



PUBLIC BANK

SURMOUNTING The New Norms

2020 ANNUAL REPORT



**STRONG
LEADERSHIP**



**DIGITAL
SOLUTIONS**



**AGILE
WORKFORCE**



**FISCAL
PRUDENCE**





SURMOUNTING The New Norms

The COVID-19 pandemic has created overwhelming challenges in every aspect of our lives. Here at Public Bank, we are not only addressing these challenges head-on but embracing the new business environment as we adapt to a different landscape presented by the pandemic.

We are confident of our strength and stability to overcome these challenges. We will leverage on our principles of excellence, integrity, prudence and strong corporate governance to stand resolute. Helmed by visionary leadership and backed by a dedicated workforce, we are taking proactive actions to **surmount the new norms**.

We have put in place SOPs to ensure the health and safety of our customers and employees. We have announced various relief measures to assist those affected during these trying times. The significant investments we made in our digital capabilities over the past years will ensure our customers have access to seamless and integrated banking experiences quickly and easily. We will remain steadfast, agile and adaptive to successfully navigate the road ahead.

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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 287



The financial statements are available in the Financial Statements book of the 2020 Annual Report

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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



**RM4.87
billion**

net profit attributable
to equity holders



**441
branch
network**

in the region



**RM451.26
billion**

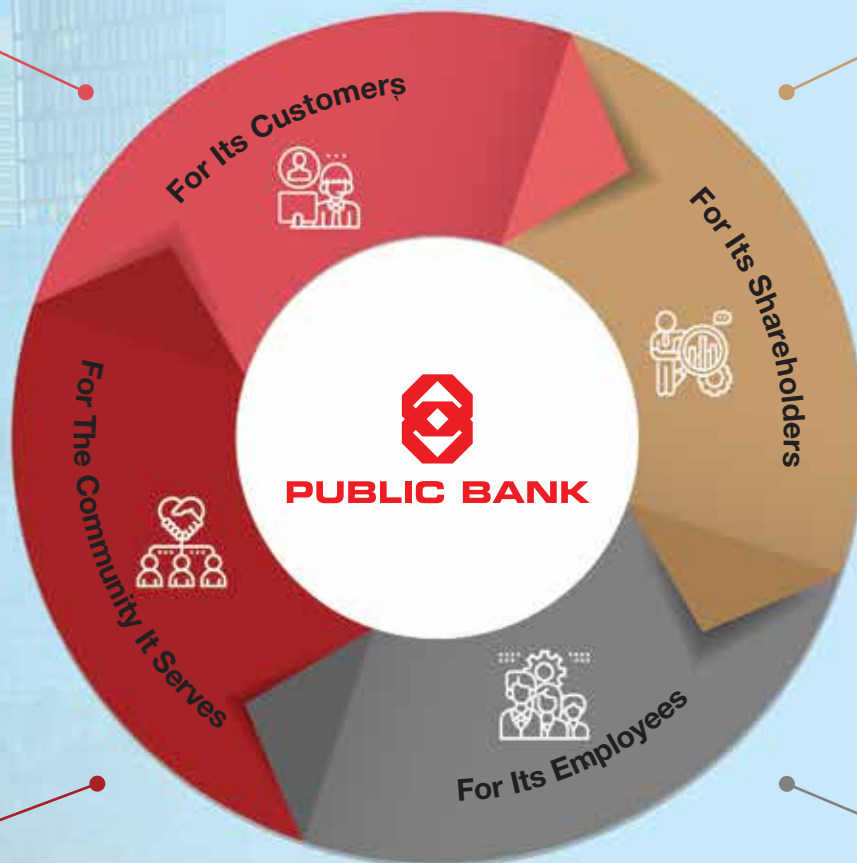
in total assets

Corporate Philosophy

Public Bank Cares...

- 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

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



- 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

- 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

...With Integrity



Notice of Annual General Meeting



PUBLIC BANK

Company Registration No. 196501000672 (6463-H)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the 55th Annual General Meeting (AGM) of Public Bank Berhad (PBB or Company) will be held on Monday, 24 May 2021 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 2020 and the Reports of the Directors and Auditors thereon.
2. To re-elect Mr Lim Chao Li who retires pursuant to Clause 105 of the Company's Constitution.
3. To re-elect the following Directors who retire by rotation pursuant to Clause 107 of the Company's Constitution:
 - i. Mr Lai Wan
 - ii. Mr Lee Chin Guan
 - iii. Dato' Mohd Hanif bin Sher Mohamed
4. To approve the payment of Directors' fees, Board Committees Members' fees, and allowances to Directors amounting to RM5,405,580 for the financial year ended 31 December 2020.
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 2020 to the Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow.
6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix the Auditors' remuneration.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

By Order of the Board

Wan Marhanim binti Wan Muhammad
LS0009365
SSM Practising Certificate No. 202008003885
Company Secretary

Kuala Lumpur
23 April 2021

**Notes:**

1. As a precautionary measure in view of the COVID-19 pandemic, the 55th AGM will be conducted on a fully 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 55th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the 55th 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 55th AGM in person at the Broadcast Venue on the day of the 55th AGM.
3. Members may submit questions to the Board of Directors prior to the 55th 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 22 May 2021 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 55th AGM.
4. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 55th AGM.
5. Since the 55th 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 55th 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 55th AGM or no later than 22 May 2021 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 at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 2020

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 2020 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 2020

The proposed payment of Directors' fees, Board Committees Members' fees, and allowances to Directors amounting to RM5,405,580 for the financial year ended 31 December 2020 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 2020 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 2020 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 2020

ANNOUNCEMENT OF CONSOLIDATED RESULTS

Unaudited results for
1st quarter ended
31 March 2020

22 May 2020 (Friday)

Unaudited results for
2nd quarter and half-year ended
30 June 2020

28 August 2020 (Friday)

Unaudited results for
3rd quarter ended
30 September 2020

27 November 2020 (Friday)

Audited results for
4th quarter and financial year ended
31 December 2020

25 February 2021 (Thursday)

DIVIDEND

INTERIM DIVIDEND OF 13 SEN PER SHARE

Notice 25 February 2021 (Thursday)

Entitlement 12 March 2021 (Friday)

Payment 22 March 2021 (Monday)

EXTRAORDINARY GENERAL MEETING

NOTICE OF EXTRAORDINARY GENERAL MEETING
28 December 2020 (Monday)

EXTRAORDINARY GENERAL MEETING
12 January 2021 (Tuesday)

ANNUAL GENERAL MEETING

NOTICE OF 55TH ANNUAL GENERAL MEETING
23 April 2021 (Friday)

55TH ANNUAL GENERAL MEETING
24 May 2021 (Monday)



Financial Highlights

	GROUP		BANK	
	2020	2019	2020	2019
PROFITABILITY (RM'MILLION)				
Operating revenue	20,304	22,455	14,600	16,338
Operating profit	7,403	7,283	5,884	5,957
Profit before tax expense and zakat	6,285	7,134	5,156	5,911
Net profit attributable to equity holders of the Bank	4,872	5,512	4,125	4,745
KEY BALANCE SHEET DATA (RM'MILLION)				
Total assets	451,257	432,831	353,221	339,545
Gross loans, advances and financing	345,651	330,468	269,512	257,705
Deposits from customers	365,871	353,340	278,079	268,260
Shareholders' equity	47,248	43,594	39,940	37,078
FINANCIAL RATIOS (%)				
Profitability Ratios				
Net interest margin on average interest bearing assets	2.0	2.2	1.8	2.0
Net return on equity ¹	11.2	13.6	11.3	13.7
Return on average assets	1.4	1.7	1.5	1.8
Return on average risk-weighted assets	2.2	2.6	2.3	2.7
Capital Adequacy Ratios²				
Common Equity Tier I capital ratio	14.0	13.5	12.6	12.1
Tier I capital ratio	14.0	13.5	12.7	12.2
Total capital ratio	17.1	16.8	16.0	15.5
Asset Quality Ratio				
Gross impaired loans ratio	0.4	0.5	0.3	0.4

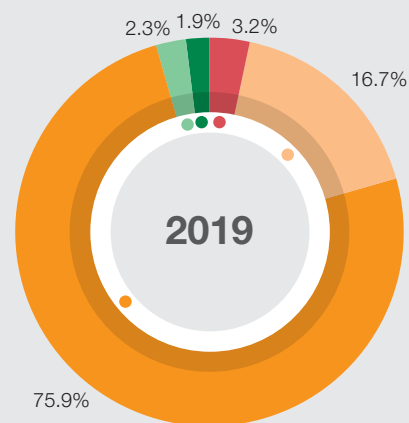
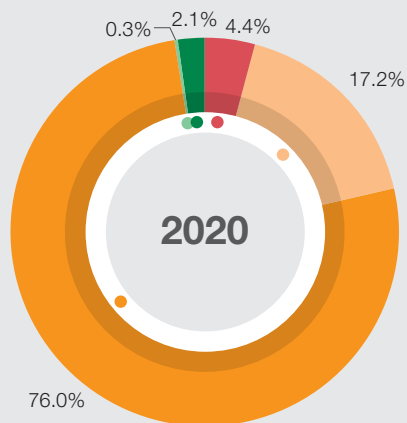
¹ Based on average equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.

² After deducting dividend declared subsequent to year end.



Simplified Group Balance Sheet

Assets



Cash and balances with banks and reverse repurchase agreements

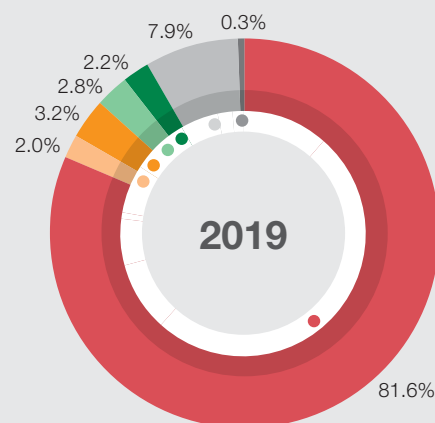
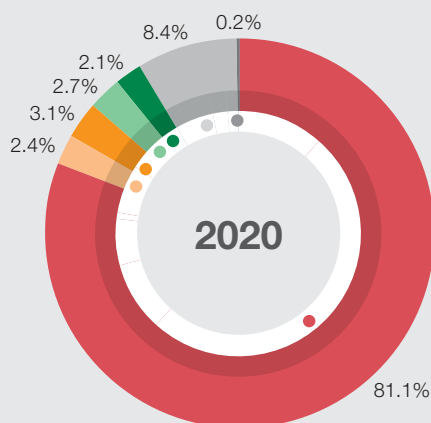
Portfolio of financial investments

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 5 April 2021

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

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)

TANG WING CHEW

Non-Independent Non-Executive Director

BA (Hons)

LAI WAI KEEN

Independent Non-Executive Director

BEC (Hons); LLB

CHEAH KIM LING

Independent Non-Executive Director

BACC (Hons); CA (M'sia)

LEE CHIN GUAN

Non-Independent Non-Executive Director

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

DATO' MOHD HANIF BIN SHER MOHAMED

Independent Non-Executive Director

DSM, DSPN, PKT MBA (UK)

THAM CHAI FHONG

Independent Non-Executive Director

BSc (Hons); Postgraduate Dip in Comp. Sc.

LIM CHAO LI

Independent Non-Executive Director

(Appointed on 5 April 2021)
BSc in Economics (USA), B. Applied Sc (USA)



COMPANY SECRETARY

WAN MARHANIM BINTI WAN MUHAMMAD

LS0009365

SSM Practising Certificate No. 202008003885

Telephone No. : 603-2176 6341

E-mail : pbbcosec@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 (LLP 0022760-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



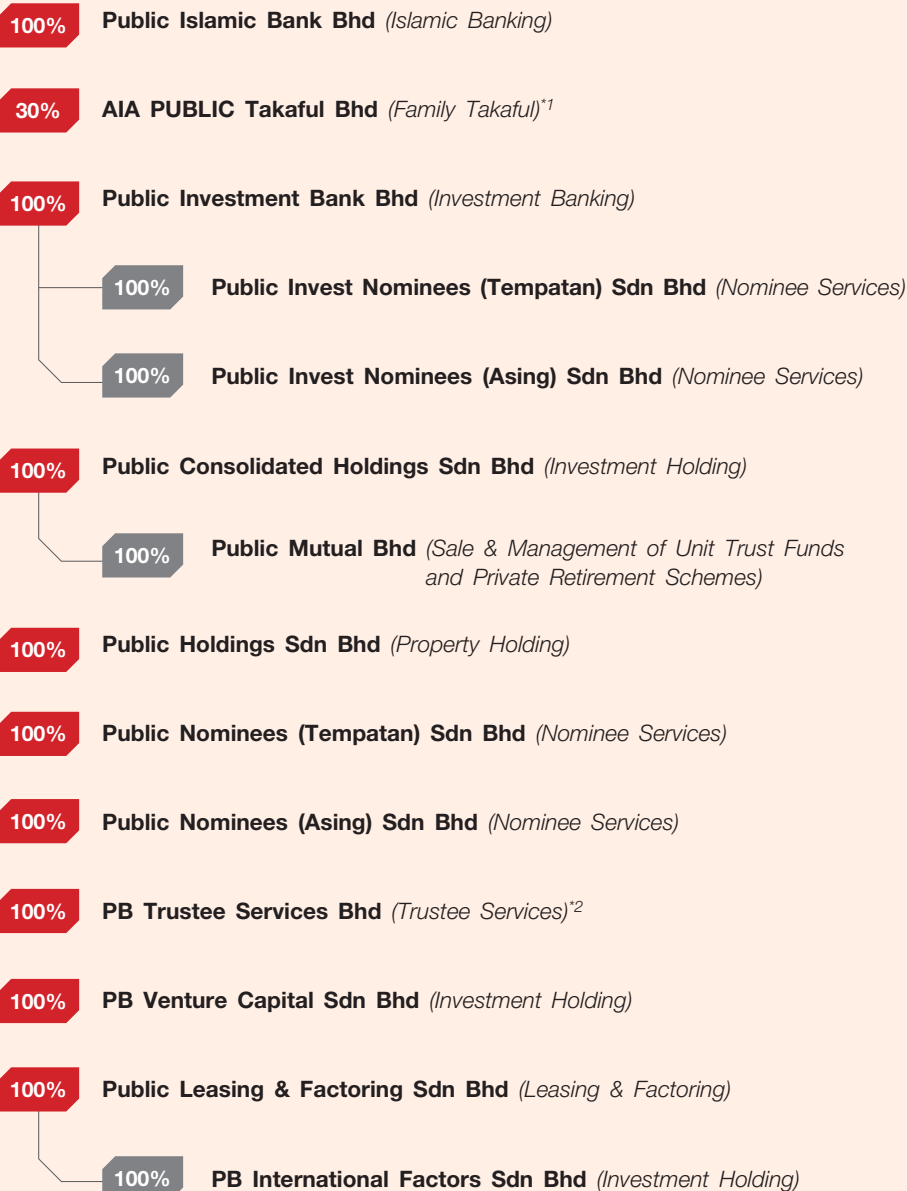
Group Corporate Structure

as at 5 April 2021



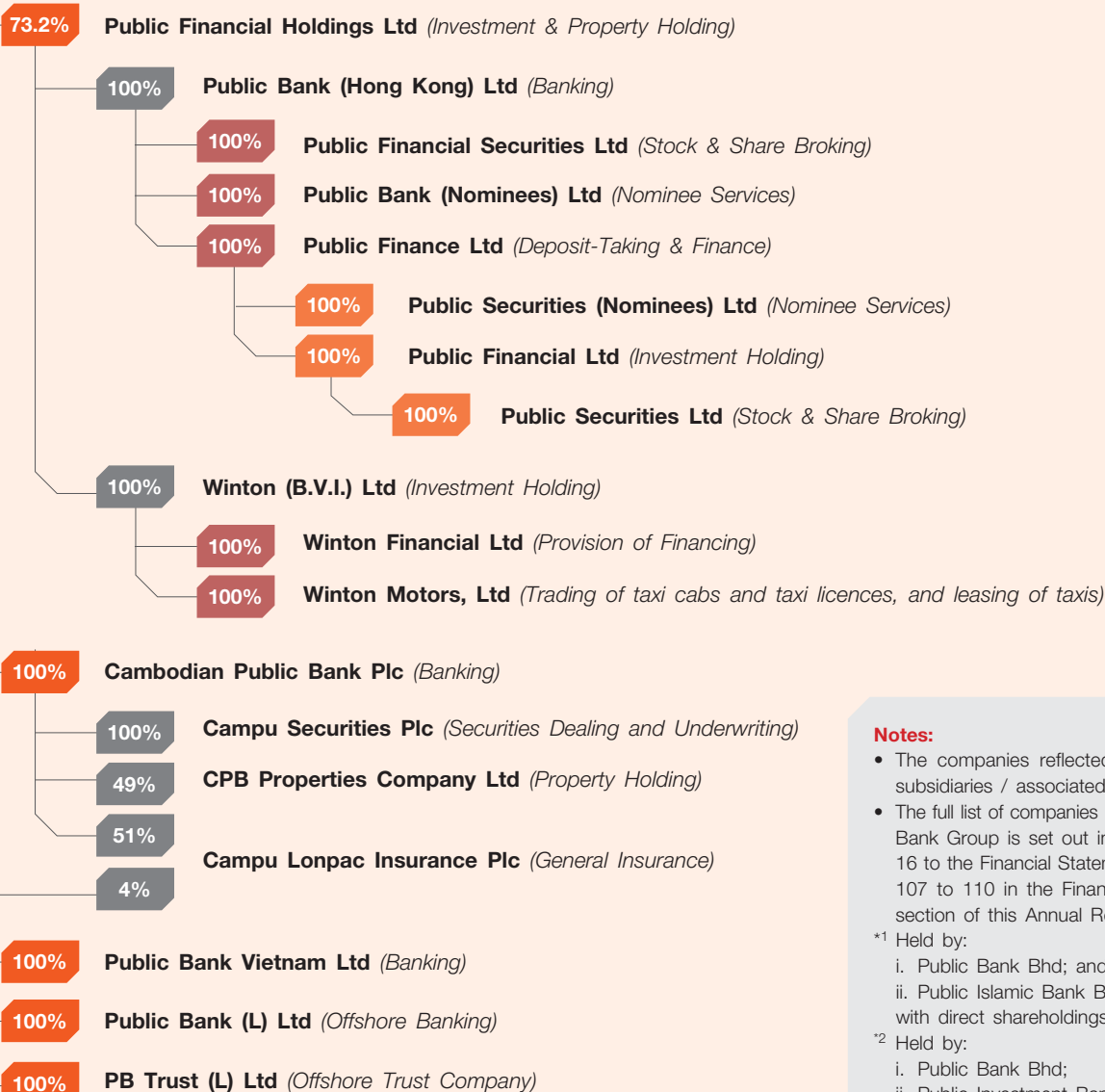
PUBLIC BANK

MALAYSIAN COMPANIES





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 107 to 110 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. On 6 August 1966, Public Bank started its business at its first branch, which was located at Jalan Gereja, Kuala Lumpur. With its vision as 'a bank for the people', Public Bank started providing banking services to ordinary people in Malaysia. On 6 April 1967, Public Bank was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

PUBLIC BANK TODAY

A Large Premier Bank in Malaysia

Public Bank is the third largest banking group in Malaysia with total asset size of RM451.26 billion as at the end of 2020 and is the second largest company listed on Bursa Malaysia with total market capitalisation of RM79.97 billion.

Regional Network

Public Bank has expanded its banking business in Malaysia and across the region, including Hong Kong, China, Cambodia, Vietnam, Laos and Sri Lanka. Today, the Public Bank Group has a wide network of 264 domestic branches and 148 overseas branches, with a combined staff force of over 19,000 people.

Comprehensive Products and Services

The Group has expanded the banking business to include a comprehensive suite of financial products and services, which comprises of personal banking, commercial banking, Islamic banking, investment banking, share broking, trustee services, nominee services, sale and management of unit trust funds as well as bancassurance and general insurance products. To serve customers better, the Group leverages on the advancement of technology and digital capabilities, in line with the evolving needs of customers.

Resilient Business Model and Financial Performance

Public Bank's vision shapes its resilient business model of growth strategy within the retail banking space, which also steers Public Bank's success story through the years, thus, giving rise to its outstanding performance among premier banks in Malaysia.

With its resilient business model, the Public Bank Group has maintained a track record of unbroken profitability for 54 consecutive years. The Group is highly reputed for its stellar performance, especially in sustaining the highest return on equity, maintaining the most efficient cost to income ratio and the best asset quality among domestic banks. The Group remains a market leader in several major business segments, including consumer banking, retail commercial banking for small and medium enterprises as well as private unit trust.

“

Public Bank's vision shapes its resilient business model of growth strategy within the retail banking space, which also steers Public Bank's success story through the years

”

Strong Credit Ratings

Given its strong business and financial track record, the Public Bank Group's long-term credit and financial ratings continue to be rated highly by local and foreign rating agencies.

Moody's

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

Standard & Poor's

- Long-term rating of A-
- Short-term counterparty credit rating of A-2, with negative 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 2020

ONE OF THE LARGEST PREMIER BANKS IN MALAYSIA



TOTAL ASSETS

RM451.26 bil3rd Largest Bank in Malaysia

MARKET CAPITALISATION

RM79.97 bil2nd Largest Company on
Bursa Malaysia by
Market Capitalisation

NET PROFIT

RM4.87 bil54 years of
Unbroken Profitability

THE BEST AMONG DOMESTIC BANKS

HIGHEST NET
RETURN ON EQUITY**11.2%**LOWEST COST TO
INCOME RATIO**34.6%**LOWEST GROSS
IMPAIRED LOANS RATIO**0.4%**

LEADING MARKET SHARES

RESIDENTIAL
PROPERTY
FINANCING**20.1%**COMMERCIAL
PROPERTY
FINANCING**35.0%**PASSENGER
VEHICLE
FINANCING**29.8%**PRIVATE RETAIL
UNIT TRUST
BUSINESS**33.4%**



Corporate Milestones

From 1966

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

1966



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

1967



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

1978



2007

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



2008

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



2010

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

1996



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

2001



2016

Public Bank celebrated its 50th anniversary on 6 August 2016.



2017

Opening of Menara Public Bank 2, a 40-Storey Grade A Green Office Building located at Jalan Raja Chulan, Kuala Lumpur. It is the first bank in Malaysia certified with a green building, with pre-certified Gold rating by the Leader in Energy & Environmental Design under the US Green Building Council as well as a Provisional Gold rating by Malaysia's own Green Building Index.



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.



Corporate Milestones from 1966

1966

- On 6 August 1966, Public Bank first opened its doors for business at No. 4 Jalan Gereja, Kuala Lumpur.
- 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 54 years.

1967

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

1969

- 1st RM1 million annual pre-tax profit.

1970

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

1978

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

1980

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

1987

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

1990

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

1991

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

1992

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

1993

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

1996

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

1998

- Paid-up capital of Public Bank exceeded RM1 billion.

2000

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

2001

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

2002

- Paid-up capital of Public Bank exceeded RM2 billion.

2003

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

2004

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

**2005**

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

2006

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

2007

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

2008

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

2009

- Total assets surpassed RM200 billion for the 1st time.

2010

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

2011

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

2012

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

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.

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.

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.
- Opening of Menara Public Bank 2, a 40-Storey Grade A Green Office Building located at Jalan Raja Chulan, Kuala Lumpur. It is the first bank in Malaysia certified with a green building, with pre-certified Gold rating by the Leader in Energy & Environmental Design under the US Green Building Council as well as a Provisional Gold rating by Malaysia's own Green Building Index.

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.

2021

- Public Bank's issued shares increased to 19,410,691,735 ordinary shares upon the issuance of 15,528,553,388 new ordinary shares pursuant to the completion of the Public Bank Bonus Issue.

Media Highlights 2020

Bank founder honoured with award from Vietnam

PUBLIC Bank founder, chairman emeritus, director and adviser Tan Sri Teh Hong Piow has added another feather to his cap with his latest award.

respect and influence of the group depends on the virtues and standards that we are able to develop and maintain," said Tay.

ees, one needs to shoulder the responsibility of keeping the staff in mind in every decision you make.

"Every day, when our staff come to work, they live by our corporate values and code of ethics as they know how much I believe in core values like integrity, hard work, commitment and a sense of professionalism," he added.

Teh dedicated the award to the committed staff of Public Bank, who are the unsung heroes who have stood the test of time with me, weathering financial storms and economic turmoil, to come out unscathed while creating milestones that are enviable to many."

To date, Public Bank has amassed more than 600 corporate awards of excellence and distinction, while Teh has accumulated more than 50 personal-to-holder awards.



Teh (centre) with Tay (left) while Public Bank independent non-executive chairman Lai Wan (right) holds the award given by Vietnam Banking Trade Union.

Public Bank seen with robust capital strength

Public Bank Bhd (Mycr's 30, INTL 3.02) Upgrade to buy with a lower target price (TP) of RM17.50. Given economic uncertainties globally due to Covid-19, Public Bank Bhd fits our preference for banks with a strong asset quality and robust capital strength to withstand downside risks from a

Public Bank Bhd

FTSE MSCI ANALYSIS	2018	2019	2020	2021	2022
Reported net profit	5,600	5,970	5,970	5,770	6,220
Net profit growth rate	2.2	0.46	0.2	3.5	8.1
Recurring net profit	5,600	5,970	5,970	5,770	6,220
Recurring EPS (RM)	1.45	1.47	1.46	1.42	1.51
BVPS (RM)	10.50	11.21	11.61	12.71	13.96

大众末季净利企稳14亿 郑鸿标：银行业迎挑战年

吉隆坡26日讯 | 大众银行 (PBBANK, 1295, 主板金融股) 2019 财政年末季 (截至12月31日止) 净赚14亿零587万令吉, 与2018财政年同期的14亿零536万相比略起0.36%; 营业额按年增0.75%, 至56亿7412万令吉, 2018财政年同期为56亿3202万令吉。

此外, 董事局宣布派发每股40仙的第2次中期股息, 除息日是3月11日。与此同时, 大众银行的全年净利从上财政年的55亿9062万令吉微跌1.41%, 至55亿1159万令吉; 营业额则为224亿5473万令吉, 较上财政年的229亿4179万令吉增1.87%。

大众银行创办人暨顾问丹斯里郑鸿标通过文告表示, 去年营运环境面临诸多挑战, 先进国家和新兴国家的经济增长进一步放缓。

「去年5月, 国家银行调低隔夜政策利率影响国内银行业的获利能力, 然而我们仍能透过高于同业的融资和接受存款业务增长, 8.4%的非利息收入成长和强劲的资产素质, 来维持2019年的获利。」

核心融资业务健康成长

另外, 大众银行继续在其核心业务中取得健康增长。去年, 该行的

这主要是来自该行的4.88国内贷款增长所推动, 并高于国内银行体系的0.59%增幅。

这有利于大众银行在房贷、车贷和商业产业贷款方面的具有竞争力的市场地位, 本集团继续占据国内银行业在信贷领域的领先地位, 截至2019年9月30日分别为19.9%、25.4%和35.0%。

在存款方面, 大众银行的存款存款总额增长了4.2%, 在国内方面, 该行的存款存款总额增长了4.7%的强劲增长, 并高于国内银行体系的2.35%存款增长。

郑鸿标表示: 「随着去年贷款和存款取得良好增长, 我们得以维持持续健康的财务状况, 这反映在79.2%的资本充足率。」



郑鸿标, 大众银行创始人兼荣誉主席, 在2020年接受采访。

FINANCIAL RESULTS

Public Bank's Q3 earnings inches up 2.2pc to RM1.39b

KUALA LUMPUR: Public Bank Bhd's net profit for the third quarter ended Sept 30 rose 2.2 per cent to RM1.39 billion from RM1.36 billion a year ago.

This was mainly due to higher investment income of RM102.9 million, net fee and commission income of RM89.1 million from stock-brokerage and fund management, Islamic banking income of RM63.6 million, net interest income of RM48 million and other operating income of RM25.2 million.

But this was partially offset by higher loan impairment allowance of RM285.4 million in anticipation of the Covid-19 pandemic.

said Public Bank yesterday. Group revenue fell 9.4 per cent to RM5.13 billion from RM5.61 billion previously.

For the nine-month period, Public Bank's net profit fell 9.3 per cent to RM3.72 billion from RM4.11 billion in the same period last year while revenue slipped 8.3 per cent to RM15.39 billion from RM16.78 billion previously.

This was mainly due to the effect moderating revenue growth arising from the pandemic, the effect of the Overnight Policy Rate ring-fencing during the year and one-off net modification loss of RM498 million incurred in the second quarter.

Non-interest income continued

used to support the group's financial performance, with a 17.8 per cent growth in the first nine months, mainly driven by higher investment income and higher interest income from unit trust come from stockbroking and stockbroking businesses.

Public Mutual remained the main contributor to the group's non-interest income.

Up 10.1 and September



Tan Sri Teh Hong Piow

Public Bank proposes record 4-for-1 bonus issue

(LFD) prior to the announcement, the bank's share capital was RM4.11b comprising 3.8 billion shares. Upon completion of the proposed bonus issue, the share capital would be RM4.11b comprising 19.41 billion shares.

Public Bank said the announcement date for the bonus issue would be determined and announced later upon receipt of all relevant approvals for the proposed bonus issue.

