence and machine learning** in dashboard monitoring platforms, software testing automation solution and digitalisation of internal operational process such as straight-through-processing



Security

The Group constantly prioritises the safety and security of its customers' interest when utilising its banking products and services:

- Enforcing strict **cyber resilience practice** by deploying new technologies to safeguard information and build strong defences against cybersecurity threats
- Setting up a **Crisis Management Plan** which guides the Group to recover quickly from cyber attacks
- **Educating customers** on cyber threats and data protection

Innovation

The Group seeks to leverage on innovative technology to scale up its operational efficiency and capability to provide customers with more seamless experience:

- Pilot launch of a FinTech microsite revamped with **Open Application Programming Interfaces ("API")** testbed environment for third parties to connect with the Group's open data, hence allowing speedier system integration and facilitating strategic partnerships with suppliers as well as vendors to deliver more efficient solutions to meet customer expectation
- Working on the setting up of **Innovation Hub** to facilitate ideation, engagement and partnership between the Group and FinTech companies
- Leveraging on **advanced data analytics** to facilitate business intelligence, advanced predictive and prescriptive analytics, and risk scoring engine

SUSTAINABILITY STATEMENT

Driving Innovative and Dynamic Cash Management Solution

2019 has been a year of achievements for the Public Bank Group in advancing its digital banking and cash management solution.

First bank to adopt DuitNow QR



In collaboration with Payment Networks System Malaysia Sdn Bhd ("PayNet"), the Public Bank Group soft launched the Malaysia's National QR Standard known as the DuitNow QR, making the Group the first bank in Malaysia to adopt this QR standard. The DuitNow QR is an extension of the DuitNow service that facilitates payments by scanning QR codes at merchants accepting DuitNow QR payments. To complement this initiative, the Group launched the PB e QR. These applications have allowed a ubiquitous cashless payment solution that enable merchants to receive QR-based payments from any customers performing DuitNow QR transactions.

Revamped PB engage mobile banking



Launched the revamped PB engage mobile banking with enhanced user experience and interface such as device binding, quick balance via face identification, quick action menu, future-dated transactions, DuitNow QR and transaction authentication via SecureSign Token, placing the Group among the prominent players offering the best mobile banking solutions.

Closely collaborating with PayNet



The Public Bank Group is also an active and close business partner of PayNet in promoting services such as FPX, Direct Debit, JomPAY and the new DuitNow QR. Over the years, the Group and PayNet have jointly organised several successful online campaigns with merchants promoting FPX and JomPAY. The Group also actively participates in promotional events and roadshows organised by PayNet such as the FPX #MyCybersale Asia Campaign.

New features and benefits of PB enterprise



The Public Bank Group has consistently added new features and benefits to the users of PB enterprise, an online cash management service catering to SMEs and Government agencies. These include the offering of promotional interest rates for fixed deposits and certain fee waivers for account holders. The Group has also enabled payment for Employee Insurance Scheme for PB enterprise users.



Merchant aggregators

The Public Bank Group is in the midst of studying the feasibility of recruiting merchant aggregators for PayNet's Direct Debit Agent Concept. With this, the Group will be able to sign up more Direct Debit merchants via the assistance of merchant aggregators without any additional cost and resources to the Group.

Award of recognition

In recognition of the Public Bank Group's contribution towards electronic payment development in Malaysia, the Group was awarded with four awards at the Malaysian e-Payments Excellence Awards 2019 by PayNet. While the Group was once again named the Best MyDebit Bank in Malaysia, it was also accorded three other awards namely The JomPAY Best Biller Bank, Outstanding Contribution to MyDebit and MyDebit Top Acquirer.



SUSTAINABILITY STATEMENT

5. FINANCIAL INCLUSION AND ACCESSIBILITY

Access to finance is a fundamental component of an economic ecosystem, and it is crucial to enable people from all segments of society, including the underserved and underprivileged, to have access to affordable financial services, for the broader economy and society to grow and develop sustainably. Banks as major financial intermediaries play a critical role to improve the overall quality of lives of the broader community by improving their financial lives.

Group's Approach and Initiatives

The Public Bank Group's business is built on the purpose of serving the public and providing banking products and services which are catered to the needs of the mass market. The Group's strategy, which is focused on retail consumers and SMEs, is underpinned by the understanding that its pursuit of business growth should create sustainable and inclusive growth for the general public.

Wide and Extensive Delivery Channels

In 2019, the Public Bank Group continued to enhance and strengthen its wide delivery network, with the aim for its banking services to reach out to more segments of people. Embracing more advanced banking technology has further accelerated the efficiency and coverage of its delivery channels.

Financial Assistance for Nation Building

During the year, the Public Bank Group continued to align its lending practices with the country's needs. The Group continued to make useful and affordable financial products and services accessible to customers, enabling them to acquire funding to improve their financial lives and achieve their life goals, such as home ownership, purchase of motor vehicles and starting or expanding a business. As a strong supporter of Bank Negara Malaysia's Policy on Lending/Financing to the Priority Sector, the Group continued to provide financing to lower and medium income earners for the purchase of affordable houses costing up to RM250,000 in Peninsular Malaysia and RM300,000 for Sabah/Sarawak, as well as SMEs to establish and grow their businesses.

Further, in support of Bank Negara Malaysia's initiatives to assist first time house buyers to own a home, the Public Bank Group has introduced a new home financing package, namely PB First Home Loan. The new scheme offers first time buyers of houses priced up to RM300,000 mortgages with attractive key features such as margin of financing of up to 110% and waiver of ancillary costs.

The Public Bank Group is also a strong supporter of the Home Ownership Campaign, an initiative by the Government to assist Malaysians to own a home at a lower price and cost. In conjunction with the Campaign, the Group had launched the Special Home Ownership Campaign promotional rates to support the Government's call for the nation to own homes at affordable cost.

Public Bank's Delivery Network

	Malaysia	Cambodia	Vietnam
No. of branches	264	31	20
No. of self service terminals	2,053	72	38
No. of registered users of internet banking	↑19.3% to 2,873,330	↑10.7% to 18,008	↑42.7% to 11,247
No. of registered users of mobile banking	↑31.8% to 1,435,321	↑59.5% to 39,599	NA

NA: not available

FINANCIAL INCLUSION

Granted new loans of

RM19.91 billion for >50,000 home purchasers	RM15.68 billion for >209,000 motor vehicle buyers	RM11.08 billion for >41,000 SMEs
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Online Hire Purchase Application

To increase accessibility and convenience for customers to acquire financing for the purchase of motor vehicle, the Public Bank Group has introduced online hire purchase application via the PBe internet banking. This new service allows customers to submit online hire purchase application to their preferred hire purchase centres or branches.



To support SMEs, which have been the key drivers of the Malaysian economic growth, the Public Bank Group has continued to increase access to credit for the SMEs through its wide range of business funding solutions catering to their different needs. In addition to the Group's flagship SME financing product, the SWIFT Plan, the Group has been proactively supporting financing schemes established by the Government and Bank Negara Malaysia. These include Working Capital Guarantee Scheme, Working Capital Guarantee Scheme – Start Up, and Automation Process Guarantee Scheme. The Group also participated in offering a new scheme introduced in 2019, namely Working Capital Guarantee Scheme – Bumiputera.

The Public Bank Group aims to provide the appropriate financial service to meet the needs of customers to improve their lives. While the Group's lending approach is based on a combination of guidelines, policies, rules and regulations, the Group considers potential clients based on their respective merits. For example, notwithstanding the current challenging economic environment and high cost of living, the Group evaluates an application holistically to ensure customers with long term viability are provided financial assistance to realise their aspirations.

Assistance to Customers Needing Special Care

At the Public Bank Group, all the 264 domestic branches are equipped with Special Care Counter, where the physically disabled, senior citizens and expectant mothers have priority over other customers and are served immediately irrespective of the queue length, time of arrival and the type of banking transaction requested. This caring service has also been extended to Campu Bank and PBVN.

6. SUSTAINABILITY IN SUPPLY CHAIN

Effective sustainability management goes beyond the scope of a business's own boundary. Business which takes holistic approach applies sustainability lens throughout the supply chain. Business, in collaboration with suppliers and vendors, which create shared commitment on sustainability management, can create domino effects and drive larger positive impacts in facilitating EES growth and opportunities.

Group's Approach and Initiatives

As a major bank with an extensive supply chain, the Public Bank Group takes cognisance of the impact it can make through integrating EES practice into its supply chain management. Integrating sustainability criteria into supply chain management reflects the commitment of ensuring sustainability of the Group and its stakeholders. The Group requires that its suppliers comply with all applicable rules and regulations. Due diligence is conducted on the potential outsourcing arrangement so that the Group can ensure the way suppliers conduct their business meets the Group's expectations.

To address the risk of probable adverse conditions or a sudden termination of the service from suppliers, business continuity is an important criterion in supplier engagement. The factors that the Public Bank Group takes into consideration include suppliers' business ethics, reliability and quality of the product and service, delivery and turnaround time, and after sales support. To put this into practice, the Group conducts site visits to ensure that its expectations of the suppliers are being delivered. To understand more about the sustainability practice of the suppliers, the Group also sends out surveys to selected suppliers and vendors to gauge their sustainability practices, while at the same time share with them the Group's expectations of them in promoting sustainability. One of the key ways the Group promotes positive environmental impact through the supply chain is to encourage electronic procurement. The Group has encouraged and enlisted more vendors and service providers to participate in its e-Purchase order to further reduce paper usage.

SUSTAINABILITY STATEMENT

The Public Bank Group also undertakes stringent governance in sourcing for its information and communication technology (“ICT”) products and services. Vendor due diligence is conducted and reviewed once every two years, with the Group reviewing the vendor’s financial strength, management and exposure to risks. To ensure business continuity, vendors of critical application systems with no supply source codes are required to sign escrow agreements to ensure up-to-date source codes are readily accessible in the event of discontinued product support or insolvency of the vendor. Further, the Group continues to support development of the local economy by supporting domestic suppliers and vendors.

ICT Sourcing and Procurement

	2018	2019
Local Spending	96.4%	96.7%

7. DESIGN AND MARKETING OF PRODUCTS AND SERVICES

Ethical and fair dealing with customers is central to a bank’s responsible conduct. Designing products and services based on customers’ needs, and being transparent and clear in the communication with customers, enable positive customer outcomes and sustain customer trust in the banking industry. The delivery of responsible dealing helps to protect customers’ interest, safeguard reputation and contribute to the sustainability of the financial system.

Group’s Approach and Initiatives

As its core business focuses on serving the public in retail banking, the Public Bank Group is mindful that offering fair and responsible products and services is crucial. The Group is mindful of its fiduciary duty in marketing products which are appropriate to customers’ needs and financial capabilities, as well as its responsibility in clearly disclosing vital information, such as product features, fees and charges, terms and conditions and any potential risks to customers. The Group has also made available product disclosure sheets, operational manual or the workflow of proper procedures in the Group’s Electronic Publication Homepage and Circular Management System to enable easy access by all employees. Customers are also able to acquire product information through the product disclosure sheet available on the Group’s website.

The Public Bank Group ensures new products and existing product enhancements are vetted under a meticulous internal process, with various operational and business units including Compliance and Risk Management working closely to evaluate and review the products. For new products, the Group is guided by the Policy and Procedure on Risk Management Practices for New Products, which sets out guidelines to promote sound risk management in managing and controlling product risk by ensuring appropriate assessment and mitigation of risk during the product development and marketing stages. Regulatory compliance is strictly adhered to throughout the product lifecycle.



CONDUCT AND COMPLIANCE

- Compliance
- Anti-money Laundering and Counter Financing of Terrorism
- Anti-fraud

Supported SDGs:



THEME 2: CONDUCT AND COMPLIANCE

Bank as a financial service provider is built and sustained on trust, and this is underpinned by a strong commitment for good governance and ethical conduct. The occurrences of financial crises, and the resulting years of economic slowdown, have clearly reflected the serious consequences of trust deficit due to banking misconduct. To preserve financial stability and stakeholder trust, compliance with rules and regulations, as well as sound management of compliance risks have become more than a necessity for the banking industry.

Group's Approach and Initiatives

The Public Bank Group upholds integrity to the highest level in the way it conducts its business. While the Group ensures all employees comply with all relevant codes, policies and regulations, it aims to incubate a strong compliance culture whereby employees are not only adhering to the rules by ticking boxes, but by observing their spirit as well.

Guiding Policies and Principles on Employees' Conduct and Compliance

Public Bank's Code of Ethics has been established as the guiding principles covering all aspects of employees' code of conduct, and it provides guidance on how they are expected to behave and take accountability for their personal conduct. The Group is also mindful of the increasing risks arising from the more complex and sophisticated financial crimes, such as money laundering, terrorist financing, corruption and bribery which have caused huge financial losses and market disorders. To address this, the Group has taken stringent steps including the development of robust policies and practices to guide employees to mitigate, detect and manage these risks.

To help ensure a professional and ethical workforce, the Public Bank Group has a stringent screening process in its hiring practice. Pre-employment screening is conducted to ensure that the candidate's background is duly checked and verified to be good for employment. The screening process undertaken by the Group's Human Capital Management corresponds to the employment stages and the related risks on staff integrity. The screening criteria include screening on personal details, including criminal records, employment history and financial screening.

Code of Ethics

The Code of Ethics sets out five fundamental principles which mirror the professional and ethical standards set by the Financial Services Professional Board:

- Competence
- Integrity
- Fairness
- Confidentiality
- Objectivity

All employees are required to adhere to the highest possible standards in all their conduct.

SUSTAINABILITY STATEMENT

Compliance Policy

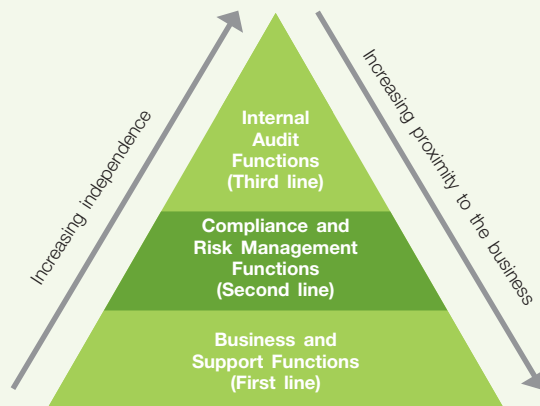
The Compliance Policy was established as a key component to support the Public Bank Group in managing compliance risks, and is applicable to all employees, including overseas operations.

The Policy was developed based on three core principles:

- **Zero Tolerance Approach** to legal and regulatory non-compliance
- **Compliance is Everyone's Responsibility** where all business lines and functions within the Group must carry out their responsibilities to ensure effective management of compliance risks
- **Risk-based Approach** in compliance risk management

The Policy sets out that the Board of Directors has overall responsibility to oversee the management of compliance risk. The Compliance Committee has been established to assist the Board to discharge its responsibility.

The effectiveness of the compliance environment is premised on a collaborative effort from three lines of defence:



Anti-money Laundering and Counter Financing of Terrorism ("AML/CFT") Policy

The Public Bank Group's AML/CFT requirements are outlined in the Public Bank Group's AML/CFT Policy and Group Guidelines.

The Group adopts the three lines of defence approach which is premised on the collaborative effort from the Business and Support Functions (first line), Compliance and Risk Management Functions (second line), and Internal Audit Functions (third line).

The Board of Directors is responsible to maintain accountability and oversee the establishment of AML/CFT policies and minimum standards.

Anti-fraud Policy

The Anti-fraud policy guides all employees on the Public Bank Group's zero-tolerance towards any illegal and/or fraudulent acts. The scope of "fraud" covers but is not limited to the following:

- Asset misappropriation
- Fraudulent statement/representation
- Corruption/Bribery
 - a form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include many activities including bribery, acceptance of 'kickback', extortion, collusive tendering and/or embezzlement
- Fraudulent acts (including acts of omission) or attempted fraudulent acts committed on but not limited to assets, data, records, documents or other information

The Policy outlines the responsibility of the Board of Directors in ensuring a sound corporate culture which promotes and reinforces ethical, prudent and professional behaviour to prevail within the Group. In line with the Internal Audit Charter approved by the Board, Internal Audit Division is granted full, free, unrestricted and timely access to any and all documentation, information systems, records, property, personnel and all other information and resources deemed necessary by the Group Chief Internal Auditor and/or the Audit Committee to accomplish the objective of fraud investigation.



Whistleblowing Policy and Procedures

The Public Bank Group has put in place the Whistleblowing Policy and Procedures to provide an avenue for all staff, interns, consultants, contractors, vendors, suppliers and/or customers to disclose any illegal, unethical, questionable practices or improper conduct committed or about to be committed within the Group. The disclosure is treated with strict confidence and without any risk of reprisal.

Actions Taken in Managing Compliance and Conduct Risks

The Public Bank Group is committed to embedding a stringent compliance culture throughout the organisation. In 2019, the Group carried out various initiatives to make compliance information and reporting channel easily accessible by employees, while conducting regular visits and communication, as well as mandatory training to keep employees' awareness at the highest level.

Compliance Communication Platform

- Launched in 2019 to serve as a formal escalation channel for employees to raise queries in relation to regulatory requirements
- A one-stop staff informative and educational platform for employees

Quarterly Publication of Circular

- To brief all employees on the common findings and root causes of non-compliance
- To serve as a learning point for branches, hire purchase centres and hire purchase hubs to take corrective actions

Compliance Risk Assessment

- The Group conducts Compliance Risk Assessment to assess and rate the risks of applicable legislation and regulations with five levels of risk ratings. The ratings of the legislation and regulations reflect the different level of potential impact to the business on any non-compliance

Compliance Newsletter and Bulletin

- The monthly Compliance Newsletter and quarterly Compliance Bulletin are issued to promote compliance risk awareness among employees

On-site Visit to Branches

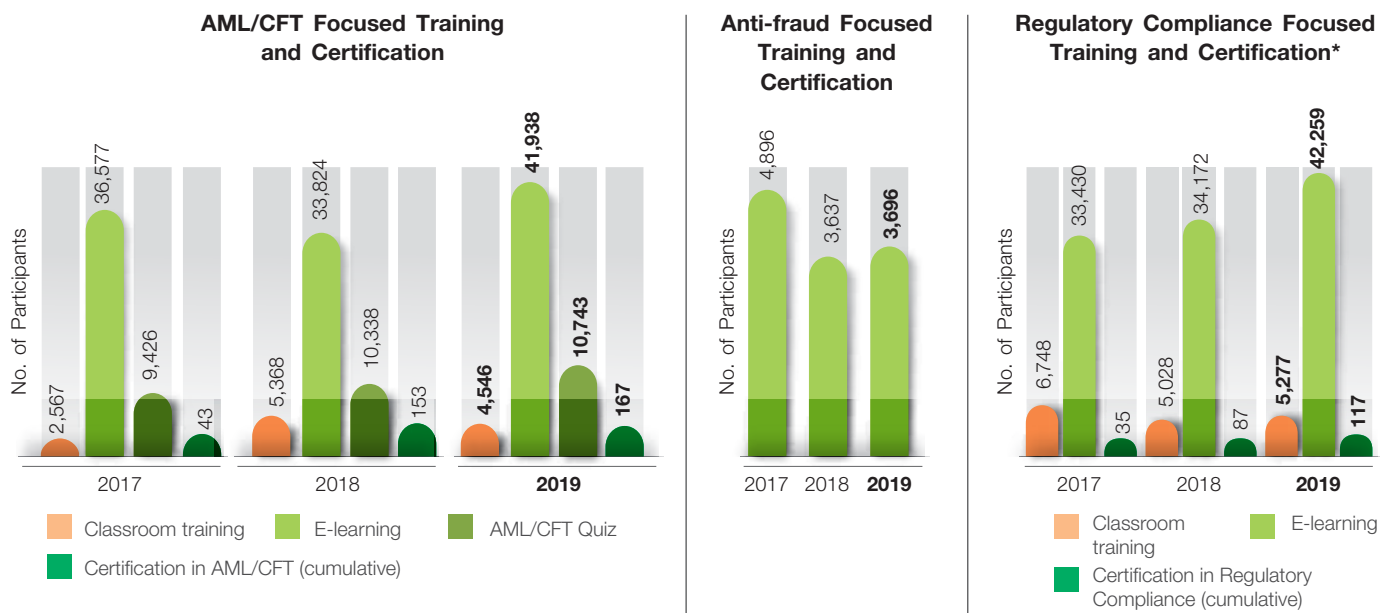
- Visits are conducted throughout the organisation to enhance effectiveness of compliance programmes
- In 2019, the Group's Compliance Division conducted visits to all 264 branches to ensure implementation and compliance with AML/CFT guidelines

Focus Training Sessions

- In 2019, 16 focus training sessions were conducted for branches to reinforce and heighten awareness on AML/CFT. Further, 13 regional dialogue sessions on compliance and AML/CFT matters were also conducted

SUSTAINABILITY STATEMENT

The Public Bank Group focused on training its employees to help develop, enhance and strengthen their awareness and knowledge on compliance and AML/CFT matters. The Group conducts comprehensive training programmes, including mandatory awareness training on Code of Ethics, AML/CFT and anti-bribery and corruption via the Group's e-learning platform.



* The key training programmes include Operational Risk Awareness Briefing, Legal Aspects of Banker-Customer Relationship, Application of Foreign Exchange Administration Rules in Banking Operations, Understanding Banking Regulations for Frontline and Zero Defect in Frontline Operations

Zero-tolerance Towards Bribery and Corruption

The Public Bank Group has zero-tolerance towards any form of bribery and/or corruption including “facilitation payments” or any acts which are contrary to the ethics and integrity of the Group. While the Group is in the midst of drafting Public Bank Group Anti-Bribery and Corruption Policy, the Group has made the Anti-bribery and Corruption e-learning module a mandatory course for employees, with the objective to create awareness and to inculcate good ethical business practices among all employees in compliance with Anti-Bribery and Corruption law and regulations. The learning module covers:

- Definition of Bribery and Corruption
- Penalty for Bribery and Corruption
- Role of Malaysian Anti-Corruption Commission
- Legislation on Corruption
- Malaysian Anti-Corruption Commission Act 2009
- Malaysian Anti-Corruption Commission (Amendment) Act 2018
- Examples of breaches
- Consequences of non-compliance
- Reporting channels
- Consequences of non-reporting
- Latest updates relating to Anti-Bribery and Corruption initiatives in Malaysia

In 2018 and 2019, a total of 12,704 and 14,968 employees had completed the course in the respective years.

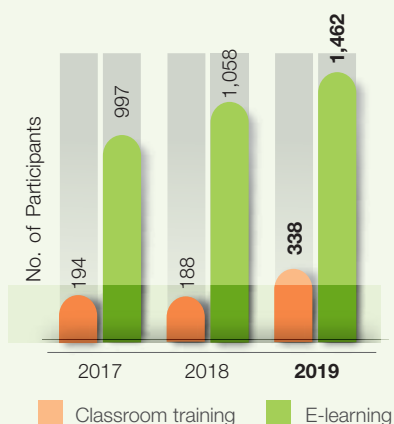


Conduct and Compliance in Campu Bank and PBVN

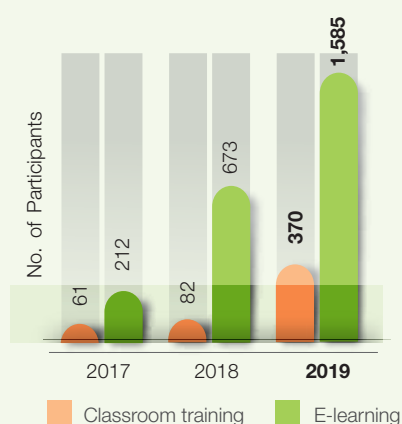
The Public Bank Group's strong commitment to regulatory compliance and ethical conduct is also practised by its overseas operations. Campu Bank and PBVN have embraced the Group's best practices to manage compliance and conduct, such as Compliance Risk Assessment, Compliance Grading System, on-site visit to branches, regular reminders on employees' circular and focused training.