It said based on the five-day volume weighted average price (VWAP) of Public Bank shares up to the LFD of RM17.9650 per share, the theoretical ex-bonus share price is approximately RM3.593.

For illustrative purposes only, the theoretical ex-bonus price of the shares pursuant to the proposed bonus issue is RM3.557 per share. This was calculated based on the three-month VWAP of the shares up to and including

In addition, Public Bank has maintained a high loan loss reserves of 20.1 per cent.

Public Bank founder, chairman emeritus, director and adviser Tan Sri Teh Hong Piow said the group would continue to take a proactive and comprehensive approach to the provision of assistance to its customers.

"As the outlook remains highly uncertain, the group will continue to focus and be extra vigilant to ensure prudent credit policies, robust risk management, cost efficiency and good customer experience."

The bonus issue would enable the bank to reward its shareholders in the form of bonus shares.

The bonus issue would enable the bank to reward its shareholders in the form of bonus shares.

A2

Business



The eight awards that Public Bank won were Best e-Payment Bank, Best JCB Bank, Best Customer Experience (CX), Best JomPAY Bank, Best MyDebit Bank, Top JomPAY Acquirer, Top MyDebit Acquirer and Outstanding Contribution to MyDebit.

Public Bank clinches eight Malaysian e-Payments Excellence Awards 2020

KUALA LUMPUR: Public Bank (Public Bank) has emerged as the biggest winner for the Malaysian e-Payments Excellence (MEEA) 2020 by clinching eight awards for its outstanding contribution towards growth of Malaysia's e-payments ecosystem.

The MEEA is an annual award by Payments Malaysia Sdn Bhd (Payments Malaysia), a joint venture of the Bank and its partners, to recognize the achievements of businesses and agencies that have significantly contributed towards the growth of Malaysia's e-payments ecosystem.

The eight awards that Public Bank won were Best e-Payment Bank, Best JCB Bank, Best Customer Experience (CX), Best JomPAY Bank, Best MyDebit Bank, Top JomPAY Acquirer, Top MyDebit Acquirer and Outstanding Contribution to MyDebit.

The awards recognize Public Bank's effort in providing seamless e-payment services to its customers, and its commitment to drive the growth of the e-payments ecosystem in Malaysia.

Public Bank provides uninterrupted services and financial relief assistance



PUBLIC BANK

KUALA LUMPUR: Public Bank and its subsidiaries have remained open and operational during the period of the Government's Movement Control Order (MCO) from March 18 to 31, 2020.

Public Bank Managing Director, Tan Sri Loh said Wednesday, its obligation as a provider is to ensure that its services are uninterrupted and financial relief assistance is provided to its customers during this period.

Public Bank is also working closely with Bank Negara Malaysia to offer relief to SME customers during this period. The Bank has established a special process to assist SME customers in obtaining loan approvals and disbursements. It also provides financial relief assistance to its customers who are affected by the COVID-19 pandemic.

Public Bank will continue to provide uninterrupted services and financial relief assistance to its customers during this period.

Pelaburan jangka panjang beri hasil memuaskan



PUBLIC MUTUAL
ANAK SYARIAH MILIK PERTIN PUBLIC BANK

KUALA LUMPUR: Public Mutual, anak syariahnya Public Bank, telah mengumumkan bahawa pelaburan jangka panjang mereka telah memberikan hasil yang memuaskan.

Public Mutual berkata, pelaburan jangka panjang mereka telah memberikan hasil yang memuaskan, dan mereka berharap untuk terus memberikan hasil yang memuaskan kepada pelanggan mereka.

Antara manfaat pelaburan jangka panjang, termasuk:

• Pelaburan jangka panjang memberikan hasil yang memuaskan.

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• Pelaburan jangka panjang memberikan hasil yang memuaskan.

Public Bank tawar lanjutan moratorium tiga bulan kepada pelanggan hilang kerja

KUALA LUMPUR: Public Bank menawarkan lanjutan moratorium pinjaman kepada pelanggan yang kehilangan pekerjaan akibat COVID-19.

Public Bank berkata, lanjutan moratorium pinjaman ini adalah sebagai bantuan kepada pelanggan yang kehilangan pekerjaan akibat COVID-19.

Public Bank berkata, lanjutan moratorium pinjaman ini adalah sebagai bantuan kepada pelanggan yang kehilangan pekerjaan akibat COVID-19.

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PUBLIC BANK



Five-Year Group Financial Summary

YEAR ENDED 31 DECEMBER	2020	2019	2018	2017	2016
OPERATING RESULTS (RM'MILLION)					
Operating profit	7,403	7,283	7,270	7,319	6,745
Profit before tax expense and zakat	6,285	7,134	7,101	7,118	6,554
Net profit attributable to equity holders of the Bank	4,872	5,512	5,591	5,470	5,207
KEY BALANCE SHEET DATA (RM'MILLION)					
Total assets	451,257	432,831	419,693	395,276	380,053
Gross loans, advances and financing	345,651	330,468	317,302	304,453	293,959
Total liabilities	402,830	388,084	377,597	356,831	344,689
Deposits from customers	365,871	353,340	339,160	319,259	309,974
Core customer deposits	310,144	294,646	283,846	269,723	258,155
Share capital	9,418	9,418	9,418	9,418*	3,882
Shareholders' equity	47,248	43,594	40,973	37,365	34,213
Commitments and contingencies	106,934	94,315	96,368	95,443	105,592
SHARE INFORMATION AND VALUATION					
Share Information					
Per share (sen)					
Basic / Diluted earnings [#]	25.1	28.4	28.9	28.3	27.0
Dividend [#]	13.0	14.6	13.8	12.2	11.6
Net assets [#]	243.4	224.6	211.1	193.5	177.2
Share price as at 31 December (RM) [#]	4.12	3.89	4.95	4.16	3.94
Market capitalisation (RM'Million)	79,972	75,469	96,122	80,671	76,556
Valuations					
Dividend yield (%)	3.2	3.8	2.8	2.9	2.9
Dividend payout ratio (%)	51.8	51.4	47.9	43.1	43.0
Price to earnings multiple (times)	16.4	13.7	17.2	14.7	14.6
Price to book multiple (times)	1.7	1.7	2.3	2.1	2.2

* 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.

[#] For comparative purpose, the earnings, dividend, net assets and price per share had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.



YEAR ENDED 31 DECEMBER	2020	2019	2018	2017	2016
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net interest margin on average interest bearing assets	2.0	2.2	2.2	2.3	2.2
Net return on equity ¹	11.2	13.6	14.8	15.8	16.5
Return on average assets	1.4	1.7	1.7	1.8	1.8
Return on average risk-weighted assets	2.2	2.6	2.7	2.8	2.7
Cost / income ratio	34.6	34.4	33.0	31.9	32.3
Asset Quality Ratios					
Gross loans to fund ratio	90.2	88.9	88.4	90.0	90.8
Gross loans to fund and equity ratio	80.0	79.2	79.0	80.7	81.8
Gross impaired loans ratio	0.4	0.5	0.5	0.5	0.5
Loan loss coverage					
– Exclude regulatory reserve	227.7	124.1	126.0	95.5	102.7
– Include regulatory reserve	325.1	249.8	237.5	256.5	248.5
Capital Adequacy Ratios²					
Common Equity Tier I (“CET I”) capital ratio	14.0	13.5	13.1	12.2	11.4
Tier I capital ratio	14.0	13.5	13.7	13.0	12.2
Total capital ratio	17.1	16.8	16.3	16.0	15.5
PRODUCTIVITY RATIOS					
Number of employees	19,414	19,260	18,721	18,553	18,651
Gross loans per employee (RM'000)	17,804	17,158	16,949	16,410	15,761
Deposits per employee (RM'000)	18,846	18,346	18,117	17,208	16,620
Profit before tax per employee (RM'000)	324	370	379	384	351
MARKET SHARE (%)					
Domestic market share ³					
Loans, advances and financing	17.7	17.3	17.2	17.8	17.7
Deposits from customers	16.5	16.5	16.2	16.6	16.9
Core customer deposits	17.2	16.9	16.8	17.4	17.5

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

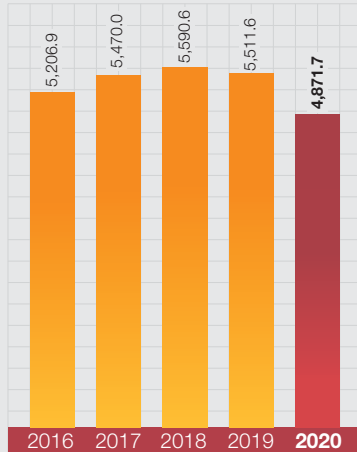
² After deducting dividend declared subsequent to year end.

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

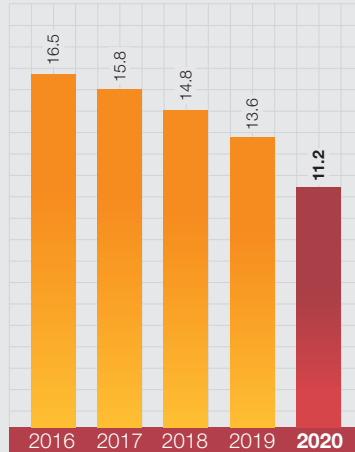


Summary of Five-Year Group Growth

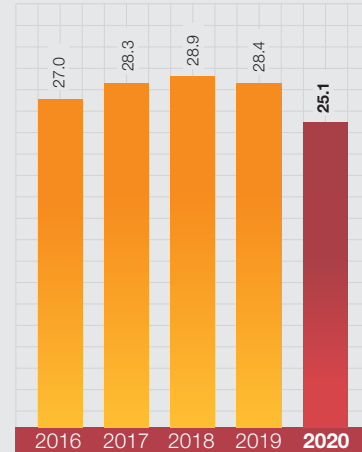
**NET PROFIT ATTRIBUTABLE
TO EQUITY HOLDERS**
RM'Million



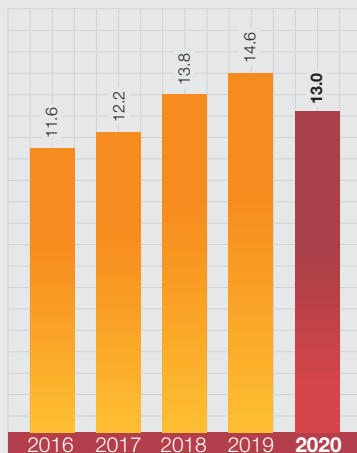
NET RETURN ON EQUITY
Percentage (%)



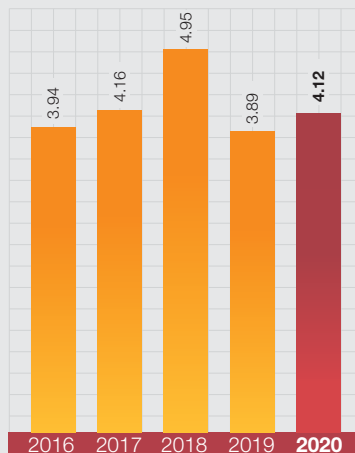
EARNINGS PER SHARE[#]
Sen



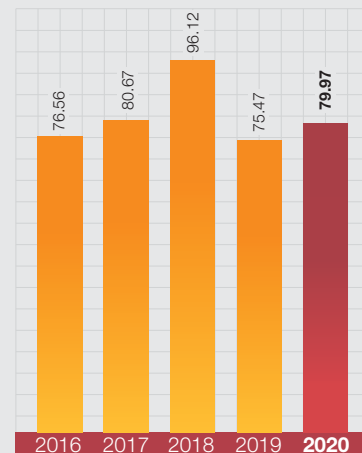
DIVIDEND PER SHARE[#]
Sen



SHARE PRICE[#]
RM



MARKET CAPITALISATION
RM'Billion



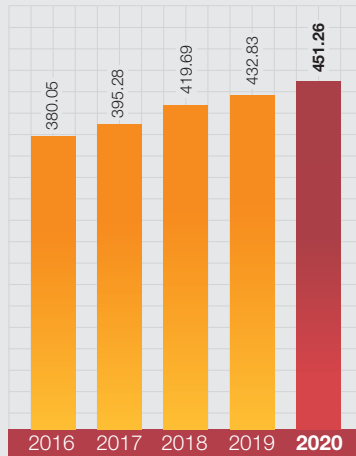
[#] Adjusted to reflect the bonus issue of four bonus shares for every one existing ordinary share which was completed and listed on Bursa Malaysia on 29 January 2021.

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

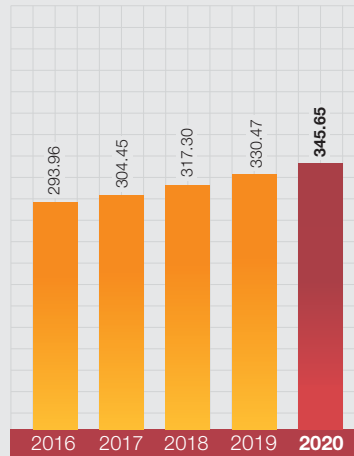
Year	2016	2017	2018	2019	2020
Ranking	3rd	3rd	2nd	2nd	2nd

**TOTAL ASSETS**

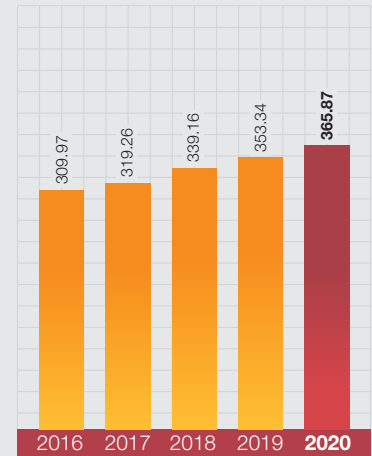
RM' Billion

**GROSS LOANS, ADVANCES
AND FINANCING**

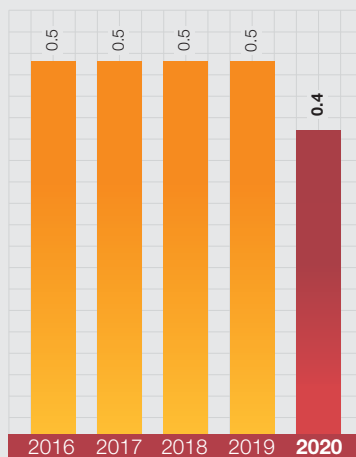
RM' Billion

**CUSTOMER DEPOSITS**

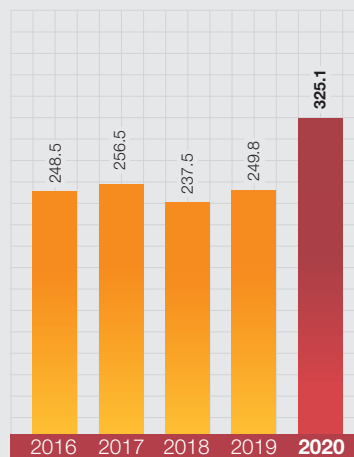
RM' Billion

**GROSS IMPAIRED LOANS RATIO**

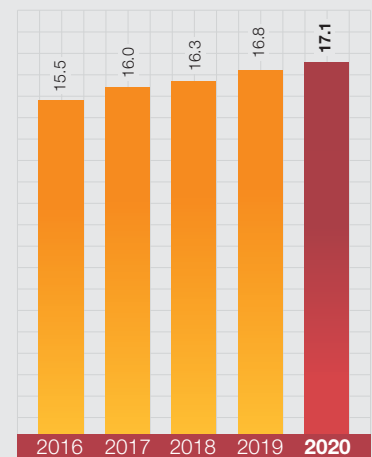
Percentage (%)

**LOAN LOSS COVERAGE***

Percentage (%)

**TOTAL CAPITAL RATIO****

Percentage (%)



* Including regulatory reserves.

** After deducting dividend declared subsequent to year end.



Key Interest Bearing Assets & Liabilities

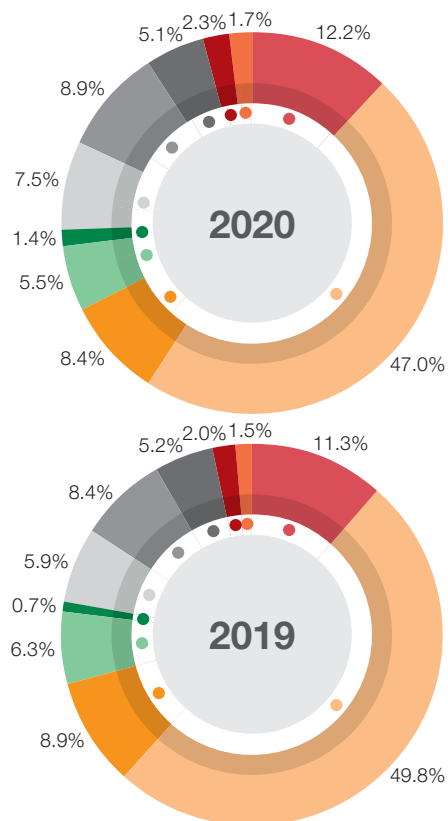
	2020			2019		
	Average Balance RM'Million	Average rate (%)	Interest RM'Million	Average Balance RM'Million	Average rate (%)	Interest RM'Million
INTEREST EARNING ASSETS						
Loans, advances and financing*	330,784	4.17	13,794	316,961	5.11	16,197
Balances with banks	12,192	1.95	238	11,795	2.77	327
Financial investments	75,956	3.27	2,484	69,465	3.65	2,535
Total	418,932	3.94	16,516	398,221	4.79	19,059
INTEREST BEARING LIABILITIES						
Deposits from customers	317,197	2.28	7,232	306,117	3.07	9,398
Deposits from banks	13,438	1.44	194	12,213	2.76	337
Recourse obligations on loans and financing sold to Cagamas	5,359	4.28	229	5,500	4.28	235
Debt securities issued and other borrowed funds	13,057	3.83	500	13,276	4.11	546
Total	349,051	2.34	8,155	337,106	3.12	10,516

* Including modification loss.

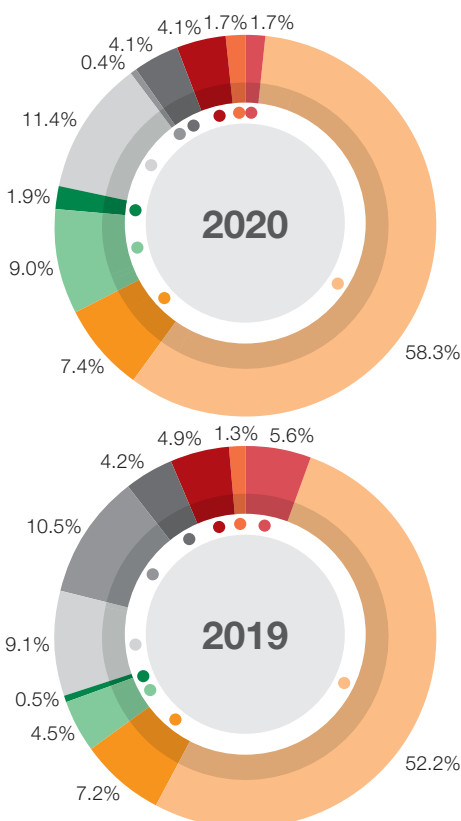


Segmental Analysis

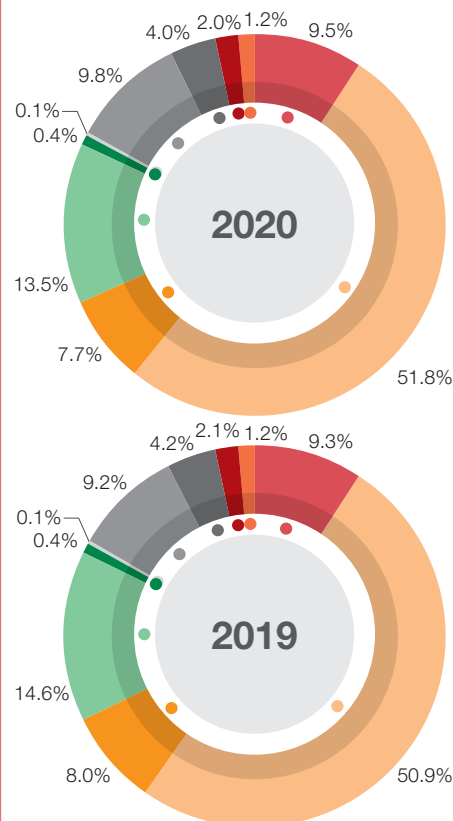
Operating Revenue



Profit Before Tax



Total Assets



	2020 %	2019 %
Hire purchase	12.2	11.3
Retail operations	47.0	49.8
Corporate lending	8.4	8.9
Treasury and capital market operations	5.5	6.3
Investment banking	1.4	0.7
Fund management	7.5	5.9
Others	8.9	8.4
Total domestic	90.9	91.3
Hong Kong SAR	5.1	5.2
Cambodia	2.3	2.0
Other countries	1.7	1.5
Total overseas	9.1	8.7
Total	100.0	100.0

	2020 %	2019 %
Hire purchase	1.7	5.6
Retail operations	58.3	52.2
Corporate lending	7.4	7.2
Treasury and capital market operations	9.0	4.5
Investment banking	1.9	0.5
Fund management	11.4	9.1
Others	0.4	10.5
Total domestic	90.1	89.6
Hong Kong SAR	4.1	4.2
Cambodia	4.1	4.9
Other countries	1.7	1.3
Total overseas	9.9	10.4
Total	100.0	100.0

	2020 %	2019 %
Hire purchase	9.5	9.3
Retail operations	51.8	50.9
Corporate lending	7.7	8.0
Treasury and capital market operations	13.5	14.6
Investment banking	0.4	0.4
Fund management	0.1	0.1
Others	9.8	9.2
Total domestic	92.8	92.5
Hong Kong SAR	4.0	4.2
Cambodia	2.0	2.1
Other countries	1.2	1.2
Total overseas	7.2	7.5
Total	100.0	100.0



Group Quarterly Performance

	2020				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2020
FINANCIAL PERFORMANCE (RM'MILLION)					
Operating revenue	5,515.2	4,739.2	5,132.8	4,916.7	20,303.9
Net interest income and income from Islamic banking business	2,177.8	1,698.7	2,307.4	2,307.3	8,491.2
Operating profit	1,796.5	1,429.5	2,139.3	2,037.6	7,402.9
Profit before tax expense and zakat	1,727.2	1,280.4	1,802.8	1,474.7	6,285.1
Profit attributable to equity holders of the Bank	1,329.1	1,001.8	1,392.8	1,148.0	4,871.7
Earnings per share (sen)	6.8	5.2	7.2	5.9	25.1
Dividend per share (sen)	–	–	–	13.0	13.0

	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)*	7.3	6.9	7.0	7.2	28.4
Dividend per share (sen)*	–	6.6	–	8.0	14.6

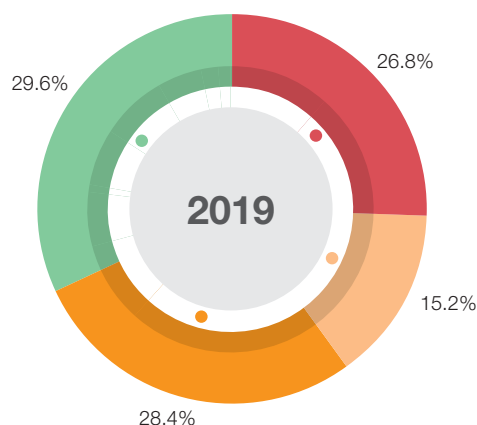
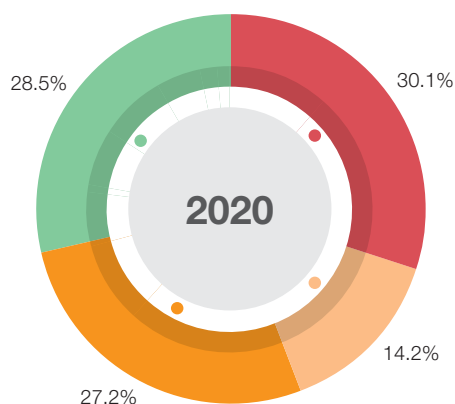
* For comparative purpose, the earnings and dividend per share had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.



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.

	2020 RM'000	2019 RM'000
VALUE ADDED		
Net interest income	7,179,776	7,434,120
Net income from Islamic banking business	1,311,393	1,267,227
Other operating income	2,821,211	2,400,904
Other operating expenses excluding staff costs and depreciation	(678,523)	(725,397)
Allowance for impairment on loans, advances and financing	(1,106,296)	(154,466)
(Allowance) / Writeback of allowance for impairment on other assets	(13,668)	2,175
Share of results of equity accounted associated companies	2,112	3,376
Value added available for distribution	9,516,005	10,227,939
DISTRIBUTION OF VALUE ADDED		
To employees:		
Personnel costs	2,866,523	2,741,623
To the Governments:		
Taxation	1,352,803	1,554,701
To providers of capital:		
Dividends paid to shareholders	2,523,390	2,833,961
Non-controlling interests	60,558	67,885
To reinvest in the Group:		
Depreciation	364,419	352,172
Retained profits	2,348,312	2,677,597
Total distributed	9,516,005	10,227,939



Employees

Governments

Providers of capital

Reinvestment in the Group



2020 Awards & Achievements

1. ALPHA SOUTHEAST ASIA

14th Annual Alpha Southeast Asia Best Financial Institution Awards 2020:

- a. Best Bank in Malaysia
2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007
- b. Best Retail Bank in Malaysia
2020, 2018

2. ASIAMONEY

Asiamoney Asia's Outstanding Companies Poll 2020:

- Most Outstanding Company in Malaysia under the financial sector
2020, 2019

3. BANK OF NEW YORK MELLON

Straight-Through Processing Award for achieving outstanding straight through processing rates in payment transfer operations for MT103 and MT202
2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010

4. CHULALONGKORN UNIVERSITY, THAILAND

ASEAN's Top Corporate Brand
2020, 2018

5. FINANCEASIA

FinanceAsia Country Awards 2020:

- Best Bank in Malaysia
2020, 2019, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999

6. FROST & SULLIVAN

2020 Frost & Sullivan Malaysia Excellence Award in Customer Experience for the following category:

- Excellence in Customer Experience – Banking Industry Malaysia – Branch Experience

7. GLOBAL BANKING & FINANCE REVIEW

Best Bank for Corporate Governance Malaysia 2020

8. INLAND REVENUE BOARD OF MALAYSIA

- One of the recipients for the Best Tax Payer Award
2019, 2018, 2017, 2016

9. J.P. MORGAN CHASE BANK

J.P. Morgan Elite Quality Recognition Award for achieving best-in-class straight-through processing rates for MT103 and MT202 USD payments:

- a. MT103 Elite Quality Recognition Award
2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002
- b. MT202 Elite Quality Recognition Award
2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002

10. MINORITY SHAREHOLDERS WATCH GROUP

2019 ASEAN Corporate Governance Scorecard Award under the ASEAN Asset Class category

11. NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

Platinum Excellence Award for Most Outstanding Annual Report under companies with more than RM10 Billion in Market Capitalisation category

12. PAYMENTS NETWORK MALAYSIA (PAYNET)

Malaysian e-Payments Excellence Awards 2020:

- a. Best MyDebit Bank
2020, 2019, 2018, 2017
- b. Outstanding Contribution to MyDebit
2020, 2019, 2018, 2017
- c. Top MyDebit Acquirer
2020, 2019, 2018
- d. Best IBG Bank
2020, 2018
- e. Best e-Payment Bank
2020
- f. Best Customer Experience (FPX)
2020
- g. Best JomPAY Bank
2020
- h. Top JomPAY Acquirer
2020





13. THE ASSET

- Best Domestic Bank in Malaysia
2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002
- The Asset ESG Corporate Awards 2020 – Gold Award
2020, 2019

14. THE EDGE BILLION RINGGIT CLUB

The Edge Billion Ringgit Club Corporate Awards 2020:

- Highest Return on Equity Over Three Years Award under the Financial Services – RM10 Billion and Above Market Capitalisation category
2020, 2019, 2018



CHAIRMAN EMERITUS' AWARDS



VIETNAM BANKING TRADE UNION

Outstanding Contribution in Promoting 'Excellence at Work' and in Strengthening Trade Union in 2019



SURMOUNTING THE NEW NORMS

BUSINESS AS USUAL



Our customers are our top priority and whilst its business as usual, we have implemented Standard Operating Procedures (SOPs) to ensure their safety. Our SOPs include crowd containment, social distancing and providing QR scanning features for safety, security and accessibility. Meanwhile with the Movement Control Order (MCO), our employees who are working from home continue to do what is needed to always deliver the best services to our customers.



Statement by **Tan Sri Dato' Sri Dr. Teh Hong Piow** Founder, Chairman Emeritus, Director and Adviser

2020 was one of the most challenging years in recent history. The COVID-19 pandemic caused a global upheaval and brought severe shock to the global economy, leading to a steep economic contraction across the world.

In Malaysia, arising from the initial outbreak in March 2020, the Government imposed containment measures including the Movement Control Order to control the spread of the COVID-19 pandemic. These measures were crucial to protect people's health and safety. However, the curtailment of economic activities had severely affected the economy as Gross Domestic Product contracted by 5.6% in 2020.

Under such difficult operating conditions, the banking sector was significantly affected on multiple fronts. Business growth was weak due to the implementation of COVID-19 containment measures as well as subdued consumer and business sentiment. Profit was also impacted by further margin compression and higher provisions set aside amid economic uncertainty and various COVID-19 relief measures offered by banks.

To cushion and mitigate the adverse pressure on the economy and people's livelihood, the Government and Bank Negara Malaysia took swift pre-emptive measures, and put forth a lot of effort to strike a balance between stemming the pandemic and bolstering the economy. These deliberate actions enabled the country to gradually pick up strength towards the end of 2020.

RESILIENCE IN TIMES OF CRISIS

Having been through many crises and adversities, the Public Bank Group, has learned, grown and thrived in its past 54 years of operations. In 2020, the Public Bank Group continued to deliver profitability in spite of prevailing challenges in the operating environment. The Group achieved a pre-tax profit of RM6.29 billion and net profit attributable to shareholders of RM4.87 billion. With this, the Group continued to sustain a double-digit net return on equity of 11.2%.

In view of the Public Bank Group's sustained profit performance, the Board of Directors declared a total dividend of 13 sen for the financial year 2020, in appreciation of shareholders' ongoing support. This is equivalent to a total dividend payout of RM2.52 billion, representing 51.8% of the Group's net profit for 2020.





Statement by **Tan Sri Dato' Sri Dr. Teh Hong Piow**

Founder, Chairman Emeritus, Director and Adviser

“

Having been through many crises and adversities, the Public Bank Group, has learned, grown and thrived in its past 54 years of operations. In 2020, the Public Bank Group continued to deliver profitability in spite of prevailing challenges in the operating environment.

”

ADDRESSING THE IMPACT OF COVID-19 ON STAKEHOLDERS

The Public Bank Group is mindful of the importance of embedding stakeholders' consideration into its crisis management.

The Public Bank Group endeavours to support its customers through this difficult time. The Group has proactively offered loan moratorium as well as various flexible loan repayment assistance programmes to customers who face financial hardship. The Group actively participates in the Government and Bank Negara Malaysia initiated special financing schemes. Collectively, about 1.8 million customers have benefitted from the Group's COVID-19 financial and relief assistance measures.

Employees' health and safety is another key priority. The Public Bank Group has kept abreast of developments of the pandemic so that swift and immediate actions can be taken to protect the well-being of its employees. The Group is also highly focused in ensuring that operational safety measures are strictly implemented across branches to prevent the spread of the COVID-19 pandemic.

To the community, the Public Bank Group channelled RM1 million to MERCY Malaysia's COVID-19 Pandemic Fund to assist medical frontliners in battling the COVID-19 pandemic. In view that many charity homes may encounter constraints in funding during the pandemic, the Group continued to make monetary contributions to various homes of underprivileged groups to provide comfort during this difficult time.



SUSTAINABLE GROWTH

During times of uncertainty when the future and how the pandemic may unfold could hardly be predicted, conventional management models may prove to be insufficient to safeguard the bottom line of businesses. To prepare for the uncertainties ahead, the Public Bank Group continues to step up efforts to ensure that its corporate governance and risk management practices keep pace with the changing environment, and that its business model stays nimble even as the Group navigates its way forward.

The Public Bank Group continues to develop its talent pool and digital capabilities in the face of the highly competitive and fast changing environment. Despite the disruptions brought by the COVID-19 pandemic, the Group has launched several innovative mobile learning initiatives for its employees to continue reskilling and upskilling themselves. The Group also continues to explore and implement innovative digital solutions, particularly on advancing its e-payment capability, to enhance operational resilience and customer experience.

GROUP'S PROSPECTS

In 2021, the recovery of the Malaysian economy is expected to be gradual, supported by the easing of restrictions and improvement in global trade, coupled with the continued policy support and stimulus assistance. The COVID-19 inoculation programme will also provide further impetus to the economy.

Basing on the better outlook, the Public Bank Group is well-poised to be in a position to seize growth opportunities. The Group has been carefully managing its balance sheet and asset quality throughout this unprecedented period, and this has provided greater leeway for the Group to grow its business with sufficient cushion against potential risks and challenges that may lie ahead.

OUR APPRECIATION

With the support and trust by all its stakeholders, the Public Bank Group was able to withstand and navigate through an exceptionally challenging year.

The Public Bank Group and I wish to express our deepest appreciation to all our shareholders, customers, the Group's management and employees for their unwavering support. Our sincerest gratitude goes to Bank Negara Malaysia and relevant authorities for guiding the banking industry especially during the present health crisis. With all the support and guidance, the Group will continue to strive to achieve greater excellence and further enhance stakeholder values in the years ahead.

Tan Sri Dato' Sri Dr. Teh Hong Piow

Founder, Chairman Emeritus, Director and Adviser

5 April 2021



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 onset of the COVID-19 pandemic in 2020 brought about rapid and wide-ranging implications across the world. It inflicted extensive damage to public health, caused economic distress and negatively impacted people's livelihood.

Malaysia was not spared from the COVID-19 pandemic. As the first wave of the pandemic started in early 2020, the Malaysian Government swiftly announced the Movement Control Order to restrict movements and operations of various economic sectors, in an attempt to prevent the spread of the COVID-19 pandemic.

As the movement control restrictions gradually eased in the second half of 2020, coupled with the proactive stimulus and relief supports from the Government and Bank Negara Malaysia, economic activities

progressively resumed. However, consumer and business sentiment remained subdued due to resurgence of the COVID-19 and uncertainties surrounding the pandemic.

The Public Bank Group was not immune to the effects of the COVID-19 pandemic. Weak economic condition and reductions in the Overnight Policy Rate weighed on the Group's profit growth in 2020. The Group's financial performance was also affected by the one-off modification loss incurred during the year due to the COVID-19 relief measures offered to individuals and businesses. The Group also prudently set aside higher provisions as a pre-emptive measure amid economic uncertainty, which exerted further pressure on its profitability.



Nonetheless, the Public Bank Group continued to sustain unbroken profitability in 2020. The Group achieved RM6.29 billion pre-tax profit and RM4.87 billion net profit attributable to shareholders, supported by the continued expansion in its loans and deposits as well as the increase in its non-interest income.

In 2020, the Public Bank Group achieved total loans growth of 4.6%. Domestically, the Group achieved an above-industry loans growth of 5.4%, compared to the industry loans growth of 3.4%. For its key loan segments, the Group's total domestic loans for the purchase of residential properties increased by 8.2%. Meanwhile, hire purchase business recorded commendable loans growth of 6.6%.

The Public Bank Group's credit extended to small and medium enterprises ("SMEs") registered favourable growth, driven by the Group's active participation in promoting special financing schemes initiated by the Government and Bank Negara Malaysia to assist the SMEs in overcoming the COVID-19 challenges. Underpinned by its proactive initiatives, the Group approved more than RM3.4 billion for over 16,000 SME businesses under these special financing schemes.

In terms of funding, the Public Bank Group's total deposits grew by 3.5%, while domestic deposits increased by 3.8%. The Group's strong deposits franchise and long-standing PB brand continued to be value drivers, mobilising higher deposits for the Group.

In addition, the Public Bank Group's non-interest income grew favourably in 2020, predominantly contributed by higher investment and stockbroking income as well as higher income from its unit trust management business undertaken by Public Mutual, the Group's wholly-owned subsidiary. During the year, Public Mutual recorded profit growth of 10.5% and maintained its leading market position with the largest market share of 33.4% in the retail private unit trust industry.

The Public Bank Group's strong asset quality continued to set the Group apart from its peers. The Group's gross impaired loans ratio stood at 0.4% as at the end of 2020, compared to the banking industry's gross impaired loans ratio of 1.6%.

The COVID-19 pandemic has heavily weighed on economic activities and labour market, posing downside risks to the banking industry's asset quality. However, the Government's and Bank Negara Malaysia's relief measures, particularly the automatic moratorium and the targeted repayment assistance, have helped to mitigate the pressure on asset quality. Furthermore, the Public Bank Group has taken proactive initiatives to engage and provide assistance to customers with financial difficulties by offering various flexible repayment packages and debt rehabilitation support. Of significance, the Group's strong credit risk culture and its resilient loan portfolio, coupled with the prudent reserves for loan losses that has been set aside will provide a strong buffer for the Group to weather any potential challenges in asset quality.

2020 was a year of unprecedented change. The new normal accelerated the pace of digital adoption in many areas due to mobility restrictions. The Public Bank Group adapted quickly and responded appropriately to the various changes. To ensure continued customers' accessibility to banking services, the Group further intensified its efforts on digitalisation and technological innovation to enhance the effectiveness and responsiveness of its delivery channels. The Group made tremendous efforts and investments in revamping and enhancing its internet and mobile banking platforms to bring more seamless and efficient online banking to its customers.

The Public Bank Group's proactive initiatives in promoting electronic payment continued to gain recognition from prestigious organisations. In the Malaysian e-Payments Excellence Awards 2020 by PayNet, the Group emerged as the biggest winner by clinching eight awards for its outstanding contribution in promoting e-payment.

Amid disruptions from the COVID-19 pandemic, the Public Bank Group has not lost sight on talent management initiatives. The Group continued to invest extensively on employee development and engagement programmes to strengthen the knowledge and skills of its employees. The Group also implemented various online training programmes to harness self learning in employees.

On environmental, social and governance ("ESG") management, the Public Bank Group has taken on a more proactive role in promoting sustainable financing and Value-based Intermediation. Going forward, the Group will continue to make further progress in fulfilling its corporate citizen role in promoting ESG awareness and practices.

Looking ahead in 2021, the Malaysian economy is expected to continue on a recovery path, supported by various stimulus and relief support, improvement in global demand as well as roll out of the COVID-19 vaccine. With the improvement in the operating environment, the Public Bank Group is expected to achieve better performance in 2021. Its solid underlying fundamental and entrenched market position will continue to provide strong support in driving the Group's business growth. As headwinds remain, the Group will proactively manage risks by ensuring that its business activities and risk management are promptly reviewed and realigned. Above all, the Group will remain focused on optimising stakeholder values without compromising its bottom line.

2021 will mark the 55th year of the Public Bank Group in the banking industry. The Group will continue to stand tall and remain steadfast in its commitment to integrity in its pursuit of serving the financial needs of its stakeholders. Along this journey, we are fortunate to have Tan Sri Dato' Sri Dr. Teh Hong Piow, our Founder, Chairman Emeritus, Director and Adviser, to provide invaluable guidance. On behalf of the Group, we would like to express our greatest appreciation and utmost respect to Tan Sri Teh. With his great foresight, incredible experience and remarkable agility, the Group will continue to strengthen the trusted and reputable PB brand, achieving greater milestones in its way forward.

Lai Wan
Chairman

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

5 April 2021



Board of Directors



Seated Fourth from Left:

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

Founder, Chairman Emeritus,
Director and Adviser

From 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

TANG WING CHEW

Non-Independent Non-Executive Director



From Left to Right:

LAI WAN

Independent Non-Executive Chairman

CHEAH KIM LING

Independent Non-Executive Director

DATO' MOHD HANIF BIN SHER MOHAMED

Independent Non-Executive Director

THAM CHAI FHONG

Independent Non-Executive Director

LIM CHAO LI

Independent Non-Executive Director

WAN MARHANIM BINTI WAN MUHAMMAD

Company Secretary



Board of Directors' Profile

as at 5 April 2021



TAN SRI DATO' SRI DR. TEH HONG PIOW

FOUNDER, CHAIRMAN EMERITUS, DIRECTOR AND ADVISER



Age / Gender:
91, Male



Nationality:
Malaysian



Date of Appointment:
30 December 1965

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 91, male, began his banking career in 1950 and has 71 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.

Tan Sri Teh had received the “Outstanding Contribution in Promoting “Excellence at Work” and in Strengthening Trade Union in 2019” award from the Vietnam Banking Trade Union in recognition of Tan Sri Teh’s extraordinary contribution towards establishing and sustaining a strong corporate culture and promoting the well-being of all employees of Public Bank Vietnam Limited.

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 2020.



Board of Directors' Profile as at 5 April 2021



LAI WAN

INDEPENDENT NON-EXECUTIVE CHAIRMAN



Age / Gender:
78, Male



Nationality:
Malaysian



Date of Appointment:
26 April 2012

Lai Wan, aged 78, 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 2020.

**TAN SRI DATO' SRI TAY AH LEK**MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER**Age / Gender:**
78, Male**Nationality:**
Malaysian**Date of Appointment:**
18 June 1997

Tan Sri Dato' Sri Tay Ah Lek, aged 78, male, has 60 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 the Chairman of the Management Committee, 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, Sustainability 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 Association of Banks in Malaysia and the Asian Institute of Chartered Bankers.

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 2020.



Board of Directors' Profile as at 5 April 2021



TANG WING CHEW

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR



Age / Gender:
76, Male



Nationality:
Malaysian



Date of Appointment:
29 March 2011

Tang Wing Chew, aged 76, 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 54 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, a leasing and credit company and Cagamas Bhd (National Mortgage Corporation of Malaysia).

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 2020.

**LAI WAI KEEN**

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age / Gender:**
66, Female**Nationality:**
Malaysian**Date of Appointment:**
29 May 2012

Lai Wai Keen, aged 66, 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 holders.

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 2020.



Board of Directors' Profile as at 5 April 2021



CHEAH KIM LING

INDEPENDENT NON-EXECUTIVE DIRECTOR



Age / Gender:
63, Female



Nationality:
Malaysian



Date of Appointment:
29 April 2014

Cheah Kim Ling, aged 63, 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 2020.



LEE CHIN GUAN

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR



Age / Gender:
62, Male



Nationality:
Malaysian



Date of Appointment:
27 December 2018



Lee Chin Guan, aged 62, 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 2020.



Board of Directors' Profile as at 5 April 2021



DATO' MOHD HANIF BIN SHER MOHAMED

INDEPENDENT NON-EXECUTIVE DIRECTOR



Age / Gender:
69, Male



Nationality:
Malaysian



Date of Appointment:
22 January 2019

Dato' Mohd Hanif bin Sher Mohamed, aged 69, 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, manufacturing and road maintenance.

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.

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 2020.

**THAM CHAI FHONG**

INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age / Gender:**
64, Female**Nationality:**
Malaysian**Date of Appointment:**
1 June 2019

Tham Chai Phong, aged 64, 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 all the 16 Board meetings which were held in the financial year ended 31 December 2020.



Board of Directors' Profile as at 5 April 2021



LIM CHAO LI

INDEPENDENT NON-EXECUTIVE DIRECTOR



Age / Gender:
54, Male



Nationality:
Malaysian



Date of Appointment:
5 April 2021

Lim Chao Li, aged 54, male, was appointed as a Director of Public Bank on 5 April 2021. He is a member of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Compliance Committee.

Mr Lim holds a Bachelor of Science in Economics degree majoring in Accounting and Finance from the Wharton School of Business, University of Pennsylvania, USA. He also holds a Bachelor of Applied Science (Systems Engineering) degree from the School of Engineering and Applied Science, University of Pennsylvania, USA.

Mr Lim's main business training and expertise are in accountancy and finance, where he had previously served in Deloitte & Touche and Johnson & Johnson Medical Malaysia.

He is presently the Chief Commercial Officer of Hotel Equatorial Management Sdn Bhd. His directorship in other public company is in JcbNext Berhad (a public company listed on the Main Market of Bursa Malaysia Securities Berhad).

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.



**WAN MARHANIM BINTI
WAN MUHAMMAD**
COMPANY SECRETARY



Age / Gender:
49, Female



Nationality:
Malaysian



Date of Appointment:
1 January 2021



Cik Wan Marhanim binti Wan Muhammad was appointed as the Company Secretary of Public Bank on 1 January 2021. 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.

Cik Wan Marhanim holds a Bachelor of Human Science (English Language & Literature) and a Master of Law Executive (Business Law) from the International Islamic University Malaysia.

Cik Wan Marhanim is a licensed Company Secretary by the Companies Commission of Malaysia.



SURMOUNTING THE NEW NORMS

UNINTERRUPTED ACCESS TO CRITICAL SERVICES



We are with you every step of the way. We strive to ensure uninterrupted access to all our services nationwide during the COVID-19 pandemic. Our customers can utilise our self-service terminals and have access to services such as loan applications, deposits, remittances and card services at all times. Customers can also interact with us through our mobile applications or visit our website for their needs. These measures allow us to stay connected with our customers without the need for physical interaction.



Corporate Governance

Overview Statement

This statement provides an overview by the Public Bank Board of Public Bank's application of the following 3 key principles of good corporate governance as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"):

- (i) Board leadership and effectiveness;
- (ii) Effective audit and risk management; and
- (iii) Integrity in corporate reporting and meaningful relationship with stakeholders.

Public Bank's applications of the practices set out in the MCCG 2017 during the financial year 2020 are disclosed in the Public Bank's Corporate Governance Report for the financial year ended 31 December 2020 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, Compliance Committee and Credit Risk Management 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 2020 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, with all strategic and critical issues 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 effective day-to-day management of the Bank's operations. 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 a qualified and competent Company Secretary who provides advice on governance matters, Board policies and procedures as well as requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary also facilitates timely communications of decisions made and policies set by the Board at Board meetings, to the Senior Management for action.



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.

The Bank's Constitution allows a Member of the Board of Directors to participate in a meeting of the Directors by means of a conference telephone, video conference or any other instantaneous tele-communication device which allows all persons participating in the meeting to hear each other. In 2020, some Board meetings were conducted virtually as a precautionary measure in view of the severity of the COVID-19 pandemic and the Government's implementation of movement control orders / conditional movement control orders.

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 on 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 are 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.



Corporate Governance

Overview Statement

Board Composition

The Board as at 5 April 2021 comprises 10 Members following the appointment of Mr Lim Chao Li as an Independent Non-Executive Director with effect from 5 April 2021. 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, information technology, economics, business and commerce.

The 10 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 fulfil 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 52 of this annual report.

Board Balance and Independence

The Board as at 5 April 2021 comprises only 1 Executive Director and a strong presence of 9 Non-Executive Directors, of whom 6 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.

The Board comprises 30% women Directors ie. 3 out of the 10 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 2020.
- The total number of directorships held by each Director is in compliance with the maximum number set by the Board.

Directors' Training

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

During the financial year 2020, Members of the Public Bank Board had received training on areas relevant to their duties and responsibilities as Directors by attending / participating virtually in external seminars / talks and internally facilitated sessions. The Directors had attended / participated virtually in talks, webinars, 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 Public Bank'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 / participated virtually by the Directors during each financial year.



Corporate Governance

Overview Statement

Conferences, seminars and training programmes attended / participated virtually by Directors in 2020 included the following:

Board Leadership / Corporate Governance

- FIDE Forum Core Programme.
- FIDE Forum 2nd Distinguished Board Leadership Webinar on Outthink The Competition: Excelling in a Post COVID-19 World.
- FIDE Forum 3rd Distinguished Board Leadership Webinar on Challenging Times: What Role Must the Board Play?.
- FIDE Forum 5th Distinguished Board Leadership Webinar on Climate Action: The Board's Leadership in Greening the Financial Sector.
- BNM-FIDE Forum Annual Dialogue with the Governor of BNM.

Risk / Compliance / Regulatory

- FIDE Forum 4th Distinguished Board Leadership Webinar on Risks: A Fresh Look from the Board's Perspective.
- Webinar on Raising Defences: Section 17A, Malaysian Anti-Corruption Commission Act.
- Talk on Anti-Money Laundering / Counter Financing of Terrorism and Targeted Financial Sanctions: Compliance – A Need to Protect Business.
- Islamic Finance for Board of Directors Programme.
- Talk on Trends and Developments in Islamic Finance.
- Overview of MFRS 17: Insurance Contracts.

Banking, Finance & Economy

- FIDE Forum 1st Distinguished Board Leadership Webinar on COVID-19 and Current Economic Reality: Implications for Financial Stability.
- Webinar on Flatten the Curve: Then What?.
- Webinar on Leadership Insights: Turning Crisis into Opportunity, Embracing Challenges & Opening Possibilities.
- Webinar on A Critical Juncture for US – China Relations.
- Webinar on The Open Banking Opportunity for Public Bank.
- Webinar on The Day After Tomorrow: Creating Jobs in the Post-COVID World.
- Talk on The Uncertain State of the World Economy.
- Hong Kong Stock Exchange's e-Training Courses on Environmental, Social and Governance ("ESG") Governance & Reporting and New ESG Requirements.

Digital Banking / Financial Technology

- FIDE Forum Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses.
- FIDE Forum Digital Financial Institutions Series: Fidor's Experience.
- FIDE Forum 6th Distinguished Board Leadership Webinar on Green Fintech: Ping An's Journey to Becoming a Top ESG-Performing Financial Institution.
- FIDE Forum Webinar on Digital Banking: Why Does It Matter?
- Webinar on The New Normal: Business & Management Innovation in a New Crisis.
- Webinar on Building Security in an Unsecure World.
- Webinar on Digital Platforms and the New World.



Directors' 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 structure of peer banks, in order to be competitive to retain skills and talent, and achieve diversity, on the Board.

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 2020 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 2020 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
2020									
Executive Director									
Tan Sri Dato' Sri Tay Ah Lek	10,512	316	18,968	7,114	49	36,959	547	587	38,093
Non-Executive Directors									
Tan Sri Dato' Sri Dr. Teh Hong Piow	-	428	-	19,936	90	20,454	1,178	200	21,832
Lai Wan	-	428	-	410	-	838	291	-	1,129
Tang Wing Chew	-	316	-	251	-	567	291	-	858
Lai Wai Keen	-	316	-	332	-	648	-	-	648
Cheah Kim Ling	-	316	-	411	-	727	-	-	727
Lee Chin Guan	-	316	-	174	-	490	275	84	849
Dato' Mohd Hanif bin Sher Mohamed	-	316	-	412	-	728	258	82	1,068
Tham Chai Phong	-	316	-	298	-	614	-	-	614
	-	2,752	-	22,224	90	25,066	2,293	366	27,725
Total Directors' remuneration	10,512	3,068	18,968	29,338	139	62,025	2,840	953	65,818



Corporate Governance

Overview Statement

Senior Management

The collective leadership of Senior Management and the CEO are imperative in the development and implementation of the corporate strategies and the establishment of a strong governance culture in the Bank. They play an active and pivotal role in conducting the business operations in accordance with the directions set out by the Board of Directors.

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 in the management 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 the 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

Succession management is essential to leadership continuity and business sustainability. The Bank has in place robust succession planning, talent development and talent management programmes to build a pipeline of talents from within the Bank with the right skill sets, experience and leadership qualities. Identified talents are groomed as successors to key leadership positions.

In tandem with the evolving and strategic human resource practices as well as to align with the Group's business priorities, the succession planning process has been further enhanced for a more effective talent identification and talent management.

Customised and focused developmental plans corresponding to the identified competency gaps of each talent are drawn up in order to effectively close the readiness gaps. The identified candidates are provided with targeted training covering job knowledge, skill development and job-related exposures to be ready in assuming key leadership positions. There are continuous reviews and evaluations of their progress and the tracking of targets as set out in their individual development plans.

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.

The Bank's succession planning policy and programme is subject to 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 is 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.
 - 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, 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 pay-out criteria. The first component of the performance bonus is linked to the individual performance of Senior Management and the pay-out 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 have committed 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 2020:

Remuneration	No. of Senior Management Staff	Non-Deferred (RM)	Deferred (RM)
Fixed	28	24,022,647	–
Variable		3,597,132	16,363,000

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 76 of this annual report.

• Whistleblowing Policy and Procedures

The scope of the Whistleblowing Policy and Procedures covers all staff and third parties in making disclosure of any improper conduct or irregularities without any risk of reprisals. The Whistleblowing Policy and Procedures 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.

The scope of the Whistleblowing Policy and Procedures has been expanded in line with the recommended Standard on Whistleblowing for Financial Institutions by Financial Services Professional Board.

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 78 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:

1. Asset Misappropriation
2. Fraudulent Statement / Representation
3. Corruption
4. 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 77 of this annual report.



Corporate Governance

Overview Statement

• Anti-Bribery and Anti-Corruption Policy

The Public Bank Group recognises the importance of establishing and maintaining good corporate governance and is committed to conducting business in accordance with the highest ethical standards and in full compliance with all applicable laws, regulations and standards in all locations and jurisdictions in which the Bank operates.

In this regard, the Group has established the Anti-Bribery and Anti-Corruption Policy (hereinafter referred to as "ABAC Policy") with reference to the requirements of the Guidelines on Adequate Procedures issued by the Prime Minister's Department on 4 December 2018 and Subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009"), as stated in the MACC Amendment Act 2018.

The ABAC Policy is developed with the following objectives:

1. Build and foster a business environment which is free of bribes and corruption and which enhances integrity, transparency and accountability.
2. Inculcate in all members of the Board of Directors and staff the commitment of the Bank against corruption in all its forms, including bribery.
3. Define what constitutes bribery and corruption and other prohibited practices.

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 2020 which can be downloaded from Public Bank's corporate website at www.publicbankgroup.com.

The main activities of the Nomination and Remuneration Committee in 2020 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 member.
- 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 KRPs.
- Recommendation to the Board on promotion of KRPs.
- Recommendation to the Board on renewal of contracts of employment of Senior Management staff.
- Review of Public Bank's succession planning policy for key leadership positions.
- Review of Board succession planning.
- Review of Public Bank's Fit and Proper Policy.
- 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 KRPs.
- Review of Public Bank's Remuneration Policy.

MCCG 2017 PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee is established by the Board and comprises 6 Members as at 5 April 2021, 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.

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's terms of reference stipulate that, among others, a former key audit partner is to observe a cooling-off period of at least 2 years before being appointed as a Member of the Audit Committee. In relation to this requirement, none of the members of the Audit Committee is associated with or had been a key partner of the external auditors appointed by the Bank in the past two years.

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 the Bank's Knowledge & Learning Centre in 2020 to keep themselves abreast of relevant developments in the banking industry including accounting and auditing standards, relevant regulatory requirements as well as effective governance practices.

The Audit Committee assists the Board in overseeing the financial reporting process and assessment of 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 from 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 with the external auditors to discuss their audit plan, audit findings and observations on the 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 86 to 92 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 Group Policies and Procedures are in line with the requirements in the BNM Policy Document on External Auditors.

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 as set out in the Group Policies and Procedures. This assessment checklist covers all relevant professional and regulatory requirements, the competency, audit quality and resources capacity 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 any non-audit services to Public Bank and / or the Public Bank Group, the Audit Committee has to be satisfied that the external auditors is suitable, independent and objective in the provision of such services. The Audit Committee must also be satisfied with the nature and extent of the non-audit services and that there is no element of conflict of interest. The accumulated fees to be charged shall be 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 2020 are set out in Practice 8.3 of the Public Bank's Corporate Governance Report for the financial year ended 31 December 2020 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.



Corporate Governance

Overview Statement

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

The Group Chief Internal Auditor ("GCIA"), Mr Lim Then Fui ("Mr Lim") oversees the Internal Audit functions of Public Bank and the Public Bank Group. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He is also a Certified Bank Auditor. Mr Lim has a total of 41 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 documents 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 conforming 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. Staff upon joining IAD are required to declare to the GCIA that they are free from any relationships or conflicts of interest that could impair their objectivity.

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 86 to 92 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 Public Bank 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 80 to 85 of this annual report.

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 8 members as at 5 April 2021, of whom 6 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 recognises the importance of stakeholder engagement in building meaningful relationships with its stakeholders, based on mutual trust and understanding. The Bank remains committed to effective communication with its internal and external stakeholders through transparent, regular and timely engagement to facilitate well-informed decision making. This provides stakeholders with better appreciation of Public Bank, including its mission, growth strategies, business operations, financial performance, governance practices and track record of achievements. Effective stakeholder engagement and communication enable the Bank to gain insight into the expectation and interest of stakeholders, hence allowing the Bank to appropriately respond to stakeholders' feedback and concerns accordingly.

Public Bank has been enhancing its communication with investors on the environmental, social and governance ("ESG") aspects, amid heightened investors' interest in the area of ESG, which has further strengthened the long-term shareholder value.

In this respect, Public Bank's investor relations have been actively engaging with stakeholders. In its quarterly announcements, Public Bank releases its financial results to Bursa Malaysia and issues press statement to the media. In 2020, the Bank conducted briefings to analysts via teleconferencing, owing to the social distancing measures amid the COVID-19 pandemic. Given the highly uncertain operating environment, the Bank hosted quarterly briefings to keep analysts up-to-date with the Bank's performance and strategy in response to the on-going challenges from the COVID-19 pandemic.

Meanwhile, the Senior Management of Public Bank involved in investor relations has continued to intensify its efforts to engage with domestic and international investment communities through conference calls, virtual roadshows, telepresence and virtual meetings.

In addition, Public Bank provided extensive information in its Annual Report and Financial Statements. Apart from that, Public Bank's corporate website at www.publicbankgroup.com is resourceful and updated with dedicated webpages on investor relations and corporate governance, which ensures uninterrupted and effective transmission of information to stakeholders.