In combating money laundering and terrorism financing, Campu Bank and PBVN had further reinforced awareness and strengthened preventive steps through comprehensive training programmes.

Campu Bank: AML/CFT Focused Training



PBVN: AML/CFT Focused Training



SUSTAINABILITY STATEMENT



DEVELOPING EMPLOYEES

- Talent Attraction and Retention
- Employee Education and Development
- Employee Health and Safety, and Well-being
- Employment Practices

Supported SDGs:

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



THEME 3: DEVELOPING EMPLOYEES

Employees are the backbone of a business. Competitive, motivated and loyal employees are prime movers to help the business deliver consistent and progressive growth. They are the key driver to shape a strong corporate culture which promotes long term organisational performance, while helping the organisation to deliver values to the wider stakeholder groups.

Group's Approach and Initiatives

At the Public Bank Group, managing employee satisfaction is a high priority. The Group aims to cultivate a supportive culture where employees are motivated to thrive at work, while knowing that their hard work will be rewarded and recognised, and their well-being are taken care of. For this reason, the Group has built and constantly strengthened a sustainable corporate culture which emphasises on empowering employees through active engagement, learning and leadership, rewarding career and promoting employees' health and well-being.

Building a Future Ready & Future Proof Workforce

At the Public Bank Group, building and strengthening a future-ready workforce is imperative for the Group to remain ahead of the curve. The Group focuses on ongoing skills development and makes learning an integral part of the company's culture, so that employees are empowered to take responsibility for their own education and training to gain confidence in working with new technologies and to be more willing to develop beyond what they already know. The Group not only provides an internal learning platform for the employees to accelerate enhancement of knowledge, it also collaborates with third party content providers, such as Coursera, Leadapreneur, Harvard Business School and Moody's Analytics, to drive employees' digital learning through mobile web, which has enabled employees to enhance their learning experience and create a habit of learning in their daily lives.



Staff Training

	Domestic Operation	Campu Bank	PBVN
Employee participation in training			
– Classroom (headcount)	47,274	714	659
– E-learning (headcount)	173,615	732	2,532
Total hours of training per employee	36	22	8
Total investment in training	RM54.7 million	USD 61,561	VND950 million

“Our employees are fundamental to the vibrancy and success of the Group. At the end of the day, everything we do - from operations and technology to service - is completely based on the ability and behaviour of our employees.”

The online platforms also allow the Public Bank Group to effectively track employees' learning progress so that it can evaluate not only their performance, but the learning process itself. The Group would identify areas of weaknesses, and provide structured feedback to its employees. Roadmaps are created where pain points and problem areas are identified, thereby allowing the learning programmes to be customised accordingly.



The Public Bank Group also carries out skills gap analysis to identify the challenges that need to be addressed in future proofing the workforce. In November 2019, a Skills Gap Exercise on Frontline Operations was carried out nationwide to identify competency gaps among employees. Training will subsequently be provided to bridge the skills gap of the employees.

Skills Gap Analysis ("SGA")

	No. of Participants
SGA for Frontline 2015	1,814
SGA for Credit 2016	1,967
SGA for Customer Service 2017	2,100
SGA for Frontline and Credit, PBVN	119
SGA for Frontline 2019	2,454

Well-rounded Training Programmes

The Public Bank Group designs training programmes which address the needs of the employees, while ensuring that training is in line with its business strategies and direction. This enables the Group to deliver targeted learning and development opportunities that benefit not only its employees at the individual level, but ultimately the overall strength, sustainability and capability of the entire organisation.

The Public Bank Group is mindful of the importance of equipping its employees with the digital skills that are necessary for 21st century jobs. The Group's Digital Literacy programmes help instill learners with confidence in their ability to use technology. Employees are provided with basic future skills, such as coding, to help them to appreciate how things work and to solve problems in a logical and creative way. The Group also offers Python skills training which upskills employees' ability to analyse data for better work improvement. The Group aims and focuses on instilling a growth mindset among employees in every aspect of training programmes. This not only helps to shift employee mindset towards curiosity and open-mindedness about new ways of working, but also encourages more viral adoption of technology among the workforce.

While the future of work may be tech-disrupted, humans still steer the big wheel of change forward. Apart from upskilling digital skills, the Public Bank Group also focuses on human capabilities in order to work effectively alongside with technology. These capabilities include interpersonal skills, creativity, design thinking and emotional skills.

On this note, one of the Public Bank Group's focus is to elevate customer service standard. The Group's customer experience guidelines, frameworks and measurements have been shared across all branches to keep all employees mindful of the Group's high requirement in customer service. Meanwhile, the Group's focused training on customer service is conducted at 3 levels:

- Branch Managerial staff for an understanding of the Customer Service Framework and details on how to elevate service to the next level
- Customer Service Representatives, as they have the most interfacing moments with customers, on how to engage and build long term relationships with customers and
- Identified officers, on how to disseminate the knowledge and skills to their respective branches so as to accelerate learning and cultivate a customer centric culture



A total of 2,552 Senior Executives and above, as well as 378 Customer Service Representatives attended training programmes related to customer service

Further, programmes on customer service aspects such as the handling of customer complaints, customer service recovery, customer service strategy, as well as training on personal quality and peak personal performance continue to be part of the Public Bank Group's curriculum.

Strengthening and sustaining a risk-focused organisation culture is another key aspect of the Public Bank Group's training focus. Guided by the PB brand values, the Group has shaped a strong risk culture, with four principles guiding its risk approach:

- Enforcing robust risk governance
- Balancing growth with stability
- Ensuring accountability for all our risk-based decisions and actions
- Encouraging awareness, engagement and consistent behaviour in every staff

SUSTAINABILITY STATEMENT

To reinforce risk-focused conduct among employees, many ongoing training programmes have been made available online to enable employees to learn and complete the training at their own pace.

In 2019, a total of 14,647 staff had attended operational risk programmes, and on average, each employee had spent 19 hours on risk management training, which covered a wide range of risk topics, including:

- Anti-money laundering & countering the financing of terrorism
- IT security and cyber risk awareness
- Business ethics
- Global fraud prevention
- Core ethics for financial advisers
- Assessing and addressing operational and security risk
- Anti-bribery and corruption
- Business Continuity Management
- PBB Code of Ethics

At the same time, updates on the various rules and regulations such as anti-money laundering and counter financing of terrorism law and policy, Personal Data Protection Act, Financial Services Act, and Foreign Exchange Administration Rule are incorporated into the Group's risk programmes. The latest cases and negligence incidences are discussed with analyses centering around areas of improvement to prevent recurrences of similar nature. To widen the reach of the Group's training to accelerate branches' frontline knowledge, the Group's Knowledge and Learning Centre, together with Branch Operations Control unit, conduct on-site focus training, where training is tailored to guide and coach employees in the areas where weaknesses are identified.

Further, in line with Bank Negara Malaysia's guideline, all new Management Trainees are trained in the 1-day session on "Introduction to Ethics in Banking". In 2019, a total of 32 classes were conducted with 1,069 participants having attended the session. The Public Bank Group also continued to achieve almost 100% compliance every month in getting its Management Trainees to undergo the "Introduction to Ethics in Banking" and registering them as members of the Asian Institute of Chartered Bankers within the first month of reporting to work.

Going forward into 2020, the Public Bank Group will continue to work on how it can tap on technology to further enhance employees' learning path. These include reviewing and developing various applications and tools to support employees training and leveraging on technology to make its online mandatory training more engaging. On this note, the Group is targeting to achieve a ratio of classroom

training versus digital learning to 40:60 from the current 50:50. Mandatory training days will also increase from three days to five days. To complete the five training days, employees may opt for learning courses available at the Group's e-learning platform.

Fostering Leadership and Providing Opportunities for Career Advancement

While technical knowledge is the bedrock of "getting things done", leadership skill is deemed as the oil that lubricates performance. The Public Bank Group encourages an environment where leadership is nurtured across domains and functions. The Group takes a holistic approach to leadership development which encompasses the following elements:

- A strong focus on corporate culture in the form of its values and beliefs
- Individual leadership capabilities and a growth mindset

Nurturing leadership qualities begins from the day the Public Bank Group's employees join the company. The Group recognises that Gen-Yers and Zoomers are the next layer of leadership for the Group. To groom the young employees, the Group has in place a talent development plan for Management Trainees, the PB TalentMax, which is a 12-month business-centric trainee programme that aims to produce bankers who are well rounded in their selected business streams.



As a testament of the Group's initiatives in developing young talents, Public Bank had once again in 2019 emerged as the "Top 3 Best Employer in the Banking Sector" for the second consecutive year in the "2019 Graduates' Choice Award" by Talentbank



The PB TalentMax programme starts with a two-day orientation introducing the Public Bank Group's structure, values and culture, as well as what is expected of the new joiners. The young talents are given the opportunities to build network with their peers across the organisation. Following the orientation, graduates go through comprehensive coverage classes ranging from regulations, products, operational workflow and procedures, common lapses, handling errors to interpersonal selling and customer service. They also undergo on the job training and attachment at relevant Head Office divisions. Each trainee's progress is closely monitored by an appointed mentor. In 2019, the Group had trained and graduated 550 trainees.



**PB TalentMax Programme
has been granted Full
Accreditation by the Finance
Accreditation Agency ("FAA")
since 2015**

For new managers who are taking on people management responsibilities at the Public Bank Group for the first time, they are required to undergo two management fundamentals programmes, which are the Managerial Shift I and Managerial Shift II. Both programmes are built on three key areas which are managing people, driving business success and shaping culture.

For experienced managers, topics such as "Leading in Changing Times" and "Strategic Thinking" form part of their staple menu. Recognising that managing people is the crux of establishing culture, the Public Bank Group has implemented a 2-day programme on "Managing People Issues" for all levels of managerial staff. To create a wider reach, the Group has also made a training series available on its electronic platform, which covers learning solutions to specific scenarios ranging from job orientation, probation, absenteeism to medical leave abuse.

Further, the Public Bank Group has in place the Mastery Test and Executive Assessment, which has been set as one of the key criteria for employee promotion. The exercises also served as analyses of development gaps of the employee. For the past three years, a total of 930 candidates had sat for the Mastery Test, while 586 candidates had set for the Executive Assessment to seek further progress in their career development.

For the senior leaders, the Public Bank Group also has in place a series of learning and development programmes to upskill their contemporary thinking on executive management. They are exposed to a series of leadership programmes via collaborations with Institutes such as INSEAD, The ICLIF Leadership Centre, Cambridge Summer School, Harvard Business School, Melbourne Business School and The Asian Banker.

Given senior leaders' extensive knowledge of the Public Bank Group and the intricacies of the banking industry, these leaders are well positioned to provide mentoring and guidance to the young talent. Harvard ManageMentor Spark, an online learning programme furnished with bite-sized talks and well-researched materials, has been introduced to further motivate and guide senior leaders to be actively involved in coaching, mentoring and teaching the emerging talent. Additionally, a series of Learning Bites had been conducted as a forum to update senior leaders and the Board of Directors on the various trends and developments encompassing the economy, regulatory landscape, technological innovation and digital concerns.

Learning Bites

	2017	2018	2019
No. of sessions	7	8	6
No. of participants	822	1,100	929

Instilling Professionalism

In line with Bank Negara Malaysia's initiative to promote professionalism of the banking industry, the Public Bank Group has been actively encouraging its employees to pursue Chartered Banker qualifications and specialised certifications. The Group's strong support in encouraging employees to obtain higher qualification is reflected in its sponsorship of tuition fees, preparation of study materials and offering of workshops to help employees attain the Chartered Banker qualification. As at to date, 6 employees have successfully obtained the Chartered Banker Level 3 qualification, and 105 candidates are currently pursuing the certification.

In addition, as mandated by Bank Negara Malaysia to require 50% of employees in the five specialised functions of credit, risk, internal audit, compliance and anti-money laundering to acquire specialised certification by the end of 2020, the Group is well on track towards achieving this goal. To date, 848 employees have obtained certification and 957 candidates are currently going through the certification process.

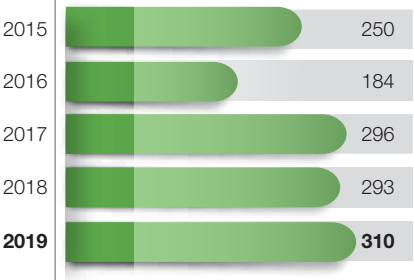
SUSTAINABILITY STATEMENT

The Public Bank Group’s consistent and increased efforts in cultivating a strong learning culture has resulted in the Group achieving the highest number of graduates at the Asian Institute of Chartered Bankers (“AICB”) graduation ceremony once again in 2019. The Group had recorded the highest number of graduates attaining various suite of AICB qualifications for five consecutive years since 2015.

The Public Bank Group’s overseas operations, including Campu Bank and PBVN are also on-board for the various certifications under the Public Bank Group’s sponsorship, with more than 110 employees from Campu Bank and PBVN having attained professional certifications, including the Professional Qualification by Asian Institute of Chartered Bankers for the past two years.



No. of AICB Graduates in Public Bank



Widening the Sphere of Islamic Banking Knowledge

In line with the Government and Bank Negara Malaysia’s initiatives to develop a robust Islamic finance industry, the Public Bank Group has been supportive of talent development in Islamic Banking. The Group is expanding the pool of employees who are conversant in Islamic Banking. Currently, the Group has at least one Subject Matter Expert on Islamic Banking at each branch as the point of reference. Subject Matter Experts are also appointed at Head Office level, especially at business related divisions. Annual briefings on non-Shariah compliance based on recurring audit, compliance and Shariah reviews are conducted for Subject Matter Experts and they are also required to complete certification on Fundamental Certificate in Islamic Banking, to accelerate their professionalism in Islamic Banking.

For the rest, the e-learning module on non-Shariah compliances is made compulsory for all employees annually. To reinforce learning, participants are required to complete quizzes at every Islamic Banking classroom training. Additionally, senior management is also required to attend “Learning Bites”, a platform where speakers are invited to update them on the latest issues and developments in the Islamic financing landscape.

To further upscale the competency of the employees in Islamic Banking, the “Islamic Banking On-the-Go” campaign was launched on 1 October 2019. A whole suite of ten e-learning series was rolled out weekly over 3 months. The learning modules were easily accessible by employees through the Group’s electronic Learning Management System or an internet-enabled device. The Group had identified Subject Matter Experts in all Head Office business units to complete certain mandatory modules so that they are well equipped to take on first level internal compliant roles in their own division.

Talent Attraction and Retention

Against the backdrop of strategic repositioning and challenges ahead, the Public Bank Group has adopted a balanced approach to talent acquisition. It relies on leveraging the skills and experience already available within the organisation, while also bringing in the necessary capabilities that help position the Group for long term sustainable performance.

The Public Bank Group continues to communicate a sincere and consistent talent branding message to current and potential future employees about the Group’s distinct strengths, values and beliefs. In this regard, the Group has been actively participating in career fairs to ensure that it taps into the best recruitment resources. The Group also continues its talent branding efforts via collaborations with major local universities to conduct targeted career talks and to participate in campus career days and job fairs.



Further, the Public Bank Group continues to expand its presence and engagement on social media platforms to reach out to the relevant target groups of potential employees. Over the past years, the Group had recorded an increased number of followers of its LinkedIn account.

At the initial phase as management trainees, young talents are placed under the “Call, Engage and Mentor” programme, with the Public Bank Group’s Human Capital Management Division engaging with them on a regular basis. This has created a strong bond between the trainees and the Group, which has helped the Group to maintain a high retention rate of management trainees at 80%.

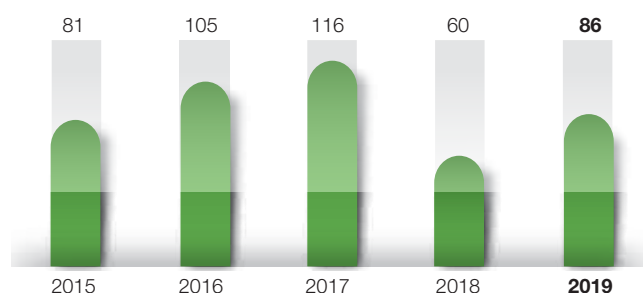
The Public Bank Group also actively accepts internship placements, giving opportunity to young talents to acquire working experience in the banking industry. This initiative also enables the Group to identify potential young graduates to continue working in the Group, hence contributing to a sustainable pipeline of human resources for the Group.

The Public Bank Group ensures that all recruitment decisions are fair and candidates shortlisted are diverse. Once on board, the Group has established a conducive environment in which employees are provided with opportunities for personal and professional growth. At the Public Bank Group, pockets of opportunities for further development and career progress are always available. Internal talents are always the preferred priority for any available vacancies. The Group has in place multiple tools and resources for employees at all levels to find internal career opportunities, and for managers to find and assess suitable internal candidates. This has created huge opportunities for employees seeking further and continued development within the Group. In 2019, as part of the Group’s succession planning, more than 2,400 employees had been assessed and included in the Group’s talent pool, whilst more than 1,300 employees were promoted to take on higher positions.

Campus Engagement Activities

	2017	2018	2019
Career fairs/events	36	34	37
On-campus interviews	10	6	9
On-campus career talks	9	8	10
Career/group interview workshops	2	2	2
Employer-Student network sessions	1	2	1
Student visits to Menara Public Bank	9	11	10
“A Day with PBB” workshop	2	–	–

No. of Interns



Number of Promotion



	Domestic Operation		Campu Bank		PBVN	
	2018	2019	2018	2019	2018	2019
Headcount	1,329	1,378	210	168	124	116

Campu Bank and PBVN emulate the good practice of the Group’s Malaysian operations, Heads of Departments are required to set succession plans and table to the human resources meeting for deliberation. Personal development plans are drawn up to ensure the candidates go through sufficient training and job exposure to prepare themselves for the higher responsibility.

SUSTAINABILITY STATEMENT

As part of the Public Bank Group's staff retention programmes, remuneration packages and career paths for certain positions are regularly reviewed to increase career advancement opportunities and ensure market competitiveness. The Group's management has clearly defined key performance indicators ("KPIs") which are communicated and cascaded down to all employees so as to inculcate the desired performance behaviours. These KPIs are also made measurable and quantifiable to ensure an equitable reward system. As a strategy to retain and build future capabilities, there is a transparent appraisal system where employees are given the opportunity to provide feedback on the identified skills gaps, so as to raise their awareness to address the skill gaps and improve their performances. The appraisal system is constantly being modified to keep up with changes in staff expectations and the Group's business needs and strategies. On remuneration, the Group regularly reviews its salary and benefit packages to ensure it remains competitive in staff retention and hiring. Among the significant initiatives in 2019 was the revision of salaries for entry level employees.

The Group's effective human capital strategy has resulted in high employee satisfaction, as reflected in its stable turnover rate over the years.

Employee Health & Well-being

The Public Bank Group provides comprehensive offering to help its employees to stay healthy, in order for them to perform well and thrive in their professional and personal lives. The Group encourages all employees to attend biennial medical checkups to enable employees to have an update of their health status and facilitate early detection and treatment of any medical conditions. A comprehensive medical benefit scheme which includes specialist treatment and hospitalisation for employees and their immediate family, complements the total health benefit package. To promote healthy lifestyles, the Group also encourages its employees to participate in corporate organised sports and recreational activities.

Further, in line with the Group's objectives to promote a balanced work life, the Group initiates programmes to assist employees to manage workplace and social pressure. Among them are programmes on total wellness, stress management, counselling, first aid as well as managing finances.

As a caring organisation that fosters work-life integration, the Group has continuously enhanced its support to employees who need to juggle between work and family demands. For pregnant employees, the Group has extended the benefits for them by allowing an extension of maternity leave up to a maximum of 90 days on a half-pay basis, in addition to the 90 days' maternity leave with full pay. The Group also allows female pregnant employees who are in their 22nd week of pregnancy and above to take time off to leave work earlier. Further, the Group continues to offer sabbatical leave ranging from a few months to a few years to enable employees to fulfil their personal goals or domestic obligations.



At the Public Bank Group, loyal employees are greatly valued and are accorded recognition in the form of service recognition awards. The long service employees are presented with customised and specially minted medallions. For the past three years, a total of 6,758 employees have been recognised for their loyal service with the Group

Employees Appraised and Awarded Bonus



	Domestic Operation		Campu Bank		PBNV	
%	2018	2019	2018	2019	2018	2019
Number of Employees Appraised	96.5	96.6	98.2	97.4	90.0	96.4
Number of Employees Awarded Bonus	95.9	95.8	98.2	97.4	96.0	99.1

Employee Turnover Rate

	2017	2018	2019
Supervisory (%)	9.3	9.5	6.9
Non-Supervisory (%)	2.9	2.6	1.6
Overall (%)	7.3	7.3	5.4

Employee Health and Well-being Workshop

	No. of Participants		
	2017	2018	2019
Total Wellness Workshops	2,613	1,703	1,108
Managing Your Finances Workshops	97	129	85

No. of staff granted sabbatical leave

	2017	2018	2019
Domestic Obligation	54	43	16
Health and Well-being	17	19	13
Further Studies	1	1	-



In the face of the COVID-19 outbreak, the Public Bank Group has been staying abreast of guidance from the Government in strengthening protective actions against COVID-19 in the workplace. The Group has developed and implemented procedures to reduce employees and customers' risk of exposure to the pandemic, including:

- Strict enforcement of social distancing in the Group's premises and pathways leading into the premises
- Regular disinfection of self service terminal vestibules
- Minimal workforce across the Group's business operations
- Cancellation or postponement of non-critical in-person meeting, while encouraging employees to hold virtual meetings
- Response plan in the event of any COVID-19 related cases involving employees and customers
- Make available hand sanitisers in the premises and providing masks to employees

Occupational Safety and Health ("OSH")

The Public Bank Group has established the OSH Policy outlining the Group's commitment to ensure the way it conducts its business and operations does not put the health and safety of any person at risks.

The Group conducts regular meetings and inspections to identify and evaluate any potential risks to the health, safety and security of its employees, customers, visitors and business partners. The Group provides health education and preventive care to the employees. In 2019, R95 masks were distributed to the branches affected by the chemical contamination of the Kim Kim River in Pasir Gudang, Johor, to mitigate the possible health effects of the employees as a result of the toxic fumes pollution.

The Group also takes deliberate efforts to organise training programmes such as OSH Certified First Aider and Seminar on Occupational Safety and Health Act 1994 to increase employees' awareness on OSH and to instil a sense of responsibility in maintaining a healthy and safe environment across the Group. To date, the Group has trained a total of 134 certified first aiders to ensure prompt and professional first aid is available in case of any safety and health incidents at the workplace. The Group also ensures periodic fire and evacuation drills are conducted to prepare and train the employees on evacuation plans in case of any emergency.

Employee Diversity and Inclusion

The Public Bank Group practises equal employment opportunity in its human capital management. The Group prohibits the use of forced and compulsory labour, and implements non-discrimination towards race, gender, religion, age and disability.

As of to date, there are nine employees with disability working in the Malaysian operations, while Campu Bank has employed two disabled employees. The Group provides a suitable working environment for them to perform their duties.

The Public Bank Group also promotes gender equality. The Group has been supportive in increasing women representation in the Group's management. This good practice is also emulated by Campu Bank and PBVN.

Gender Composition of Employees



	Domestic Operation		Campu Bank		PBVN	
	2018	2019	2018	2019	2018	2019
Female	60.1	59.9	58.3	60.3	63.3	63.7
Male	39.9	40.1	41.7	39.7	36.7	36.3

Women in Management



	Domestic Operation		Campu Bank		PBVN	
	2018	2019	2018	2019	2018	2019
Women in Management	45.8	47.0	47.4	48.5	56.5	63.9

SUSTAINABILITY STATEMENT

Performance Data

Human Resource Malaysia	2019	2018
WORKPLACE		
Supervisory (%)	70.8	68.8
Non-supervisory (%)	29.2	31.2
Female (%)	59.9	60.1
Male (%)	40.1	39.9
Age group (%)		
< 30	26.4	26.4
30 to < 40	31.8	32.1
40 to < 50	29.7	29.9
50 and above	12.1	11.6
Diversity (%)		
Malay	37.3	37.9
Chinese	56.0	55.2
Indian	6.4	6.6
Others	0.3	0.3
Service in the Group (%)		
< 1 year	7.1	6.3
1 to < 5 years	14.4	14.1
5 to < 15 years	33.7	34.5
15 years and above	44.8	45.1
Women in management (%)	47.0	45.8
Women in top management (%)	48.0	48.5
Total no. of recruitment (Headcount)		
Supervisory	1,343	1,220
Non-supervisory	69	59
Total no. of promotion (Headcount)		
Supervisory	1,180	1,220
Non-supervisory	198	109
EMPLOYEE TURNOVER		
Supervisory (%)	6.9	9.5
Non-supervisory (%)	1.6	2.6
Overall (%)	5.4	7.3
Employee turnover breakdown by supervisory age group (%)		
< 30	76.2	79.7
30 to < 40	14.1	11.8
40 to < 50	7.4	6.2
50 and above	2.3	2.3

Human Resource Malaysia	2019	2018
Employee turnover breakdown by non-supervisory age group (%)		
< 30	59.7	64.8
30 to < 40	26.0	18.4
40 to < 50	10.4	12.8
50 and above	3.9	4.0
PERFORMANCE MANAGEMENT		
Total number of employees appraised (%)	96.6	96.5
Total number of staff awarded bonus (%)	95.8	95.9
STAFF DEVELOPMENT		
Employee participation in training:		
Classroom (Headcount)	47,274	48,408
E-learning (Headcount)	173,615	100,782
Average no. of participants per training programme	21	26
Average training budget per employee (RM)	3,381	3,249
Total hours of training per employee	36	33
Staff training as percentage of salaries cost (minimum statutory requirement of 2.5%)	3.12	3.18
EMPLOYEE WELFARE		
Total amount of staff loans approved (RM'000)	282,396	262,022
Total outstanding amount of staff loans (RM'000)	1,982,038	1,908,373
Benefits paid under the Group's protection insurance policies:		
(i) Personal Accident Insurance (RM'000)	330	143
(ii) Group Term Life Insurance (RM'000)	4,700	2,072



CORPORATE CITIZENSHIP

- Community Contribution

Supported SDGs:

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



THEME 4: CORPORATE CITIZENSHIP

A sustainable community is essential for the long term success of a business. A business which seeks to consider both profitability and welfare of the communities, is valued highly and is able to earn recognition from the community.

Group's Approach and Initiatives:

Giving back to the community has always been a commitment for the Public Bank Group. Guided by its Corporate Philosophy, the Group aims to contribute towards economic growth and well-being of the community in which it operates in, to help create a resilient community.

While the Public Bank Group is actively involved in community engagement activities, the Group also fulfils its responsibility as a corporate citizen by contributing to the nation's well-being and development through its income tax payment. In 2019, the Group had paid a total of RM1.26 billion income tax. The Group, as a responsible tax payer and significant contributor to the Government's tax revenue, was recognised by the Inland Revenue Board Malaysia in 2019 with the Group bagging the "Best Tax Payer Award 2018".

In 2019, the Public Bank Group's community investment initiatives continued to focus on empowering the community on healthcare, education, professional development and well-being of the community.



SUSTAINABILITY STATEMENT

Star Achiever Programme 	Awarded a total of RM26,200 to >180 students <i>This yearly Star Achiever Programme was set up to reward PB Bright Savings Account holders who excel in their UPSR, PT3 and SPM examinations. This Programme is to nurture academic excellence and inculcate a savings habit among children.</i>
MBA Endowed Scholarship of Asia School of Business 	USD1.25 million to ASB MBA Endowed Scholarship <i>The Asia School of Business ("ASB") was established in year 2015, under the collaboration between Bank Negara Malaysia ("BNM") and MIT Sloan School of Management. It was founded in response to the need for highly qualified, industry ready talents to fill the needs of the exponential growth and opportunities of Asia. To support this initiative, the Public Bank Group has contributed to an endowment fund which generates income to provide scholarship support to students of the MBA programme. The fund mainly covers student's expenses, including tuition fee, accommodation, books and supplies on a continuous basis.</i>
Educational Visits 	Hosted visits for about 350 students from 10 educational institutions <i>The Public Bank Group in collaboration with colleges and universities hosted educational visits to Menara Public Bank. Students had the opportunity to get a first-hand look at how a bank is being run and were given an insight into the career opportunities and working environment of a banking industry. In 2019, the Group had hosted visits for the following colleges and universities:</i> • Sunway University • Xiamen University • Tunku Abdul Rahman University College • Universiti Tunku Abdul Rahman • Sunway College • UCSI University Kuala Lumpur • HELP University • Heriot-Watt University Malaysia • Monash University Malaysia • University of Nottingham Malaysia
School Adoption Programme 	Adopted 858 schools <i>This Programme was initiated by BNM to educate and nurture school children to be financially savvy. The Public Bank Group continued to distribute Buku Wang Saku to the adopted schools on a yearly basis to support this initiative.</i> <i>The Group's participation in School Adoption Programme was also in line with BNM's Financial Inclusion Framework, which is to provide suitable, affordable and quality financial services to all segments of society which in turn contributes to a balanced and sustainable economic growth and development. To promote financial literacy among the younger generations, the Group conducted educational and awareness programmes and activities, such as financial education talks, writing contests, and drawing contests as well as giving complimentary gifts for the opening of children savings accounts at selected adopted schools.</i>



Karnival Kewangan Miri, Terengganu, Melaka, Perlis and Sandakan 	The Karnival Kewangan was organised by BNM, with the objective to elevate public awareness and literacy on financial matters. The Public Bank Group had set up a premium booth at the Carnival to provide opportunities for the public to learn more about various financial products and services. The Group also participated in educational sessions, which were to help increase public understanding on various financial matters, such as ways to detect counterfeit bank notes, and insights into various financing programmes and assistance made available by the Group. The Group also provided sponsorship for hampers and lucky draw prizes to encourage public participation in the event. Besides, the Group also invited schools under the School Adoption Programme to take part in the Carnival to expand financial awareness and knowledge among the students.
Community Engagement Programme 	The Community Engagement Programme (“CEP”) “Juh Menabung” was organised by BNM and held in Sri Aman, Sarawak. The initiative was driven by the strategic agenda outlined under the National Financial Literacy Agenda 2019-2023, with the objective to promote saving habits and inculcate good financial management among students. The CEP provides an avenue for students from low income B40 (bottom 40%) families to be informed of available deposit products in the market, while encouraging them to open deposit accounts to better manage their financial condition. The Public Bank Group participated in the event, and took part in promoting financial literacy among students through financial education. In the event, the Group also sponsored the initial deposits for 100 students from the B40 families to open savings account with the Group.
Financial Industry Collective Outreach (FINCO) 	Continued to support FINCO CSR activities, with >RM187,000 being contributed in 2019 <i>BNM established FINCO with the aim to build a better future for the children and youth by providing the necessary assistance such as mentoring and educational tools. With the support of 107 financial institutions, including the Public Bank Group, FINCO aims to bring the largest collective impact to realise a future where all people achieve their potential.</i>
Educational Sponsorship 	Sponsored RM20,000 to UCSI’s National English Essay Writing Competition <i>In conjunction with the 62nd Merdeka Day, the Public Bank Group in collaboration with UCSI University co-organised the inaugural English essay writing competition for secondary school students, to write about the role of youth in nation building. The competition was to encourage the future leaders to put their ideas on how the nation should move forward. The activity was also held to support the Government’s call to improve English language proficiency among students.</i>
Tzu Chi Foundation: Student Financial Assistance Programme 	Participated in Tzu Chi’s “Back to School” financial assistance programme <i>Under its “Back to School” financial assistance programme, the Taiwan Buddhist Tzu Chi Foundation Malaysia has continued to provide financial assistance for eligible students to pursue their studies. The Public Bank Group continues to participate in this charity programme to facilitate the payout, which the Group has opened a Collection Account to accommodate the cash payout to the students.</i>

SUSTAINABILITY STATEMENT

Sponsorship for Professional and Community Development 	• Sponsored RM20,000 to the Constructing and Financing Affordable Housing Across Asia Conference organised by Cagamas Berhad and The World Bank Group • Sponsored RM20,000 to the Malaysian Institute of Management for the 29th Tunku Abdul Rahman Lecture Series • Sponsored RM10,000 to the Malaysian Press Institute for its 39th Malaysian Press Night 2019 • Sponsored RM10,000 to the Tarcian Alumni Association's Run 2019 • Sponsored RM10,000 to Institutional Investors Council Malaysia and Securities Industry Corporation Berhad's Governance Convention 2019 • Co-sponsored USD3,000 to The Riel Day 2019 organised by the National Bank of Cambodia, in conjunction with the 39th Anniversary of the Reintroduction of Riel
Festive Charity Programme 	Donated RM70,000 under the Festive Charity Programme, in conjunction with the celebration of Hari Raya Aidilfitri, Chinese New Year, Deepavali and Christmas • RM26,000 to Pertubuhan Kebajikan Chester Selangor and Pusat Jagaan Rumah Love and Care Kajang • RM10,000 to Orphans from Persatuan Kebajikan An-Najjah Malaysia and Pusat Jagaan Rumah Kesayangan • RM16,000 to Destiny Starting Point Welfare Association Klang and Persatuan Kebajikan Sri Saradha Illam • RM18,000 to Pusat Jagaan Kanak-Kanak Harapan and Pusat Jagaan Rumah Juara
Donation for Healthcare 	• Donated RM1.0 million to MERCY Malaysia for its COVID-19 Strategic Preparedness and Response Plan <i>The donation drive was a collaborative effort between The Association of Banks in Malaysia and MERCY Malaysia to raise funds for medical necessities for public hospitals to combat COVID-19.</i> • Donated RM20,000 to National Cancer Society Malaysia and Hospis Malaysia <i>The donation was made in conjunction with Paramount Corporation Berhad's 50th Anniversary celebration, with the theme of "Changing Lives and Enriching Communities for a Better World"</i> • Sponsored RM20,000 to the Tun Dr Siti Hasmah Award gala dinner organised by Malaysian AIDS Foundation ("MAF") <i>The purpose of the event was to award individuals and organisations that have made significant contributions to help end AIDS, while raising funds for MAF.</i>
Humanitarian Aid 	• Donated USD5,000 to the Cambodian Red Cross to carry out its year-long activities to help the poor especially in rural areas affected by natural disasters such as floods and droughts • Worked with United Nations High Commissioner for Refugees to assist refugees to access basic savings account



Staff Donation Programme



Donated >RM340,000 since 2004 under the Public Bank Group Sports Club Staff Donation Programme

*The kindness of the Public Bank Group employees is extended to unfortunate colleagues befallen with misfortunes and tragedies. Since this programme was initiated, it had benefited more than **190** employees.*

Yayasan Waqaf Malaysia



In collaboration with Yayasan Waqaf Malaysia, Public Islamic Bank will tap on its efficient digital payment channel to enhance the efficiency and convenience of paying Waqaf, a voluntary dedication of one's assets for religious or charitable purposes. To promote Waqaf contribution, Public Islamic Bank will make QR codes available at mosques and madrasahs, providing the public an alternative of efficient payment method to exercise their kind act. This initiative by Public Islamic Bank is also in line with Bank Negara Malaysia's Value-based Intermediation framework.

Volunteering under TalentMax Programme



While the Programme exposes fresh graduates to the different facets of banking operations and management skills, it also emphasises on inculcating a culture of giving through encouraging the fresh graduates to contribute to the community through various social work. In 2019, the young graduates continued to play their part to contribute to good causes through volunteering such as raising funds, distributing food and participating in community service:

Visited	Projects
Pertubuhan Kebajikan Yesuvin Mahligai Selangor	Orphanage
Precious Gem Home, Kajang	Old Folks Home
Free Tree Society, Kuala Lumpur	Tree Planting
Malaysia Lotus Charity Care Centre Asso, Semenyih	Orphanage & Old Folks Home
Rumah Kebajikan Kanak-Kanak BRDB Rotary	Orphanage
House of Love, Klang	Orphanage
Chik Sin Thong Old Folks Home, Selangor	Old Folks Home
Yayasan Chow Kit	Food Distribution
Bagan Lalang	Beach Cleaning
Pertubuhan Kebajikan Anak-Anak Yatim Sayang KL & Selangor	Orphanage
Lotus Charity Care Centre	Orphanage
Kechara Soup Kitchen	Soup kitchen
BRDB Rotary Children's Residence	Orphanage
Pusat Jagaan Beribuan Kasih	Orphanage
Pusat Penjagaan Kanak-Kanak Cacat Taman Megah	Orphanage & OKU
Rumah Keluarga Kami, Kajang	Orphanage
Lotus Charity Home, Semenyih	Orphanage
Multiracial Children Home	Orphanage
PKYMS Orphanage, Kajang	Orphanage
Victory of Children and Youth Home	Orphanage

SUSTAINABILITY STATEMENT

Loan Moratorium 	Granted loan moratorium to >6,700 accounts for the past three years <i>The Bank granted loan moratorium up to six months for eligible borrowers to provide assistance and alleviate the financial burden of customers with financial difficulties arising from flood incidents.</i>
Blood Donation Campaign 	Organised blood donation campaign <i>PBVN held a blood donation campaign jointly with Vietnam National Institute of Hematology and Blood Transfusion ("NIHBT") on 25 March 2019, with the aim to assist NIHBT to stock up the blood bank, and to help patients with Thalassemia disease and inherited blood disorder. The campaign was well participated by PBVN's employees.</i>
Donation for the Underprivileged 	Donated VND30,000,000 for the homeless elderly people and orphans <i>PBVN held a Charity donation event "The Gift of Love" at Social Protection Center III, Hanoi in November 2019 to show their care to the underprivileged community.</i>



PBVN has been awarded the Certificate of Merit from Hanoi People’s Committee in 2019, in recognition of its outstanding achievements and contribution to socio-economic development



MANAGING ENVIRONMENTAL IMPACT

- Energy Management
- Waste Management
- Greenhouse Gas Emission

Supported SDGs:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



THEME 5: MANAGING ENVIRONMENTAL IMPACT

Climate change has become an increasingly pressing issues facing humanity today. It has not only threatened the ecological system, but is also adversely impacting socio-economic prosperity of people across the world. As responsible citizens, corporations have an important role in managing environmental impact and promoting awareness among the society.

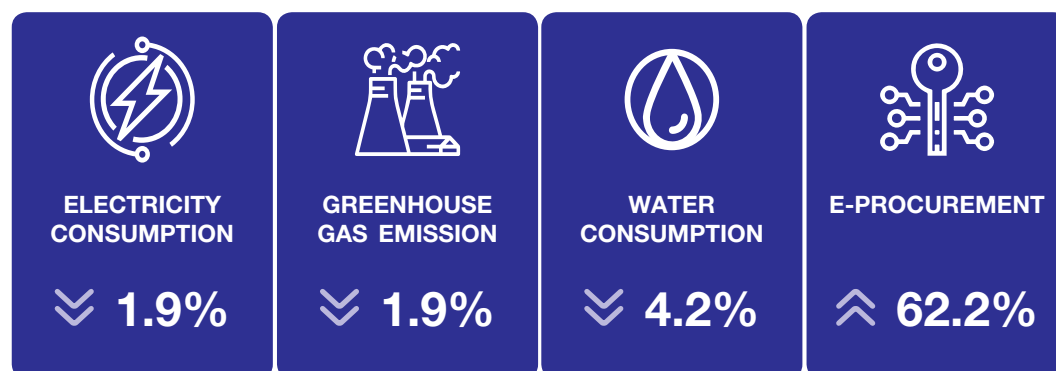
Group's Approach and Initiatives

The Public Bank Group recognises the urgent need to combat climate change. The Group manages, measures and reports the environmental impact from its business operations, and they are not just for reasons of compliance, but also for the positive change that they can bring to the future generations.

Over the years, the Public Bank Group has implemented various initiatives to enhance the management of its environmental footprint and has increasingly embedded environmental consideration into its banking operations. To gauge the impact of its efforts, the Group measures its environmental footprint by quantifying its energy consumption, waste disposal and atmospheric emissions.

Looking ahead, the Public Bank Group aims to further contribute to the conservation of ecological balance of the environment and to reduce its environmental footprint in its business operations, while continuing to raise climate change and environmental awareness among its employees and stakeholders.

ENVIRONMENTAL EFFICIENCY PROGRESS AGAINST 2017 BASELINE



Notes:

- For electricity consumption, greenhouse gas emission and water consumption, the scope of the information covers Menara Public Bank, Information Technology & Training Centre in Bangi, and Bangunan Public Bank.
- Greenhouse gas emission is based on electricity consumption.

Renewable energy

The Public Bank Group's energy efficiency initiatives are further reflected in the reduction of greenhouse gas ("GHG") emission at Menara Public Bank 2, which is an internationally certified green building equipped with various features to preserve natural resources. A significant initiative is the solar energy installed in the building which has helped to reduce the consumption of electricity. In 2019, the solar system had harvested a total solar energy of 55,600 kWh during the year, helping to reduce a total GHG emission of about 38.1 tCO_{2e}.

SUSTAINABILITY STATEMENT

Go Green Initiatives

As part of the Public Bank Group's Go Green Initiatives, the Group has continued to make efforts to move towards a paperless environment and promote recycling. The Group has proactively encouraged the migration to electronic payment with the use of digital reports and documents to avoid unnecessary paper consumption and waste generation:

- Migration of reports to online verification module. Verification of the reports are performed online via online verification module.
- As part of the Group's commitment to meet Bank Negara Malaysia's target on electronic payment initiatives and to reduce the usage of cheques, the Group continues to actively promote the migration to electronic payments.
- Migration of notices/auto-mailing from paper-based to online documents to customers.
- To encourage customers to migrate from monthly credit card hardcopy statements to e-statements.
- Introduction of electronic signature (eSignature) in new deposit account opening process to reduce the usage of paper.

On waste management, the Public Bank Group has continued to ensure waste management practices are in place for paper disposal and recycling:

- The Group adopts a stringent electronic waste ("e-waste") management. The Group is aware that if disposal protocols are not meticulously managed, the e-waste can leave an impact contaminating the environment and threatening human health. Therefore, the Group only appoints e-waste vendors who are licensed by the Department of Environment and certified with relevant ISO standards in Environmental Management System to manage its e-waste.

Environmental Conservation Efforts in Overseas Operations

The Group's initiatives to protect the environment have further expanded to its operations in Cambodia and Vietnam. Among the key initiatives undertaken by Campu Bank and PBN are reducing paper usage, promoting paper recycling and embedding energy saving culture.

In Cambodia, the replacement of lighting with LED bulbs has been completed in Campu Bank Building in 2019. The efforts will continue to be carried out gradually at branches across Cambodia. The Bank's proactive efforts to save energy had resulted in the Bank successfully reducing approximately 50% of electricity costs in Campu Bank Building. Further, in support of a low carbon environment, the Bank had also achieved an approximately 20% reduction in paper consumption in five main branches since 2017.

Environmental Impact 2017 – 2019

	2017	2018	2019
Consumption¹			
Electricity (kWh)	26,183,262	24,489,201	25,692,535
GreenHouse Gas Emission ² (metric tonne CO _{2e})	17,935.6	16,775.1	17,599.4
Water (m ³)	213,119	176,554	204,152
Waste Management			
Total Paper Recycled ³ (kg)	151,255	144,375	145,100
E-Procurement			
Average Number of Electronic Purchase Orders via E-procurement (per month)	442	668	717

Notes:

1. The scope of the information includes Menara Public Bank, Information Technology & Training Centre in Bangi, and Bangunan Public Bank.
2. Greenhouse gas emission associated with electricity consumption. Calculation is based on International Energy Agency's emission factor related to electricity consumption for Asia (excluding China), 2014, $6.85 \times 10^{-4} \text{tCO}_{2e}$.
3. Total waste papers collected at Menara Public Bank and nearby branches in Kuala Lumpur.



“Given that technology will shape the future of banking, one of the Group’s key strategic focus is digital innovation and advancement. 2019 had been a year of achievement for the Group in digital payment as it continued to enhance its digital involvement through its three-year Digital Roadmap as part of its long term strategic plans to respond to changing customer needs. Towards these objectives, the Group is also exploring on initiatives to enhance its capability in data analytics and artificial intelligence.”

Tan Sri Dato’ Sri Dr. Teh Hong Piow



CALENDAR OF SIGNIFICANT EVENTS 2019

CORPORATE

11 JANUARY

The 8th Red Carpet Banking Centre (RCB) opened its door at Kota Damansara, Selangor.



28 MARCH

Public Bank (Hong Kong) expanded its network with the opening of its 37th branch – Shenzhen Qianhai Sub-Branch, People's Republic of China.



28 JANUARY

The National Sales Convention 2019 with the theme 'The Way Forward' was held at the Sunway Pyramid Convention Centre.

18 FEBRUARY

The senior management of Public Bank Berhad and Resona Bank met at Menara Public Bank to discuss areas of mutual collaboration for future expansion.

23 & 24 FEBRUARY

Public Bank participated in the Karnival Kewangan Miri, organised by Bank Negara Malaysia at the Permaisuri Imperial City Mall, Miri, Sarawak.

9 MARCH

The Public Bank Group Management Seminar 2019 was held at the Sunway Resort Hotel & Spa.

4 – 6 APRIL

Public Bank participated in the Karnival Kewangan Terengganu organised by Bank Negara Malaysia at the TH Hotel and Convention Centre, Kuala Terengganu, Terengganu.

8 APRIL

Public Islamic Bank's Putrajaya Branch relocated to its new premises at Precinct 15, Putrajaya.



22 APRIL

Public Bank's 53rd Annual General Meeting was held at the Shangri-La Hotel, Kuala Lumpur.

27 APRIL

Public Bank (Hong Kong) held its annual Business Forum 2019 at the BP International House, Kowloon, Hong Kong.

6 MAY

Da Nang Branch relocated to its new premises at No. 92-94 Nguyen Van Linh Street, Nam Duong Ward, Hai Chau District, Da Nang City, Vietnam.

1 JUNE

Public Bank Board appointed Ms. Tham Chai Phong as an Independent Non-Executive Director. She is also a member of the Audit Committee, Risk Management Committee, and Compliance Committee.



16 JUNE

Public Mutual Annual Awards Nite was held at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor.

22 JUNE

Northern Region I Office organised a roadshow themed 'Parents Vitality Day' at the Lebuhr Macallum Branch, Pulau Pinang to encourage customers to stay healthy.

13 & 14 JULY

Public Bank participated in the Karnival Kewangan Melaka organised by Bank Negara Malaysia at the AEON Bandaraya Mall, Melaka.

14 AUGUST

The Public Bank Group announced its cumulative first half 2019 pre-tax profit of RM3.55 billion against a backdrop of a challenging economic environment.

27 AUGUST

Public Bank Vietnam participated in a dialogue session with the Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad during his official visit to Vietnam.



28 & 29 SEPTEMBER

Public Bank participated in the Karnival Kewangan Perlis organised by Bank Negara Malaysia at the Dewan Warisan, Kangar, Perlis.

2 OCTOBER

Public Finance Limited opened its 43rd branch – Tai Kok Tsui in Hong Kong.