The investment community can engage with Public Bank through a dedicated investor relations team as follows:

PUBLIC BANK

Tan Sri Dato' Sri Tay Ah Lek

Managing Director / Chief Executive Officer
Telephone number: +603-21766000
E-mail: ir@publicbank.com.my

Chang Siew Yen

Senior Chief Operating Officer
Telephone number: +603-21767461
E-mail: changsiwewen@publicbank.com.my

Yik Sook Ling

Chief Financial Officer
Telephone number: +603-21773310
E-mail: yiksookling@publicbank.com.my

PUBLIC FINANCIAL HOLDINGS LIMITED

Tan Yoke Kong

Executive Director
Telephone number: +852-25419200
E-mail: yktan@publicbank.com.hk

INVESTOR RELATIONS UNIT

Denise Fong Po Yen

Corporate Planning, Strategy & Economics
Telephone number: +603-21766293
E-mail: ir@publicbank.com.my

General Meetings

Public Bank's general meetings are major avenues of communication with its shareholders. The annual general meeting ("AGM") and extraordinary general meeting ("EGM") are platforms for shareholders' engagement with the Bank's Directors and Senior Management.

Arising from the COVID-19 pandemic, Public Bank held its first fully virtual AGM on 29 June 2020. The Bank tapped on digital infrastructure to facilitate live streaming of the Public Bank's 54th AGM as well as online remote participation and online voting by its shareholders. This allowed the Bank's Directors and Senior Management to continue to engage effectively with its shareholders, despite the restriction on physical social contact.

At the AGM in 2020, the Managing Director / CEO presented a comprehensive review of the Public Bank Group's financial performance and strategies going forward. Shareholders had submitted questions electronically to the Directors prior to the AGM and also took the opportunity to raise questions or seek clarifications on the agenda items of the meeting during the live streaming of the AGM. Questions were addressed, while feedback and suggestions were noted by the Directors and Senior Management.

Public Bank's general meetings, which continued to garner strong support from its shareholders, had fostered strong relationship through improved engagement with its stakeholders. A summary of the proceedings of the general meetings is made available at the Bank's corporate website.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 26 February 2021.



Risk Management

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The Public Bank Group's track record of consistent prudent approach to risk management provides a solid foundation for the Group to overcome this challenging period.

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2020 was a challenging year with the COVID-19 pandemic bringing many sectors to a near total halt and has plunged the global and local economies into recession. At this juncture, the recovery path remains uncertain with the resurgence of the pandemic in the fourth quarter of 2020. In the horizon is the inoculation of the COVID-19 vaccine in Malaysia and globally. This will see the resumption of economic activities.

Public Bank Group confronted the 2020 challenges from a position of strength. At the onset of the pandemic, all risk units have immediately altered its risk initiatives to focus on managing the resultant risks arising from the various containment measures such as Movement Control Orders. Resources were immediately re-prioritised and re-assigned to ensure smooth banking operations and that all critical functions remained operative. The credit rehabilitation and recovery team had been reinforced to ensure adequate and conversant staff are ready to respond to borrowers' needs. Throughout this period, the Group kept its customers at the forefront. Ensuring customers' safety and wellbeing and to assist its customers to tide over the challenging period is the key focus of the Group. In maintaining its operational resilience, the Group also paid particular attention to the safety of its employees.

Credit Risk

The unprecedented event has caused significant disruptions to businesses and society at large. The survival of the affected borrowers is highly dependent on the availability of cash flows to tide them over. Recognising this need, Public Bank Group has mobilised its resources to support the implementation of the various government and Bank Negara Malaysia's ("BNM") relief measures in ensuring the assistance reaches the customers speedily and efficiently.

Business units' resources were applied to mobilise the approval and disbursement of the various special financing schemes offered to corporations and Small and Medium Enterprises ("SMEs") by the Malaysian government and BNM. During this period, the credit onboarding scorecards and credit assessments were supplemented with COVID-19 sensitised financial forecast template to better evaluate the future repayment capacity and business performance as referencing to the past audited financial statements is no longer relevant for most businesses. This is also to mitigate the model risk arising from the standstill in borrowers' aging behavioural profile during the six-month automatic moratorium. The added risk measures are necessary to ensure Public Bank Group continues to extend financing and yet safeguard its future asset quality.

Following the end of the six-month automatic moratorium period on 30 September 2020, the credit control units intensified efforts to extend targeted assistance to borrowers who continued to face financial difficulties by rescheduling and / or deferment of their loan repayments. In ensuring the effective and efficient transmission of the government and BNM relief measures, the Public Bank Group had put in additional efforts to ensure seamless implementation and to make it a simple and non-burdensome process to the borrowers. The process of extending the targeted repayment assistance to borrowers post end September 2020 was digitalised, offering three options of standardised packages. Three months extension of moratorium were granted to the unemployed and B40 borrowers. Helpdesks were activated at all branches and credit control centres and nationwide repayment assistance campaign roadshows were conducted. Trilingual videos were posted in YouTube to guide customers through the digital application and acceptance process.

Targeted corporate borrowers which experienced decline in cash flow from the effects of the various levels of movement control orders were engaged for moratorium and / or rescheduling and restructuring tailored to their cash flow generation capacity. The developments in the market place including the developments in the property market condition and movements in commodity prices are well under radar and corporate borrowers are closely monitored against these developments. The Group continues to focus on provision of funding to viable borrowers.



Amidst the various relief assistance that will tide over the customer or delay the surfacing of the credit risk, at the onset of COVID-19, Risk Management Division (“RMD”) and Credit Control units remained steadfast to identify the potential credit risk that may emerge from the pandemic. Arising from the inability to fully apply the credit bureau data for both credit assessment and portfolio management, RMD and Credit Control units adapted the credit risk identification process. Various risk factors were tested to identify secondary risk factors that can supplement the discernible risk factors i.e. sectors directly affected and demographic, to identify probable indication of a potential credit weakness and possible borrowers-at-risk (“BAR”). The identified BAR were stressed for its potential credit charge and its impact on the Public Bank Group’s capital positions. RMD leveraged on analytics to analyse borrowers’ behavioural profile focusing on the payment behaviours and co-relating to other risk factors to sieve out potential vulnerable borrowers. The process is continuously reviewed as the situation develops and with new information such as information on demographics. This is incessantly followed by stress testing the BAR. The insights of the stress results enable the Senior Management team to keep sight of the vulnerabilities and the potential impact to the Group. Apart from conducting numerous internal stress testing as the situation develops, the stress testing team participated in the “Industry-Wide Bottom Up Stress Test and Sensitivity Analysis” held in August 2020, a measure undertaken by BNM to assess Malaysia’s state of financial stability under a stress scenario.

Operational Risk

2020 underwent many operational adjustments to adapt to the new normal and standard operating procedures necessary to ensure staff and customers stay safe and to minimise disruption in the provision of banking services. In Malaysia, the advancement of the internet / mobile banking and other electronic payment initiatives coupled with the increase in the number of consumers embracing digital payments have enabled Malaysian financial institutions to overcome the operational challenges with minimal disruption. Some notable risks arising from the operational adjustments impacting both the day-to-day operational risks as well as the cybersecurity landscape were as follows:

a) Threats of Operational Continuity and Disruption Risk

Implementation of new business continuity measures such as remote working arrangements and adjusted processes including exceptions handling and changes to standard operating procedures have inevitably heightened all financial institutions to risks of human errors / omissions, ineffective communication and data leakage. In addition, financial institutions are also exposed to heightened risk of potential service disruption from the third party service providers arising from inability to render their services during the Movement Control Order period.

During this period, the Public Bank Group had activated its Business Continuity Plans with the deployment of necessary infrastructure for split operations, remote working arrangements and the use of online platforms for engaging with customers to enable the continued provision of essential financial services to the public. The Group immediately enhanced its risk management practices and internal controls to effectively respond to the shifting business needs, risk exposures and customer expectations. The Crisis Management Teams were activated to monitor the situation so that measures can be promptly deployed to minimise service disruptions. In addition, appropriate precautionary measures on health and safety were also mobilised to safeguard the wellbeing of the staff and customers.

b) Threats of Online Banking and Electronic Payment Fraud

The shift to online and digital platforms for financial transactions had intensified, reducing face-to-face transactions to combat COVID-19 pandemic. The use of digital services exposes customers to risk of social engineering attack / fraud scam as fraudsters exploit customers’ lack of online banking security awareness. To this, the Public Bank Group stepped up measures to educate and promote consumer awareness on the threats of payment fraud and financial scam by publishing advisories and fraud alerts on the Group’s websites. The Group’s risk management systems and practices on fraud detection and prevention were strengthened through continuous enhancement of the security features in its online banking platforms and refinement of online fraud monitoring parameters. In addition, dispute resolution procedures are in place to facilitate customers to resolve any disputed transaction, which includes any error, omission or unauthorised transaction.

c) Cyber Threats

Digital threats continued to intensify following the greater use of digital platforms in 2020. This will correspondingly further heighten financial institutions’ susceptibility to risk of cyber threats arising from malware attacks and risk of data leakages from work-from-home, video conferencing and others. The potential significant adverse impact arising from cyber threat on the banking business has rendered it as the top operational risk of the Public Bank Group. The management of the cyber threats is governed by the Group’s Cyber Resilience Framework which *amongst others*, sets out the following:

- Guidance to promote safe adoption of emerging technologies
- Controls to be in place to safeguard confidentiality of information including regular security reviews and audits to test the control effectiveness
- Requirements for the cyber defence capabilities covering cyber risk vigilance and awareness, social engineering testing, incident response, crisis management and business continuity
- Subscribe to threat intelligence alerts as a source of timely information on current security issues, vulnerabilities and exploits for proper and timely handling of cyber security incidents



Risk Management

Liquidity and Funding Risk

Amidst the challenges experienced by the global and local economies, the Malaysian banking system's deposits grew by 4.5% (2019: 2.9%) outpacing loans growth of 3.4% (2019: 3.9%) in 2020. For the same period, the Public Bank Group's domestic operations recorded 3.8% deposits growth and 5.4% loans growth. The deposits growth was mainly attributable to growth in Current Account and Savings Account as funds were not utilised for monthly financing repayment during the automatic moratorium period. In addition, relief funds received from Government Stimulus Package and reduced consumer spending also contributed to growth in Current Account and Savings Account. In the last two years, Overnight Policy Rate cut by a total of 150 bps to end 2020 at 1.75%, which was lower than the Global Financial Crisis.

Initially, the roll out of the six-month automatic moratorium raised concerns on the possible adverse impact on financial institutions' funding requirements including the compliance with the regulatory liquidity limits. In view of its potential impact on regulatory ratios due to the deferral of the cash inflows of banks, BNM had at the onset allowed financial institutions to operate below the minimum Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") of 100% up to end September 2021. The Public Bank Group did not drawdown the prudential buffer and its LCR and NSFR averaged at a healthy level of 147.4% and 117.1% respectively in 2020. As at end 2020, 69.3% of the instruments held are in government securities and this provides a high liquidity buffer to the Group.

In 2020, one of the key focus was the periodic dynamic scenario analyses conducted to estimate the impact of the various measures implemented by the government and BNM on the Public Bank Group and its key entities' liquidity positions to identify areas of vulnerabilities. Depositors' behavioural profile especially the large depositors and borrowers' repayment behaviours were closely monitored. Various possible borrowers' repayment and depositors' behaviour were modelled to test the resilience and tolerance of the Group's liquidity positions. The scenario analyses revealed that the Group's liquidity positions remained sound. This was due to the continuous strength of the Group's retail and SMEs deposit franchise whereby this segment contributed 66.2% of the Group's total customers' deposits.

The developments in the banking system liquidity will continue to be closely monitored. Market observations will be incorporated to project impact on the Public Bank Group's funding requirements and mix as well as on the projected liquidity compliance ratios. The Group will continue to focus on retail and SMEs deposits as a stable source of funds and pay attention to the alternative source of stable funds which may be from issuance of long term debt.

Market Risk / 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 being closely monitored by the Group's Treasury Division and RMD. 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.

London Interbank Offered Rate ("LIBOR") Reform and Transition

LIBOR, which has been widely used in the global financial markets, is tentatively expected to be discontinued by end 2021 and replaced by alternative Risk Free Rates as part of the global reform of benchmark interest rates.

Public Bank Group has undergone the process to systematically identify portfolios and transactions that are affected by the LIBOR transition. The size and volume of the Group's exposures to LIBOR is not significant. Nonetheless, the Group have put in measures to ensure the smooth transition.

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 controls and governance processes. In performing this role, the Audit Committee reviews the internal control issues, the root causes and impacts identified by the internal and external auditors as well as regulatory authorities during their periodic audits. The Audit Committee also reviews and ensures that Management has taken appropriate and adequate remedial actions in a timely manner to address and resolve control weaknesses, non-compliance with laws, regulatory requirements, policies and other operational lapses highlighted by the internal and external auditors as well as regulatory authorities. In addition, the Audit Committee reviews the performance and effectiveness of the Internal Audit function, with particular emphasis on the achievement of its 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 is responsible to provide advice to ensure Public Islamic Bank Berhad’s operations, business, affairs and activities are Shariah compliant. This includes advising the Board and Management on Shariah matters, endorsing Shariah policies, products and services and the relevant documentation in relation to Islamic banking operations, as well as deliberating and affirming Shariah non-compliance findings and endorsing 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 MANAGEMENT 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	Key Risk Management and Internal Controls
Credit Risk (including counterparty credit risk and country risk)	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 • Monitoring mechanisms are in place to identify potential distress for early intervention and / or to take prompt recovery actions • Independent credit review by Risk Management Division on large loan application, credit request and review
Market Risk	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 controls are in place • 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
Liquidity and Funding Risk	Risk that the Group does not have sufficient financial resources to meet its expected or unexpected cash flows / commitments, or securing financial resources 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 • Maintaining a diversified and balanced funding portfolio • Adequate liquidity cushion to withstand stress conditions • Subsidiaries are to attain self-funding position • Contingency funding plan is to manage any potential liquidity crisis and set out the specific actions during period of stress • Liquidity stress test to anticipate potential impact from severe liquidity stress event
Operational Risk	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 • New products or services introduced and variations are subject to a vigorous evaluation process • Disaster recovery and business continuity plans covering all critical business operations are regularly tested and updated



Risk Management

Principal Risks	Definition	Key Risk Management and Internal Controls
Technology and Cyber Risk	Risk emanating from the use of information technology ("IT") and the Internet. This risk arises from ineffective IT strategy, failures or breaches of IT systems, applications, platforms, infrastructure, processes or human errors which could result in financial loss, disruptions in financial services or operations, or reputational harm to the Group	- Technology Risk Management Framework and Cyber Resilience Framework are established to ensure technology and cyber risk is managed in a systematic and consistent manner - Regular IT risk assessment is conducted to assess the resiliency of the IT infrastructure and adequacy of cybersecurity preparedness as well as to identify areas for enhancement - Risk assessment is conducted prior to implementing new electronic banking ("e-banking") services or any material enhancement to the e-banking services - Rigorous systems development life cycle procedures are in place to ensure the development, testing, implementation and maintenance of information systems are properly carried out - Continuous cyber security awareness programs / trainings such as phishing email attack tests and e-learning courses on information security are conducted to promote staff awareness
Capital Risk	Risk of insufficient capital to meet the capital required to support the Group's business growth strategies and to satisfy regulatory capital adequacy requirements	- Internal Capital Targets established factoring capital to meet regulatory requirements, regulatory capital buffers, capital required under period of stress and Pillar 2 risk - Monitoring of capital positions against Internal Capital Targets - Enterprise stress test exercise to assess the adequacy of capital levels - Capital deficiency plan to identify early warning signals of capital deficiency and set out capital restoration strategies
Reputation Risk	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	- Identify risk drivers including emerging risk, that may have an impact on reputation and assessment of the controls in place to manage the risks identified - Establish procedures on the escalation and management of potential or current reputation events
Strategic Risk	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 - 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



Principal Risks	Definition	Key Risk Management and Internal Controls
Shariah Non-Compliance Risk ("SNC")	Risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the entities may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM and / or the SAC of Securities Commission, Bursa Malaysia, standards on Shariah matters issued by BNM pursuant to section 29 (1) of the Islamic Financial Services Act 2013, or decisions or advice of the respective entities' Shariah Committee / Shariah Advisers	- The Shariah Governance Policy, Shariah Risk Management Policy and other relevant Shariah policies and procedures are in place to manage the Islamic banking operations, business, affairs and activities to ensure Islamic products including its execution are in compliance with Shariah principles - Use of Shariah risk management tools such as Risk and Control Self-Assessment, Key Risk Indicators and SNC incident reporting - New Islamic products or services introduced and variations are subject to a systematic evaluation process - Sponsoring staff to acquire Shariah certification to enhance knowledge and upgrade skills on Shariah matters
Compliance risk	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 - Resident / Mobile Compliance Officers are deployed to perform compliance checks at branches, Hire Purchase ("HP") Centres, HP Hubs and Securities Documentation Centres - Dedicated Compliance Officers are appointed to support the business / support units to establish and execute their compliance risk mitigation strategies and processes - 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 45 to the financial statements
- ii. Pillar 3 Disclosure



Ethics, Integrity and Trust

“

Integrity should exist in all dealings in order to build the trust of customers and upkeep the Bank's reputation.

”

TAN SRI DATO' SRI DR. TEH HONG PIOW

ETHICAL LEADERSHIP

Being ethical is a core attribute for a professional banker, and at the very heart of professionalism. A professional banker will need, in addition to technical capability, a rounded skill set that demonstrates key quotients for success in areas such as experience, intelligence, creativity, digital skills, emotional intelligence and vision, and at the heart of these lies the ethical quotient. The Public Bank Group firmly believes in the value and importance of ethical behaviour – both as a necessary attribute of being a professional banker and as a driver for sustainable organisational performance. The Group has therefore put in place comprehensive policies to provide guidance and ethical standards required of all its employees in their daily activities and decisions. The related key policies are summarised 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 Code of Ethics is encapsulated 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 vigilantly adheres to the Fit and Proper Policy for Key Responsible Persons in accordance with the guidelines set out by Bank Negara Malaysia to ensure that the Group is helmed by ethical, professional and competent personnel who meet 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 – has 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 following provisions:

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

COMPLIANCE POLICY

“Compliance” means adherence to laws, regulatory provisions and other legal regulations as well as values and rules. The Public Bank Group is fully committed to complying with all legal provisions and the regulatory framework applicable to the Group in all its business activities. Strict compliance with the law is a fundamental behavioural standard required of all the Group’s employees.

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 adopts a zero tolerance approach to any form of fraud and is committed to conducting all of its business with the highest level of ethics and integrity. To uphold this commitment, the Anti-Fraud Policy is established to reinforce procedures to aid in the prevention, detection and investigation of fraud.

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, employee, supplier, vendor, agent or any person(s) who has dealings with the Bank.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY (“ABAC POLICY”)

The Public Bank Group recognises the importance of establishing and maintaining good corporate governance and is committed to conducting business in accordance with the highest ethical standards in full compliance with all applicable laws, regulations and standards in all locations and jurisdictions in which the Bank operates. In this regard, the Group has established the ABAC Policy with reference to the requirements of the Guidelines on Adequate Procedures issued by the Prime Minister’s Department on 4 December 2018 and Subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009, as stated in the MACC Amendment Act 2018.

The ABAC Policy is developed with the following objectives:

- Build and foster a business environment which is free of bribes and corruption, enhancing integrity, transparency and accountability.
- Inculcate in all members of the Board of Directors and employees the corporate values and commitment of the Bank against corruption in all its forms, including bribery.
- Define what constitutes bribery and corruption and other prohibited practices.



Ethics, Integrity and Trust

ANTI-MONEY LAUNDERING, COUNTERING FINANCING OF TERRORISM AND TARGETED FINANCIAL SANCTIONS POLICY ("AML / CFT AND TFS")

Effective anti-money laundering and combating the financing of terrorism regimes are essential to protect the integrity of markets and the global financial framework as they help to mitigate the factors that facilitate financial abuse. In this regard, the Public Bank Group has established a comprehensive AML / CFT and TFS framework covering the legal and regulatory requirements as well as extensive infrastructure and system of internal controls 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 and TFS Policy outlines the following objectives:

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

WHISTLEBLOWING POLICY AND PROCEDURE ("WBP")

The Public Bank Group does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by its employees in the course of their work. This WBP is intended to provide a framework to promote responsible and secured whistleblowing without any fear of adverse consequences.

The Policy aims to create an environment where employees, vendors, service providers, customers and other stakeholders are able to raise concerns on misconduct, irregularities or malpractices, without fear of harassment and / or victimisation and with an assurance that their concerns will be taken seriously.

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.

The scope of the WBP has been expanded in line with the recommended Standard on Whistleblowing for Financial Institutions by Financial Services Professional Board.

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

Social media are powerful communication tools, which form an integral part of our daily lives. The mode and manner of such communication may expose the Public Bank Group to the threats associated to social media. The Group's Social Media Policy provides guidelines, behavioural standards 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.

INFORMATION SECURITY POLICY

At the core of information security is information assurance, the act of maintaining the confidentiality, integrity and availability of information, ensuring that information is not compromised in any way. As a trusted and responsible financial institution, 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

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 employees.
- Reminders via employees circulars from time to time.
- Comprehensive training on the standards of ethical conduct expected of employees in the Public Bank Group with emphasis on:
 - Enhancing employees knowledge on regulatory requirements.
 - Enabling employees to understand and internalise the ethical standards set by the Group.
 - Equipping employees with knowledge and skills to handle ethical dilemmas with integrity.
 - Equipping employees with knowledge and skills to detect early warning signs of fraud and malpractices.
 - Enabling employees to comply with the Group's Code of Ethics.
- 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 employees 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 employees 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 takes a serious stance towards any breach of the Group's Code of Ethics or applicable laws, regulations or policies. Stringent disciplinary measures are meted out on any unethical behaviour or practices.

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 Main Market 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 operating 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

KEY RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key risk management and internal control processes that the Board has established in reviewing the adequacy and effectiveness of the system of risk management and internal control, including compliance with applicable laws, regulations and guidelines, are as follows:

Risk Management

• Group Risk Management

The Group Risk Management Framework, which is developed based on the Bank Negara Malaysia’s (“BNM”) Policy Document on Risk Governance, 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 Risk Management Function (“RMF”) of Public Bank (“the Bank”) is responsible for the development and the implementation of the Group Risk Management Framework.

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 functions 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 within 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.



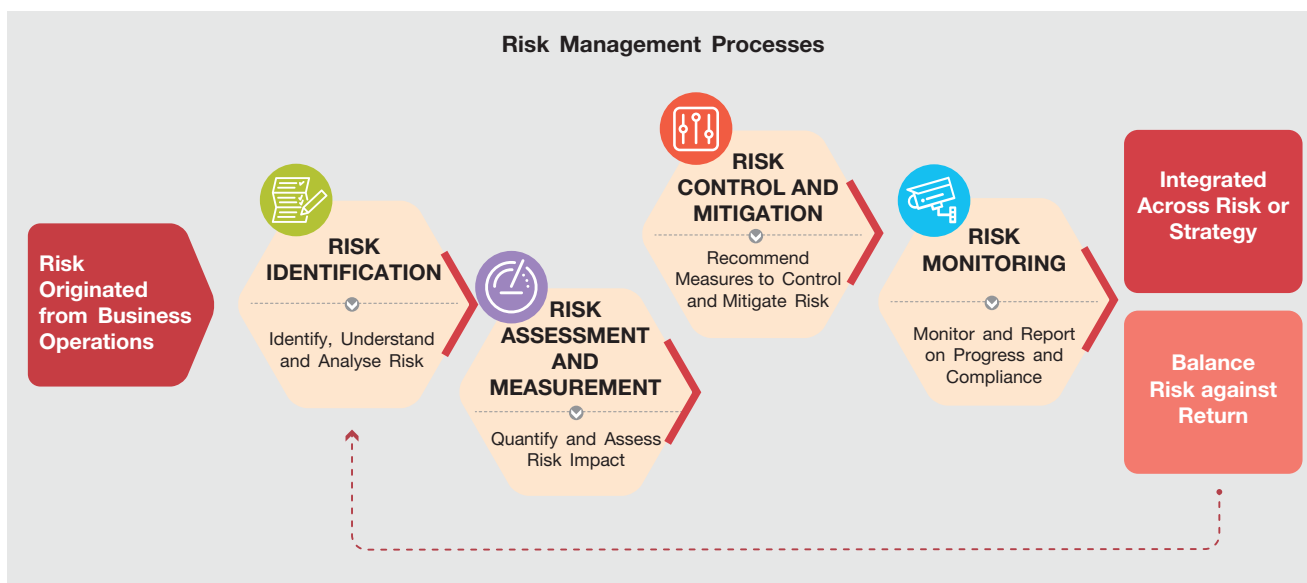
RMF of the Bank provides main support to the RMC and to the other risk management committees in meeting their responsibilities. RMF is responsible to develop and maintain group risk management policies and procedures that consider changes in operating environment and regulatory requirements. Group risk management policies and procedures are extended to the subsidiaries for adoption and where necessary, are customised to comply with the local regulatory requirements.

– 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 accurate 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



Statement on Risk Management and Internal Control

• Group Compliance

The Group Compliance Policy, which is developed based on BNM's Policy Document on Compliance, sets out the following principles for managing compliance risk and in cultivating high standards of integrity and conduct within the Group:

– 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.

The Board is assisted by the Compliance Committee ("CC") to oversee compliance matters including the implementation of the Group Compliance Policy.

The Compliance Functions of the Bank and its major subsidiaries are 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 coordinating the management of the Group's compliance risk 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.

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 Governance, Risk and Compliance

The Shariah Governance Policy of Public Islamic Bank as well as other relevant policies and procedures of respective entities are in place to manage the Islamic operations, business, affairs and activities within the Group to ensure financial products offered and the execution of the transactions are in compliance with Shariah principles. Shariah non-compliance ("SNC") risks are identified across Islamic products and services and are

managed in accordance to the advice and ruling as determined by the respective entities' Shariah Committee / Shariah Adviser or the relevant bodies such as Shariah Advisory Council of BNM, the Shariah Advisory Council of Securities Commission, and Bursa Malaysia Securities Berhad. The Shariah Committee / Shariah Advisers are responsible to provide a decision, guidance or advice on any SNC issues. Upon confirmation of an actual SNC event by the Shariah Committee / Shariah Advisers, Management will propose appropriate rectification plans to be endorsed or approved by the appropriate approving authorities.

On an ongoing basis, the respective entities' Compliance and Internal Audit Functions provide independent assessment on the state of compliance of the Islamic operations, business, affairs and activities with the Shariah rules and principles. This will include assessment on the quality and effectiveness of the internal controls, risk management systems and governance processes.

On SNC, Public Islamic Bank has put in place processes to identify SNC incidents as well as processes to rectify any non-compliance. Root causes of each SNC incident are identified and reviewed by the Shariah Committee and the necessary corrective and preventive measures are put in place to prevent recurrence.

• Technology Risk Management

The Group Technology Risk Management Framework ("TRMF") is established to enable the Group to manage technology risks and its operating processes in a consistent and robust manner. It sets out the risk governance structure and risk management processes for identification, assessment, control, monitoring and reporting of technology risks to which the Group is exposed, including risks from the adoption of new technology. The TRMF is developed with reference to BNM's Policy Document on Risk Management in Technology ("RMIT").

The TRMF is augmented by the Group Cyber Resilience Framework ("CRF"). The CRF sets out the measures to be taken to manage cybersecurity risk to improve cyber resilience as well as to ensure adequate cybersecurity preparedness across the Group on a continuous basis.

Continuous and systematic assessments are conducted by Information Technology Functions and are subject to independent review by Risk Management, Compliance and Internal Audit Functions.



• Sustainability Management

The Group's approach to sustainability is founded on 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 its approach in managing material sustainability matters, namely economic, environmental and social risks and opportunities associated with the Group's everyday operations.

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

• 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 factors giving rise to reputation risk is consistently identified, assessed, mitigated / controlled, monitored and reported. 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.

Internal Control System

Control Environment and Monitoring

• 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 of the Board committees 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 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.

• 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. During their course of audits, the Internal Audit Functions assess the operating effectiveness of the risk management and internal control systems. 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 respective entities' Audit Committees. Audit findings are submitted to the respective entities' Audit Committees for review at their monthly or periodic meetings. Audit findings on Shariah matters are escalated to the Shariah Committee / Shariah Advisers. The Audit Committees also approved the Internal Audit Frameworks.

The respective entities' Audit Committees review the 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 auditors, the audit reports and internal audit annual assurance statement on the overall adequacy and effectiveness of the Bank's risk management systems, internal controls and governance processes. The minutes of the Audit Committee meetings are tabled to the respective Boards.

Further details of the activities undertaken by the Audit Committee of the Bank are set out in the Audit Committee Report in the Annual Report.

Control Activities

• 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 strategic direction 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 are periodically escalated to the respective Boards. In addition, the respective Boards 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 applicable, provide directions to the Management.



Statement on Risk Management and Internal Control

• 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 in place to ensure control procedures and limits are implemented and complied with. Authority limits are imposed on the Management 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 to ensure compliance with internal controls and relevant laws and regulations and to govern the business and operations of the Group. Some of the key policies and procedures are the Group Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Policy, the Group Anti-Bribery and Anti-Corruption Policy, the Group Banking Secrecy Framework, the Group Policy and Procedures on Outsourcing Arrangements, the Group Policy and Procedures on Risk Management Practices for New Products and the Group Policy and Procedures on Provision of Electronic Banking Services. These policies and procedures are subject to periodic review based on a structured review process to ensure continuing relevance to the changes in the operational needs, business environment or regulatory requirements and are approved by the approving authorities prior to implementation.