12 & 13 OCTOBER

Public Bank participated in the Karnival Kewangan Sandakan organised by Bank Negara Malaysia at the Sandakan Harbour Mall, Sabah.

18 OCTOBER

Public Bank Sarawak Region opened its first RCB centre at Miri branch in East Malaysia, the 9th RCB centre nationwide.

24 OCTOBER

Cambodian Public Bank signed a Memorandum of Understanding with China Construction Bank (Malaysia) Berhad to establish a collaboration to jointly promote and develop business opportunities in the Kingdom of Cambodia, Malaysia, and the People's Republic of China.



7 NOVEMBER

The Public Bank Group announced the achievement of RM5.31 billion pre-tax profit for the first nine months of 2019.

27 DECEMBER

Public Bank Vietnam expanded its network with the opening of its 19th branch – Hadong in Hanoi.

30 DECEMBER

Public Finance Vietnam opened its 20th branch – Phu My Hung in Ho Chi Minh.

CORPORATE SOCIAL RESPONSIBILITY

12 JANUARY

Public Bank Group, Hong Kong participated in the 'Green Power Hike' activity for the fourth consecutive year to support environmental awareness.

29 JANUARY

Public Bank (Hong Kong) took part in the 'Financial Interactive Theatre', jointly organised by the Hong Kong Association of Banks and the Boys & Girls Association of Hong Kong to promote responsible money management amongst students.

8 MARCH

In conjunction with the International Women's Day, Public Bank Vietnam's Ho Chi Minh Branch organised a roadshow to educate the public on the Bank's products and services.

13 MARCH

Public Bank celebrated the Chinese New Year festival with the elderly at the Pertubuhan Kebajikan Chester Selangor and Pusat Jagaan Rumah Love and Care Kajang with a donation of RM18,000 and RM8,000 respectively to the homes.



22 MARCH

The newly opened Tan Binh Branch, Vietnam initiated a door-to-door marketing effort to meet potential customers.



3 APRIL

Public Bank sponsored RM10,000 to the Malaysian Press Institute to show appreciation to the media.

5 APRIL

Public Bank hosted an educational visit from the Sunway University at Menara Public Bank, Kuala Lumpur.



25 MARCH

In conjunction with the 39th Anniversary of the Reintroduction of the Khmer Riel, Cambodian Public Bank co-sponsored and participated in 'The Riel Day 2019'.

25 MARCH

Public Bank Vietnam held a blood donation campaign together with the Vietnam National Institute of Hematology and Blood Transfusion to stock up its blood bank.

30 MARCH

Public Bank switched off all lights at Menara Public Bank for an hour from 8.30 p.m. in support of Earth Hour 2019.

23 APRIL

Public Bank hosted an educational visit from the Xiamen University at Menara Public Bank, Kuala Lumpur.

6 – 16 MAY

Public Bank Group, Hong Kong participated in the 'Suits for Success' campaign initiated by the Women in Finance Asia by donating clothing for the underprivileged.

12 MAY

Unit trust consultants and staff from Bintulu Branch participated in the 'Go Bald 2019' – a fundraising event for children with cancer.



15 & 16 MAY

Public Bank brought happiness and joy to two orphanage homes namely the Persatuan Kebajikan An-Najjah Malaysia and Pusat Jagaan Rumah Kesayangan. Both homes received a donation of RM5,000 each for the Hari Raya festival.

1 JUNE

In conjunction with the Dragon Boat Festival, Public Bank Group, Hong Kong in collaboration with the Yang Memorial Methodist Social Service visited the elderly community living in Wong Tai Sin District.

15 JUNE

Public Mutual conducted a fundraising activity, 'Spread Joy & Show Appreciation' during the 30th National Sales Convention.

12 JULY

Public Bank sponsored RM20,000 for the inaugural UCSI University-Public Bank National English Essay Writing Competition for secondary school students.



24 AUGUST

Public Mutual's Community Outreach Team visited Rumah Aman, Shah Alam to guide the young children on the importance of saving money.



13 SEPTEMBER

Public Bank hosted an educational visit by students of the Sunway College at Menara Public Bank, Kuala Lumpur.

20 SEPTEMBER

Public Bank hosted an educational visit for students of UCSI University at the Menara Public Bank, Kuala Lumpur.

21 SEPTEMBER

Public Mutual's Community Outreach Team visited Sweet Care Home, Selayang to guide the young children on the importance of saving money.

13 DECEMBER

Public Bank welcomed students of Nottingham University Malaysia for an educational visit at the Menara Public Bank, Kuala Lumpur.

14 DECEMBER

Public Bank contributed RM20,000 to the Malaysian AIDS Foundation's Award Gala Dinner 2019.

17 & 19 DECEMBER

Public Bank brought Christmas cheers to the children of Pusat Jagaan Kanak-Kanak Harapan (also known as Rumah Hope) and Pusat Jagaan Rumah Juara with presents, hampers and donation of RM10,000 and RM8,000 respectively.

24 & 25 OCTOBER

Public Bank's staff visited two orphanages, Destiny Starting Point Welfare Association Klang and Persatuan Kebajikan Sri Saradha Devi Illam in conjunction with the Deepavali celebration. The Bank presented a donation of RM12,000 and RM4,000 respectively to both homes.



STAFF RELATIONS

9 FEBRUARY

The Founder, Chairman Emeritus, Director and Adviser of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow hosted a Chinese New Year Open House at the Sunway Pyramid Convention Centre for the Board of Directors and management staff of Public Bank Group.



18 JUNE

Public Bank Laos Operations hosted a friendly badminton tournament with the Central Bank of Laos.

22 JUNE

An Inter-Branch Badminton Tournament was organised by the Public Bank Central Region at the MBC Badminton Court, Ipoh, Perak.



22 JUNE

Public Bank Sri Lanka Operations Sports and Recreational Club organised its Annual Inter-Branch Cricket Tournament, 'Country Head's Challenge Trophy 2019'.

3 AUGUST

Public Bank celebrated its 53rd Anniversary Banquet with the theme 'Mythical Fantasies' at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor.

24 AUGUST

The Public Bank Group Sports Club organised a Futsal Tournament at Kompleks Sukan Ampang (Sports Planet), Ampang Jaya, Selangor.

19 OCTOBER

Public Bank's 53rd Anniversary Dinner for the Wilayah Persekutuan/ Selangor Regions I, II, III, IV and V was held with the theme 'Super Heroes' at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor.

15 DECEMBER

About 120 staff participated in the annual Bowling Tournament which was organised by the Public Bank Group Sports Club at Mega Lanes, Endah Parade, Sri Petaling, Kuala Lumpur.





PRODUCTS AND SERVICES

1 JANUARY – 31 MARCH

Public Bank launched the “PB Golden Fortune Campaign” which offered 24K gold-plated gifts in conjunction with the Chinese New Year festival.



3 JANUARY

Public Bank commenced the distribution of PB Health Xtra, an optional add on rider with the latest medical benefits available from AIA Bhd.

3 JANUARY

Public Bank commenced the distribution and sale of a new unit trust fund namely PB Asia Consumer Sector Fund under the PB Series of Unit Trust Funds, managed by Public Mutual Berhad.



1 – 3 MARCH

Public Bank participated in a 3-day Property Expo in conjunction with the Home Ownership Campaign initiated by the Government.



1 – 31 MARCH

Public Mutual launched the Investors Direct Debit Authorisation Campaign 2019 where investors received a lucky draw entry for a chance to win an iPhone with every RM350 investment made during the campaign.

3 APRIL

Public Bank customers were rewarded with attractive prizes through ‘FPX and Win!’ contest which ran from 1 August to 31 October 2018.

10 APRIL

Public Mutual launched a new fund – the Public Islamic U.S. Equity Fund.

9 MAY

Public Mutual presented eight Investment Talks nationwide at the Jalan Raja Chulan RCB Centre, Kota Damansara RCB Centre, Kuantan Branch, Taman Johor Jaya RCB Centre, Kulim Branch, Sungai Petani Branch and Sekinchan Branch.

PB Global Technology & Healthcare Fund – Public Bank’s new unit trust fund managed by Public Mutual Berhad commenced distribution and sale.

3 JUNE

Public Mutual launched its Private Retirement Scheme Contributors Campaign.

26 JUNE

Campu Bank launched the ‘Campu BrightStar Children Savings Account in Khmer Riel’.



22 AUGUST

Public Mutual commenced its distribution and sale of PB Global Opportunities Fund under the PB Series of Unit Trust Funds.

11 SEPTEMBER

Public Bank’s mobile banking app, PB engage spotted a new user interface with various features for improved mobile banking experience.

2 OCTOBER

Public Mutual launched a new fund called the Public Vietnam-Global Equity Fund.

5 NOVEMBER

Public Bank commenced its distribution and sale of a new unit trust fund, Public e-Islamic Sustainable Millennial Fund under the Public e-Series of Unit Trust Funds managed by Public Mutual Berhad.

AWARDS AND ACCOLADES



28 JANUARY

Founder, Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow was conferred the Honorary Doctorate of the University by The Board of Directors and The Academic Senate of the Sunway University.

25 MARCH

Public Mutual won 29 awards at the Lipper Fund Awards from Refinitiv 2019.

Cambodian Public Bank won the "Best Domestic Bank" and the "Best Bank for SMEs" for 2018 by Asiamoney.



5 APRIL

Cambodian Public Bank bagged 5 awards at the VISA Card Client Appreciation Night 2019; "Champion Security Award", "Top Leadership in Credit Payment Volume Growth", "Top 3 Leadership in Credit Payment Volume", "Top 3 Leadership in Merchant Sales Volume", and "Top 3 Leadership in Payment Volume".

9 APRIL

Public Islamic Bank was awarded the Most Outstanding Islamic Retail Banking whilst Public Mutual was crowned as the Most Outstanding Unit Trust Company at the 15th Kuala Lumpur Islamic Finance Forum (KLIFF) 2019.

25 APRIL

Public Investment Bank was awarded the RAM Lead Manager Award 2018 for Corporate Bonds and Sukuk Programmes at the 16th Annual RAM League Awards and Conference.



9 MAY

Public Mutual clinched four awards at the Asia Asset Management 2019 for Best of the Best Awards – ASEAN Equity (3 Years), Best Retail House – Malaysia, Islamic Retail House of the Year – Malaysia, and Best Islamic Fund House – Malaysia.

10 MAY

Founder, Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow received the Asian Corporate Director Recognition Award 2019 for Malaysia by Corporate Governance Asia.

Public Bank won four awards namely; Best Tax Payer Award 2018 by Inland Revenue Board of Malaysia, The BrandLaureate SMEs Strategic Business Partner Award 2018 – 2019 by Asia Pacific Brands Foundation, Corporate Governance Asia Recognition Award 2018 for Malaysia (Icon on Corporate Governance) by Corporate Governance Asia and Trusted Brands Gold Award 2019 by Reader's Digest.

27 JUNE

Public Bank received the Best Bank in Malaysia Award by FinanceAsia at the FinanceAsia Country Awards 2019.

11 JULY

Public Bank was awarded the Best Investor Relations Company for Malaysia by Corporate Governance Asia at the 9th Asian Excellence Recognition Awards 2019.



16 JULY

Public Bank won the Malaysia's Best Bank Award 2019 by the Euromoney magazine for the 15th time.



31 JULY

Public Bank garnered four awards at the Malaysian e-Payments Excellence Awards 2019 – JomPAY Best Biller Bank, Best MyDebit Bank, MyDebit Top Acquirer and Outstanding Contribution to MyDebit.



19 SEPTEMBER

Public Bank was awarded the Highest Return on Equity Over Three Years Award under the Financial Services – RM10 Billion and Above Market Capitalisation category during The Edge Billion Ringgit Club Annual Gala Dinner at the Sheraton Petaling Jaya Hotel.

25 SEPTEMBER

Public Bank received the Most Outstanding Company in Malaysia under the financial sector in the Asiamoney Asia's Outstanding Companies Poll 2019.

26 SEPTEMBER

Public Islamic Bank and Public Mutual received Brand of The Year award at the BrandLaureate World Halal BestBrands Awards 2019.



10 OCTOBER

Public Bank was awarded the Best Bank in Malaysia by Alpha Southeast Asia.

11 OCTOBER

Brand Finance awarded Public Bank with the 6th Most Valuable Brand in Malaysia in its Brand Finance Awards 2019.



19 OCTOBER

Public Bank was named the Best Bank in Malaysia by Global Finance.

30 OCTOBER

Public Bank received J.P. Morgan Chase Bank's awards for achieving outstanding best-in-class straight through processing rates in payment transfer operations in 2018: MT103 Elite Quality Recognition Award and MT202 Elite Quality Recognition Award for the 17th consecutive year.

14 NOVEMBER

Public Bank won the AKPK Highest Collaboration 2018 – 2019 Award by Agensi Kaunseling dan Pengurusan Kredit.



20 NOVEMBER

Public Bank was named "One of the Global 2000 – World's Best Employers 2019" by Forbes.

28 NOVEMBER

Public Bank was awarded the Certificate of Merit at the National Annual Corporate Report Awards (NACRA) 2019.

Public Bank was awarded the Bank of the Year in Malaysia 2019 by The Banker.

29 NOVEMBER

The Bank of New York Mellon presented Public Bank with the Straight Through Processing Award 2018 for the 9th consecutive year.

3 DECEMBER

Public Bank was the recipient of the Best Bank for Remittance Services Malaysia 2019 by Global Banking & Finance Review.

5 DECEMBER

Public Bank clinched the Gold Award at The Asset ESG Corporate Awards 2019 by The Asset.

17 DECEMBER

Public Bank and its Founder, Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow won The BrandLaureate Iconic Brands of the Decade Award for Banking and The BrandLaureate Hall of Fame Lifetime Achievement Award as the Greatest Banking Icon of the Decade respectively by The World Brands Foundation.

BURSA MALAYSIA LISTING REQUIREMENTS COMPLIANCE INFORMATION

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

(I) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the year, the following issuances were made by the Public Bank Group:

- (a) On 29 July 2019, Public Bank issued RM1.5 billion Subordinated Notes under its RM10.0 billion Subordinated Medium Term Notes Programme.
- (b) On 31 October 2019, Public Islamic Bank issued RM500 million Subordinated Sukuk Murabahah under its RM5.0 billion Sukuk Murabahah Programme.
- (c) On 18 December 2019, Public Bank issued RM500 million Subordinated Notes under its RM10.0 billion Subordinated Medium Term Notes Programme.

The salient features of the Subordinated Medium Term Notes Programme and Sukuk Murabahah Programme are as disclosed in Note 25 to the financial statements. The proceeds raised from the Subordinated Notes and Subordinated Sukuk Murabahah have been used for working capital, general banking and other corporate purposes.

The proceeds raised from corporate proposals in prior years have been used for working capital, general banking and other corporate purposes, as intended.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.

(II) AUDIT AND NON-AUDIT FEES

The amount of audit fees paid to external auditors by the Group and by the Bank for the financial year ended 31 December 2019 amounted to RM5,503,000 and RM2,348,000 respectively.

The amount of non-audit fees paid to external auditors or a firm or corporation affiliated to the external auditors by the Group and by the Bank for the financial year ended 31 December 2019 amounted to RM1,178,000 and RM451,000 respectively.

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

(III) MATERIAL CONTRACTS

There were no material contracts entered into by Public Bank and its subsidiary companies involving the interests of directors or major shareholders, which subsisted at the end of the financial year ended 31 December 2019 or, if not then subsisting, entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Malaysia.

(IV) RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

Public Bank did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia as the recurrent related party transactions of a revenue or trading nature entered into by the Public Bank Group qualified as exempted transactions as defined under Paragraph 10.08(11)(e), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia.

Disclosed in accordance with Paragraph 10.09(2)(b) of the Listing Requirements of Bursa Malaysia.



MALAYSIAN ECONOMY: REVIEW AND OUTLOOK

I. GLOBAL PERSPECTIVE

The global economy grew at a more modest pace in 2019. Economic activities in the United States of America ("US") grew moderately in 2019, mainly supported by private consumption. The euro area was dragged by weaknesses in manufacturing and soft external demand. Meanwhile, in the United Kingdom ("UK"), economic growth slowed amid uncertainty over the UK's exit from the European Union ("Brexit"). As for Japan, growth was supported by private and public consumption. Although China's economic growth was supported by ongoing policy accommodation, the economic activities in Asia were affected by global uncertainties.

Major central banks signalled dovish monetary policy stances amidst concerns of slower growth momentum. In the US, the Federal Reserve ("Fed") lowered the federal funds rate ("FFR") by a cumulative 75 basis points ("bps") to 1.50% -1.75% in 2019, with cuts of 25 bps each time during policy meetings in July, September and October 2019, respectively.

In the euro area, the European Central Bank ("ECB") left its main refinancing rate unchanged at 0% throughout the year. However, the deposit rate was lowered by 10 bps to -0.5% in September 2019. Elsewhere, the Bank of England kept its Bank Rate at 0.75% throughout 2019.

The Bank of Japan ("BOJ") left its key policy rate unchanged at -0.10% since January 2016. In other parts of Asia, many central banks had delivered interest rate cuts to boost the economy during the year. Sustained domestic demand and accommodative policies remained supportive of regional growth. Nevertheless, regional exports had deteriorated in tandem with the moderation in global trades.

II. MALAYSIAN ECONOMY: REVIEW

The Malaysian economy expanded by 4.3% in 2019 (2018: 4.8%) (Table 1). Growth was anchored by continued expansion in private sector spending, but was offset by lower public sector spending.

Aggregate domestic demand continued to be driven by private sector activity, albeit at a slower momentum. Household spending was underpinned by continued income and employment growth. However, softer private investment was due to lower capital spending across major economic sectors. Meanwhile, public sector expenditure was weak as public investment contracted.

Table 1

Malaysia: GDP by Expenditure Components, 2018-2019
(at constant 2015 prices)

	% Annual Change					
	2018	2019	2019			
			1Q	2Q	3Q	4Q
Aggregate Domestic Demand	5.5	4.3	4.5	4.5	3.5	4.8
Private Sector	7.1	6.2	6.0	6.1	5.5	7.4
Consumption	8.0	7.6	7.7	7.8	7.0	8.1
Investment	4.3	1.6	0.6	1.5	0.5	4.3
Public Sector	0.0	-2.8	-1.6	-2.4	-4.8	-2.3
Consumption	3.2	2.0	6.3	0.3	1.0	1.3
Investment	-5.0	-10.8	-13.7	-7.8	-14.6	-8.0
Net Exports	6.2	9.7	13.0	32.9	12.0	-12.4
Exports of Goods and Services	1.9	-1.3	0.1	0.5	-2.1	-3.4
Imports of Goods and Services	1.5	-2.5	-1.6	-2.3	-3.5	-2.4
GDP	4.8	4.3	4.5	4.8	4.4	3.6

Source: Department of Statistics, Malaysia, Gross Domestic Product, various issues.

On the supply side, contraction in the mining and quarrying sector was offset by continued expansion in services, manufacturing and agriculture sectors (Table 2). The mining and quarrying sector fell, mainly due to maintenance works that affected oil production. The slight increase in the construction sector was mainly supported by improvement in the affordable housing activities in the residential sub-sector. Meanwhile, services sector was largely supported by the wholesale and retail trade segments. Manufacturing sector was mainly driven by electrical and electronics. As for the agriculture sector, growth was underpinned by the oil palm output.

Table 2

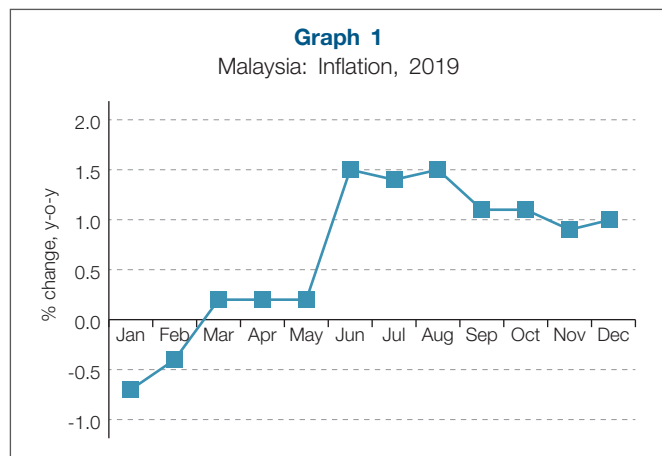
Malaysia: GDP by Economic Activity, 2018-2019
(at constant 2015 prices)

	% Annual Change					
	2018	2019	2019			
			1Q	2Q	3Q	4Q
Services	6.8	6.1	6.4	6.1	5.8	6.2
Manufacturing	5.0	3.8	4.1	4.3	3.6	3.0
Mining & Quarrying	-2.2	-2.0	-1.5	0.9	-4.1	-3.4
Agriculture	0.1	2.0	5.8	4.3	4.0	-5.7
Construction	4.2	0.1	0.4	0.5	-1.4	1.0
GDP	4.8	4.3	4.5	4.8	4.4	3.6

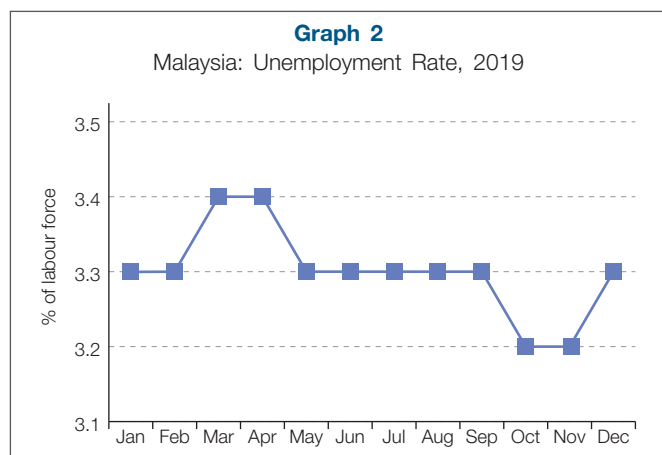
Source: Department of Statistics, Malaysia, Gross Domestic Product, various issues.

MALAYSIAN ECONOMY: REVIEW AND OUTLOOK

Inflation registered 0.7% in 2019, mainly due to low transport cost (2018: 1.0%) (Graph 1). The labour market remained stable with an unemployment rate of 3.3% in 2019 (2018: 3.3%) (Graph 2).



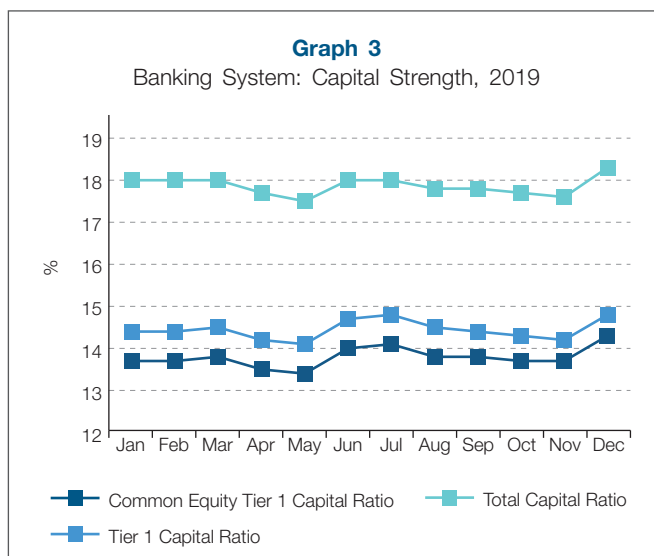
Source: Department of Statistics, Malaysia, Consumer Price Index, various issues.