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 Functions, Compliance Functions and Internal Audit Functions of the Bank and its major operating subsidiaries. The independent control functions assist the respective 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 as intended.

• Business Continuity Management

The Bank and its major subsidiaries have established the Business Continuity Management Policy which sets out the objectives, scope, strategies and 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 ("BCP") and Disaster Recovery Plans ("DRP") 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. Any changes in systems, applications and procedures are updated in the DRP.

• 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 including but not limited to the collection, storage, use, transmission, sharing, disclosure and disposal of confidential and personal information.

• 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 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.



• Anti-Bribery and Anti-Corruption Policy

The Group is committed to conduct its activities free from any form of bribery and corruption or any acts which are contrary to the ethics and integrity, in locations in which the Group conduct its business. The Group adopts a zero tolerance approach towards any form of bribery and corruption. To this end, the Group Anti-Bribery and Anti-Corruption Policy ("the ABAC Policy") is established to ensure all staff and third parties working for, associated with or acting on behalf of the Group understand their responsibilities in compliance with the ABAC Policy. They must also uphold the highest standard of integrity and accountability in discharging their duties. Any breach of the ABAC Policy will result in disciplinary proceeding including but not limited to staff dismissal and the right to terminate any relationships with third parties.

The Ethics and Integrity Working Group is responsible to oversee the implementation of anti-bribery and anti-corruption programme and to promote culture of integrity as part of the continuous management of bribery and corruption risks.

• 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 disclosures are treated in strict confidence and without any risk of reprisal.

The scope of the Whistleblowing Policy and Procedures has been expanded in line with the recommended Standard on Whistleblowing for Financial Institutions by the Financial Services Professional Board.

RESPONDING TO COVID-19 RISKS

At the onset of the COVID-19 pandemic, the Group took pre-emptive measures to protect its staff, customers and operations. BCPs and DRPs were invoked with the deployment of necessary infrastructure for split operations and remote working arrangements to enable the continued provision of essential financial services to the public. The Crisis Management Teams were activated to monitor the situation so that measures can be promptly deployed to minimise service disruptions. In addition, appropriate precautionary measures on health and safety were also mobilised to safeguard the wellbeing of the staff and customers.

The new normal has correspondingly resulted in new risks. To address this, the Group has enhanced its risk management approaches and processes to ensure new risks are continuously identified and mitigated. In addition, the Group had also enhanced its internal control system to ensure it remains adequate and effective. Post-mortem on the business continuity measures were conducted to improve and enhance customers' experience and wellbeing as well as to strengthen the Group's risk management practices. This is an ongoing process as the Group acquires new insights and lessons learnt from the COVID-19 pandemic.

The respective entities' Boards and Management are provided with regular updates on the operational adjustments made to manage the business changes including the resultant new risks and the measures taken to manage the risk.

As the banking business continues to transition under the new normal with increased digitalisation and new work arrangements, the Group will focus on the potential operational, cybersecurity and technology risks as well as anti-money laundering and counter financing of terrorism risk. The Group will continue to review and enhance the internal controls, policies and procedures in response to the developments in the operating environment and regulatory requirements.

CONCLUSION

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.

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 2020, 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



Attendance: 16 / 16



Attendance: 16 / 16



Attendance: 16 / 16

1. COMPOSITION

The Audit Committee is a Board-delegated Committee established by the Board of Directors. The Audit Committee comprises six (6) Members as at 5 April 2021, all of whom are Independent Non-Executive Directors and the Board-appointed Chairman of the Audit Committee is not the Chairman of the Board of Directors.

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.

The composition of the Audit Committee is in compliance with the requirements set out in the following:

- Bursa Malaysia Securities Berhad's Main Market Listing Requirements last updated on 1 June 2020;
- The Malaysian Code of Corporate Governance revised by Securities Commission Malaysia on 26 April 2017; and
- Policy Document on Corporate Governance issued by Bank Negara Malaysia on 3 August 2016.

2. ATTENDANCE OF MEETINGS

Pursuant to the Terms of Reference of the Audit Committee which stipulated that meetings shall be held not less than 12 times a year, the Audit Committee had met 16 times in year 2020. 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
Dato' Mohd Hanif bin Sher Mohamed* 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
Tham Chai Phong Member / Independent Non-Executive Director	16 / 16
Lim Chao Li** Member / Independent Non-Executive Director	0 / 0

* Dato' Mohd Hanif was appointed as the Chairman of Audit Committee with effect from 29 March 2020 following the cessation of Mr Tang Wing Chew as the Chairman and Member of the Audit Committee with effect from the same date.

Mr Tang Wing Chew had served a maximum tenure of 9 years as Independent Non-Executive Director and during his tenure as Chairman of the Audit Committee from 1 January 2020 to 29 March 2020, he had attended three (3) meetings.

** Mr Lim Chao Li was appointed as the Member of Audit Committee with effect from 5 April 2021.



CHEAH KIM LING
Member /
Independent Non-Executive Director



Attendance: 16 / 16



THAM CHAI PHONG
Member /
Independent Non-Executive Director



Attendance: 16 / 16



LIM CHAO LI
Member /
Independent Non-Executive Director



Attendance: 0 / 0

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 as set out in the Bank Negara Malaysia's Policy Document on Corporate Governance, Bursa Malaysia Securities Berhad's Main Market Listing Requirements and Securities Commission Malaysia's The Malaysian Code of Corporate Governance. 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 empowered to carry out its roles and responsibilities with unambiguous authority to investigate any matter within its terms of reference, to seek independent professional advices, if necessary, and to require essential resources to perform its duties as well as unrestricted access to any information relating to the affairs of Public Bank and the Public Bank Group.

The Audit Committee is supported by an independent Internal Audit function established by the Board of Directors in accordance with the Bank Negara Malaysia's Guidelines on Internal Audit Function of Licensed Institutions. The Internal Audit function performs ongoing periodic reviews and assessments on the adequacy and effectiveness of the established risk management systems, internal controls and governance processes and reports the outcome of such reviews and assessments directly to the Audit Committee in its monthly meetings.

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

- Reviews the adequacy, soundness and effectiveness of the risk management systems, internal controls and governance processes implemented in Public Bank.
- Reviews and recommends any proposed revisions to the Internal Audit Charter to the Board of Directors for approval as well as approves the annual audit plan, annual training plan for internal audit staff and any new / proposed revisions to the 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 of Internal Audit Division as well as evaluates the annual performance appraisals of the GCIA and the Senior Management staff of the Internal Audit Division and approves their remunerations as proposed by Human Capital Management.
- Reviews the internal audit activities and evaluates the performance and effectiveness of the Internal Audit function against the approved key performance indicators, assesses the competency and knowledge of the Senior Management staff of Internal Audit as well as the adequacy of resources to enable 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, are free from any conflict of interest arising, either from their professional or personal relationships or from other interest in the Bank or activity which is subject to audit.



Audit Committee Report

- Reviews the internal and external audit reports to ensure that appropriate remedial actions are taken timely by Management to address and resolve identified key issues / significant lapses in controls and procedures. The Audit Committee also notes any significant disagreements over audit issues between the GCIA and the Bank's Senior Management team, irrespective of whether these issues / lapses have been resolved, in order to identify the impact of such disagreements that may have on the audit process or findings.
- 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 advise the Board of Directors should there be any irregularities noted.
- 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 Bank's financial reporting process is reliable and transparent.
- Reviews and assesses the performance of the external auditors pursuant to the requirements as set out in Bank Negara Malaysia's Policy Document on External Auditor and based on the set of criteria stipulated 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). This includes a comprehensive assessment conducted on the performance of the external auditors prior to recommendation to the Board of Directors for consideration on their appointment / re-appointment, remuneration and removal. For provision of non-audit services by the external auditors, the Audit Committee reviews and evaluates that the external auditors have the capability, independent and objective in the provision of such services and there is no element of conflict of interest situation. Additionally, the Audit Committee ensures that 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 2020, 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 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 Bank Negara Malaysia and thereafter release to Bursa Malaysia Securities Berhad pursuant to its Main Market Listing Requirements. The review focused on, 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 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 components and operating expenses.

In reviewing the unaudited quarterly, half yearly and annual audited 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:

- Key audit matters, significant accounting and auditing issues, the relevancy and appropriateness of the accounting principles applied and judgement exercised that may have material impact to the financial statements as well as the pertinent audit issues raised in its Memorandum of Recommendations 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's 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.

Arising from 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.

The Audit Committee in its oversight role over the Malaysian Financial Reporting Standards 9: Financial Instruments (MFRS 9), reviewed the adequacy of processes and procedures established in the management of / developments with regard to the MFRS 9 stage classification, stage transfer criteria and provision of Macro Economic Adjustments, management overlay for corporate and retail loans. In addition, the Audit Committee had also reviewed on the adequacy and effectiveness of the Bank's processes, procedures and internal controls put in place to ensure that the allowance for expected credit loss (ECL) conforms with MFRS 9 requirements.

Overall, the Audit Committee had reviewed and noted that the financial statements of Public Bank and the Public Bank Group are presented on an ongoing concern basis, fairly presented and in conformance with the relevant accounting standards in all material aspects of its financial position and performance for the financial year ended 31 December 2020.

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 inclusion into the Public Bank's Annual Report for the financial year ended 31 December 2020.

4.3 External Audit

The Audit Committee met three (3) times with Public Bank's external auditors, EY, to apprise on matters under review pertaining to the financial statements for the financial year ended 31 December 2020. In so doing, the Audit Committee had:

- Reviewed the recommendations set out in the Memorandum of Recommendations for the financial year ended 31 December 2020 as presented by EY;
- Reviewed, followed up and where necessary sought explanations from EY on the results of their audits including the half-yearly limited review;
- Discussed the latest changes to the accounting standards and issues impacting Public Bank and the Public Bank Group's financial statements; and
- Discussed and analysed matters relating to EY's recommendation on stage transfer criteria during the payment moratorium period, observations on Shariah-related matters within Public Bank Group, challenges and areas of focus in the year 2020.

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

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 2020, the Audit Committee had two (2) such meetings with the EY's engagement team to discuss matters of interest without the presence of Management and Internal Audit staff.



Audit Committee Report

4.4 Internal Audit Matters

In its oversight over the Internal Audit function, the Audit Committee approved the internal audit frameworks and its subsequent revisions. These frameworks were developed with reference to the standards outlined in the International Professional Practices Framework and the Conceptual Framework, an organised authoritative guidance promulgated by The Institute of Internal Auditors. The Audit Committee also reviewed and approved 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 key audit activities on a quarterly basis, including Internal Audit's response to the emerging risks emanating from the rapid changes in the business, operations and regulatory environment.

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. The Audit Committee also 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 as well as a status report on the progress of actions taken / to be taken to address and resolve the outstanding audit issues, including the implementation status of the Management's corrective action plans are tracked and tabled to the Audit Committee in its monthly meetings for review, deliberations and noting. Senior Management staff of the Bank were invited to attend the Audit Committee meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Wherever 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.

The Audit Committee also 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 and adequate remedial actions are taken on a timely basis to address and resolve the key issues / significant lapses in controls and procedures that are identified in the internal audit reports.

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 the Bank Negara Malaysia'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 for assurance that these transactions are conducted at arm's length.

The Audit Committee through its Chairman, had met with the GCIA and / or Senior Management staff of the Internal Audit function twice (2) in 2020. During these meetings, the Chairman of the Audit Committee sought more in-depth understanding on the challenges faced by Internal Audit in the light of changes to the banking industry landscape consequent to the developments in the financial technology and digital revolution as well as the impact of Coronavirus Disease (Covid-19) pandemic on the work progress of the Internal Audit function.

The Chairman also advised Internal Audit on the need to provide adequate training to its staff in order to further enhance their competency level and skill sets so that they are prepared and ready to meet the challenges ahead.



4.5 Follow-up on Resolution of Issues Raised at the Audit Committee Meetings

The Audit Committee reviewed and deliberated at length critical issues and expressed concerns over the following areas which required Management's actions:

- Contributory causes to incidents 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 monitored and followed up by the Internal Audit function and the Audit Committee is updated in its monthly meeting on the progress of the actions taken until resolution of the comments / issues.

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

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

Public Bank had further strengthened its whistleblowing policies and procedures taking into consideration the requirements set out in Bank Negara Malaysia's Policy Document on Corporate Governance as well as the requirements under the Public Bank Group Anti-Bribery and Anti-Corruption Policy established on 31 March 2020.

Pursuant to this Policy Document, the Board of Directors had appointed the Chairman of the Audit Committee as the designated non-executive director responsible for the effective implementation of the whistleblowing policies and procedures, encompassing how disclosures on concerns are timely escalated and dealt with including the punitive action taken against errant staff.

5. INTERNAL AUDIT FUNCTION

Internal Audit function, being the third line of defence, is responsible to provide independent assessment of the Bank's state of compliance with statutory / regulatory requirements and adherence to internal policies and procedures. The assessment also covers 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 to manage and mitigate the key areas of risk.

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 Bank Negara Malaysia and the Basel Committee on Banking Supervision, is reviewed and updated annually. The revised IAC which was approved by the Board of Directors, is published at the Public Banks's electronic publication homepage on 31 August 2020 and a copy of which was extended to the Internal Audit function of subsidiary companies for their adoption.

Public Bank's Internal Audit Division has a total staff strength of 200 and comprises nine (9) sections, specialising in various auditing / business areas. Most of the Internal Audit staff possessed the relevant experience and qualifications. 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 which covers a broad spectrum of business activities, support, control and operations audited including the Outsourced Service Providers, is to provide a reasonable assurance on the adequacy and effectiveness of the internal controls in place to safeguard the assets and its quality, accuracy of records and transactions, compliance with relevant laws and regulations as well as adherence to established policies and procedures.



Audit Committee Report

Internal Audit's assurance covers a comprehensive review of 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. Internal Audit's recommendations for improvement to the existing system of internal controls and work processes are highlighted to the Management for resolutions where necessary.

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 systems 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 into 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 Bank Negara Malaysia, Securities Commission Malaysia and Payments Network Malaysia Sdn Bhd;
- Reviews the 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;
- 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 participate as an independent observer in the various business continuity plan and disaster recovery plan testing exercises (under live or simulation scenarios and live split operations) to ensure that all the relevant critical business functions and critical application systems are able to resume operations / recover within the established timeline; and
- Escalates the audit findings to relevant parties such as Banking Operations Division, Compliance Division and Knowledge and Learning Centre for them to take necessary actions to beef up the branches' internal controls and to reinforce the Bank's compliance culture vide issuance of circulars to remind branches on the Bank's established processes and procedures, ongoing publishing of compliance bulletins to create staff's awareness on compliance issues and focus training to elevate the staff's knowledge and skill sets.

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 identified key risks of 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 2020 are as follows:

	RM'000
Public Bank	31,315
Public Bank Group	47,733

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



Age / Gender: 78, Male



Nationality: 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 60 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



Age / Gender: 66, Male



Nationality: Malaysian

Qualifications

- Master in Business Administration (Finance), University of Hull, United Kingdom
- Chartered Banker of the Chartered Banker Institute (CBI), 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



Age / Gender: 52, Female



Nationality: 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 Chartered Banker Institute (CBI), United Kingdom
- Bachelor in Accounting (Hons), University of Malaya

Experience

- Ms Chang has more than 27 years of 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 as 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



Age / Gender: 64, Male



Nationality: 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 is experienced in various aspects of banking, especially branch operations and credit matters at Head Office
- Appointed as Head of Credit Operations in 2003
- Promoted to Chief Operating Officer in July 2012 and Senior Chief Operating Officer in January 2020
- Presently oversees the Bank's Knowledge & Learning, Banking Operations, Credit Administration & Supervision, HP Credit Control, Compliance and Loan Rehabilitation / Credit Review of Corporate Banking

Present Directorship in other Public Companies

- Nil



LEE YO-HUNN

Chief Executive Officer
Public Investment Bank Berhad



Age / Gender: 45, Male



Nationality: Malaysian

Qualifications

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

Experience

- Mr Lee has a total of 23 years of working experience, comprising 7 years of assurance and advisory work in both Malaysia and Australia as well as 16 years in corporate finance and advisory at Public Investment Bank
- Joined Public Investment Bank in January 2005 as Manager of Corporate Finance and Advisory
- Appointed as Head of Corporate Finance and Advisory in December 2012
- Redesignated as Deputy Chief Executive Officer in January 2015, overseeing Corporate Finance and Advisory, Corporate Banking and Securities Financing as well as Debt Capital Markets
- Appointed 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

Age / Gender: 44, Male



Nationality: Malaysian

Qualifications

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

Experience

- Encik Syamsul Azuan has 22 years of 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

**YEOH KIM HONG**Chief Executive Officer
Public Mutual Berhad

Age / Gender: 59, Female



Nationality: 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 25 years of 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

Age / Gender: 68, Male



Nationality: 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 39 years of 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



Group Management Profile



Age / Gender: 70, Male



Nationality: Malaysian

Qualifications

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

Experience

- Mr Chong has more than 51 years of 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



Age / Gender: 51, Male



Nationality: Malaysian

Qualifications

- Master in Business Administration, University of Malaya
- Bachelor of Economics, Universiti Kebangsaan Malaysia

Experience

- Mr Chee joined the Bank in 1994
- He was a Branch Manager of several branches before his appointment as Regional Manager of one of the Regional Offices in the Bank
- Transferred to Public Bank Vietnam Ltd in 2015 and appointed to his current position as General Director in June 2016

Present Directorship in other Public Companies

- Nil



Age / Gender: 58, Male



Nationality: Malaysian

Qualifications

- Bachelor of Business (Business Administration), Royal Melbourne Institute of Technology

Experience

- Mr Ong joined the Bank in 1983
- Held several positions in Head Office before his transfer to Cambodian Public Bank Plc as Deputy General Manager in 2008
- Appointed to his present position as Chief Executive Officer in January 2021

Present Directorship in other Public Companies

- Nil

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



Age / Gender:
66, Male



Nationality:
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



CHAN CHEW FUNG

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



Age / Gender:
62, Female



Nationality:
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 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



Age / Gender:
67, Female



Nationality:
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



Age / Gender:
66, Male



Nationality:
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 41 years of 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



Heads of Division



CHAN CHIEW PENG
Senior General Manager
Retail Financial Services



Age / Gender:
57, Female



Nationality:
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 as well as Wealth Management & Transaction Banking and promoted to Senior General Manager in September 2018

Present Directorship in other Public Companies

- Nil



YIK SOOK LING
Chief Financial Officer



Age / Gender:
51, Female



Nationality:
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 Chartered Banker Institute (CBI), United Kingdom

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



Age / Gender:
63, Male



Nationality:
Malaysian

Qualifications

- Bachelor of Economics (Business Administration) (Hons), University of Malaya
- The Financial Studies Diploma, The Institute of Bankers, United Kingdom
- Diploma in Banking and 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

- Nil



FAM YOKE FONG
General Manager
Information Technology



Age / Gender:
51, Female



Nationality:
Malaysian

Qualifications

- Bachelor of Computer Science, Universiti Sains Malaysia

Experience

- Joined Public Bank in 1994
- Has more than 26 years of 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



Age / Gender:
49, Female



Nationality:
Malaysian

Qualifications

- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Banker of the Chartered Banker Institute (CBI), United Kingdom

Experience

- Ms Loh has a total of 30 years of 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



Age / Gender:
49, Male



Nationality:
Malaysian

Qualifications

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

Experience

- Joined Public Bank in 1994 and has more than 20 years of 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



Age / Gender:
57, Female



Nationality:
Malaysian

Qualifications

- ICOSA

Experience

- Joined Public Bank in 1989 and has more than 34 years of 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



Age / Gender:
51, Male



Nationality:
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 of 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 and promoted to General Manager in January 2020

Present Directorship in other Public Companies

- Nil



Heads of Division



TUAN HAJI A WAHAB BIN A RAMAN

Director
Security



Age / Gender:
62, Male



Nationality:
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



Age / Gender:
62, Male



Nationality:
Malaysian

Qualifications

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

Experience

- Mr Fernandez has more than 38 years of 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



Age / Gender:
54, Male



Nationality:
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



CHONG SOO LOONG

Director
Corporate Planning,
Strategy & Economics



Age / Gender:
44, Male



Nationality:
Malaysian

Qualifications

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- ACCA

Experience

- Joined Public Bank in 2005 and held managerial portfolio in Corporate Planning & Strategy
- Appointed Head of Corporate Planning, Strategy & Economics in May 2020

Present Directorship in other Public Companies

- Nil



**CARENE KHOO GEOK
KHENG**
Director
Wealth Management &
Transaction Banking



Age / Gender:
54, Female



Nationality:
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



Age / Gender:
52, Male



Nationality:
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



LIM SAY HUAT
Director
Overseas Operations



Age / Gender:
51, Male



Nationality:
Malaysian

Qualifications

- Bachelor of Management (Finance and Accounting) (Hons), Universiti Sains Malaysia

Experience

- Joined Public Bank in 1993 and experienced in branch banking prior to his transfer to Overseas Operations
- Appointed Head of Overseas Operations in December 2012 and promoted to current position in May 2020

Present Directorship in other Public Companies

- Nil



**SUNNY NG CHEONG
SAN**
Director
Banking Operations



Age / Gender:
59, Male



Nationality:
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 of audit experience prior to his transfer to Banking Operations as Senior Manager in 2017
- Appointed Head of Banking Operations in November 2018 and promoted to current position in June 2020

Present Directorship in other Public Companies

- Nil



Heads of Division



POON YUEW SIM

Director

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



Age / Gender:
53, Female



Nationality:
Malaysian

Qualifications

- Chartered Banker of the Chartered Banker Institute (CBI), United Kingdom
- Bachelor of Management (Marketing) (Hons), Universiti Sains Malaysia

Experience

- Joined Public Bank in 1992 and experienced in branch banking as well as 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



Age / Gender:
48, Male



Nationality:
Malaysian

Qualifications

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

Experience

- Joined Public Bank in 1996 and has more than 24 years of 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



Age / Gender:
58, Male



Nationality:
Malaysian

Qualifications

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

Experience

- Joined Public Bank in 1991 and has more than 34 years of experience in the card industry
- Appointed Head of Division in January 2014

Present Directorship in other Public Companies

- Nil



WAN MARHANIM BINTI WAN MUHAMMAD

Director

Secretariat



Age / Gender:
49, Female



Nationality:
Malaysian

Qualifications

- Master of Law Executive (Business Law), International Islamic University Malaysia
- Bachelor of Human Science (English Language and Literature), International Islamic University Malaysia

Experience

- Cik Wan Marhanim has more than 24 years of experience in company secretarial functions
- Has held managerial and assistant company secretarial positions prior to joining Public Bank as Director of Secretariat in January 2021
- She is the Bank's Company Secretary and oversees the Group's company secretarial matters

Present Directorship in other Public Companies

- Nil

**EDDIE LIM YEW HUI**Head
Property**Age / Gender:**
51, Male**Nationality:**
Malaysian**Qualifications**

- Professional Banker of Asian Institute of Chartered Bankers
- Diploma in Banking and Finance, Institut Bank-Bank Malaysia

Experience

- Joined Public Bank in 1990
- Held several managerial positions before his appointment as Head of Property in January 2021

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 for Mr Eddie Chan Kok Kwai who is the brother-in-law of Mr Lee Chin Guan, Board Member of Public Bank
- Any conflict of interest with Public Bank
- Any conviction for offences within the past 5 years, other than traffic offences





SURMOUNTING THE NEW NORMS

FINANCIAL RELIEF EVERY STEP OF THE WAY



We understand that these are trying times. The PB Journey Programme is designed to assist and support our customers, be they students, graduates, families or retirees, to ride through these uncertain times together. For our SME customers, we offer moratoriums and targeted assistance packages to help them get through any cash flow situation. We have our customers' interest always at heart and are here to help alleviate their financial difficulties the best we can.

A laptop screen displays a video conference with three participants. At the top is a woman with long brown hair wearing a white blazer. In the middle is a man with short dark hair wearing a light blue shirt and a dark tie. At the bottom is a woman with short dark hair wearing a black blazer over a patterned top. They are all in office environments. The laptop is on a wooden desk, and a smartphone is visible in the bottom left corner.

Management Discussion and Analysis



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MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Summary of Group Financial Performance

AT A GLANCE

	2020	2019	Variance %
PROFITABILITY (RM'MILLION)			
Operating revenue	20,304	22,455	(9.6)
Profit before tax expense and zakat	6,285	7,134	(11.9)
Net profit attributable to equity holders	4,872	5,512	(11.6)
Earnings per share (sen)*	25.1	28.4	(11.6)
BALANCE SHEET (RM'MILLION)			
Total assets	451,257	432,831	4.3
Gross loans, advances and financing	345,651	330,468	4.6
Deposits from customers	365,871	353,340	3.5
Shareholders' equity	47,248	43,594	8.4
FINANCIAL INDICATORS			
Net return on equity	11.2%	13.6%	(2.4)
Cost to income ratio	34.6%	34.4%	0.2
Gross impaired loans ratio	0.4%	0.5%	(0.1)
Loan loss coverage	227.7%	124.1%	>100.0
Liquidity coverage ratio	138.0%	133.5%	4.5
Gross loans to fund ratio^	90.2%	88.9%	1.3
Gross loans to fund and equity ratio^	80.0%	79.2%	0.8
Common Equity Tier I capital ratio#	14.0%	13.5%	0.5
Tier I capital ratio#	14.0%	13.5%	0.5
Total capital ratio#	17.1%	16.8%	0.3

* Adjusted to reflect the bonus issue of four bonus shares for every one existing ordinary share which was completed and listed on Bursa Malaysia on 29 January 2021

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

After deducting dividend declared subsequent to year end



KEY HIGHLIGHTS 2020

RESILIENT PERFORMANCE AMID CHALLENGING ECONOMIC ENVIRONMENT

Operating
Revenue**RM20.30** bil

↓ 9.6%

2019: RM22.45 billion

Net Profit Attributable
to Equity Holders**RM4.87** bil

↓ 11.6%

2019: RM5.51 billion

Earnings
per Share***25.1** sen

↓ 11.6%

2019: 28.4 sen

Dividend
per Share***13.0** sen

↓ 1.6 sen

2019: 14.6 sen

NO. 1 AMONGST DOMESTIC BANKS

Highest Net Return
on Equity**11.2%**Lowest Cost to
Income Ratio**34.6%**Lowest Gross Impaired
Loans Ratio**0.4%**

LOANS GROWTH

↑ 4.6%

Group

↑ 5.4%

Domestic

DEPOSITS GROWTH

↑ 3.5%

Group

↑ 3.8%

Domestic

HEALTHY CAPITAL POSITIONS

14.0%CET-I
Capital Ratio**14.0%**Tier I
Capital Ratio**17.1%**Total
Capital Ratio

STRONG CREDIT RATINGS

AAA

RAM

A-

S&P

A3

MOODY'S

HEALTHY LIQUIDITY

138.0%Liquidity Coverage
Ratio

* Adjusted to reflect the bonus issue of four bonus shares for every one existing ordinary share which was completed and listed on Bursa Malaysia on 29 January 2021



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Summary of Group Financial Performance

INCOME STATEMENT ANALYSIS

	2020 RM'Million	2019 RM'Million	Variance	
			RM'Million	%
Net interest income	7,180	7,434	(254)	(3.4)
Net income from Islamic banking business	1,311	1,267	44	3.5
Other operating income	2,821	2,401	420	17.5
Net income	11,312	11,102	210	1.9
Other operating expenses	(3,909)	(3,819)	(90)	(2.4)
Operating profit	7,403	7,283	120	1.6
Allowance for impairment on loans, advances and financing	(1,106)	(154)	(952)	(>100.0)
Other (allowances) / writeback	(14)	2	(16)	(>100.0)
Share of profit after tax of equity accounted associated companies	2	3	(1)	(37.4)
Profit before tax expense and zakat	6,285	7,134	(849)	(11.9)
Net profit attributable to equity holders	4,872	5,512	(640)	(11.6)
Net interest margin (%)	1.95	2.15		

Amid the backdrop of a tough operating environment arising from the COVID-19 pandemic, the Public Bank Group recorded a profit before tax and net profit attributable to equity holders of RM6,285.1 million and RM4,871.7 million respectively in 2020, as compared to RM7,134.1 million and RM5,511.6 million respectively in 2019. The decline in profit was mainly attributed to a one-off net modification loss amounting to RM498.4 million in 2020 arising from COVID-19 related relief measures offered to individuals and businesses, reduction in Overnight Policy Rate ("OPR") by 125 basis points ("bps") which has affected the net interest margin as well as higher pre-emptive provisioning set aside due to the COVID-19 pandemic. Earnings per share stood at 25.1 sen in 2020.

NET INCOME

The Public Bank Group's net income increased by 1.9% or RM210.1 million to RM11,312.4 million in 2020. The increase in the Group's net income was mainly due to higher other operating income by RM420.3 million and higher net income from Islamic banking business by RM44.2 million, partially offset by lower net interest income by RM254.3 million.

NET INTEREST INCOME

Net interest income, which accounted for 63.5% of the Public Bank Group's total net income, continued to be the main contributor to the Group's total income in 2020. Net interest income dropped by 3.4% or RM254.3 million to RM7,179.8 million in 2020 as a result of interest margin compression.