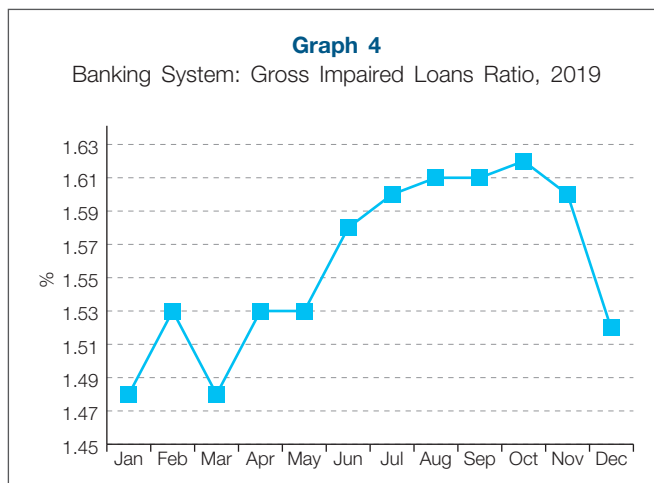
Source: Department of Statistics, Malaysia, Labour Force Statistics, various issues.

Banking System

The domestic financial system remained stable. The banking system continued to be supported by strong capital position. As at end-December 2019, the industry's common equity tier 1 ("CET1"), tier 1 and total capital ratios remained healthy at 14.3%, 14.8% and 18.3%, respectively (2018: 13.9%, 14.6% and 18.1%, respectively) (Graph 3), which are well above the Basel III minimum regulatory levels. Loan quality, as reflected by the gross impaired loans ratio, remained sound throughout the year despite a slight uptick in impaired loans ratio to 1.52% (2018: 1.48%) (Graph 4). Meanwhile, loan to fund ratio stood at 83.2% (2018: 83.1%) (Graph 5).



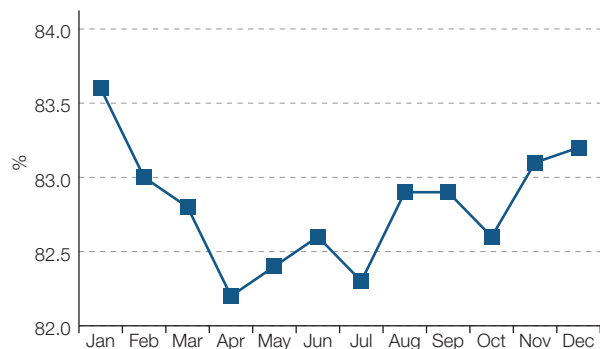
Source: Bank Negara Malaysia, Monthly Highlights and Statistics, December 2019.



Source: Bank Negara Malaysia, Monthly Highlights and Statistics, December 2019.


Graph 5

Banking System: Loan to Fund Ratio, 2019

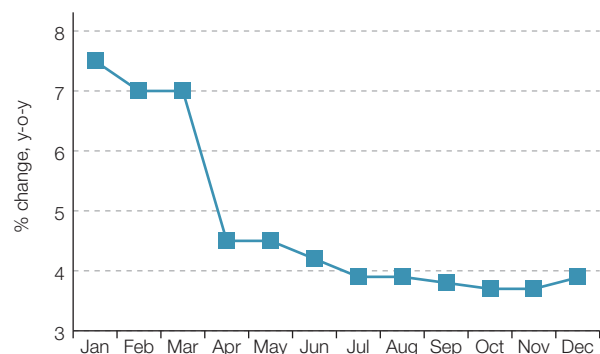


Source: Bank Negara Malaysia, Monthly Highlights and Statistics, December 2019.

Loans and deposits in the banking system grew at a moderate pace in 2019. Total loans in the banking system grew by 3.9% in 2019 (2018: 7.7%) (Graph 6), while total deposits rose by 2.9% (2018: 9.2%) (Graph 7).

Graph 6

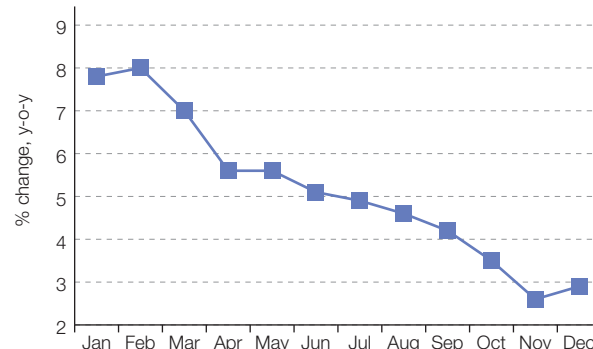
Banking System: Loans Growth, 2019



Source: Bank Negara Malaysia, Monthly Highlights and Statistics, December 2019.

Graph 7

Banking System: Deposits Growth, 2019



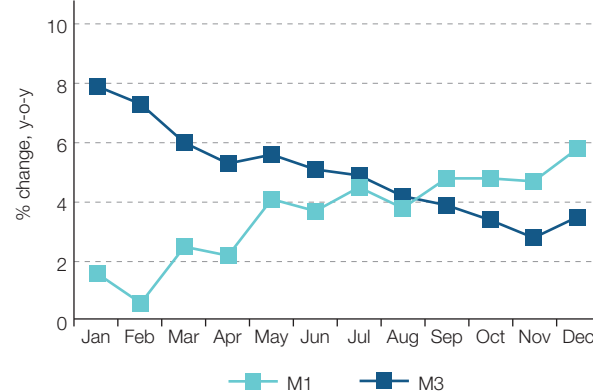
Source: Bank Negara Malaysia, Monthly Highlights and Statistics, December 2019.

Monetary Aggregates

Monetary aggregates continued to grow in 2019. Narrow money ("M1") grew by 5.8% in 2019 (2018: 1.2%), driven by demand deposits and currency in circulation. Meanwhile, broad money ("M3") grew at a softer pace of 3.5% (2018: 9.1%), due to moderate private sector credit growth, net claims on Government and contraction in net foreign assets (Graph 8).

Graph 8

Malaysia: Monetary Aggregates, 2019



Source: Bank Negara Malaysia, Monthly Highlights and Statistics, December 2019.

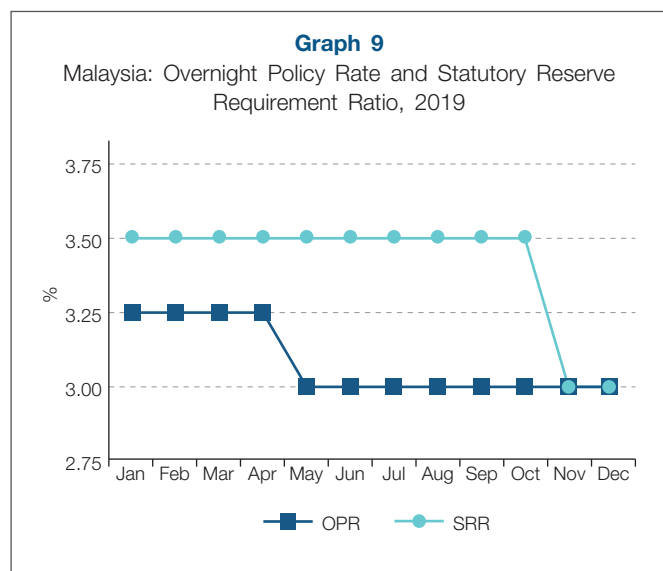
MALAYSIAN ECONOMY: REVIEW AND OUTLOOK

Monetary Policy

In 2019, the monetary policy remained accommodative and supportive of growth, amid a stable price environment. As a pre-emptive move, Bank Negara Malaysia reduced the Overnight Policy Rate ("OPR") by 25 bps to 3.00% in May 2019 (2018: 3.25%), owing to headwinds especially in the international front.

Similarly, interest rate among banks in Malaysia fell in 2019, in tandem with the OPR adjustment in May 2019. The base lending rate, average lending rate and weighted base rate eased to 6.71%, 4.70% and 3.68%, respectively as at end-December 2019 (2018: 6.91%, 5.02% and 3.91%, respectively). Similarly, the average interest rate on saving deposits of commercial banks slipped to 0.97% (2018: 1.07%), while the 3-month fixed deposits rate was lower at 2.90% as at end-December 2019 (2018: 3.15%).

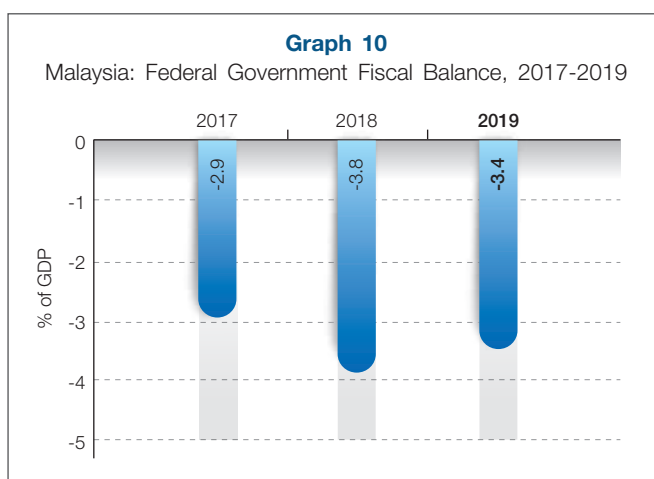
Separately, the Statutory Reserve Requirement Ratio was reduced by 50 bps to 3.00% in November 2019 (2018: 3.50%), to maintain sufficient liquidity in the domestic financial system.



Sources: Bank Negara Malaysia, Press Statements on Overnight Policy Rate and Statutory Reserve Requirement Ratio.

Fiscal Policy

The fiscal budget recorded a deficit of 3.4% of Gross Domestic Product ("GDP") in 2019 (2018: -3.8% of GDP) (Graph 10). Also, the Federal Government debt stood at 52.5% of GDP in 2019 (2018: 51.2% of GDP), which is below the Government's self-imposed threshold of 55% of GDP.



Sources: Ministry of Finance, Malaysia, Fiscal Outlook and Federal Government Revenue Estimates 2020 and Bank Negara Malaysia, Quarterly Bulletin, Fourth Quarter 2019.

External Position

Malaysia's current account surplus widened in 2019, as deficits in the services and income accounts were offset by higher surplus in the goods account. Current account surplus amounted to RM50.85 billion or 3.5% of gross national income (2018: RM32.30 billion) (Table 3).

In 2019, Malaysia's international reserves stood at USD103.6 billion (2018: USD101.5 billion) (Graph 11), which is sufficient to finance 7.5 months of retained imports and 1.1 times the total short-term external debt.

Table 3

Malaysia: Current Account Balance, 2018-2019

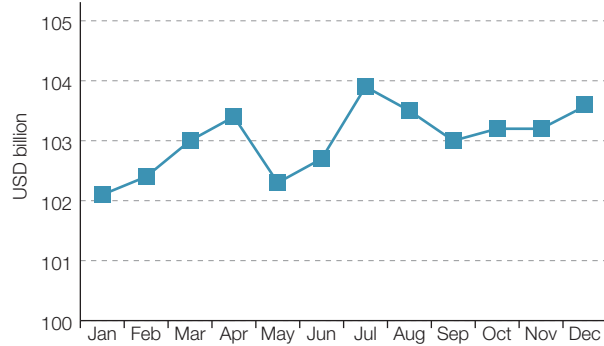
	2018	2019	2019			
			1Q	2Q	3Q	4Q
Current Account						
Balance (RM billion)	32.30	50.85	16.92	14.34	12.09	7.50
% of Gross National Income	2.3	3.5	4.8	3.9	3.3	2.0

Sources: Bank Negara Malaysia, Quarterly Bulletin, various issues and Department of Statistics, Malaysia, Gross Domestic Product, various issues.



Graph 11

Malaysia: International Reserves, 2019



Source: Bank Negara Malaysia, Press Statements on International Reserves.

Malaysia's external debt remained manageable, given its maturity and currency compositions. Total external debt stood at RM945.4 billion or 62.6% of GDP in 2019 (2018: 63.9% of GDP).

Ringgit Exchange Rate

In 2019, the Ringgit closed mixed against major currencies. It appreciated by 1.0% to close at RM4.0930 per USD (2018: RM4.1360 per USD) (Table 4). Mainly, Ringgit had appreciated in December 2019, which is partly driven by the interim trade deal between the US and China as well as higher crude oil price.

Table 4

Malaysia: Performance of Ringgit, 2019

RM/Foreign Currency	End-period		% change*
	2018	2019	
100 KRW	0.3714	0.3544	4.6
EUR	4.7279	4.5907	2.9
CNY	0.6013	0.5879	2.2
AUD	2.9227	2.8674	1.9
USD	4.1360	4.0930	1.0
100 HKD	52.8154	52.5610	0.5
SGD	3.0355	3.0412	-0.2
100 JPY	3.7569	3.7677	-0.3
GBP	5.2672	5.3772	-2.1
100 IDR	0.0288	0.0295	-2.4
100 PHP	7.8766	8.0809	-2.6
100 THB	12.6930	13.6844	-7.8

Note: * Positive territory indicates appreciation of the Ringgit against foreign currencies and negative territory indicates depreciation.

Source: Bank Negara Malaysia, website.

III. PROSPECTS FOR 2020

Global Economy: Protracted Risk

The global economy is experiencing protracted risk, with the likelihood of an economic downturn in 2020. Globally, efforts to contain the spread of the COVID-19 outbreak will have a pronounced impact on the economic outlook, owing to acute shocks and extensive disruption in global supply chains. Central banks will continue to ease policies while Governments have been responding through fiscal measures to support economic activities.

Advanced economies including the US, Europe and Japan are expected to contract as containment measures of the COVID-19 outbreak are deployed.

Asia is also expected to experience a downturn as the health crisis affects various sectors regionally. Notwithstanding the support from fiscal and monetary policies, China's economy is expected to be undermined by the lacklustre domestic demand and weak global environment.

MALAYSIAN ECONOMY: REVIEW AND OUTLOOK

Malaysia: Extreme Challenges

The Malaysian economy faces extreme challenges, especially due to the economic impact of the containment measures to prevent the spread of the COVID-19 outbreak, coupled with bouts of uncertainties in global economic and financial conditions as well as weaknesses in commodity-related sectors, including the lacklustre global crude oil price.

Malaysia's GDP would be adversely impacted in 2020, undermined by weak economic activities. However, fiscal stimulus measures in tandem with monetary and financial accommodation will provide some support to the economy. The Overnight Policy Rate was reduced to 2.50% following rate cuts of 25 bps in January and March, respectively. Meanwhile, Malaysia's inflation is expected to be subdued in 2020, in the absence of both cost and demand pressures.

On the fiscal front, the Government has the flexibility to manoeuvre as borrowings remain within the Government's self-imposed threshold of 55% of GDP. The stimulus packages and ample funding within the Malaysia's ecosystem will provide impetus in support of economic activities, provide funding to businesses especially the small and medium enterprises ("SMEs") as well as to encourage domestic investments.

Monetary and financial conditions remain accommodative and supportive of economic activities. Notwithstanding the challenging macro environment, Malaysia's banking system remains orderly, underpinned by ample liquidity and strong capital buffers.

With concerns of potentially higher impairments in the banking system going forward, thus, banks have been stepping up efforts to reschedule and restructure ("R&R") loans, while assisting customers who are facing financial constraints by offering the six-month loan moratorium effective 1 April 2020. Bank Negara Malaysia has also allocated financing facilities for the SMEs through the Special Relief Facility, to help businesses manage cash flow difficulties.



INVESTOR INFORMATION

STOCK MARKET PERFORMANCE IN 2019

- The first quarter of 2019 was notable for the FTSE Bursa Malaysia Composite Index ("FBM KLCI") hitting its peak for the entire year at 1,732.27 points in mid-February. However, the FBM KLCI gradually descended for the rest of the quarter, falling 2.8% to close at 1,643.63 points. The domestic equity market was affected by a combination of external and domestic factors. Market activity slowed during the quarter as domestic institutional participation also tapered off. Banking stocks saw more obvious selling pressure owing to concerns over slowing loans growth and a potential interest rate cut. The announcement of Malaysia's Gross Domestic Product ("GDP") growth for the fourth quarter of 2018 at a slightly higher than anticipated 4.7% also failed to lift sentiment.
- In the second quarter of 2019, the performance of the domestic financial market was mixed. During the first two months of the quarter, market activity remained sluggish as ongoing trade tensions between the United States of America ("US") and China kept investor optimism in check. Given expected moderation in global economic activity and the possible effects on the country, Bank Negara Malaysia ("BNM") announced a cut in the Overnight Policy Rate by 25 basis points ("bps") in May 2019 to preserve the degree of monetary accommodativeness. The announcement of Malaysia's GDP growth for the first quarter of 2019 which slowed down to 4.5% appeared to reinforce the necessity for the move. However, the equity market moved in the opposite direction as the benchmark FBM KLCI increased by 1.7% for the quarter to close at 1,672.13 points.
- The FBM KLCI declined by 5.3% to close at 1,583.91 points in the third quarter. The weaker equity market performance was in line with regional trend as most emerging market equity indices had been weighed down by the heightened global risk aversion. Worsening Japan – South Korea relations, escalation of unrests in Hong Kong and further threats of US tariffs on China's goods (and China's subsequent retaliation) were the main causes for the weaker performance. Foreign investors' participation remained high albeit being net sellers of equities. The US Federal Reserve ("US Fed") announced two interest rate cuts of 25 bps each in July 2019 and September 2019 respectively, as uncertainty from President Trump's trade war and slowing global growth continued to pose risks to the US economy. The announcement of Malaysia's GDP growth for the second quarter of 2019 at a stronger-than-expected 4.9% did not improve sentiment.
- The announcement of a tentative trade agreement between the US and China and an expansionary Malaysian Budget for 2020 helped lift sentiment early in the fourth quarter. However, failure to make significant headway in concluding a deal subsequently deflated market conditions. The US Fed cut interest rates by another 25 bps in October 2019, reversing nearly all of the 2018's rate increases. During the fourth quarter, BNM lowered

the Statutory Reserve Requirement ratio from 3.5% to 3.0% to maintain sufficient liquidity in the domestic financial system. The announcement of a slower third quarter GDP growth of 4.4% added to concerns of a more pronounced economic slowdown. The FBM KLCI ended 0.3% higher to close at 1,588.76 points during the fourth quarter.

- For the full year of 2019, the benchmark FBM KLCI fell by 101.82 points or 6.0% to close at 1,558.76 points.

PUBLIC BANK SHARE PRICE PERFORMANCE IN 2019

- Investors took considerable profits on their investment in Public Bank's share after the strong share price performance in 2018 coupled with the challenging operating environment and continued heightened risk aversion in 2019 as external conditions became increasingly uncertain.
- In the first quarter of 2019, Public Bank's share price fell by 6.5% as compared to the Bursa Malaysia Finance Index's ("Finance Index") 1.9% decline. Public Bank's share price dropped marginally by 0.7% in the second quarter, outperforming the Finance Index which fell 1.7%. The Public Bank Group announced a first quarter 2019 net profit of RM1.41 billion during the period, which represented a growth of 0.3% as compared to the previous corresponding period. Public Bank's share price fell 12.7% in the third quarter of 2019 whilst the Finance Index fell 8.3%. A cumulative first half 2019 net profit of RM2.74 billion was reported during the period. The fourth quarter of 2019 saw the Finance Index increased by 1.0% whilst Public Bank's share price dropped by 3.2% despite the announcement of a cumulative nine-month net profit of RM4.11 billion during the period.
- As at the end of 2019, Public Bank's share price ended at RM19.44, a decline of 21.5% from RM24.76 as at the end of 2018. The weaker performance was in line with the large foreign capital outflow from Malaysia and the cautious investor sentiment during the year.
- Nevertheless, Public Bank maintained its position as the second largest company listed on Bursa Malaysia with its market capitalisation of RM75.47 billion as at the end of 2019.
- The average daily volume and value of Public Bank shares traded in 2019 were 4.5 million shares (2018: 5.4 million shares) and RM99.7 million (2018: RM127.9 million) respectively.

INVESTOR INFORMATION



**SHARE
PRICE**
RM19.44
2018: RM24.76



**MARKET
CAPITALISATION**
RM75.47 Bil
2018: RM96.12 Bil

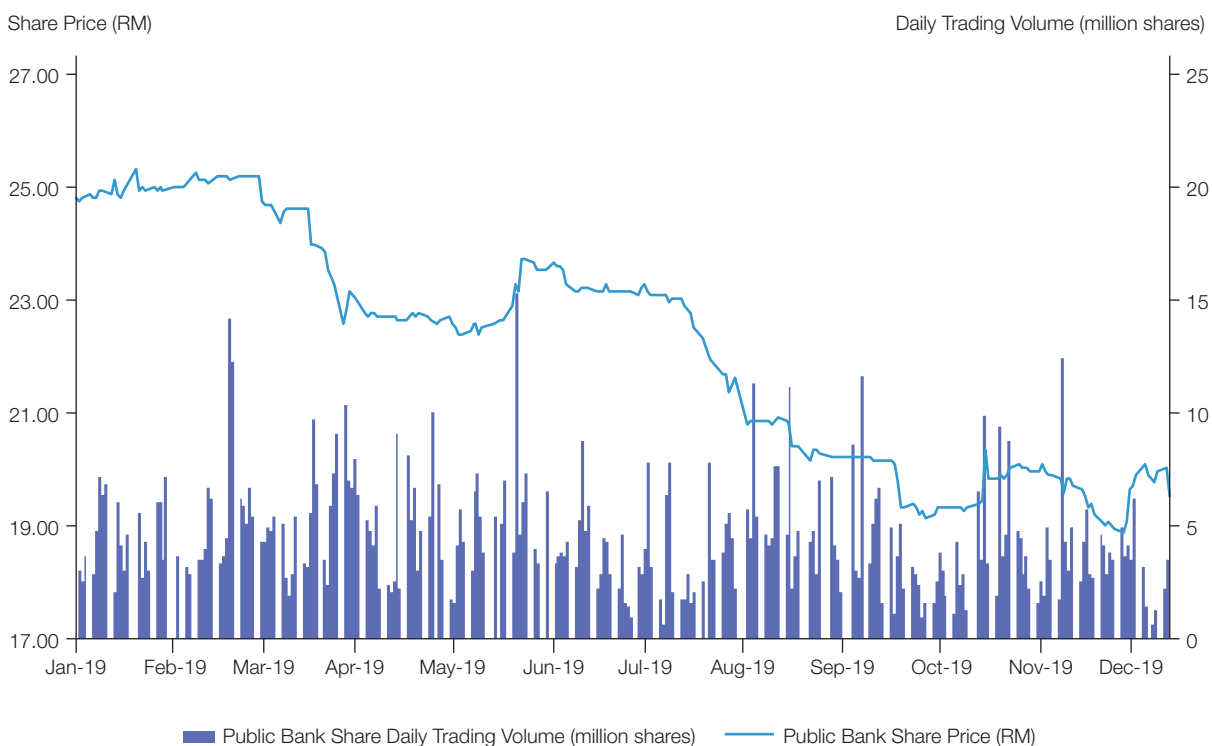


**EARNINGS
PER SHARE**
142.0 sen
2018: 144.4 sen



**DIVIDEND
PER SHARE**
73 sen
2018: 69 sen

PUBLIC BANK SHARE PRICE AND TRANSACTIONS IN 2019

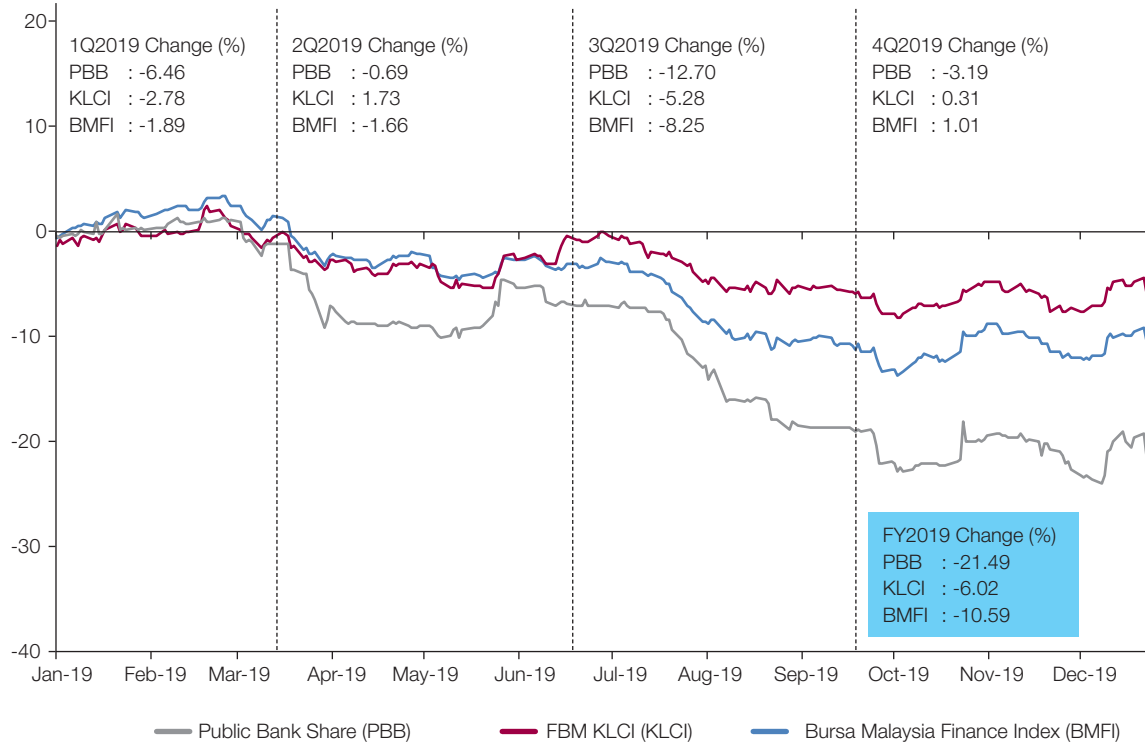


Public Bank	1Q		2Q		3Q		4Q		FY2019	
Share Price (RM):										
High	25.18	22 Jan	23.90	30 May	23.22	11 Jul	20.44	31 Oct	25.18	22 Jan
Low	23.02	29 Mar	22.02	13 May	19.96	25 Sep	18.80	16 Dec	18.80	16 Dec
Close	23.16	29 Mar	23.00	28 Jun	20.08	30 Sep	19.44	31 Dec	19.44	31 Dec
Trading Range	2.16		1.88		3.26		1.64		6.38	
Average Daily Trading Volume (million shares)	4.95		5.09		4.38		3.59		4.48	



RELATIVE PERFORMANCE OF PUBLIC BANK'S SHARE PRICE vs BENCHMARK INDICES IN 2019

Relative Performance
% of change



ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2020

Number of Issued Shares : 3,882,138,347 ordinary shares
 Class of Shares : Ordinary shares
 Voting Rights : One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of shareholdings	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	8,404	10.02	236	0.28	242,484	0.01	8,112	*
100 – 1,000 shares	24,716	29.48	515	0.61	12,006,421	0.31	260,701	0.01
1,001 – 10,000 shares	36,513	43.55	2,061	2.46	121,211,267	3.12	8,854,345	0.23
10,001 – 100,000 shares	8,431	10.06	1,441	1.72	215,486,098	5.55	46,113,090	1.19
100,001 – 194,106,916 (less than 5% of issued shares)	823	0.98	696	0.83	962,387,341	24.79	1,108,195,313	28.54
194,106,917 (5% of issued shares) and above	2	*	–	–	1,407,373,175	36.25	–	–
Total	78,889	94.10	4,949	5.90	2,718,706,786	70.03	1,163,431,561	29.97
Grand Total	83,838				3,882,138,347			

Note:

* Less than 0.01%.

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY AND IN SUBSIDIARY COMPANY BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Shares Held in the Company

Name	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Dr. Teh Hong Piow	24,711,282	0.64	884,194,971 ^{*1}	22.77	908,906,253	23.41
Lai Wan	–	–	18,654 ^{*2}	^{*4}	18,654	^{*4}
Tan Sri Dato' Sri Tay Ah Lek	3,488,845	0.09	2,789,745 ^{*3}	0.07	6,278,590	0.16
Cheah Kim Ling	–	–	10,392 ^{*2}	^{*4}	10,392	^{*4}
Lee Chin Guan	200,030	^{*4}	–	–	200,030	^{*4}
Tham Chai Phong	14,700	^{*4}	–	–	14,700	^{*4}

Notes:

^{*1} Deemed to have interests in PBB shares held by other corporations by virtue of Section 8(4) of the Companies Act, 2016.

^{*2} These shares are held by his/her spouse.

^{*3} Deemed to have interests in PBB shares held by his spouse and children and held by other corporations by virtue of Section 8(4) of the Companies Act, 2016.

^{*4} Less than 0.01%.



Shares Held in Subsidiary Company

– Shares Held in Public Financial Holdings Limited

Name	Direct Interests	
	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Tay Ah Lek	350,000	0.03

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and deemed interests of 908,906,253 shares in PBB, and pursuant to Section 8(4)(c) of the Companies Act, 2016, is deemed interested in the shares in all of PBB's subsidiary and associated companies to the extent that PBB has interests.

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Dr. Teh Hong Piow	24,711,282	0.64	884,194,971 *	22.77	908,906,253	23.41
Consolidated Teh Holdings Sdn Bhd	840,136,075	21.64	44,058,896 *	1.13	884,194,971	22.77
Employees Provident Fund Board	601,455,600	15.49	–	–	601,455,600	15.49

Note:

* Deemed to have interests in PBB shares held by other corporations by virtue of Section 8(4) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2020

TOP THIRTY SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

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

Name	No. of Shares Held	% of Issued Shares
1. Consolidated Teh Holdings Sdn Berhad	840,136,075	21.64
2. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	567,237,100	14.61
3. Kumpulan Wang Persaraan (Diperbadankan)	158,713,600	4.09
4. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i>	75,766,540	1.95
5. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	54,727,003	1.41
6. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	54,469,600	1.40
7. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited For Government of Singapore (C)</i>	48,328,713	1.24
8. Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	48,085,021	1.24
9. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	46,527,135	1.20
10. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>	44,154,118	1.14
11. Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	42,728,505	1.10
12. LPI Capital Bhd	42,520,704	1.10
13. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An For UOB Kay Hian Pte Ltd (a/c Clients)</i>	30,528,906	0.79
14. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 – Wawasan</i>	25,000,000	0.64
15. Tan Sri Dato' Sri Dr. Teh Hong Piow	24,711,282	0.64
16. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNYM SA/NV For People's Bank Of China (SICL ASIA EM)</i>	20,776,700	0.54
17. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund SWV4 For California Public Employees Retirement System</i>	20,642,510	0.53
18. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For AIA Bhd</i>	20,016,531	0.51



Name	No. of Shares Held	% of Issued Shares
19. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	19,641,300	0.50
20. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>The Bank Of New York Mellon For Virtus Vontobel Emerging Markets Opportunities Fund</i>	19,409,625	0.50
21. Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 3)</i>	19,307,436	0.50
22. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	18,106,973	0.47
23. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Blackrock Institutional Trust Company, N.A. Investment Funds For Employee Benefit Trusts</i>	17,090,420	0.44
24. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	16,426,000	0.42
25. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For MSCI Equity Index Fund B – Malaysia</i>	15,416,046	0.40
26. Citigroup Nominees (Asing) Sdn Bhd <i>Macquarie Bank Limited (London Branch)</i>	13,987,707	0.36
27. Public Invest Nominees (Tempatan) Sdn Bhd <i>Public Bank Group Officers' Retirement Benefits Fund</i>	12,580,832	0.32
28. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 1)</i>	12,049,267	0.31
29. HSBC Nominees (Asing) Sdn Bhd <i>J.P. Morgan Securities Plc</i>	11,941,858	0.31
30. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Government Pension Investment Fund (MTBJ-400045794)</i>	11,290,174	0.29
	2,352,317,681	60.59

SHARE CAPITAL

AS AT 30 APRIL 2020

The total number of issued shares as at 30 April 2020 stands at 3,882,138,347 ordinary shares. The changes in the number of issued shares are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
Up to 30.08.1966	16,000,000	Cash	16,000,000
15.11.1978	4,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	20,000,000
22.07.1981	5,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	25,000,000
07.01.1982	10,000,000	Capitalisation of capital reserve account and general reserve account (Bonus Issue 2:5)	35,000,000
11.02.1982	35,000,000	Rights Issue 1:1 at RM2.00 per share	70,000,000
22.06.1983	42,000,000	Capitalisation of share premium account and general reserve account (Bonus Issue 3:5)	112,000,000
22.08.1983	56,000,000	Rights Issue 1:2 at RM2.00 per share	168,000,000
05.07.1984	42,000,000	Capitalisation of share premium account and general reserve account (Bonus Issue 1:4)	210,000,000
05.02.1988	42,000,000	Capitalisation of share premium account and general reserve account (Bonus Issue 1:5)	252,000,000
03.08.1988	105,000,000	Rights Issue 1:2 at RM1.60 per share	357,000,000
11.10.1989	218,500	Exercise of share options under Public Bank Berhad Employees' Share Option Scheme (PBB ESOS) at option price of RM3.80 per share	357,218,500
02.05.1990	1,237,500	Exercise of share options under PBB ESOS at option price of RM3.80 per share	358,456,000
15.06.1990	119,485,333	Capitalisation of share premium account and general reserve account (Bonus Issue 1:3)	477,941,333
06.08.1990	71,691,200	Rights Issue 1:5 at RM2.20 per share	549,632,533
08.10.1990	138,500	Exercise of share options under PBB ESOS at option price of RM2.76 per share	549,771,033
12.04.1991	3,828,850	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,599,883
24.09.1991	334,300	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,934,183
25.03.1992	114,700	Exercise of share options under PBB ESOS at option price of RM2.76 per share	554,048,883
15.04.1993	1,038,701	Exercise of share options under PBB ESOS at option price of RM2.76 per share	555,087,584
01.10.1993	9,912,337	Exercise of share options under PBB ESOS at option price of RM2.76 per share	564,999,921
20.04.1994	3,434,479	Exercise of share options under PBB ESOS at option price of RM2.76 per share	568,434,400
05.10.1994	1,113,000	Exercise of share options under PBB ESOS at option price of RM7.84 per share	569,547,400



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
27.12.1994	50,000,000	Issue and private placement of 50,000,000 new shares as follows: – 35,000,000 PBB local shares at RM8.28 per share – 15,000,000 PBB foreign shares at RM10.62 per share	619,547,400
18.04.1996	25,500	Exercise of share options under PBB ESOS at option price of RM7.84 per share	619,572,900
07.08.1996	206,524,300	Capitalisation of share premium account (Bonus Issue 1:3)	826,097,200
25.10.1996	143,541	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,240,741
12.05.1997	358,850	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,599,591
06.01.1998	165,319,918	Capitalisation of share premium account (Bonus Issue 1:5)	991,919,509
09.03.1998	165,319,918	Rights Issue 1:5 at RM2.00 per PBB local share and at RM2.28 per PBB foreign share	1,157,239,427
11.02.1999	8,007,750	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,165,247,177
11.05.1999	35,500	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,165,282,677
19.05.1999	4,736,865	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,170,019,542
07.06.1999	1,077,950	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,171,097,492
02.07.1999	12,063,250	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,183,160,742
08.12.2000	11,899,125	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,195,059,867
15.02.2001	1,662,500	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,196,722,367
31.03.2001	213,140,892	New PBB local shares issued in exchange for 125,377,000 ordinary shares of RM1.00 each in Hock Hua Bank Bhd (HHB) pursuant to terms of merger of PBB and HHB	1,409,863,259
23.04.2001	422,958,977	Capitalisation of share premium account and retained profits (Bonus Issue 3:10)	1,832,822,236
11.12.2001	996,387	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,833,818,623
12.03.2002	1,025,362	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,834,843,985
12.07.2002	458,710,997	Capitalisation of share premium account (Bonus Issue 1:4)	2,293,554,982
13.09.2002	13,570,954	Exercise of share options under PBB ESOS as follows: – 1,488,329 shares at option price of RM2.04 per share – 12,082,625 shares at option price of RM4.44 per share	2,307,125,936

SHARE CAPITAL AS AT 30 APRIL 2020

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
08.10.2002	7,153,442	Exercise of share options under PBB ESOS as follows: – 412,567 shares at option price of RM2.04 per share – 6,740,875 shares at option price of RM4.44 per share	2,314,279,378
12.12.2002	247,675	Exercise of share options under PBB ESOS as follows: – 130,050 shares at option price of RM2.04 per share – 117,625 shares at option price of RM4.44 per share	2,314,527,053
14.03.2003	153,158	Exercise of share options under PBB ESOS as follows: – 112,408 shares at option price of RM2.04 per share – 40,750 shares at option price of RM4.44 per share	2,314,680,211
09.04.2003	37,907	Exercise of share options under PBB ESOS at option price of RM2.04 per share	2,314,718,118
13.06.2003	202,598,923	New PBB local shares issued in exchange for 135,065,949 ordinary shares of RM1.00 each in Public Finance Bhd (PFB) pursuant to terms of privatisation of PFB	2,517,317,041
16.07.2003	629,329,261	Capitalisation of share premium account (Bonus Issue 1:4)	3,146,646,302
14.08.2003	8,337,798	Exercise of share options under PBB ESOS as follows: – 250,423 shares at option price of RM1.64 per share – 8,087,375 shares at option price of RM3.56 per share	3,154,984,100
05.09.2003	2,804,031	Exercise of share options under PBB ESOS as follows: – 75,156 shares at option price of RM1.64 per share – 2,728,875 shares at option price of RM3.56 per share	3,157,788,131
08.09.2003	2,902,623	Exercise of share options under PBB ESOS as follows: – 67,856 shares at option price of RM1.64 per share – 1,595,142 shares at option price of RM3.56 per share – 1,239,625 shares at option price of RM3.40 per share	3,160,690,754
12.09.2003	7,001,644	Exercise of share options under PBB ESOS as follows: – 54,489 shares at option price of RM1.64 per share – 4,948,530 shares at option price of RM3.56 per share – 1,998,625 shares at option price of RM3.40 per share	3,167,692,398
24.09.2003	1,216,063	Exercise of share options under PBB ESOS as follows: – 6,250 shares at option price of RM1.64 per share – 915,688 shares at option price of RM3.56 per share – 294,125 shares at option price of RM3.40 per share	3,168,908,461
15.10.2003	3,518,818	Exercise of share options under PBB ESOS as follows: – 15,169 shares at option price of RM1.64 per share – 2,515,399 shares at option price of RM3.56 per share – 988,250 shares at option price of RM3.40 per share	3,172,427,279
27.10.2003	2,054,251	Exercise of share options under PBB ESOS as follows: – 3,313 shares at option price of RM1.64 per share – 1,457,938 shares at option price of RM3.56 per share – 593,000 shares at option price of RM3.40 per share	3,174,481,530
29.10.2003	6,748,111	Exercise of share options under PBB ESOS as follows: – 32,993 shares at option price of RM1.64 per share – 3,781,268 shares at option price of RM3.56 per share – 2,933,850 shares at option price of RM3.40 per share	3,181,229,641



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
06.11.2003	4,913,239	Exercise of share options under PBB ESOS as follows: – 39,115 shares at option price of RM1.64 per share – 3,806,374 shares at option price of RM3.56 per share – 1,067,750 shares at option price of RM3.40 per share	3,186,142,880
13.11.2003	1,202,135	Exercise of share options under PBB ESOS as follows: – 5,040 shares at option price of RM1.64 per share – 961,220 shares at option price of RM3.56 per share – 235,875 shares at option price of RM3.40 per share	3,187,345,015
18.11.2003	455,750	Exercise of share options under PBB ESOS as follows: – 406,250 shares at option price of RM3.56 per share – 49,500 shares at option price of RM3.40 per share	3,187,800,765
21.11.2003	5,801,710	Exercise of share options under PBB ESOS as follows: – 33,297 shares at option price of RM1.64 per share – 2,989,788 shares at option price of RM3.56 per share – 2,778,625 shares at option price of RM3.40 per share	3,193,602,475
01.12.2003	1,417,894	Exercise of share options under PBB ESOS as follows: – 16,324 shares at option price of RM1.64 per share – 1,062,070 shares at option price of RM3.56 per share – 339,500 shares at option price of RM3.40 per share	3,195,020,369
04.12.2003	68,000	Exercise of share options under PBB ESOS at option price of RM3.56 per share	3,195,088,369
22.12.2003	2,297,250	Exercise of share options under PBB ESOS as follows: – 13,484 shares at option price of RM1.64 per share – 1,889,391 shares at option price of RM3.56 per share – 394,375 shares at option price of RM3.40 per share	3,197,385,619
26.12.2003	9,214,108	Exercise of share options under PBB ESOS as follows: – 20,525 shares at option price of RM1.64 per share – 6,642,458 shares at option price of RM3.56 per share – 2,551,125 shares at option price of RM3.40 per share	3,206,599,727
27.01.2004	1,883,267	Exercise of share options under PBB ESOS as follows: – 4,547 shares at option price of RM1.64 per share – 1,680,345 shares at option price of RM3.56 per share – 198,375 shares at option price of RM3.40 per share	3,208,482,994
20.02.2004	483,813	Exercise of share options under PBB ESOS as follows: – 457,313 shares at option price of RM3.56 per share – 26,500 shares at option price of RM3.40 per share	3,208,966,807
01.03.2004	1,024,066	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873
03.03.2004	13,717,282	Exercise of share options under PBB ESOS as follows: – 38,231 shares at option price of RM1.64 per share – 10,718,176 shares at option price of RM3.56 per share – 1,647,375 shares at option price of RM3.40 per share – 1,313,500 shares at option price of RM4.60 per share	3,223,708,155

SHARE CAPITAL AS AT 30 APRIL 2020

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



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
09.09.2004	1,649,681	Exercise of share options under PBB ESOS as follows: – 908,831 shares at option price of RM3.56 per share – 67,350 shares at option price of RM3.40 per share – 260,500 shares at option price of RM4.60 per share – 413,000 shares at option price of RM4.92 per share	3,319,132,323
27.09.2004	623,819	Exercise of share options under PBB ESOS as follows: – 8,125 shares at option price of RM1.64 per share – 344,819 shares at option price of RM3.56 per share – 63,375 shares at option price of RM3.40 per share – 136,000 shares at option price of RM4.60 per share – 71,500 shares at option price of RM4.92 per share	3,319,756,142
28.09.2004	1,737,912	Exercise of share options under PBB ESOS as follows: – 795,637 shares at option price of RM3.56 per share – 120,875 shares at option price of RM3.40 per share – 347,900 shares at option price of RM4.60 per share – 473,500 shares at option price of RM4.92 per share	3,321,494,054
04.10.2004	4,621,593	Exercise of share options under PBB ESOS as follows: – 33,767 shares at option price of RM1.64 per share – 2,569,876 shares at option price of RM3.56 per share – 267,650 shares at option price of RM3.40 per share – 1,187,300 shares at option price of RM4.60 per share – 563,000 shares at option price of RM4.92 per share	3,326,115,647
26.10.2004	1,755,048	Exercise of share options under PBB ESOS as follows: – 665,498 shares at option price of RM3.56 per share – 71,650 shares at option price of RM3.40 per share – 527,400 shares at option price of RM4.60 per share – 490,500 shares at option price of RM4.92 per share	3,327,870,695
19.11.2004	4,569,277	Exercise of share options under PBB ESOS as follows: – 187,546 shares at option price of RM1.64 per share – 2,491,856 shares at option price of RM3.56 per share – 289,375 shares at option price of RM3.40 per share – 1,212,000 shares at option price of RM4.60 per share – 388,500 shares at option price of RM4.92 per share	3,332,439,972
25.11.2004	20,935,350	Exercise of share options under PBB ESOS as follows: – 31,710 shares at option price of RM1.64 per share – 9,479,777 shares at option price of RM3.56 per share – 653,600 shares at option price of RM3.40 per share – 4,162,263 shares at option price of RM4.60 per share – 6,608,000 shares at option price of RM4.92 per share	3,353,375,322
03.12.2004	2,392,002	Exercise of share options under PBB ESOS as follows: – 1,183,077 shares at option price of RM3.56 per share – 140,300 shares at option price of RM3.40 per share – 604,125 shares at option price of RM4.60 per share – 464,500 shares at option price of RM4.92 per share	3,355,767,324
28.01.2005	20,743,000	Exercise of share options under PBB ESOS at option price of RM4.92 per share	3,376,510,324

SHARE CAPITAL AS AT 30 APRIL 2020

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
31.01.2005	2,415,001	Exercise of share options under PBB ESOS as follows: – 15,475 shares at option price of RM1.64 per share – 985,926 shares at option price of RM3.56 per share – 104,200 shares at option price of RM3.40 per share – 954,400 shares at option price of RM4.60 per share – 355,000 shares at option price of RM4.92 per share	3,378,925,325
07.02.2005	10,466,250	Exercise of share options under PBB ESOS as follows: – 2,406,250 shares at option price of RM3.56 per share – 2,250,000 shares at option price of RM4.60 per share – 5,810,000 shares at option price of RM4.92 per share	3,389,391,575
21.02.2005	7,511,743	Exercise of share options under PBB ESOS as follows: – 26,106 shares at option price of RM1.64 per share – 3,364,187 shares at option price of RM3.56 per share – 377,950 shares at option price of RM3.40 per share – 2,883,000 shares at option price of RM4.60 per share – 860,500 shares at option price of RM4.92 per share	3,396,903,318
25.02.2005	639,342	Exercise of share options under PBB ESOS as follows: – 6,094 shares at option price of RM1.64 per share – 236,373 shares at option price of RM3.56 per share – 14,875 shares at option price of RM3.40 per share – 291,000 shares at option price of RM4.60 per share – 91,000 shares at option price of RM4.92 per share	3,397,542,660
01.08.2005	12,813,748	Exercise of share options under PBB ESOS as follows: – 14,482 shares at option price of RM1.64 per share – 1,382,291 shares at option price of RM3.56 per share – 194,275 shares at option price of RM3.40 per share – 1,397,700 shares at option price of RM4.60 per share – 6,670,000 shares at option price of RM4.92 per share – 3,155,000 shares at option price of RM6.37 per share	3,410,356,408
31.10.2005	2,114,074	Exercise of share options under PBB ESOS as follows: – 1,063 shares at option price of RM1.64 per share – 442,561 shares at option price of RM3.56 per share – 96,950 shares at option price of RM3.40 per share – 424,800 shares at option price of RM4.60 per share – 1,014,500 shares at option price of RM4.92 per share – 134,200 shares at option price of RM6.37 per share	3,412,470,482
09.11.2005	3,737,523	Exercise of share options under PBB ESOS as follows: – 1,269 shares at option price of RM1.64 per share – 1,429,354 shares at option price of RM3.56 per share – 238,525 shares at option price of RM3.40 per share – 1,537,875 shares at option price of RM4.60 per share – 204,000 shares at option price of RM4.92 per share – 326,500 shares at option price of RM6.37 per share	3,416,208,005
15.11.2005	660,400	Exercise of share options under PBB ESOS as follows: – 163,100 shares at option price of RM3.56 per share – 61,700 shares at option price of RM3.40 per share – 390,100 shares at option price of RM4.60 per share – 45,500 shares at option price of RM4.92 per share	3,416,868,405