Interest margin declined to 1.95% in 2020 from 2.15% in 2019 mainly due to the impact of OPR cut by a total of 125 bps in 2020 as well as the one-off net modification loss arising from the COVID-19 related relief measures offered to individuals and businesses.

NET INCOME FROM ISLAMIC BANKING BUSINESS

Net income from Islamic banking business, which represented 11.6% of the Public Bank Group's total net income in 2020, grew by 3.5% or RM44.2 million to RM1,311.4 million in 2020 on the back of higher gains on investment securities.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

OTHER OPERATING INCOME

	2020 RM'Million	2019 RM'Million	Variance	
			RM'Million	%
Income from fund management business	1,051	913	138	15.1
Net commission, service charges and fees	631	736	(105)	(14.2)
Brokerage and commissions from stock broking activities	247	91	156	>100.0
Net fee and commission income	1,929	1,740	189	10.9
Net gains and losses on financial instruments	448	168	280	>100.0
Foreign exchange income	302	336	(34)	(10.0)
Others	142	157	(15)	(9.5)
Other income	444	493	(49)	(9.8)
Total other operating income	2,821	2,401	420	17.5

Other operating income which accounted for 24.9% of the Public Bank Group's total net income in 2020, rose by 17.5% or RM420.3 million to RM2,821.2 million in 2020. The increase was contributed by higher net gains arising from the disposal of financial instruments and higher net fee and commission income, partially offset by lower foreign exchange income and other income.

Net fee and commission income increased by 10.9% or RM188.9 million to RM1,929.4 million in 2020 mainly due to strong contribution from fund management and stock broking activities arising from the heightened trading activity in the equity market.

Net gains and losses on financial instruments recorded a significant increase of more than 100% or RM279.9 million to RM447.7 million in 2020 as a result of higher level of investment activities in 2020.

Foreign exchange profit decreased by 10.0% or RM33.6 million to RM302.5 million in 2020 mainly due to lower business volume.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Summary of Group Financial Performance

OTHER OPERATING EXPENSES

	2020 RM'Million	2019 RM'Million	Variance	
			RM'Million	%
Personnel costs	2,867	2,742	125	4.6
Establishment costs	715	711	4	0.6
Marketing expenses	118	142	(24)	(16.7)
Administration and general expenses	209	224	(15)	(6.8)
Total other operating expenses	3,909	3,819	90	2.4
Cost to income ratio (%)	34.6	34.4		
Staff strength	19,414	19,260		

The Public Bank Group's total other operating expenses increased by 2.4% or RM90.3 million to RM3,909.5 million in 2020. The Group continued to be the most cost efficient bank in the domestic banking industry with the lowest cost to income ratio of 34.6%.

Personnel costs, which accounted for 73.3% of the Group's total other operating expenses, rose by 4.6% or RM124.9 million to RM2,866.5 million in 2020. The Group's staff strength increased to 19,414 as at the end of 2020.

Marketing expenses dropped by 16.7% or RM23.8 million to RM118.7 million in 2020 mainly due to lower advertisement and promotional expenses.

Establishment cost increased slightly by 0.6% or RM4.5 million to RM715.4 million in 2020 while administration and general expenses dropped by 6.8% or RM15.3 million to RM208.8 million in 2020. Both the establishment as well as administration and general expenses accounted for 18.3% and 5.3% respectively of the Group's total other operating expenses in 2020.

ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	2020 RM'Million	2019 RM'Million	Variance	
			RM'Million	%
Expected credit losses, including loan / financing commitments and financial guarantees:	1,328	415	913	>100.0
Stage 1	573	(125)	698	>100.0
Stage 2	403	104	299	>100.0
Stage 3	352	436	(84)	(19.2)
Recoveries	(222)	(261)	39	14.9
Total allowance for impairment on loans, advances and financing	1,106	154	952	>100.0
Credit charge ratio (%)	0.33	0.05		

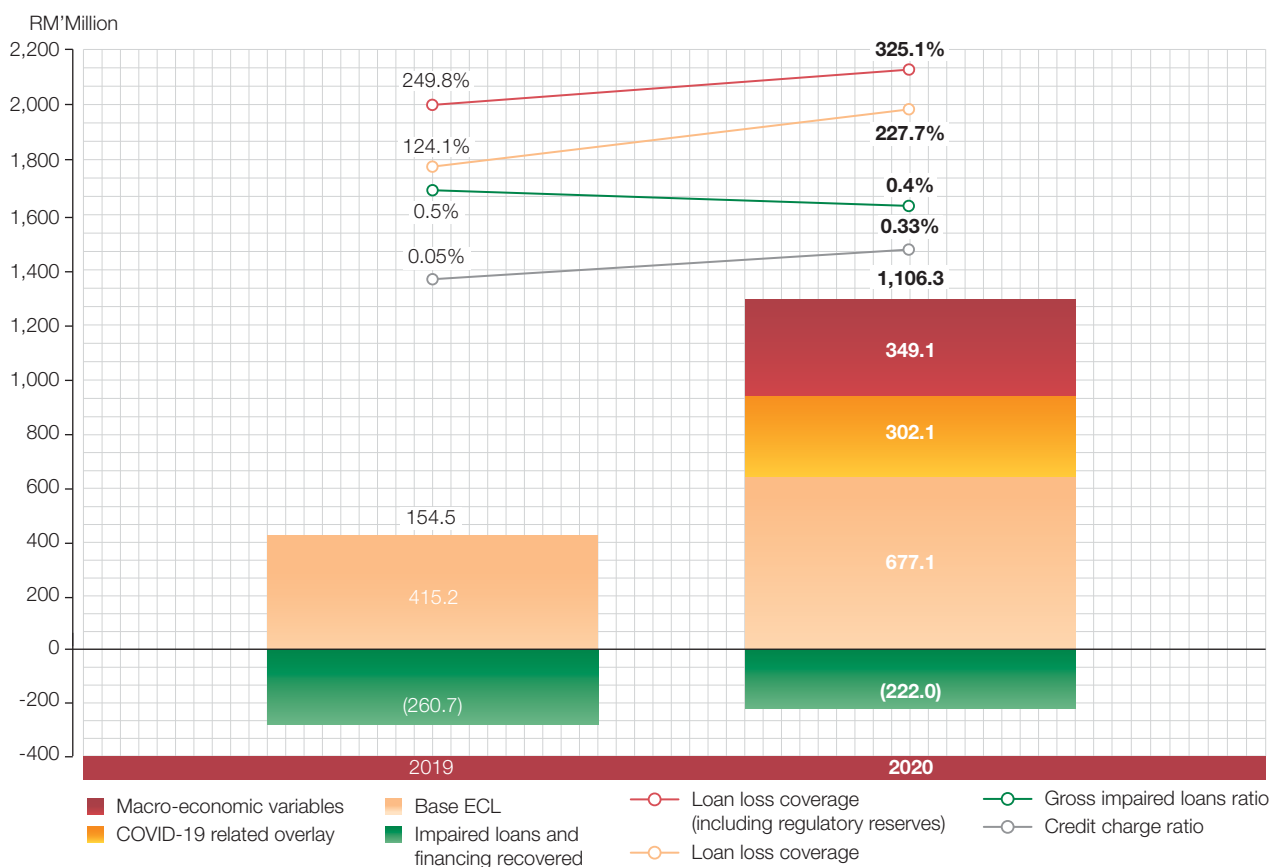


MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

The total allowance for impairment on loans, advances and financing increased by more than 100% or RM951.8 million to RM1,106.3 million in 2020 as compared to RM154.5 million in 2019, mainly due to higher pre-emptive provisioning set aside for potential increase in credit losses due to the COVID-19 pandemic. Consequently, credit charge ratio rose from 5 basis points (“bps”) in 2019 to 33 bps in 2020.

The increase in expected credit loss (“ECL”) of RM913.1 million was mainly due to the following:

- Stage 1: Higher ECL in 2020 was mainly due to pre-emptive provisioning through the recalibration of economic scenarios and forward looking macro-economic variables to reflect the expected impact of COVID-19 and additional management overlay to reflect the considerable uncertainty given the unprecedented impact of COVID-19.
- Stage 2: Higher ECL in 2020 was mainly due to impact arising from the recalibration of economic scenarios and forward looking macro-economic variables to reflect the expected impact of COVID-19 and loans and advances that migrated to Stage 2 from Stage 1 as a result of deterioration in credit quality post moratorium.
- Stage 3: Lower ECL by RM83.9 million in 2020 was mainly due to lower impaired loans and financing.



The significant increase in ECL in 2020 was mainly due to additional management overlay for COVID-19 related overlay provisions and forward looking macro-economic variables. As at the end of 2020, the Public Bank Group's gross impaired loans ratio remained stable at 0.4%. As a result of pre-emptive provisioning arising from the COVID-19 pandemic, the Group's loan loss coverage ratio further increased to 227.7% as at the end of 2020. Including the Group's high regulatory reserves, the loan loss coverage ratio would be significantly higher at 325.1%. The Group's resilient credit profile and prudent provisioning will help to cushion any potential pressure on the Group's asset quality arising from the effect of the COVID-19 pandemic.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Summary of Group Financial Performance

SEGMENTAL PROFITABILITY

(I) PROFIT BEFORE TAX BY BUSINESS SEGMENT

	2020		2019		Growth %
	RM'Million	% of Contribution	RM'Million	% of Contribution	
Domestic Operations					
<i>Comprise of:</i>					
Retail	3,666	58.3	3,727	52.2	(1.6)
Hire Purchase	106	1.7	399	5.6	(73.3)
Fund Management	715	11.4	647	9.1	10.5
Corporate Lending	462	7.4	515	7.2	(10.4)
Treasury and Capital Market	568	9.0	319	4.5	77.9
Investment Banking	117	1.9	40	0.5	>100.0
Others*	27	0.4	748	10.5	(96.5)
Total domestic operations	5,661	90.1	6,395	89.6	(11.5)
Overseas Operations	624	9.9	739	10.4	(15.5)
Profit before taxation	6,285	100.0	7,134	100.0	(11.9)

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

- Retail Operations contributed 58.3% to the Public Bank Group's pre-tax profit in 2020, followed by Fund Management as well as Treasury and Capital Market Operations which contributed 11.4% and 9.0% respectively to the Group's pre-tax profits.
- Retail Operations' pre-tax profit decreased by 1.6% or RM60.6 million to RM3,666.4 million in 2020 mainly due to higher pre-emptive loan impairment allowance made for the potential effect of the COVID-19 pandemic, partially offset by higher net interest income on higher average loans and deposits balances as well as higher fee and other income.
- Hire Purchase Operations' pre-tax profit decreased by 73.3% to RM106.5 million in 2020 mainly due to higher pre-emptive loan impairment allowance made for the potential effect of the COVID-19 pandemic and lower net interest income.
- Fund Management Operations' pre-tax profit increased by 10.5% to RM714.8 million in 2020 mainly due to higher management fee from higher average net asset value of funds under management and higher fee income on sale of trust units arising from higher equity sales achieved. These were partially offset by higher other operating expenses.
- Corporate Lending's pre-tax profit dropped by 10.4% from RM515.5 million in 2019 to RM461.7 million in 2020 mainly due to higher pre-emptive loan impairment allowance made for the potential effect of the COVID-19 pandemic and lower fee income, partially offset by higher net interest income.
- Treasury and Capital Market Operations' pre-tax profit increased by 77.9% to RM567.8 million in 2020 mainly due to higher net interest income and higher investment income.
- Investment Banking Operations' pre-tax profit increased by more than one fold to RM116.9 million in 2020 mainly due to higher stock broking income arising from higher business volume in the equity market.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

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

	2020		2019		Growth %
	RM'Million	% of Contribution	RM'Million	% of Contribution	
In Malaysia	5,661	90.1	6,395	89.6	(11.5)
<i>of which:</i>					
<i>Public Bank Berhad*</i>	4,361	69.4	4,991	70.0	(12.6)
<i>Public Islamic Bank Berhad*</i>	506	8.1	642	9.0	(21.2)
<i>Public Mutual Berhad</i>	715	11.4	647	9.1	10.5
<i>Public Investment Bank Berhad*</i>	117	1.9	39	0.6	>100.0
Outside Malaysia	624	9.9	739	10.4	(15.5)
<i>of which:</i>					
<i>Hong Kong operations</i>	259	4.1	296	4.2	(12.4)
– <i>Public Finance Limited*</i>	120	1.9	124	1.7	(3.8)
– <i>Public Bank (Hong Kong) Limited*</i>	131	2.1	147	2.1	(11.3)
<i>Cambodian operations</i>					
<i>Cambodian Public Bank Plc</i>	253	4.0	344	4.8	(26.5)
<i>Vietnam operations</i>					
<i>Public Bank Vietnam Limited</i>	76	1.2	70	1.0	8.9
Profit before taxation	6,285	100.0	7,134	100.0	(11.9)

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

- In 2020, the Public Bank Group's domestic operations contributed 90.1% to the Group's pre-tax profit. The Group's overseas operations contributed the remaining 9.9% which was mainly from Public Financial Holdings Group in Hong Kong and Cambodian Public Bank Plc.
- The pre-tax profit from the Group's overseas operations decreased by 15.5% to RM624.5 million in 2020 mainly due to the challenging operating environment and higher loan impairment allowance.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

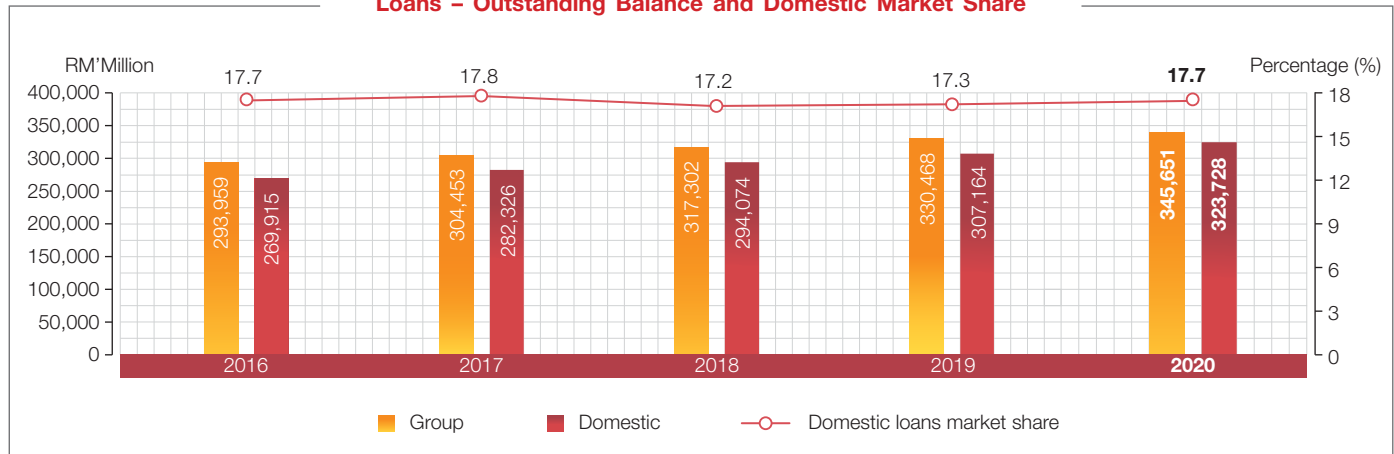
Summary of Group Financial Performance

LOANS AND DEPOSITS

MODERATING LOANS GROWTH. HEALTHY DEPOSITS GROWTH IN SUPPORT OF LIQUIDITY.

Although economic activities were affected by the COVID-19 pandemic and the ensuing movement control order, the Public Bank Group was able to achieve continued loans and deposits growth in 2020.

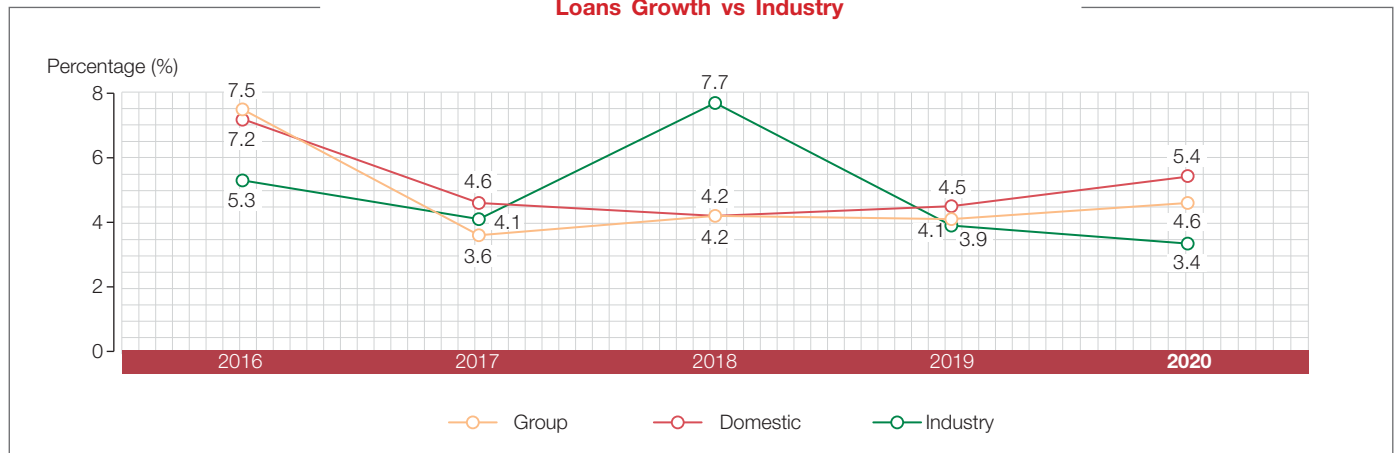
Loans – Outstanding Balance and Domestic Market Share



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 increased by 4.6% or RM15.18 billion to RM345.65 billion as at the end of 2020, mainly supported by domestic loans which grew by 5.4% or RM16.56 billion to RM323.73 billion as at the end of 2020.
- The Public Bank Group's domestic loans market share grew from 17.3% as at the end of 2019 to 17.7% as at the end of 2020.

Loans Growth vs Industry



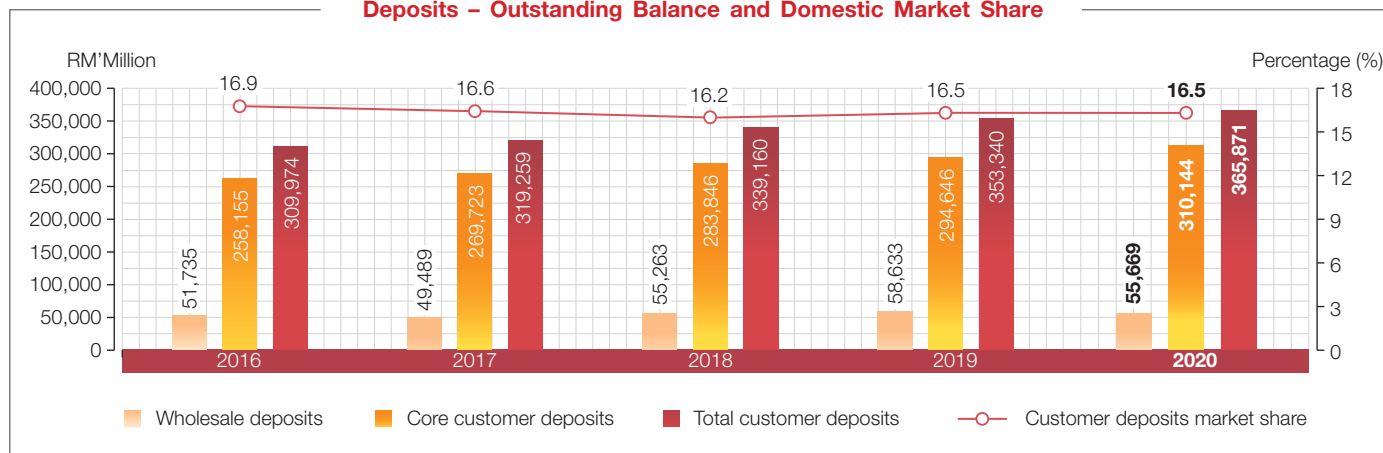
Note: From year 2018 onwards, industry figures were revised to include data from MBSB Bank Berhad

- Despite the challenging operating environment due to the COVID-19 pandemic, both the Group's total and domestic loans grew by 4.6% and 5.4% respectively in 2020, higher than the banking industry's loans growth rate of 3.4%.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

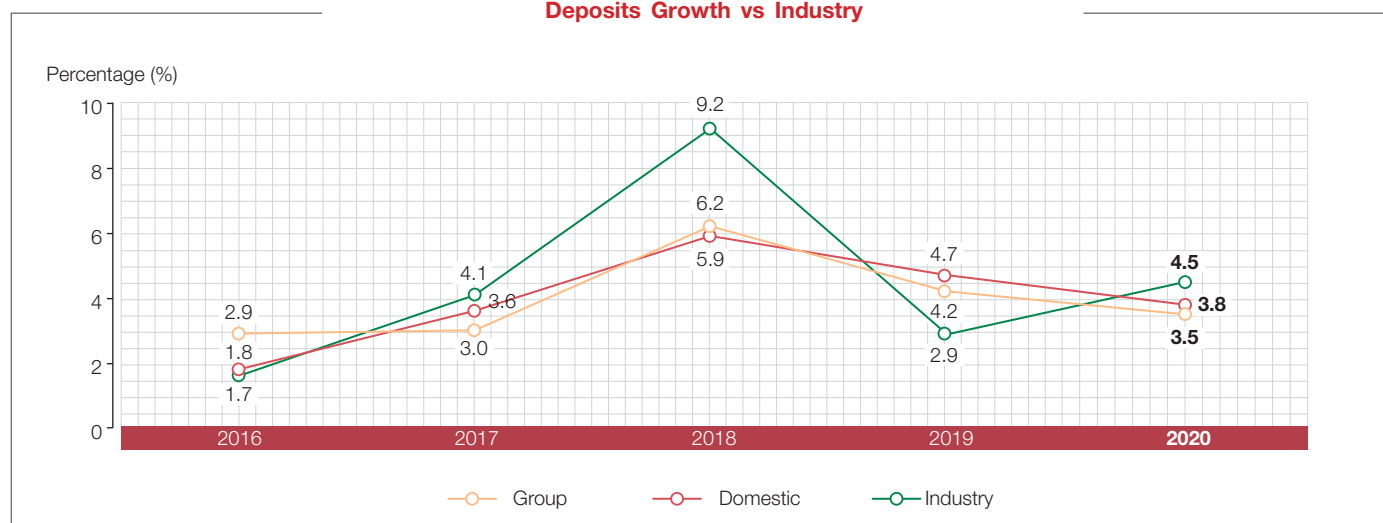
Deposits – Outstanding Balance and Domestic Market Share



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

- In this uncertain economic environment triggered by the COVID-19 pandemic, the Public Bank Group is cognisant that maintaining liquidity strength is important to preserving the Group's financial resilience.
- The Group's customer deposits increased by 3.5% or RM12.53 billion to RM365.87 billion as at the end of 2020, mainly supported by robust current and saving accounts ("CASA") growth of 18.9% or RM16.76 billion to RM105.60 billion. Consequently, core customer deposits grew by 5.3% or RM15.50 billion to RM310.14 billion as at the end of 2020.
- The Public Bank Group's domestic customer deposits market share remained strong at 16.5% as at the end of 2020, a testament to the Group's strong retail franchise and large domestic depositor base.

Deposits Growth vs Industry



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

- The Public Bank Group's deposits grew by 3.5% in 2020 mainly driven by domestic deposits which increased by 3.8%.

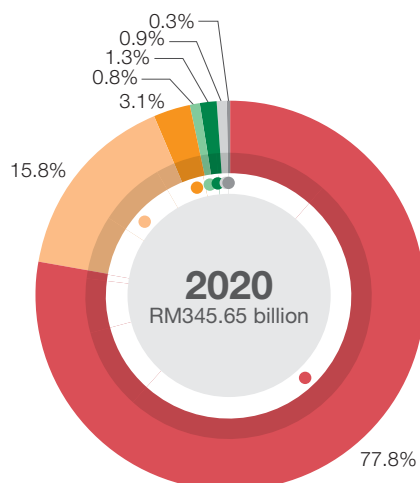


MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

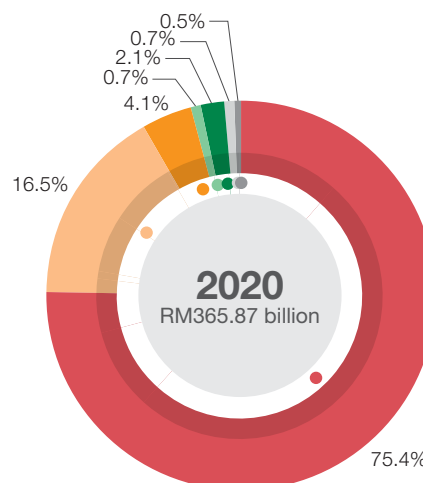
Summary of Group Financial Performance

(I) LOANS AND DEPOSITS BY MAJOR COMPANIES

Loans By Major Companies



Deposits By Major Companies



Public Bank Berhad Public Islamic Bank Berhad Public Bank (Hong Kong) Limited Public Finance Limited
Cambodian Public Bank Plc Public Bank Vietnam Limited Others

Loans and Deposits Growth by Geographical Locations and Major Companies

	Loans Growth Rate		Deposits Growth Rate	
	2020 %	2019 %	2020 %	2019 %
Domestic*	5.4	4.5	3.8	4.7
of which:				
Public Bank Berhad	4.6	3.4	3.7	3.6
Public Islamic Bank Berhad	9.2	8.9	4.1	10.7
Overseas	(5.9)	0.3	1.0	(1.5)
of which:				
Public Bank (Hong Kong) Limited**	(8.5)	(5.7)	2.5	(4.8)
Public Finance Limited**	(11.2)	1.3	(7.4)	2.0
Cambodian Public Bank Plc**	(0.6)	9.5	(1.1)	2.0
Public Bank Vietnam Limited**	16.1	25.8	29.0	18.9
Group	4.6	4.1	3.5	4.2

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

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

- The Public Bank Group remains focused in the domestic market. The Group is also committed to strengthen its regional presence and will continue to expand its business, particularly in the Indo-China region, capitalising on potential growth opportunities in the future.
- In 2020, the domestic market remained challenging as economic activities were affected by the COVID-19 pandemic. However, the economic environment started to show an improvement from the third quarter of 2020 with the easing of the movement control order. In 2020, the Group's domestic loans and customer deposits grew by 5.4% and 3.8% respectively.
- With the exception of Public Bank Vietnam Limited, the performance of the Group's overseas operations was mainly subdued in 2020 due to the significant impact on the economy of the respective countries from the COVID-19 pandemic. Total loans of the Group's overseas operations dropped by 5.9% while total deposits of the Group's overseas operations grew by 1.0% in 2020. Nevertheless, Public Bank Vietnam Limited reported commendable double-digit growth of 16.1% and 29.0% respectively in loans and deposits in 2020 as a result of the Group's continued business expansion in Vietnam during the year.

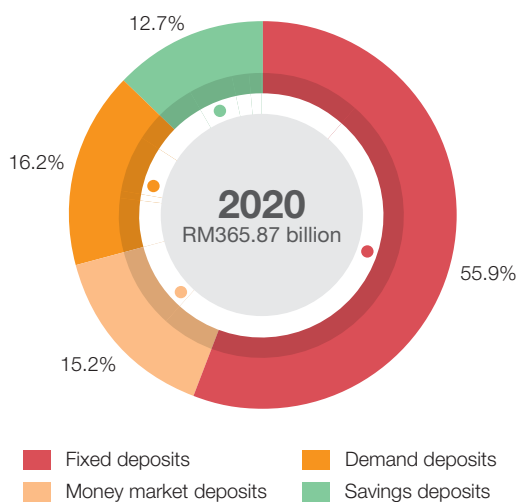
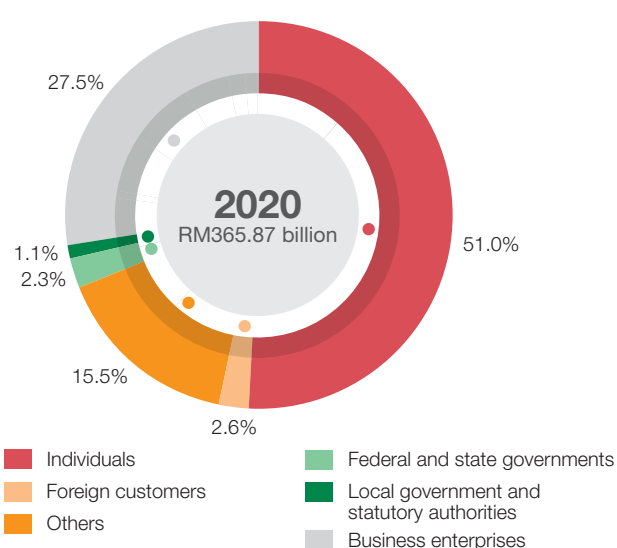


MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

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

	Outstanding		Growth Rate		2020 Market Share %
	2020 RM'Million	2019 RM'Million	2020 %	2019 %	
Residential Properties	135,970	125,851	8.0	8.3	
– Domestic	129,844	119,977	8.2	8.5	20.1
Passenger Vehicles	54,983	51,770	6.2	2.1	
– Domestic	52,363	49,123	6.6	2.3	29.8
SME	70,743	68,397	3.4	0.7	
– Domestic	66,760	64,582	3.4	0.3	22.1

- The Public Bank Group's lending activities continued to be focused on the financing for the purchase of residential properties, passenger vehicles and commercial lending to SMEs, which accounted for 75.7% of the Group's total gross loans, advances and financing as at the end of 2020.
- In 2020, the Group's financing of residential properties, passenger vehicles and lending to SMEs increased by 8.0%, 6.2% and 3.4% respectively.
- The Group continued to retain its leading market position in the domestic financing for purchase of residential properties and commercial lending to SMEs, with market shares of 20.1% and 22.1% respectively as at the end of 2020. The Group also maintained a dominant position in the domestic financing of passenger vehicles with market share of 29.8% as at the end of 2020.

(III) COMPOSITION OF CUSTOMER DEPOSITS**Customer Deposits Mix****Customer Deposits By Type Of Customers**

- Core customer deposits which consist of demand deposits, savings deposits and fixed deposits, accounted for 84.8% of the Group's total customer deposits. Due to robust CASA growth during the year, the CASA mix increased to 28.9% as at the end of 2020, from 25.1% a year ago.
- Individual depositors continue to form the largest group of the Group's depositors and represent 51.0% of the Group's total customer deposits as at the end of 2020.

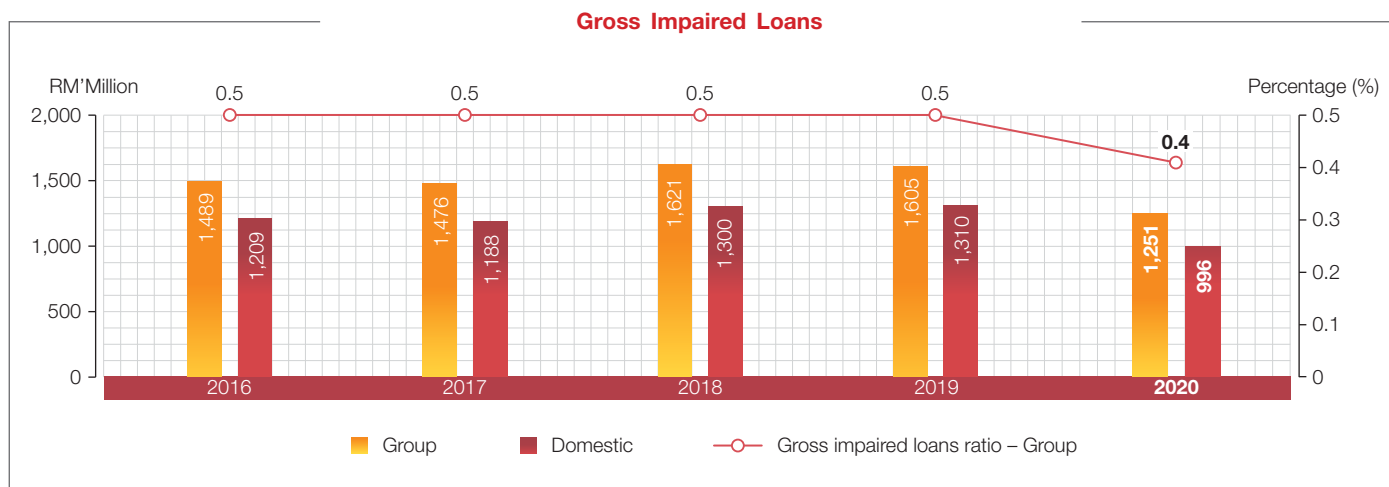


MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Summary of Group Financial Performance

ASSET QUALITY

PROACTIVE MANAGEMENT OF ASSET QUALITY



- The Public Bank Group's gross impaired loans ratio remained stable and low at 0.4% as at the end of 2020. This is a testament to the Group's long-standing prudent lending practices and credit risk management which has contributed to the Group's resilient credit risk profile.
- The unprecedented COVID-19 pandemic is expected to exert pressure on the asset quality of the banking sector. However, the Government's stimulus packages and Bank Negara Malaysia's financial and monetary relief measures, including loan moratorium and the targeted repayment assistance programmes offered to individuals and businesses, have mitigated the downside risks. The Group has, and will continue to, proactively engage its customers to provide further assistance required through its various flexible repayment assistance packages. With all these measures in place, coupled with the Group's resilient credit profile, prudent lending practices as well as large loan loss reserves, the Group is expected to be well prepared to navigate any potential pressure on the Group's asset quality.

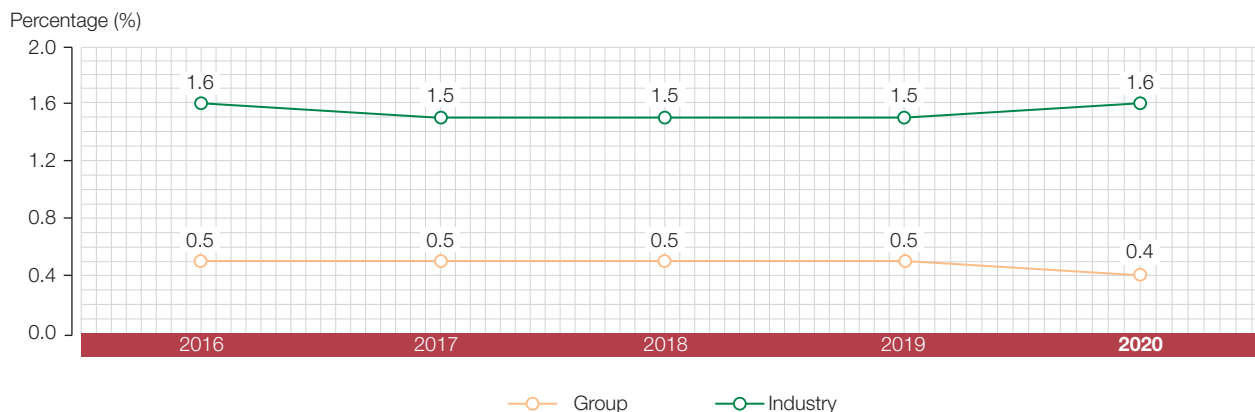
	2020 %	2019 %
Gross Impaired Loans Ratio		
Domestic	0.3	0.4
of which:		
Public Bank Berhad	0.3	0.4
Public Islamic Bank Berhad	0.3	0.6
Overseas	1.2	1.3
of which:		
Public Bank (Hong Kong) Limited	0.6	0.3
Public Finance Limited	1.7	2.0
Cambodian Public Bank Plc	0.6	0.8
Public Bank Vietnam Limited	1.5	1.2
Group	0.4	0.5

- The Group's domestic gross impaired loans ratio was the lowest amongst the Malaysian banking groups. It remained low at 0.3% as at the end of 2020, from 0.4% as at the end of 2019.
- The asset quality of the Group's overseas operations also remained stable with gross impaired loans ratio of 1.2% as at the end of 2020.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Gross Impaired Loans Ratio vs Industry



- Over the past five years, the Group's gross impaired loans ratio have stayed low, at approximately one-third that of the banking industry's gross impaired loans ratio.

Gross Impaired Loans Ratio by Type	Public Bank Group		Industry Average %
	2020 %	2019 %	
Consumer			
Housing Loans	0.3	0.5	1.2
Hire Purchase	0.3	0.5	0.8
Commercial Properties	0.2	0.3	1.5

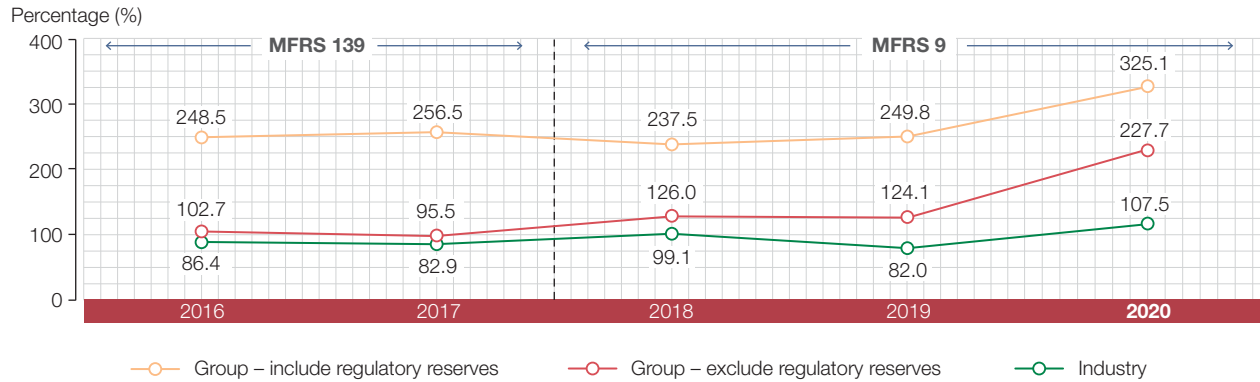
- The Group's gross impaired loans ratio for housing loans, hire purchase and commercial properties financing of 0.3%, 0.3% and 0.2% respectively as at the end of 2020 remained well below the industry average of 1.2%, 0.8% and 1.5% respectively.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

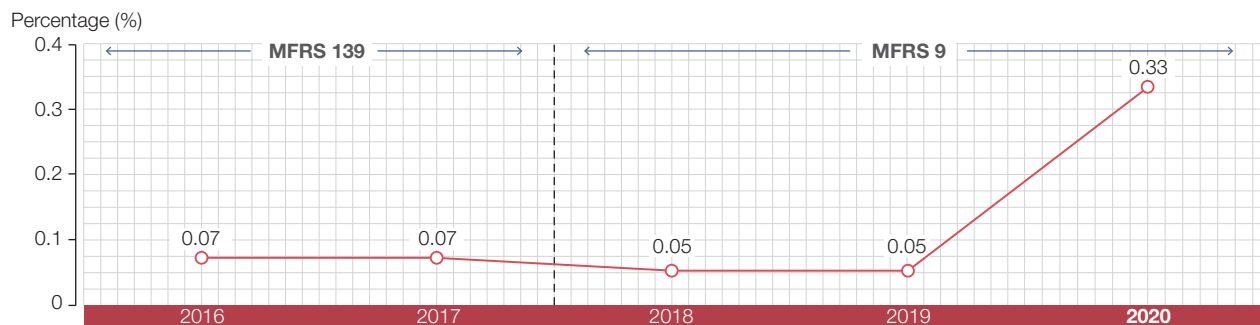
Summary of Group Financial Performance

Loan Loss Coverage vs Industry



- Even prior to the COVID-19 pandemic, the Public Bank Group has already maintained high levels of provisioning and regulatory reserves as reflected by the Group's high loan loss coverage ratio.
- As a result of pre-emptive provisioning arising from the COVID-19 pandemic, the Group's loan loss coverage ratio further increased to 227.7% as at the end of 2020, which was higher as compared to the banking industry's loan loss coverage ratio of 107.5%. This is notwithstanding that more than 90% of the Group's impaired loans are secured.
- With the inclusion of the Group's high regulatory reserves of RM1.22 billion, its loan loss coverage ratio would be significantly higher at 325.1%. The Group's strong asset quality and large loan loss reserves will provide a strong buffer to absorb any potential increase in credit loss arising from the COVID-19 pandemic.

Credit Charge Ratio



- The Group's credit charge ratio has remained stable and low over the last few years in line with its strong asset quality. Credit charge ratio rose significantly from 0.05% in 2019 to 0.33% in 2020 mainly due to the pre-emptive provisioning set aside for potential increase in credit losses due to the COVID-19 pandemic.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

COVID-19 DIRECT IMPACTED SECTOR

	Total Outstanding Domestic Loans as at the end of February 2021 RM'Million
Hotel and Accommodation / Restaurants	4,048
Arts, Entertainment and Recreation / Tourism	259
Oil and Gas Related	346
Selective Air / Water / Land Transport	1,673
Shopping Malls / Complexes	7,047
Total	13,373
% of total outstanding domestic loans	4.1%

Based on the Public Bank Group's internal assessment, RM13.37 billion or 4.1% of the total outstanding domestic loans as at the end of February 2021 were directly impacted by the COVID-19 pandemic, mainly from shopping malls / complexes sector followed by hotel and accommodation / restaurants and selective air / water / land transport sectors.

COVID-19 RELIEF MEASURES – AUTOMATIC LOAN MORATORIUM (APRIL TO SEPTEMBER 2020)

A six-month automatic loan moratorium was announced by Bank Negara Malaysia between April and September 2020 to individuals and small and medium enterprises ("SME"). As at the end of September 2020, a total of RM210.32 billion or 86.5% of the Public Bank Group's domestic individual and SME customers had taken up this automatic moratorium.

	Retail and SMEs RM'Million
Automatic loan moratorium	210,315
% of total eligible customers	86.5%
% of total outstanding domestic portfolio	65.8%

COVID-19 TARGETED REPAYMENT ASSISTANCE ("TRA")

Subsequent to the end of the automatic loan moratorium period, the Public Bank Group has proactively offered various flexible loan repayment assistance programmes to customers / borrowers who continue to face financial hardship.

(i) TRA by key business segments

Key Business Segment	RM'Million	% of Total Outstanding Domestic Portfolio
Individual	22,387	10.4
of which:		
Housing Loans	19,691	11.5
Hire Purchase	2,696	6.1
Non-Individual	14,548	13.5
Total	36,935	11.3

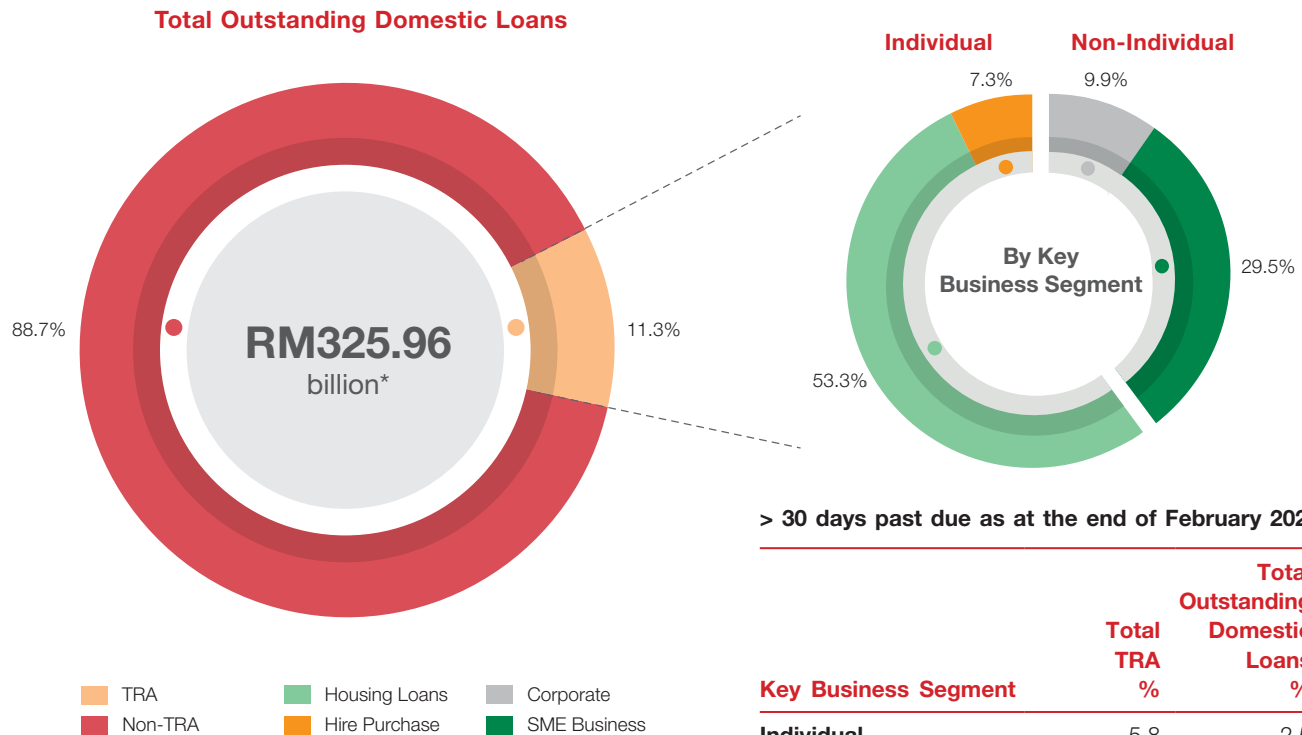
Overall, the Public Bank Group has approved TRA for 11.3% of its total outstanding domestic loans as at the end of February 2021, of which, TRA was approved for 10.4% and 13.5% of individual and non-individual loans respectively. The domestic housing and hire purchase loans which were under TRA stood at 11.5% and 6.1% respectively as at the end of February 2021.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Summary of Group Financial Performance

(ii) Composition of TRA



* Total outstanding domestic loans as at the end of February 2021

> 30 days past due as at the end of February 2021:

Key Business Segment	Total TRA %	Total Outstanding Domestic Loans %
Individual	5.8	2.5
Non-Individual	1.7	0.9
Total	4.2	2.0

The TRA approved by the Public Bank Group was primarily for housing and SME business loans which represent 53.3% and 29.5% respectively of total TRA approved. In terms of ageing profile, 4.2% of the total TRA approved or 2.0% of the total domestic loans portfolio were > 30 days past due as at the end of February 2021.



FUNDING AND LIQUIDITY

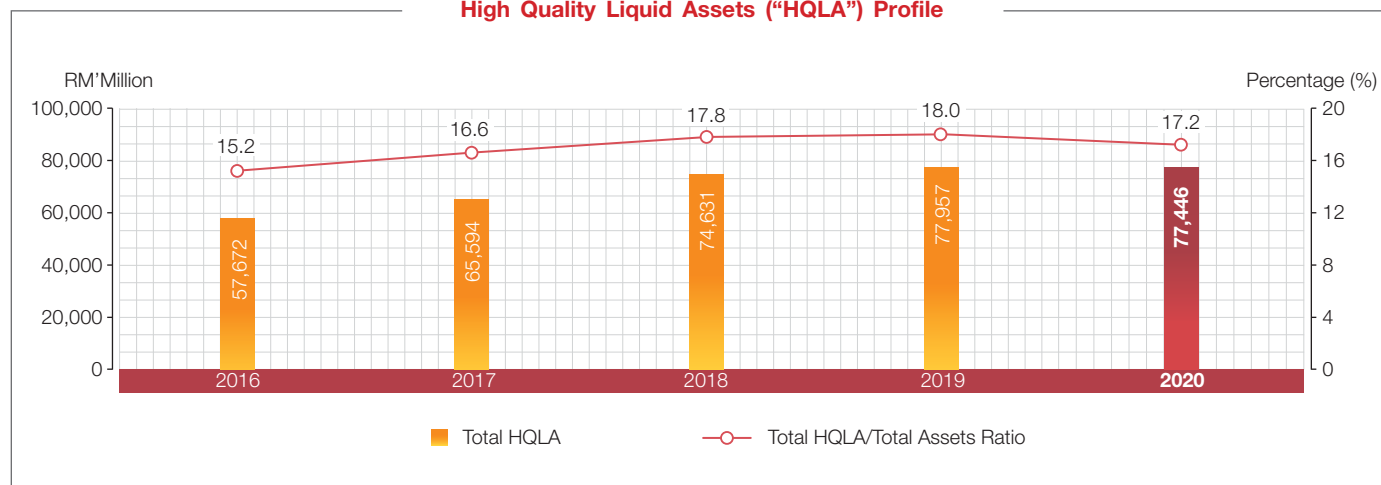
STABLE FUNDING AND LIQUIDITY POSITIONS

Group Funding Profile

Year	2016 %	2017 %	2018 %	2019 %	2020 %
Core customer deposits	69.3	69.5	68.8	69.4	70.2
Wholesale deposits	13.9	12.8	13.4	13.8	12.6
Deposits from banks	3.2	3.0	2.3	2.0	2.4
Debt capital funding	2.7	2.5	2.5	2.2	2.2
Equity capital	9.2	9.6	9.9	10.3	10.7
Others	1.7	2.6	3.1	2.3	1.9

- During these unprecedented times, conserving and maintaining healthy liquidity positions are paramount to preserve the Public Bank Group's financial resilience. As at the end of 2020, the Group remained well-funded, with stable funding profile and healthy liquidity positions.
- The Group's main funding are derived from core customer deposits, followed by wholesale deposits which contributed 70.2% and 12.6% respectively to the Group's total funding. Over the last five years, core customer deposits contributed approximately two-thirds to the Group's total funding.
- 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 12.9% of the Group's total funding as at the end of 2020.

High Quality Liquid Assets ("HQLA") Profile



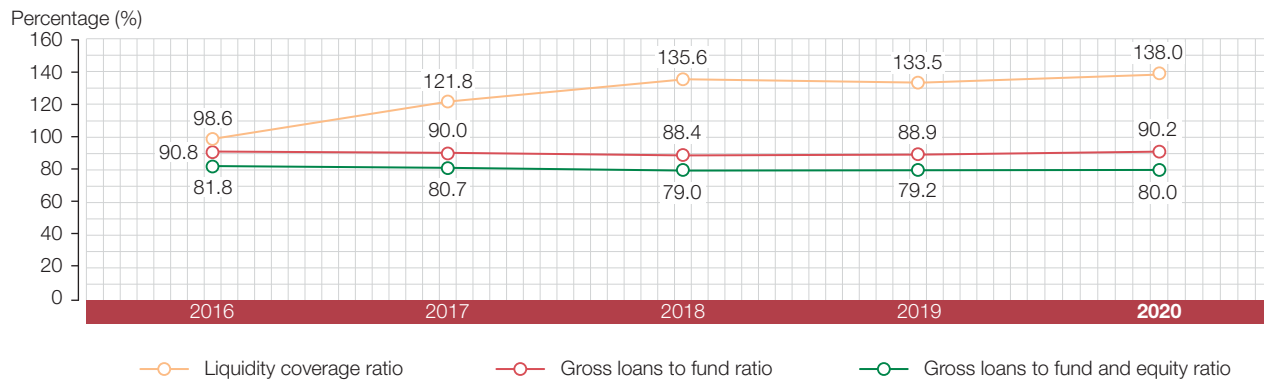
- The Group continues to hold high quality, well diversified liquid assets to meet liquidity buffers and regulatory requirements. The Group's high quality liquid assets remained high at RM77.45 billion as at the end of 2020, which formed 17.2% of the Group's total assets.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Summary of Group Financial Performance

Liquidity Risk Indicators



- Notwithstanding the strength of the Public Bank Group's funding position, the Group remains vigilant to the developments in both the global and domestic economy, particularly during these uncertain and unprecedented times. To this end, the Group remains focused on expanding its core deposits base, preserving its deposits market share and managing its cash flows prudently.
- The Group's liquidity position remained stable with a healthy gross loans to fund ratio and gross loans to fund and equity ratio of 90.2% and 80.0% respectively as at the end of 2020. Despite Bank Negara Malaysia allowing banking institutions to operate below the minimum liquidity coverage ratio ("LCR") of 100%, the Group has not drawn down the prudential buffer as its LCR remained stable at 138.0% as at the end of 2020.



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	2016	2017	2018	2019	2020
Profitability (%)					
Net return on equity	16.5	15.8	14.8	13.6	11.2
Cost to income ratio	32.3	31.9	33.0	34.4	34.6
Asset Quality (%)					
Gross impaired loans ratio	0.5	0.5	0.5	0.5	0.4
Balance Sheet (RM*Billion)					
Assets	380.1	395.3	419.7	432.8	451.3
Gross loans	294.0	304.5	317.3	330.5	345.7
Deposits	310.0	319.3	339.2	353.3	365.9

PROFITABILITY

- Amid a tough operating environment owing to the effects of the COVID-19 pandemic, the Public Bank Group's profitability in 2020 was affected by a one-off net modification loss amounting to RM498.4 million from COVID-19 related relief measures offered to individuals and businesses, reduction in Overnight Policy Rate by 125 basis points in 2020 as well as pre-emptive provisioning set aside as additional credit loss absorbent.
- Nevertheless, the Group sustained the highest net return on equity amongst Malaysian banking groups with net return on equity of 11.2% in 2020.
- The Group's cost to income ratio of 34.6% remained the lowest and most efficient in the domestic banking industry.

ASSET QUALITY

- The Public Bank Group's gross impaired loans ratio of 0.4% as at the end of 2020 also remained the lowest and best amongst domestic banking groups.

BALANCE SHEET STRENGTH

- Since the end of 2016, the Public Bank Group's total assets grew by 18.7% to RM451.26 billion as at the end of 2020 whilst total loans and deposits increased by 17.6% and 18.0% respectively to RM345.65 billion and RM365.87 billion respectively as at the end of 2020.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

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	2020		2019	
	Public Bank Group	Latest Industry Average	Public Bank Group	Latest Industry Average
Profitability (%)				
Pre-tax return on average equity	14.1	9.2	17.1	12.6
Pre-tax return on average assets	1.4	1.1	1.7	1.5
Cost to income ratio	34.6	42.8	34.4	44.7
Productivity (RM'000)				
Pre-tax profit / employee	324	NA	370	NA
Gross loans / employee	17,804	NA	17,158	NA
Deposits / employee	18,846	NA	18,346	NA
Asset Quality (%)				
Gross impaired loans ratio	0.4	1.6	0.5	1.5
Loan loss coverage	227.7	107.5	124.1	82.0
Growth Rate (%)				
Gross loans (domestic)	5.4	3.4	4.5	3.9
Customer deposit (domestic)	3.8	4.5	4.7	2.9

NA Not available

The Public Bank Group was the third largest banking group in Malaysia with total assets of RM451.26 billion as at the end of 2020. This 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 17.7% and 16.5% respectively as at the end of 2020.

PROFITABILITY

- The Public Bank Group remained the best amongst 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 14.1% and 1.4% respectively were above the banking industry's average of 9.2% and 1.1% respectively.
- The Group remained the most cost-efficient domestic banking group in Malaysia with the lowest cost to income ratio of 34.6%, well below the banking industry's average cost to income ratio of 42.8%.

PRODUCTIVITY

- The Public Bank Group's gross loans per employee and deposits per employee grew by 3.8% and 2.7% respectively to RM17.8 million and RM18.8 million respectively as at the end of 2020 whilst pre-tax profit per employee stood at RM324,000 as at the end of 2020.

ASSET QUALITY

- The Public Bank Group ranked No. 1 amongst Malaysian banking groups with gross impaired loans ratio of 0.4% as at the end of 2020. This was well below the banking industry's gross impaired loans ratio of 1.6%.
- The Group's loan loss coverage ratio of 227.7% as at the end of 2020 was significantly higher than the banking industry's loan loss coverage ratio of 107.5%.



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.

Banks	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	11.2	34.6	0.4
Malaysia			
Malayan Banking Berhad	8.1	45.4	2.2
CIMB Group Holdings Berhad	2.1	52.2	3.6
RHB Bank Berhad	7.7	47.1	1.7
Hong Leong Bank Berhad	10.1	37.6	0.5
AMMB Holdings Berhad	6.0	47.0	1.7
Affin Bank Berhad	2.4	59.6	3.5
Alliance Bank Malaysia Berhad	6.6	41.4	2.5

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

The Public Bank Group maintained its pole position in terms of profitability, asset quality and cost efficiency amongst the key domestic commercial banking groups in Malaysia, with the highest net return on equity of 11.2% and lowest cost to income ratio of 34.6% as well as lowest gross impaired loans ratio of 0.4%.

COMPARISON AGAINST LEADING BANKS IN ASIA PACIFIC

Banks	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	11.2	34.6	0.4
Singapore			
DBS Group	9.1	42.2	1.6
UOB	7.4	45.6	1.6
OCBC	7.6	43.8	1.5
Hong Kong			
Hang Seng Bank	9.6	36.6	0.6
The Hongkong and Shanghai Banking Corporation Limited	8.6	50.6	NA
Australia			
ANZ Bank	5.9	54.5	0.4
Commonwealth Bank of Australia	13.2	46.5	0.4
National Australia Bank	6.5	52.4	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 and gross impaired loans ratio ranked first respectively. The Group's net return on equity ranked second when compared to the leading regional banking groups.



MANAGEMENT DISCUSSION AND ANALYSIS – GROUP FINANCIAL REVIEW

Capital Management

The Public Bank Group's Capital Management Framework sets out the Group's key capital management objectives. The Group actively manages and monitors its capital position, capital mix and capital allocation to ensure that there is sufficient capital to support the Group's business growth, and to pursue strategic business opportunities, while taking into consideration the Group's risk appetite as well as expectations of its various stakeholders.