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
05.12.2005	504,684	Exercise of share options under PBB ESOS as follows: – 217,309 shares at option price of RM3.56 per share – 35,375 shares at option price of RM3.40 per share – 202,500 shares at option price of RM4.60 per share – 23,500 shares at option price of RM4.92 per share – 26,000 shares at option price of RM6.37 per share	3,417,373,089
13.01.2006	3,553,363	Exercise of share options under PBB ESOS as follows: – 2,587 shares at option price of RM1.64 per share – 391,750 shares at option price of RM3.56 per share – 77,325 shares at option price of RM3.40 per share – 519,300 shares at option price of RM4.60 per share – 71,000 shares at option price of RM4.92 per share – 86,000 shares at option price of RM6.37 per share – 2,405,401 shares at option price of RM5.67 per share	3,420,926,452
18.01.2006	115,100	Exercise of share options under PBB ESOS as follows: – 8,600 shares at option price of RM3.56 per share – 83,500 shares at option price of RM4.60 per share – 23,000 shares at option price of RM4.92 per share	3,421,041,552
08.02.2006	329,363	Exercise of share options under PBB ESOS as follows: – 45,938 shares at option price of RM3.56 per share – 2,425 shares at option price of RM3.40 per share – 27,500 shares at option price of RM4.60 per share – 7,500 shares at option price of RM4.92 per share – 7,000 shares at option price of RM6.37 per share – 239,000 shares at option price of RM5.67 per share	3,421,370,915
28.02.2006	3,922,364	Exercise of share options under PBB ESOS as follows: – 302 shares at option price of RM1.64 per share – 234,931 shares at option price of RM3.56 per share – 20,125 shares at option price of RM3.40 per share – 293,500 shares at option price of RM4.60 per share – 63,500 shares at option price of RM4.92 per share – 255,000 shares at option price of RM6.37 per share – 3,055,006 shares at option price of RM5.67 per share	3,425,293,279
09.03.2006	8,050,287	Exercise of share options under PBB ESOS as follows: – 1,282 shares at option price of RM1.64 per share – 296,195 shares at option price of RM3.56 per share – 3,125 shares at option price of RM3.40 per share – 314,600 shares at option price of RM4.60 per share – 108,000 shares at option price of RM4.92 per share – 402,390 shares at option price of RM6.37 per share – 6,924,695 shares at option price of RM5.67 per share	3,433,343,566
14.03.2006	12,000	Exercise of share options under PBB ESOS at option price of RM5.67 per share	3,433,355,566

SHARE CAPITAL AS AT 30 APRIL 2020

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
14.08.2006	1,960,920	Exercise of share options under PBB ESOS as follows: – 2,094 shares at option price of RM1.64 per share – 94,596 shares at option price of RM3.56 per share – 11,625 shares at option price of RM3.40 per share – 212,500 shares at option price of RM4.60 per share – 40,000 shares at option price of RM4.92 per share – 115,000 shares at option price of RM6.37 per share – 1,485,105 shares at option price of RM5.67 per share	3,435,316,486
22.08.2006	13,588,150	Exercise of share options under PBB ESOS as follows: – 17,923 shares at option price of RM1.64 per share – 411,452 shares at option price of RM3.56 per share – 44,250 shares at option price of RM3.40 per share – 555,000 shares at option price of RM4.60 per share – 72,900 shares at option price of RM4.92 per share – 319,000 shares at option price of RM6.37 per share – 12,167,625 shares at option price of RM5.67 per share	3,448,904,636
04.09.2006	1,147,600	Exercise of share options under PBB ESOS as follows: – 34,600 shares at option price of RM3.56 per share – 83,500 shares at option price of RM4.60 per share – 51,500 shares at option price of RM4.92 per share – 978,000 shares at option price of RM5.67 per share	3,450,052,236
22.09.2006	754,127	Exercise of share options under PBB ESOS as follows: – 16,127 shares at option price of RM3.56 per share – 22,000 shares at option price of RM4.60 per share – 7,000 shares at option price of RM4.92 per share – 16,000 shares at option price of RM6.37 per share – 693,000 shares at option price of RM5.67 per share	3,450,806,363
20.11.2006	1,735,884	Exercise of share options under PBB ESOS as follows: – 2,698 shares at option price of RM1.64 per share – 31,886 shares at option price of RM3.56 per share – 6,500 shares at option price of RM3.40 per share – 130,500 shares at option price of RM4.60 per share – 19,000 shares at option price of RM4.92 per share – 542,500 shares at option price of RM6.37 per share – 1,002,800 shares at option price of RM5.67 per share	3,452,542,247
30.11.2006	3,142,529	Exercise of share options under PBB ESOS as follows: – 1,358 shares at option price of RM1.64 per share – 90,371 shares at option price of RM3.56 per share – 4,000 shares at option price of RM3.40 per share – 188,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 1,083,300 shares at option price of RM6.37 per share – 1,731,500 shares at option price of RM5.67 per share	3,455,684,776



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
05.12.2006	4,553,096	Exercise of share options under PBB ESOS as follows: – 4,092 shares at option price of RM1.64 per share – 161,211 shares at option price of RM3.56 per share – 18,793 shares at option price of RM3.40 per share – 349,600 shares at option price of RM4.60 per share – 78,000 shares at option price of RM4.92 per share – 1,655,200 shares at option price of RM6.37 per share – 2,286,200 shares at option price of RM5.67 per share	3,460,237,872
15.12.2006	2,407,500	Exercise of share options under PBB ESOS as follows: – 30,700 shares at option price of RM3.56 per share – 1,800 shares at option price of RM3.40 per share – 82,200 shares at option price of RM4.60 per share – 59,000 shares at option price of RM4.92 per share – 729,000 shares at option price of RM6.37 per share – 1,504,800 shares at option price of RM5.67 per share	3,462,645,372
22.12.2006	179,500	Exercise of share options under PBB ESOS as follows: – 17,500 shares at option price of RM4.60 per share – 50,000 shares at option price of RM6.37 per share – 112,000 shares at option price of RM5.67 per share	3,462,824,872
25.01.2007	7,252,589	Exercise of share options under PBB ESOS as follows: – 473 shares at option price of RM1.64 per share – 184,208 shares at option price of RM3.56 per share – 14,800 shares at option price of RM3.40 per share – 234,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,230,108 shares at option price of RM6.37 per share – 3,545,000 shares at option price of RM5.67 per share	3,470,077,461
30.01.2007	16,102,248	Exercise of share options under PBB ESOS as follows: – 5,228 shares at option price of RM1.64 per share – 68,187 shares at option price of RM3.56 per share – 29,000 shares at option price of RM3.40 per share – 254,031 shares at option price of RM4.60 per share – 60,200 shares at option price of RM4.92 per share – 11,004,802 shares at option price of RM6.37 per share – 4,680,800 shares at option price of RM5.67 per share	3,486,179,709
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: – 16,239 shares at option price of RM3.56 per share – 775 shares at option price of RM3.40 per share – 35,100 shares at option price of RM4.60 per share – 11,000 shares at option price of RM4.92 per share – 1,971,000 shares at option price of RM6.37 per share – 764,500 shares at option price of RM5.67 per share	3,488,978,323
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: – 8,000 shares at option price of RM3.56 per share – 1,000 shares at option price of RM3.40 per share – 48,500 shares at option price of RM4.60 per share – 25,500 shares at option price of RM4.92 per share – 2,387,000 shares at option price of RM6.37 per share – 979,000 shares at option price of RM5.67 per share	3,492,427,323

SHARE CAPITAL AS AT 30 APRIL 2020

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
23.02.2007	118,000	Exercise of share options under PBB ESOS as follows: – 3,500 shares at option price of RM4.60 per share – 49,000 shares at option price of RM6.37 per share – 65,500 shares at option price of RM5.67 per share	3,492,545,323
14.05.2007	5,659,529	Exercise of share options under PBB ESOS as follows: – 22,492 shares at option price of RM1.64 per share – 75,283 shares at option price of RM3.56 per share – 24,350 shares at option price of RM3.40 per share – 185,000 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,516,279 shares at option price of RM6.37 per share – 1,792,625 shares at option price of RM5.67 per share	3,498,204,852
17.05.2007	7,553,346	Exercise of share options under PBB ESOS as follows: – 3,371 shares at option price of RM1.64 per share – 114,070 shares at option price of RM3.56 per share – 31,507 shares at option price of RM3.40 per share – 216,500 shares at option price of RM4.60 per share – 54,300 shares at option price of RM4.92 per share – 4,608,696 shares at option price of RM6.37 per share – 2,524,902 shares at option price of RM5.67 per share	3,505,758,198
30.05.2007	224,369	Exercise of share options under PBB ESOS as follows: – 9,369 shares at option price of RM3.56 per share – 6,500 shares at option price of RM4.60 per share – 2,500 shares at option price of RM4.92 per share – 128,000 shares at option price of RM6.37 per share – 78,000 shares at option price of RM5.67 per share	3,505,982,567
04.06.2007	2,962,800	Exercise of share options under PBB ESOS as follows: – 43,000 shares at option price of RM3.56 per share – 1,000 shares at option price of RM3.40 per share – 117,000 shares at option price of RM4.60 per share – 34,000 shares at option price of RM4.92 per share – 1,931,000 shares at option price of RM6.37 per share – 836,800 shares at option price of RM5.67 per share	3,508,945,367
07.06.2007	33,900	Exercise of share options under PBB ESOS as follows: – 400 shares at option price of RM3.56 per share – 1,500 shares at option price of RM4.60 per share – 25,000 shares at option price of RM6.37 per share – 7,000 shares at option price of RM5.67 per share	3,508,979,267
10.07.2007	1,974,411	Exercise of share options under PBB ESOS as follows: – 379 shares at option price of RM1.64 per share – 47,133 shares at option price of RM3.56 per share – 91,000 shares at option price of RM4.60 per share – 15,500 shares at option price of RM4.92 per share – 1,201,900 shares at option price of RM6.37 per share – 618,499 shares at option price of RM5.67 per share	3,510,953,678



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
17.07.2007	7,444,206	Exercise of share options under PBB ESOS as follows: – 82,283 shares at option price of RM3.56 per share – 19,925 shares at option price of RM3.40 per share – 95,575 shares at option price of RM4.60 per share – 16,100 shares at option price of RM4.92 per share – 6,428,923 shares at option price of RM6.37 per share – 801,400 shares at option price of RM5.67 per share	3,518,397,884
20.07.2007	727,500	Exercise of share options under PBB ESOS as follows: – 3,000 shares at option price of RM3.56 per share – 21,000 shares at option price of RM4.60 per share – 10,000 shares at option price of RM4.92 per share – 512,000 shares at option price of RM6.37 per share – 181,500 shares at option price of RM5.67 per share	3,519,125,384
14.11.2007	6,071,344	Exercise of share options under PBB ESOS as follows: – 727 shares at option price of RM1.64 per share – 68,822 shares at option price of RM3.56 per share – 450 shares at option price of RM3.40 per share – 138,900 shares at option price of RM4.60 per share – 26,000 shares at option price of RM4.92 per share – 4,763,700 shares at option price of RM6.37 per share – 1,072,745 shares at option price of RM5.67 per share	3,525,196,728
16.11.2007	1,834,280	Exercise of share options under PBB ESOS as follows: – 32,006 shares at option price of RM3.56 per share – 29,075 shares at option price of RM3.40 per share – 86,969 shares at option price of RM4.60 per share – 16,000 shares at option price of RM4.92 per share – 1,117,231 shares at option price of RM6.37 per share – 552,999 shares at option price of RM5.67 per share	3,527,031,008
26.11.2007	849,375	Exercise of share options under PBB ESOS as follows: – 9,700 shares at option price of RM3.56 per share – 19,075 shares at option price of RM3.40 per share – 38,000 shares at option price of RM4.60 per share – 19,500 shares at option price of RM4.92 per share – 479,800 shares at option price of RM6.37 per share – 283,300 shares at option price of RM5.67 per share	3,527,880,383
17.12.2007	11,000	Exercise of share options under PBB ESOS at option price of RM6.37 per share	3,527,891,383
21.01.2008	701,527	Exercise of share options under PBB ESOS as follows: – 46,600 shares at option price of RM3.56 per share – 125 shares at option price of RM3.40 per share – 19,000 shares at option price of RM4.60 per share – 8,500 shares at option price of RM4.92 per share – 481,302 shares at option price of RM6.37 per share – 146,000 shares at option price of RM5.67 per share	3,528,592,910

SHARE CAPITAL AS AT 30 APRIL 2020

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
05.02.2008	710,476	Exercise of share options under PBB ESOS as follows: – 11,109 shares at option price of RM3.56 per share – 4,700 shares at option price of RM4.60 per share – 8,000 shares at option price of RM4.92 per share – 502,167 shares at option price of RM6.37 per share – 184,500 shares at option price of RM5.67 per share	3,529,303,386
18.02.2008	1,595,474	Exercise of share options under PBB ESOS as follows: – 10,262 shares at option price of RM3.56 per share – 50 shares at option price of RM3.40 per share – 61,862 shares at option price of RM4.60 per share – 10,500 shares at option price of RM4.92 per share – 1,090,800 shares at option price of RM6.37 per share – 422,000 shares at option price of RM5.67 per share	3,530,898,860
21.02.2008	65,000	Exercise of share options under PBB ESOS as follows: – 2,500 shares at option price of RM4.60 per share – 41,500 shares at option price of RM6.37 per share – 21,000 shares at option price of RM5.67 per share	3,530,963,860
05.03.2008	748,792	Exercise of share options under PBB ESOS as follows: – 2,121 shares at option price of RM1.64 per share – 23,221 shares at option price of RM3.56 per share – 4,750 shares at option price of RM3.40 per share – 37,700 shares at option price of RM4.60 per share – 17,500 shares at option price of RM4.92 per share – 462,400 shares at option price of RM6.37 per share – 201,100 shares at option price of RM5.67 per share	3,531,712,652
12.03.2008	213,182	Exercise of share options under PBB ESOS as follows: – 18,982 shares at option price of RM3.56 per share – 11,500 shares at option price of RM4.60 per share – 5,500 shares at option price of RM4.92 per share – 123,000 shares at option price of RM6.37 per share – 54,200 shares at option price of RM5.67 per share	3,531,925,834
01.08.2014	350,212,513	Rights Issue 1:10 at RM13.80 per share	3,882,138,347



SUMMARY OF PROPERTIES OWNED BY PUBLIC BANK GROUP

AS AT 31 DECEMBER 2019

Area	No. of Properties		Net Book Value RM'000
	Freehold	Leasehold	
DOMESTIC			
PUBLIC BANK BERHAD			
Kuala Lumpur	2	–	216,744
Perak Darul Ridzuan	1	–	216
Sarawak	–	1	119
PUBLIC MUTUAL BERHAD			
Kuala Lumpur	1	1	7,859
Johor Darul Takzim	–	1	693
Pahang Darul Makmur	1	–	1,507
Pulau Pinang	1	–	1,621
Sarawak	–	2	2,192
Selangor Darul Ehsan	1	1	5,091
PUBLIC HOLDINGS SDN BHD			
Kuala Lumpur	5	4	703,646
Johor Darul Takzim	4	–	68,890
Kedah Darul Aman	1	–	1,394
Melaka	–	2	951
Pahang Darul Makmur	1	–	80
Perak Darul Ridzuan	3	1	4,383
Pulau Pinang	8	1	4,939
Sabah	–	1	950
Sarawak	1	3	3,962
Selangor Darul Ehsan	1	2	34,909
OVERSEAS			
CAMBODIAN PUBLIC BANK PLC			
Phnom Penh	1	–	48,155
PUBLIC FINANCIAL HOLDINGS GROUP			
Hong Kong	–	33	584,345

Note:

The details of the top 10 properties as included in the above summary are disclosed in the following page.

TOP 10 LIST OF PROPERTIES OWNED BY PUBLIC BANK GROUP

AS AT 31 DECEMBER 2019

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date of Last Revaluation/ Acquisition	Net Book Value RM'000
Menara Public Bank 2 No. 78, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia	40-storey office block including a 4-level commercial podium with a 6-level basement carpark	Public Bank's Jalan Raja Chulan Branch and Public Mutual's Head Quarters	Freehold	–	3 Years CCC issued on 1-1-2017	58,865 (gross) Net lettable 42,816	25-11-2019 (R)	628,317
Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur Malaysia	36-storey office tower and 5-storey podium (L/B)	Public Bank's Head Office and Kuala Lumpur City Main Office; business premises of subsidiary and associated companies	Freehold	–	25 Years	46,436	2-1-1995	216,572
Basement, Ground Floor 1st-12th Floor, Flat A & B on 14th Floor, 17th Floor, Flat A on 19th Floor, 21st Floor and Main Roof Public Bank Centre, 120 Des Voeux Road Central Hong Kong	A shop unit on ground floor and basement; and office floors of a 23-storey commercial building	Public Bank (Hong Kong) Ltd.'s Main Branch and administrative office	Leasehold 999 Years	823 Years (26-6-2842)	42 Years	5,451	30-5-2006**	129,777
11th Floor Argyle Centre Phase 1 688 Nathan Road 65 Argyle Street Mongkok Kowloon Hong Kong	Office space on the 11th floor of a 21-storey commercial building	Public Financial Holdings Group office; part of office space leased to third parties	Leasehold 150 Years	41 Years (18-2-2060)	37 Years	1,465	2-5-1994 (R)	129,483
Public Bank Tower 19 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Malaysia	30-storey office tower (L/B)	Public Bank's Johor Bahru Branch; office space rented to third parties and a related party	Freehold	–	25 Years	36,222	25-11-2019 (R)	65,988



Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date of Last Revaluation/ Acquisition	Net Book Value RM'000
Shop B Ground Floor and Office B 1st to 17th Floor JCG Building 16 Mongkok Road Mongkok Kowloon Hong Kong	A shop unit on ground floor and all B units for 1st to 17th floors of an 18-storey commercial building with shops and offices	Public Bank (Hong Kong) Ltd. & Public Finance Ltd.'s Mongkok Branch; storeroom of Public Financial Holdings Group; office space leased to third parties	Leasehold 150 Years	31 Years (27-5-2050)	32 Years	2,215	30-6-1994 (R)	53,080
Campu Bank Building No. 23, Karmuon Sar Avenue (Street no. 114) Sangkat Phsar Thmey 2 Phnom Penh Kingdom of Cambodia	10 storey building 2 1/2 Basement on lot 23 & 24	Head Office and Phnom Penh Main Branch, Campu Properties Co. Ltd., Campu Securities Plc and Campu Lonpac Insurance	Freehold	–	10 Years	18,149	14-10-2009	48,155
11th Floor Wing On House 71 Des Voeux Road Central Central Hong Kong	11th floor of a 31-storey office building built on a 2-storey podium	Office of Public Financial Holdings Group	Leasehold 999 Years	883 Years (14-8-2902)	52 Years	1,464	11-6-1993	45,883
Bangunan Public Bank 6 Jalan Sultan Sulaiman 50000 Kuala Lumpur Malaysia	30-storey office tower (L/B)	Public Bank's Jalan Sultan Sulaiman Branch and Head Office Division; Public Investment Bank Berhad's business premises; office space rented to related parties	Freehold	–	42 Years	18,277	25-11-2019 (R)	39,847
1 Jalan Air Hitam Kawasan Institusi Bandar Baru Bangi 43000 Kajang Selangor Darul Ehsan Malaysia	5 blocks of integrated multi-storey building (L/B)	Public Bank's IT & Training Centre	Leasehold 99 Years	77 Years (2-9-2096)	22 Years	31,669	25-11-2019 (R)	28,774

Notes:

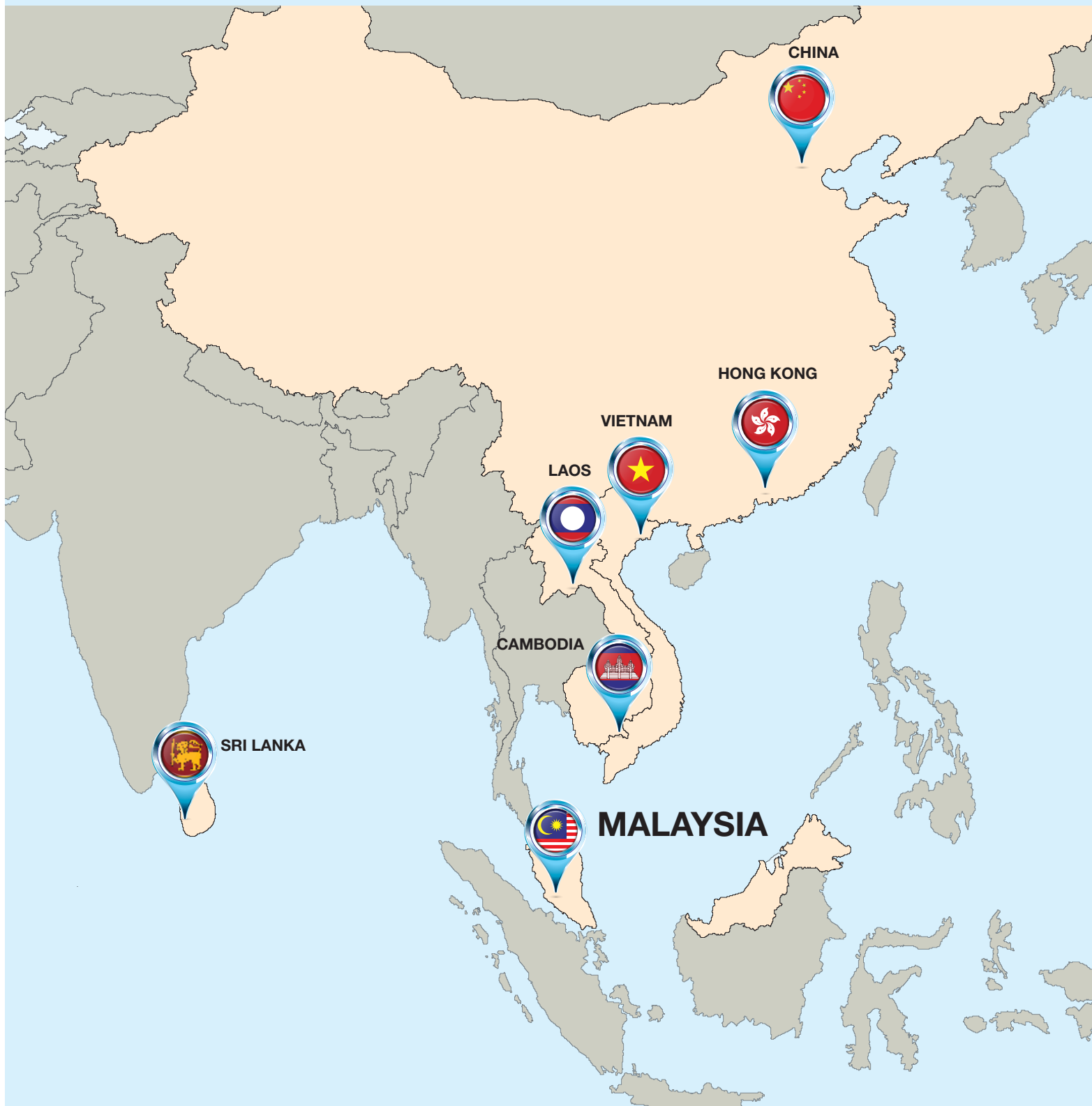
(L/B) Land and building

(R) Revaluation was performed as at 31 December 2019

** The acquisition date of 30 May 2006 is the date such property was acquired upon acquisition of Public Bank (Hong Kong) Limited by Public Financial Holdings Group

Public Financial Holdings Group hold the land portion of all properties by means of leases, in Hong Kong SAR

INTERNATIONAL NETWORK





GROUP CORPORATE DIRECTORY

HEAD OFFICE



PUBLIC BANK BERHAD
196501000672 (6463-H)

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Menara Public Bank
146 Jalan Ampang
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Cable : "PBBKLCITY" Kuala Lumpur
Web : www.publicbankgroup.com

FEDERAL TERRITORY

Bandar Menjalara
03-6287 0988
03-6287 0990

Bandar Sri Damansara
03-6272 5694
03-6272 5741

Bandar Sri Permaisuri
03-9171 9966
03-9172 6388

Bangsar
03-2282 8929
03-2282 8930

Bintang Walk
03-2142 7833
03-2142 7886

Bukit Damansara
03-2095 1757
03-2095 4278

Bukit Jalil
03-8082 9900
03-8082 9922

Changkat Thambi Dollah
03-2145 4492
03-2145 4498

Jalan Bukit Bintang
03-2144 5754
03-2144 5755

Jalan Hang Lekiu
03-2078 1115
03-2078 7077

Jalan Ipoh
03-4042 1836
03-4042 7487

Jalan Kelang Lama
03-7985 5888
03-7985 5994

Jalan Kuchai Lama
03-7980 4377
03-7980 4575

Jalan Pasar
03-2142 9215
03-2143 1426

Jalan Raja Chulan
03-2036 8828
03-2036 8888

Jalan Raja Laut
03-2614 7228
03-2614 7388

Jalan Sultan Sulaiman
03-2054 1700
03-2054 1788

Jalan Sungei Besi
03-9221 4771
03-9221 5650

Jalan Tun H.S. Lee
03-2070 2121
03-2070 2234

Jalan Tun Sambanthan
03-2272 5930
03-2273 6494

Jinjang
03-6243 1000
03-6243 1088

Kepong
03-6254 7999
03-6257 3300

KL City Main Office
03-2163 8866
03-2176 7888

Labuan
087-414 278
087-414 373

Medan Idaman
03-4023 4467
03-4023 4468

Mont' Kiara
03-6203 6363
03-6203 6787

Overseas Union Garden
03-7785 6409
03-7785 6410

Pandan Indah
03-9274 2495
03-9274 2496

Pandan Jaya
03-9281 2199
03-9286 3149

Salak South
03-7980 2921
03-7980 4293

Segambut
03-6252 6636
03-6252 7052

Selayang
03-6120 5099
03-6136 8644

Sentul
03-4042 1509
03-4042 1652

Sri Petaling
03-9057 3154
03-9057 3157

Setapak
03-4021 9341
03-4021 9343

Starpark Point
03-4143 2888
03-4143 6988

Taman Cheras
03-9130 7840
03-9131 3466

Taman Connaught
03-9101 7152
03-9102 3649

Taman Desa
03-7983 7811
03-7983 7812

Taman Maluri
03-9205 7888
03-9285 9998

Taman Melawati
03-4105 2003
03-4105 2004

Taman Midah
03-9130 0234
03-9130 0533

Taman Tun Dr. Ismail
03-7729 4672
03-7729 6670

Tiong Nam
03-2693 9526
03-2693 9528

Wangsa Maju
03-4142 8577
03-4142 8579

JOHOR

Bandar Baru Permas Jaya
07-388 3252
07-388 3253

Batu Pahat
07-436 0799
07-436 7666

Bukit Indah
07-238 2878
07-238 3966

Bukit Pasir
06-985 6878
06-985 7261

Chaah
07-926 2001
07-926 2002

Endau
07-794 4051
07-794 4155

Jalan Abdullah
06-951 8753
06-951 8760

Johor Bahru
07-218 6817
07-218 6888

Kahang
07-788 2294
07-788 2295

Kluang
07-773 5112
07-773 5113

GROUP CORPORATE DIRECTORY

Kota Tinggi

07-883 4192
07-883 4195

Kulai

07-661 8588
07-661 8599

Masai

07-251 1846
07-251 1849

Mersing

07-799 2477
07-799 2478

Muar

06-951 7505
06-951 7520

Parit Raja

07-454 2855
07-454 2857

Pekan Nenas

07-699 5352
07-699 5594

Pontian Kecil

07-687 9601
07-687 9602

Segamat

07-935 3802
07-935 3888

Simpang Renggam

07-755 0510
07-755 0511

Skudai

07-556 4625
07-556 8670

Sutera Utama

07-557 6299
07-559 1788

Taman Daya

07-353 1122
07-353 4335

Taman Desa Cemerlang

07-861 0096
07-861 6450

Taman Johor Jaya

07-356 5688
07-356 5715

Taman Munsyi Ibrahim

07-234 6697
07-234 6820

Taman Perling

07-234 4608
07-234 4919

Taman Sentosa

07-331 2266
07-331 6521

Tampoi

07-237 7184
07-237 7519

Tangkak

06-978 2123
06-978 2124

Ulu Tiram

07-861 3291
07-861 3292

KEDAH

Alor Setar

04-731 5411
04-731 5412

Changlun

04-924 1085
04-924 1457

Gurun

04-468 6143
04-468 6325

Jalan Kota

04-731 0559
04-731 1384

Jitra

04-917 4926
04-917 4927

Kuala Ketil

04-416 3010
04-416 3278

Kulim

04-490 1090
04-490 1096

Pokok Sena

04-782 2000
04-782 2008

Pulau Langkawi

04-966 7372
04-966 7373

Sik

04-469 5691
04-469 5764

Sungai Petani

04-421 7622
04-421 7623

KELANTAN

Gua Musang

09-912 2600
09-912 2602

Kota Bharu

09-726 3888
09-726 3899

Kuala Krai

09-966 4027
09-966 4028

Tanah Merah

09-955 6139
09-955 6244

Wakaf Siku

09-746 1881
09-747 0111

MELAKA

Air Keroh

06-232 7208
06-232 7209

Batu Berendam

06-317 6200
06-319 1811

Masjid Tanah

06-384 7712
06-384 7713

Melaka

06-279 7000
06-283 0233

Taman Malim Jaya

06-334 6397
06-334 6404

Taman Melaka Raya

06-281 7527
06-281 7528

Tengkera

06-283 2052
06-283 2054

NEGERI SEMBILAN

Bahau

06-454 4102
06-454 4103

Gemas

07-948 1770
07-948 1780

Kuala Kelawang

06-613 6925
06-613 6926

Kuala Pilah

06-481 2277
06-481 2288

Nilai

06-799 1066
06-799 1067

Port Dickson

06-647 2942
06-647 2943

Rasah

06-762 0823
06-768 6688

Seremban

06-763 0661
06-763 0662

Tampin

06-441 2511
06-441 2512

PAHANG

Benta

09-323 8621
09-323 8622

Bentong

09-222 5653
09-222 5659

Brinchang

05-491 1590
05-491 2682

Bureau de Change Resorts Hotel, Genting Highlands

03-6101 1237

Genting Highlands

03-6105 8888
03-6105 8899

Jalan Beserah

09-567 8461
09-568 8088

Jerantut

09-266 1917
09-266 1972

Kemayan

09-240 9824
09-240 9866

Kuala Lipis

09-312 1722
09-312 1723

Kuantan

09-511 8601
09-511 8632

Mentakab

09-277 5800
09-277 5801

Raub

09-355 1850
09-355 1935

Temerloh

09-296 5652
09-296 5653

Triang

09-255 3480
09-255 3481



PERAK

Ayer Tawar

05-672 6399
05-672 6400

Bagan Serai

05-721 2842
05-721 2843

Bercham

05-546 8140
05-548 3888

Bidor

05-434 1252
05-434 1253

Chemor

05-201 1124
05-201 1125

Gunung Rapat

05-313 1646
05-313 1649

Ipoh Garden

05-548 0951
05-548 2592

Ipoh Main Office

05-245 6615
05-245 6688

Jalan Pasir Putih

05-321 9892
05-322 1658

Jalan Sultan Idris Shah

05-255 1068
05-255 1069

Jalan Yang Kalsom

05-245 6816
05-245 6888

Jelapang

05-526 4014
05-526 4015

Kampar

05-465 1044
05-465 2160

Kamunting

05-808 1110
05-808 1112

Kuala Kangsar

05-776 9894
05-776 9895

Menglembu

05-281 1014
05-281 2037

Pantai Remis

05-677 1251
05-677 1252

Parit Buntar

05-716 0078
05-716 0079

Pusing

05-288 4077
05-288 4078

Seri Manjung

05-688 2927
05-688 2987

Simpang Pulau

05-357 5360
05-357 5361

Sitiawan

05-691 3526
05-691 3527

Sungai Siput

05-598 4114
05-598 6116

Taiping

05-807 2551
05-807 5527

Tanjong Malim

05-459 7602
05-459 7603

Tanjong Piandang

05-725 5327
05-725 7941

Teluk Intan

05-621 2325
05-622 3282

PERLIS

Kangar

04-976 3311
04-976 3413

PULAU PINANG

Bagan Ajam

04-331 7822
04-331 7823

Bandar Baru Air Itam

04-828 4088
04-828 6088

Bandar Bayan Baru

04-643 8200
04-643 8390

Bandar Seberang Jaya

04-390 4513
04-390 4592

Bukit Mertajam

04-539 2205
04-539 2207

Butterworth

04-332 9837
04-332 9839

Jalan Air Itam

04-828 8591
04-828 8595

Jalan Datuk Keramat

04-226 4571
04-228 1045

Jalan Macalister

04-227 6842
04-227 6843

Jalan Raja Uda

04-324 5229
04-324 5297

Jelutong

04-281 3227
04-282 5230

Kepala Batas

04-575 9085
04-575 9086

Lebuh Macallum

04-262 7732
04-262 7886

Nibong Tebal

04-593 1433
04-593 1460

Prai

04-390 1241
04-390 1246

Pulau Pinang

04-261 0060
04-261 1416

Pulau Tikus

04-227 6017
04-227 6018

Relau

04-644 3102
04-644 3112

Simpang Ampat

04-588 2436
04-588 6744

Sungai Nibong

04-656 2288
04-658 6000

Taman Bandar Raya

04-530 0288
04-530 1951

SABAH

Beaufort

087-214 836
087-214 844

City Parade

088-251 812
088-251 813

Donggongan

088-722 780
088-723 780

Inanam

088-429 112
088-429 113

Jalan Apas

089-913 262
089-913 606

Jalan Pantai

088-236 800

Keningau

087-335 841
087-335 845

Kota Belud

088-977 784
088-977 807

Kota Kinabalu

088-536 123
088-536 188

Lahad Datu

089-884 020
089-884 021

Lido

088-217 125
088-217 669

Papar

088-912 522
088-912 523

Prima Square

089-202 288
089-202 289

Putatan

088-771 811

Sandakan

089-245 588
089-245 667

Tawau

089-761 311
089-761 322

SARAWAK

Batu Niah

085-737 111
085-737 112

Bintangor

084-693 511
084-693 622

Bintulu

086-858 688
086-858 788

China Street

085-461 600
085-461 688

GROUP CORPORATE DIRECTORY

Jalan Central

084-311 080
084-335 677

Jalan Penrissen

082-613 377
082-615 988

Jalan Tun Zaidi

082-245 220
082-245 271

Kapit

084-797 652
084-797 677

Kuching City

082-228 688
082-243 886

Li Hua

084-210 984
084-216 996

Limbang

085-212 443
085-212 933

Marudi

085-755 000
085-755 009

Medan Sentral

086-311 116
086-318 883

Miri

085-461 688

Mukah

084-871 900
084-872 668

Padungan

082-330 542
082-335 954

Pelita

085-415 728
085-431 639

Sarikei

084-652 490
084-652 491

Sibu

084-316 511
084-320 088

Sri Aman

083-323 031
083-323 032

Stutong

082-363 889
082-369 389

Wisma Saberkas

082-428 800
082-428 801

SELANGOR

Ampang

03-4256 2333
03-4256 2636

Bandar Bukit Tinggi

03-3323 1661
03-3323 6006

Bandar Kinrara

03-8082 9821
03-8082 9822

Bandar Mahkota Cheras

03-9019 7872
03-9019 8788

Bandar Puchong Jaya

03-8074 2628
03-8074 2788

Bandar Puteri Puchong

03-8062 7799
03-8062 7941

Bandar Setia Alam

03-3348 3999

Bandar Sungai Long

03-9055 1888
03-9055 1890

Bandar Sunway

03-5636 0713
03-5636 2256

Banting

03-3187 3081
03-3187 5992

Batang Kali

03-6057 1200
03-6057 2401

Bukit Beruntung

03-6028 2168
03-6028 2169

Damansara Jaya

03-7728 7353
03-7729 8588

Damansara Utama

03-7711 5000
03-7728 9406

Jalan Tapah

03-3341 4889
03-3341 9036

Kajang

03-8913 4880
03-8913 4888

Kampung Baru Subang

03-7845 8614
03-7846 8012

Kapar

03-3250 0916
03-3250 0917

Kelana Jaya

03-7803 1267
03-7803 4928

Klang

03-3343 8161
03-3343 8587

Kota Damansara

03-6140 6295
03-6148 3766

Kota Kemuning

03-5525 9600

Kuala Selangor

03-3289 4193
03-3289 4194

Pandamaran

03-3167 2830
03-3167 2831

Petaling Jaya New Town

03-7957 0007
03-7957 0211

Petaling Jaya Old Town

03-7783 3734
03-7783 3735

Port Klang

03-3167 4550
03-3167 4668

Rawang

03-6099 6214
03-6099 6388

Sabak Bernam

03-3216 2500
03-3216 2612

Sea Park

03-7873 8931
03-7873 8932

Section 14

03-7958 2585
03-7958 2586

Sekinchan

03-3241 0092
03-3241 0093

Semenyih

03-8723 8706
03-8723 8811

Seri Gombak

03-6185 2980
03-6188 6316

Seri Kembangan

03-8939 2000
03-8939 2001

Seri Setia

03-7874 1944
03-7874 1966

Shah Alam

03-5510 0567
03-5510 1313

SS2

03-7872 8800
03-7874 1988

Subang Jaya

03-5629 3400
03-5629 3588

Sungai Buloh

03-6156 1983
03-6156 2056

Sungai Chua

03-8736 0228
03-8737 0228

Sungai Jarom

03-3191 2031
03-3191 2032

Sungai Pelek

03-3141 1236
03-3141 1237

Taman Chi Liung

03-3371 8212
03-3371 8433

Taman Equine

03-8938 1988
03-8938 2020

Taman Indah

03-9075 5200
03-9075 5202

Taman Mayang

03-7803 0124
03-7803 0151

Taman Muda

03-4296 1806
03-4296 1935

Taman Sentosa Klang

03-5161 3369
03-5161 3414

Taman Sri Muda

03-5121 6394
03-5121 6395

Taman Taming Jaya

03-8961 2460
03-8961 4980

UEP Subang Jaya

03-5635 0617
03-5635 0760



TERENGGANU

Chukai

09-859 3150
09-859 3154

Kuala Dungun

09-848 2114
09-848 2507

Kuala Terengganu

09-622 6016
09-622 6122

OVERSEAS BRANCHES

SRI LANKA**Colombo Branch**

☎ : 94-11-257 6289,
94-11-729 0200
☎ : 94-11-257 3958
✉ : PBELKLX
✉ : pbbslk@publicbank.com.lk

Nawala Branch

☎ : 94-11-282 9751,
94-11-282 9752
☎ : 94-11-282 9755

Galle Branch

☎ : 94-91-223 1741,
94-91-223 1742
☎ : 94-91-223 1743

LAO P.D.R.**Vientiane Branch**

☎ : 856-21-223 394,
856-21-216 614
☎ : 856-21-222 743
☎ : 4310 PBBVTE LS
✉ : PBELALA
✉ : pbbvte@publicbank.com.la

Savannakhet Branch

☎ : 856-41-252 131,
856-41-252 132
☎ : 856-41-252 133
✉ : pbbsvn@publicbank.com.la

Pakse Branch

☎ : 856-31-218 111,
856-31-218 112
☎ : 856-31-218 113
✉ : pbbpks@publicbank.com.la

Wattay Branch

☎ : 856-21-219 869,
856-21-219 870
☎ : 856-21-219 876
✉ : pbbwta@publicbank.com.la

SUBSIDIARIES

Public Islamic Bank Berhad

Head Office:

☎ : 03-2176 6000
☎ : 03-2162 2224
✉ : islamicbkg@publicislamicbank.com.my
☎ : www.publicislamicbank.com.my

Kampung Baru Branch

☎ : 03-2692 7269
☎ : 03-2692 7188

Putrajaya Branch

☎ : 03-8888 7878
☎ : 03-8881 1366

Public Nominees (Tempatan) Sdn Bhd

☎ : 03-2162 6077
☎ : 03-2162 6078

Public Nominees (Asing) Sdn Bhd

☎ : 03-2162 6077
☎ : 03-2162 6078

Public Investment Bank Berhad

Head Office

☎ : 03-2166 9382
☎ : 03-2166 9362
✉ : pivb@publicinvestbank.com.my
☎ : www.publicinvestbank.com

Branch Office:

☎ : 03-2268 3000, 03-2031 3733
☎ : 03-2268 3167, 03-2268 3178

Public Invest Nominees (Tempatan) Sdn Bhd

☎ : 03-2268 3000
☎ : 03-2268 3167

Public Invest Nominees (Asing) Sdn Bhd

☎ : 03-2268 3000
☎ : 03-2268 3167

Public Mutual Berhad

☎ : 03-2022 5000,
03-2022 6800
☎ : 03-2022 6900
✉ : cc@publicmutual.com.my
☎ : www.publicmutual.com.my
(31 branches/customer service centres nationwide)

Public Holdings Sdn Bhd

☎ : 03-2176 6000, 03-2176 6666
☎ : 03-2163 9903

PB Trust (L) Ltd

☎ : 6087-411 898, 6087-412 336
☎ : 6087-451 193
✉ : pbtrust@pbtrust.com.my
☎ : www.pbtrust.com.my

Public Bank (L) Ltd

☎ : 6087-411 898
☎ : 6087-413 220
✉ : PBLMYKA
☎ : www.pblebank.com

Public Financial Holdings Limited

☎ : 852-2541 9222
☎ : 852-2815 9232
✉ : investor@publicbank.com.hk
☎ : www.publicfinancial.com.hk

Public Finance Limited

☎ : 852-2525 9351
☎ : 852-2845 0681
✉ : info@publicfinance.com.hk
☎ : www.publicfinance.com.hk
(44 branches in Hong Kong)

Public Securities Limited

☎ : 852-3929 2800
☎ : 852-2845 5240
✉ : cs@publicsec.com.hk
☎ : www.publicsec.com.hk

Public Securities (Nominees) Limited

☎ : 852-3929 2850
☎ : 852-2845 5240

Winton (B.V.I) Limited

☎ : 852-2391 9388
☎ : 852-2391 5366
✉ : contact@wintongroup.com.hk
☎ : www.wintongroup.com.hk
(3 branches in Hong Kong)

Public Bank (Hong Kong) Limited

☎ : 852-2541 9222
☎ : 852-2541 0009
✉ : contact@publicbank.com.hk
☎ : www.publicbank.com.hk
(32 branches in Hong Kong and 4 branches in Shenzhen, China)

Cambodian Public Bank Plc

☎ : 855-23-222 880,
855-23-222 881
☎ : 855-23-222 887
✉ : CPBLKHPP
✉ : hoe@campubank.com.kh
☎ : www.campubank.com.kh,
www.cpbebank.com
(31 branches in Cambodia)

Campu Securities Plc

☎ : 855-23-999 880
☎ : 855-23-999 883
✉ : campusec@campusecurities.com.kh
☎ : www.campusecurities.com.kh

Campu Lonpac Insurance Plc

☎ : 855-23-998 200
☎ : 8424-3943 308
✉ : enquiries@campulonpac.com.kh
☎ : www.campulonpac.com.kh

Public Bank Vietnam Limited

☎ : 8424-3943 8999,
8424-3943 9011,
☎ : 8424-3943 9005
✉ : VIDPVNV5
✉ : pbvn@publicbank.com.vn
☎ : www.publicbank.com.vn
(20 branches)

ASSOCIATED COMPANIES

PB Trustee Services Berhad

☎ : 03-2176 6623
☎ : 03-2164 6197

AIA Public Takaful Berhad

☎ : 1 300 88 8922
✉ : my.customer@aiapublic.com.my
☎ : www.aiapublic.com.my

CPB Properties Co Ltd

☎ : 855-23-222 880/222 881
☎ : 855-23-222 887
✉ : hoe@campubank.com.kh

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FORM OF PROXY



Number of shares held	CDS Account No.												
				-				-					

I/We _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC/CERTIFICATE OF INCORPORATION)

NRIC/Co. No. _____ of _____
(FULL ADDRESS)

_____ Tel No. _____ being a Member of PUBLIC BANK BERHAD, hereby appoint

_____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

and/or failing him, _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER NRIC)

of _____
(FULL ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our* proxy to participate and vote for me/us on my/our behalf at the 54th Annual General Meeting (AGM) of the Company to be held on Monday, 29 June 2020 at 11.00 a.m. and to be conducted as a fully virtual AGM at the Broadcast Venue at 29th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur, or any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxy are as follows:

First Proxy	%
Second Proxy	%
	100%

My/our proxy shall vote as follows:

(Please indicate with an “X” in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy will vote, or abstain from voting on the resolutions as he/she may think fit.)

NO.	ORDINARY RESOLUTIONS:	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1.	Re-election of Ms Tham Chai Phong as Director				
2.	Re-election of Tan Sri Dato’ Sri Dr. Teh Hong Piow as Director				
3.	Re-election of Mr Tang Wing Chew as Director				
4.	Re-election of Ms Cheah Kim Ling as Director				
5.	Approval of payment of Directors’ fees, Board Committees Members’ fees, and allowances to Directors for financial year ended 31 December 2019				
6.	Approval of payment of remuneration and benefits-in-kind (excluding Director’s fee and Board meeting allowance) for financial year ended 31 December 2019 to the Chairman Emeritus, Director and Adviser, Tan Sri Dato’ Sri Dr. Teh Hong Piow				
7.	Re-appointment of Messrs Ernst & Young PLT as Auditors and authority to the Directors to fix the Auditors’ remuneration				

Signed this _____ day of _____ 2020.

* Delete if inapplicable.

Signature of Member/Common Seal

Notes:

- As a precautionary measure in view of the COVID-19 outbreak, the 54th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s TIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Details of the 54th AGM in order to register, participate and vote remotely via the RPV facilities.
- The Broadcast Venue of the 54th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. Members/proxies are not allowed to attend the 54th AGM in person at the Broadcast Venue on the day of the 54th AGM.
- Members may submit questions to the Board of Directors prior to the 54th AGM via Tricor’s TIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than 24 June 2020 at 11.00 a.m., or may use the query box to transmit questions to the Board of Directors via RPV facilities during the live streaming of the 54th AGM.
- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 22 June 2020 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 54th AGM.
- Since the 54th AGM will be conducted as a fully virtual meeting, a Member entitled to participate and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the form of proxy.
- A Member shall not be entitled to appoint more than 2 proxies to participate and vote at the 54th AGM provided that where a Member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

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

Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

The appointment of a proxy may be made in the following manner and must be received by the Company via its Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd not less than 48 hours before the time set for the 54th AGM or no later than 27 June 2020 at 11.00 a.m.:

- By electronic means via online
The proxy appointment must be made via Tricor’s TIH Online website at <https://tiih.online>.
- By electronic means via email
The form of proxy must be received via email at Tricor’s email address at is.enquiry@my.tricorglobal.com
- By electronic means via facsimile
The form of proxy must be received via facsimile at Tricor’s fax no. 03-2783 9222.
- In hard copy form
The form of proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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TO: SHARE REGISTRAR
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

STAMP

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