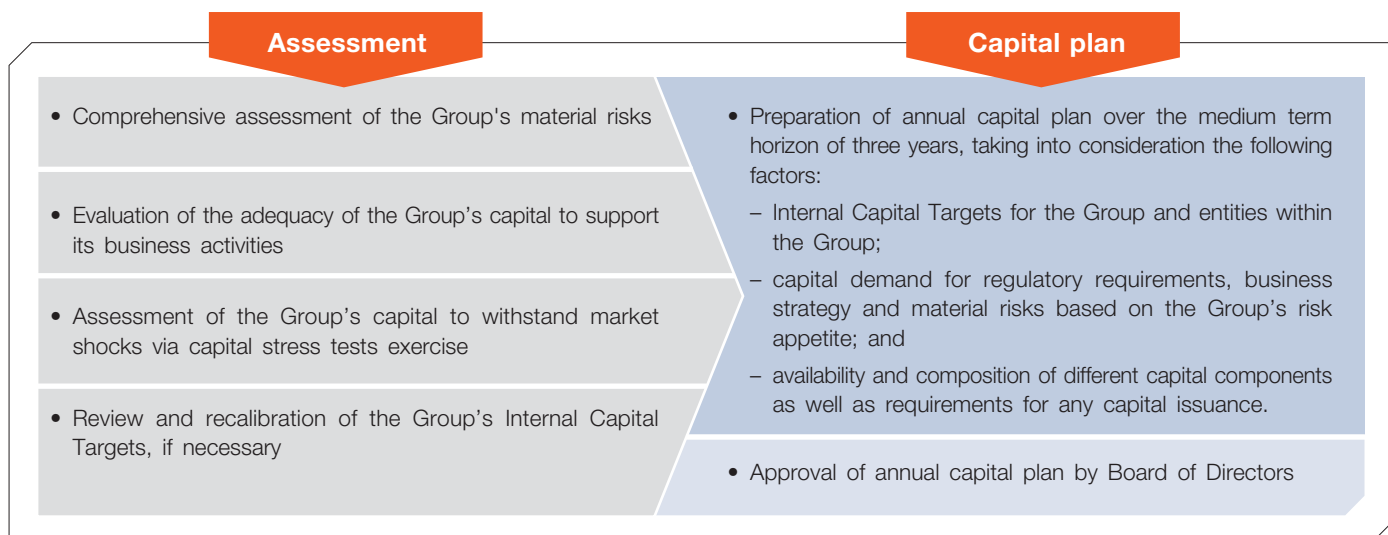
PUBLIC BANK GROUP CAPITAL MANAGEMENT FRAMEWORK

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 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

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





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.

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.

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

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 2020 as compared to the minimum regulatory requirements by the respective central banks of the respective countries in which the Group operates:

Capital Ratios (After Proposed Dividend)	Common Equity Tier I Capital Ratio		Tier I Capital Ratio		Total Capital Ratio / Solvency Ratio	
	2020 %	Minimum Regulatory Requirements %	2020 %	Minimum Regulatory Requirements %	2020 %	Minimum Regulatory Requirements %
Public Bank Group	14.0	7.0*	14.0	8.5*	17.1	10.5*
Public Bank Berhad	12.6	7.0*	12.7	8.5*	16.0	10.5*
Public Islamic Bank Berhad	12.6	7.0*	12.6	8.5*	16.1	10.5*
Public Investment Bank Berhad	41.3	7.0*	41.3	8.5*	41.8	10.5*
Public Bank (Hong Kong) Limited	19.6	8.0**	19.6	9.5*	20.3	11.5**
Public Finance Limited	23.7	8.0**	23.7	9.5*	24.7	11.5**
Cambodian Public Bank Plc	NA	NA	NA	NA	19.8	15.0
Public Bank Vietnam Limited	NA	NA	NA	NA	36.2	8.0

NA Not applicable

* Inclusive of capital conservation buffer of 2.5%

** Inclusive of capital conservation buffer of 2.5% and counter-cyclical buffer of 1.0%. Under the Banking (Capital) Rules, Hong Kong Monetary Authority can vary any capital requirement rule, including the minimum capital adequacy ratio requirements



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

As at the end of 2020, 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
Total	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. Despite the challenging economic environment, the Board of Directors declared a total dividend of 13 sen for 2020, which amounted to RM2.52 billion, representing a dividend payout of 51.8% of the Group's net profit for 2020.

(iii) Superior Returns to Shareholders

The Public Bank Group continues to deliver consistent and superior returns to shareholders. Taking a five-year medium term period, a shareholder of Public Bank who purchased 1,000 Public Bank shares at a price of RM18.52 per Public Bank share as at the end of 2015 with an initial investment outlay of RM18,520. As at the end of 2020, he would have also received gross dividends totalling RM3,260 and have 1,000 Public Bank shares worth RM20,600 based on the closing share price of RM20.60 per share. Together with the dividends received, this investment would have given the shareholder a compounded annual rate of return on investment of 5.2% for the five-year period, despite the challenging condition for the Malaysian equity market over the last five years whereby the Kuala Lumpur Composite Index had shown a drop from 1,692.51 points as at the end of 2015 to 1,627.21 points as at the end of 2020.

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 2020, 148,938 Public Bank shares worth RM3.1 million based on the share price of Public Bank shares of RM20.60 as at the end of 2020. 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 18.5% for each of the 53 years that this shareholder has held the shares in Public Bank since it was listed in 1967.

In December 2020, Public Bank proposed to undertake a bonus issue of up to 15.53 billion new ordinary shares on the basis of four bonus shares for every one existing Public Bank share held on the entitlement date. The proposed bonus issue has been approved by shareholders at an Extraordinary General Meeting held on 12 January 2021 and the exercise was completed with the bonus shares listed on Bursa Malaysia on 29 January 2021. This bonus issue exercise aims to reward Public Bank's shareholders and underpin the value of investment in Public Bank shares as a long term store of value.



Credit Ratings

Public Bank continues to be rated well by RAM Ratings, Standard & Poor's and Moody's Investors Service.

During the year, RAM Ratings reaffirmed the AAA rating on Public Bank. The AAA rating is the highest rating assigned by RAM, reflecting Public Bank's 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, which are equivalent with Malaysia's sovereign rating, had remained unchanged.

The credit rating agencies conduct annual reviews on Public Bank. As part of the Bank's commitment to maintain its investment grade credit ratings, the Bank carries out regular engagement with credit rating agencies and regulators to provide comprehensive, timely and transparent information on the Bank's performance, business strategies and prospects.

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	Negative



Overview

PBB GROUP'S STRATEGIC FOCUS: ORGANIC GROWTH IN FOCUS AREAS

“

The Group pursues a focused organic growth strategy in the retail banking business, particularly in domestic consumer banking and SME lending.

”

CORE FOCUS



DOMESTIC CONSUMER BANKING AND SME LENDING

Page 136 – 143

- 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



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

OTHER AREAS OF FOCUS

WEALTH MANAGEMENT

Page 144 – 150



- Sustain 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 151 – 152



- Promote e-payment
- Maintain effective collaboration with its banking and non-banking partners

CAPITAL MARKET OPERATIONS

Page 153 – 155



- 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 159 – 162



- 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 163



Provide top-notch customer service, in line with the Group's corporate tagline "Excellence is Our Commitment"

CHANNEL MANAGEMENT

Page 164 – 165



Serve customers through multi-channel network comprising of branches, self service terminals and digital channels, which include mobile, internet and social media platforms

INFORMATION & COMMUNICATION TECHNOLOGY

Page 166 – 169



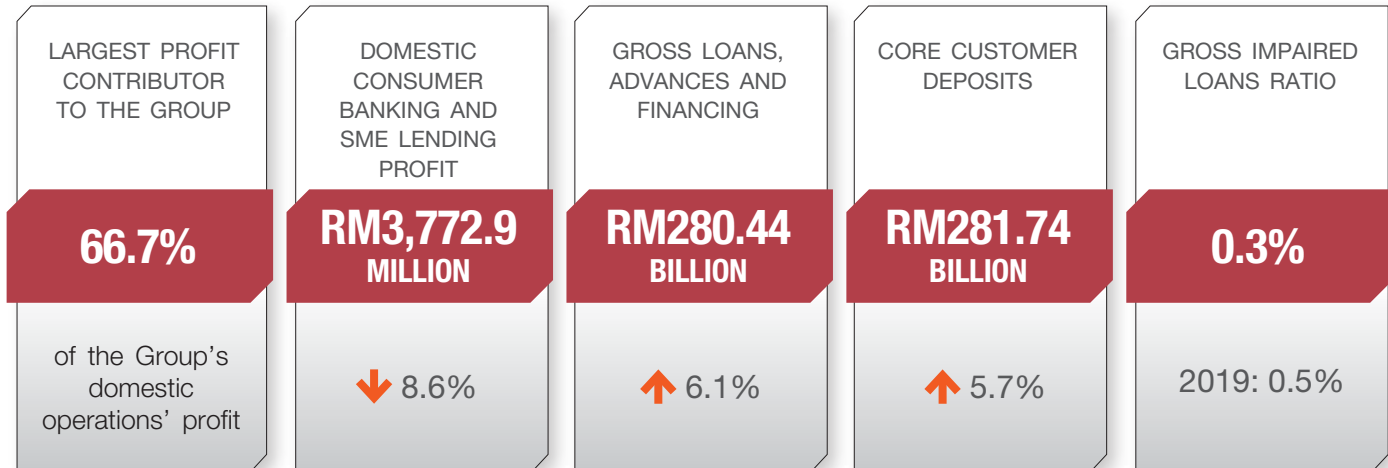
Harness information technology to support the Group's business needs and improve customer experience



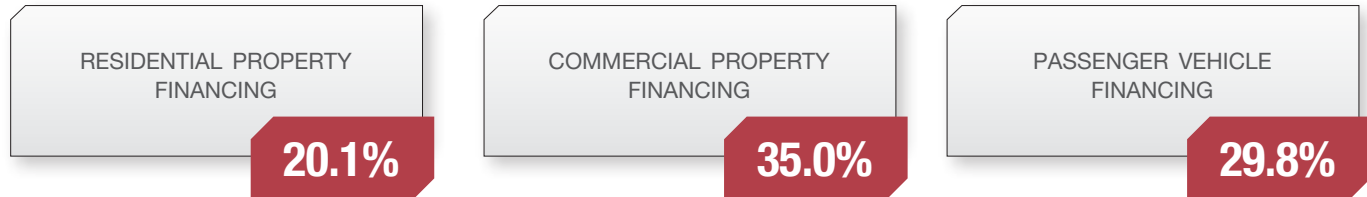
MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Domestic Consumer Banking and SME Lending

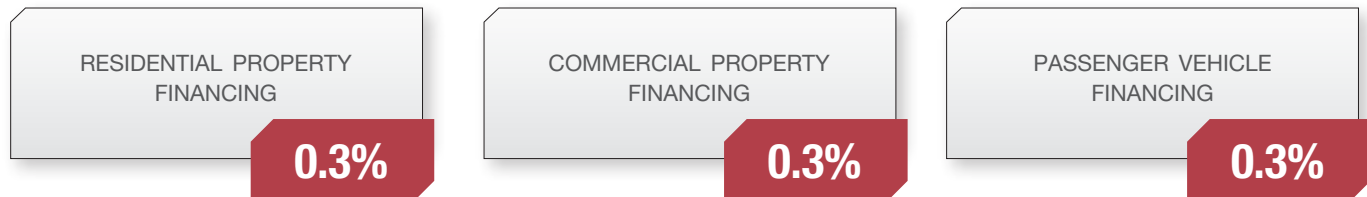
At a Glance



Market Shares



Gross Impaired Loans Ratio





MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

PUBLIC BANK GROUP'S RESPONSE TO COVID-19 PANDEMIC

REPAYMENT ASSISTANCE

April 2020 – September 2020

6-month Automatic Loan Moratorium

A total of
RM210.3 billion
for more than **1.5 million**
customers

- 6-month automatic loan moratorium for individuals and small and medium enterprises ("SME")

* As at the end of February 2021

October 2020 – June 2021

Targeted Repayment Assistance

11.3%* of the Public Bank Group's total domestic loans base

- 3-month loan moratorium in the fourth quarter of 2020 for individuals who lost their jobs and yet to find new jobs
- Reduced loans repayment for at least 6 months for individuals / SMEs who are employed but with salary / income reductions

December 2020 – June 2021

Expanded Targeted Repayment Assistance

- B40 individuals who are recipients of Bantuan Sara Hidup / Bantuan Prihatin Rakyat, M40 individuals registered under Bantuan Prihatin Nasional and microenterprises with approved loans of up to RM150,000
- 3-month deferment of loans repayment for B40 individuals who are recipients of Bantuan Sara Hidup
- 50% reduction of existing monthly instalment or interest for 6 months

FUNDING ASSISTANCE

Special Relief Facility ("SRF") and Others**

Approved more than
RM3.4 billion***
benefitting over
16,000 customers

** Others include PENJANA SME Financing, PENJANA Tourism Financing, Government Guarantee Scheme, All Economic Sectors Facility, Agrofood Facility, Automation and Digitalisation Facility as well as Micro Enterprises Facility

*** As at the end of February 2021

ENHANCEMENT OF BANKING PRODUCTS AND SERVICES

Digitalisation efforts

- Enhanced digitalisation on banking services (e.g. customer digital onboarding, enhanced PBe internet banking, PB engage mobile banking and PB enterprise)
- Upgraded the security infrastructure to provide additional defence against the growing risk of cyber threats with the increase in adoption and usage of online and internet banking services

Business Continuity Plan ("BCP")

- Implemented BCP for uninterrupted customer service and product delivery

Banking Product

- Introduced PB Journey Programme to support financial needs of various groups of customers
 - PB Journey SME Assist
 - PB Journey Golden Savers Campaign
 - PB Journey Junior Savers Campaign
 - PB Journey Wealth Builders Programme
 - PB Journey Family Wealth Boosters Programme
 - PB Journey EzPay Home Financing, which is a home financing product with lower initial financial commitment

HEALTH AND PRECAUTIONARY MEASURES

- Enabled the "PB Track & Trace" QR solution for contact tracing of customers at the Bank
- Conducted temperature checks when customers enter the Bank's premises
- Provided hand sanitisers at entry-points in the Bank's premises
- Enforced social distancing in the Bank's premises
- Sanitised the Bank's self service machines regularly



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Domestic Consumer Banking and SME Lending

OVERVIEW

The Public Bank Group's domestic banking comprises of consumer banking and lending to the small and medium enterprises ("SME"), which accounted for 86.6% of the Group's total domestic lending portfolio as at the end of 2020. The Group provides a comprehensive range of conventional as well as Shariah compliant retail loans / financing, deposits products and financial services to both individual customers as well as SMEs.

DOMESTIC CONSUMER BANKING

The Public Bank Group's domestic consumer banking comprises of the following:

- (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 sluggish in 2020 as the property overhang situation continued to impact the market coupled with cautious consumer sentiment as a result of the COVID-19 pandemic. Various Government measures were introduced during the year such as reintroduction of the Home Ownership Campaign and the cuts in the Overnight Policy Rate ("OPR"), aimed at providing assistance to home buyers while stimulating the residential property market, particularly the primary market segment.

Performance Review

The Public Bank Group's domestic residential properties financing portfolio grew by 8.2% to RM129.84 billion as at the end of 2020, which accounted for 40.1% of the Group's total domestic loan portfolio. The Group remained the largest financial provider of residential property loans in Malaysia, with market share of 20.1% as at the end of 2020, higher than 19.9% a year ago.

In 2020, the Public Bank Group approved RM18.03 billion of residential property loans, which formed 33.8% of total domestic loans approved. Within the residential property market segment, the mass market segment with property prices ranging between RM100,000 and RM500,000 remained the Group's main focus, which accounted for 56.4% of the Group's total number of approved loans for the purchase of residential property in 2020.

The asset quality of the Public Bank Group's domestic residential property loans remained resilient. The Group's gross impaired loans ratio for the domestic residential property loans segment was 0.3% as at the end of 2020, which remained well below the industry's gross impaired loans ratio for the segment of 1.2%. The ability to sustain stable asset quality even through trying times, is a reflection of the Group's strong credit foundation laid over the years, supported by its 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 for approximately 42,000 customers were approved in 2020 under these plans.
PB First Home • Provide financing for first time home 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 product which was introduced in 2019. Total loans of RM117.54 million were granted to approximately 600 customers in 2020.
PB Journey EzPay • Provide financing for homebuyers through lower initial financial commitment. • Additional repayment option for completed properties, which allows customers the flexibility to service interest / profit only during the first 12 months from the first disbursement of loan.	New product in the market launched in August 2020.

The Public Bank Group continued to leverage on its strong PB brand, efficient loan service delivery and extensive branch network nationwide, which has enabled the Group to establish itself as the leading financial provider in the residential property market segment. The Group maintained close business relationship with solicitors, reputable property developers, property valuers and real estate agents for ongoing business support and referrals.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Anticipated Risks and Prospects

Housing market is dependent on the domestic sentiment and property market outlook. Long standing issues for the domestic property market, such as housing affordability, high household debt and rising cost of living coupled with the economic impact of the containment measures to prevent the spread of the COVID-19 pandemic will weigh on the demand for home financing. These are exacerbated by the intensified competition among banks and thus, further compression in net interest margin.

The Home Ownership Campaign has been reintroduced in 2020, which is expected to support the property market transactions and loans for the purchase of residential properties going forward. The Public Bank Group remains focused on financing residential properties for owner occupation.

Despite the challenges in 2020, the Public Bank Group maintained its market leading position in the residential property financing segment, especially financing of homes for owner occupation. To sustain its market position, the Group will continue to promote financing of affordable housing with competitive pricing and flexible loan product packages.

Passenger Vehicle Hire Purchase Financing

The automotive industry registered weak sales in the first half of 2020 as sales activities were curtailed severely by restriction under the Movement Control Order (“MCO”). Nevertheless, sales of motor vehicles rebounded in the second half following the gradual lifting of the MCO and sales tax exemption as announced by the Government under PENJANA, which resulted in broad based price cuts by auto dealers and lifted sales.

Performance Review

Passenger vehicle hire purchase financing remained one of the key retail lending businesses in the Public Bank Group, representing 16.2% of the Group’s total domestic loan portfolio. Despite the challenging market environment, the Public Bank Group’s domestic vehicle hire purchase portfolio increased by 6.6% to RM52.36 billion as at the end of 2020. The Group continued to maintain a strong market share of 29.8% as at the end of 2020, higher than 29.4% a year ago. The Group’s domestic vehicle hire purchase portfolio sustained sound asset quality, supported by the loan moratorium as well as the restructuring and rescheduling (“R&R”) of loans. Gross impaired loans ratio was 0.3% as at the end of 2020, which remained below the industry’s ratio of 0.8%.

The Public Bank Group set up seven new Hire Purchase Hubs in 2020, to further enhance service delivery while optimising resources as it continues expanding its market presence in the hire purchase business.

Marketing Initiatives

The Public Bank Group continued to drive business volume and market share through its targeted sales strategy, improved turnaround time for hire purchase loan delivery through its Electronic Hire Purchase Delivery System, aggressive marketing initiatives as well as business collaboration with established vehicle dealers, distributors and manufacturers. The Group maintains a strong team of more than 1,500 staff located in 25 Hire Purchase Centres, 20 Hire Purchase Hubs and 264 branches nationwide to support and grow the business. Throughout the year, the Group has participated in sales promotions and car sales carnivals, which were jointly organised with more than 2,500 established dealers in Malaysia. In 2020, Public Bank expanded further its dealer network to include more than 150 new panel car dealers.

Anticipated Risks and Prospects

The automotive industry is expected to remain challenging in view of the economic uncertainties from the COVID-19 pandemic, coupled with the cautious consumer sentiment and fragile business confidence. The uncertain economic environment will continue to pose a downside risk on asset quality. Heighten competition among auto vehicle financiers will continue, which would further intensify pricing pressure leading to margin compression. However, the sales tax exemption has been extended until 30 June 2021, which is expected to support auto sales during the first half of 2021.

Moving forward, the Public Bank Group aims to capitalise on the Government’s economic recovery efforts to drive growth momentum. The Group will continue to expand its market share, targeting the high profit margin segments such as new passenger vehicles, quality second hand passenger vehicles and light commercial vehicles segments. In addition, the Group will also tap on its extensive branch network and customer database to increase further its fee-based income.

Personal Consumer Financing

Public Islamic Bank’s Bai’ Al-Einah (“BAE”) Personal Financing-i is the main driver of the Public Bank Group’s domestic personal consumer financing business. The BAE Personal Financing-i is offered to staff of large corporations and various Government bodies, including Government agencies, statutory bodies and Government linked corporations. As at the end of 2020, there were more than 290 entities with agency arrangements with Public Islamic Bank. Total outstanding financing of BAE Personal Financing-i grew by 9.8% to RM1.70 billion as at the end of 2020.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Domestic Consumer Banking and SME Lending

Credit and Debit Cards

In 2020, domestic spending was affected owing to the effects of the COVID-19 pandemic. Nevertheless, greater adoption of online banking, cashless transaction and e-commerce bolstered the usages of both credit and debit cards.

During the year, Public Bank expanded its credit card, debit card and merchant base. The Bank has been highly supportive of Bank Negara Malaysia (“BNM”)’s initiatives to promote debit card as a cost effective payment instrument and a substitute to cash and cheques. The Bank has also expanded its merchant acceptance base targeting new segments in the market as it continues to promote cashless transaction.

Performance Review

In 2020, Public Bank recorded an increase in new customer acquisition for credit and debit cards as well as merchant recruitment.

Public Bank’s credit card base grew by 4.4% in 2020, bucking industry trend which reported a contraction of 3.0%. Credit card base grew, driven by extensive marketing efforts to acquire new customers, cross-selling initiatives for existing customers as well as the retention of existing customers.

Whilst Public Bank’s total credit card sales and credit card receivables fell by 7.5% and 7.2% respectively in 2020, the rates of contraction were lower compared to the industry’s contraction rates of 11.7% and 12.5% respectively.

Public Bank’s debit card segment continued to perform well, with debit card base and debit card sales increasing by 4.1% and 10.7% respectively in 2020.

Pricing pressure persisted amid the final year of the Payment Card Reform Framework (“PCRF”), whereby most banks offered attractive merchant packages to achieve their key performance indicator under the PCRF as set by BNM. Public Bank’s merchant sales fell by 8.8% in 2020, due to the MCO. Despite the contraction in merchant sales, the Bank added more than 17,700 units of merchant terminals, bringing the total to 106,680 units as at the end of 2020, located at more than 63,900 merchant outlets. The Bank has been aggressive in merchant recruitment of micro enterprises, such as grocery stores, mini markets, fresh marts and convenient stores as well as other non-traditional merchant segments.

New Products and Marketing Initiatives

In 2020, Public Bank continued to focus on attractive rewards and merchant privilege programmes, which aimed to encourage online spending as well as increase billings and receivables. Aggressive

acquisition programmes were initiated with cash back and guaranteed gifts. In the first half of 2020, the Bank launched the “PB Credit Card Acquisition Campaign – Apply Now for PB Card and Great Reward Awaits You”. There were also campaigns launched in the second quarter of the year during the MCO, such as “Stay Home, Shop Online and Be Rewarded” and “Stay Safe, Get Protected and Be Rewarded”, which were supportive of cashless transactions for the sales and purchases of essential products, such as pharmacies, groceries and food delivery.

Public Bank implemented the balance transfer and Flexipay with an enticing repayment option of 48 months instalment plan to attract new customers and ease repayment. The Bank also partnered with major card brands such as Mastercard, Visa, PayNet and Unionpay to promote the usages of credit and debit cards with reputable merchants, including Lazada and Shopee.

In June 2020, Public Bank launched the Digital Invoicing facility, which is a new merchant service that allows merchants to accept card payments online, even if the merchant does not have a website. This solution is relevant to merchants who offer their products via Facebook or WhatsApp, which are new norms of conducting business due to the COVID-19 pandemic.

Anticipated Risks and Prospects

Economic uncertainties and weak consumer sentiment are expected to continue to weigh on consumer spending, which would affect the credit card business. Despite the challenging business environment, Public Bank’s credit card business is expected to grow supported by co-brand partners and contribution from existing customers, active branding and marketing activities as well as expansion of customer base and retail merchants. The Bank remains committed in supporting BNM’s initiative to promote e-payments and will continue to acquire more online merchants, in tandem with the increase of card acceptance and cashless payments nationwide.

Share Margin Financing

The Public Bank Group’s share trading and share margin business achieved commendable growth, driven by a surge of equity transactions in Bursa Malaysia. In 2020, the Group’s total share trading value rose by more than three folds, outpacing total trading value in Bursa Malaysia. Consequently, gross brokerage increased by more than two folds to RM143.06 million in 2020.

As the Public Bank Group’s share trading and share margin financing business are expected to grow in tandem with market conditions, the Group will continue to improve its service delivery channels to cater to the needs of customers.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Customer Deposits

Domestic Core Customer Deposits	2020 RM'Billion	2019 RM'Billion	Growth %	Market Share %
Demand Deposits	53.61	45.01	19.1	12.3
Savings Deposits	39.55	31.83	24.3	18.6
Fixed Deposits	188.58	189.67	(0.6)	19.0
Total Domestic Core Customer Deposits	281.74	266.51	5.7	17.2

Performance Review

Against the backdrop of the low interest rate environment, the Public Bank Group's domestic fixed deposits fell by 0.6% to RM188.58 billion as at the end of 2020, as customers switched to alternative investments in their quest for better yields. Nonetheless, the Group's domestic core customer deposits grew by 5.7% to RM281.74 billion as at the end of 2020, boosted by strong growth in demand and savings deposits which grew by 19.1% and 24.3% respectively.

The Group's domestic demand and savings deposits, which amounted to RM93.16 billion as at the end of 2020, accounted for 33.1% of the Group's domestic core customer deposits. The Group's market share of core customer deposits further increased from 16.9% a year ago to 17.2% as at the end of 2020.

Marketing Initiatives

In order to improve Public Bank's product offering for customers' convenience, the enhancement of PB eFD account was implemented to allow fund transfers from other banks via the Financial Process Exchange System ("FPX") for PB eFD placements. FPX is an internet based payment gateway that allows real time payment for online purchases and bill payments. By leveraging on the FPX service, PB eFD account holders are able to conveniently transfer funds from their account(s) maintained with other FPX participating banks for hassle free PB eFD placements. Customers also enjoyed promotional rates from the safety of their homes, as the Bank launched the PB eFD via FPX Campaign offering promotional interest rates for various tenures. This enhancement was timely, in light of the movement restrictions and social distancing measures under the MCO which discouraged physical visits to bank branches. Since the enhancement of the PB eFD account, the Bank's total number of PB eFD accounts grew by 40.5% and PB eFD outstanding balance increased by 76.7%.

CASA campaigns	FD campaigns
• PB Save & Reward Campaign • PB Golden Fortune 2020 Campaign • PB WISE Campaign • PB 2020 Double Bonus Campaign • PB Journey Golden Savers Campaign • PB Journey Junior Savers Campaign • PB Journey Wealth Builders Programme • PB Journey Family Wealth Boosters Programme	• PB eFD via FPX Campaign • PB Fixed Deposit / Term Deposit-i Campaign • PB 3-Month Fixed Deposit / Term Deposit-i Campaign

In 2020, the Public Bank Group launched several campaigns to grow its retail deposit base. The Group offered competitive interest rates, exclusive gifts and cash rewards to attract new retail deposits. Additionally, the Group launched the PB Journey Programme, which comprised of a series of programmes designed to assist various groups of customers such as students, fresh graduates, families and retirees during the COVID-19 pandemic. The various deposits campaigns have successfully generated total deposits amounting to RM92.53 billion in 2020.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Domestic Consumer Banking and SME Lending

Red Carpet Banking

Public Bank's Red Carpet Banking ("RCB") serves the emerging affluent customers by providing personalised wealth management services and attractive benefits through RCB exclusive campaigns. In 2020, new RCB customers grew by more than one fold to over 24,500 whilst the average product holding per RCB customer improved to 4.76 products, from 4.17 products in 2019.

Public Bank continued to expand its RCB footprint across the country. In 2020, the Bank successfully opened five new RCB Centres covering Klang Valley, Pulau Pinang, Sabah and Sarawak regions, bringing the total to 14 RCB Centres nationwide. The Bank will continue to expand its RCB Centres to reach out to more customers in this customer segment.

Public Bank continues to engage RCB customers and enhance customer experience by providing regular updates on benefits and campaigns via the RCB e-Newsletter. In recognition of the support and loyalty of RCB customers, the Bank launched an exclusive campaign, namely the "PB Journey" Programme during the year designed to acknowledge and appreciate RCB customers' support in their journey with the Bank.

RCB Campaigns

- New RCB Membership Sign-Up Campaign
- RCB Membership Sign-Up Campaign 2020
- PB RCB Invitation Campaign
- PB RCB Fixed Deposit / Term Deposit-i Campaign
- PB 3-Month RCB Fixed Deposit / Term Deposit-i Campaign
- PB Premier High Yield Fixed Deposit Campaign
- PB Journey Programme – Product Holding Reward

In 2020, total deposits via these RCB exclusive campaigns amounted to RM7.05 billion.

Anticipated Risks and Prospects

Businesses and consumers are expected to remain cautious in 2021, owing to the economic uncertainties. Meanwhile, competition for retail deposits is expected to continue, as customers will continue to search for higher yield investment alternatives as opposed to traditional savings deposits.

Against the backdrop of a new normal business environment coupled with cautious market sentiment and competitive pricing environment, the Public Bank Group will continue to focus on digitalising its deposits products and carrying out online promotional activities to reach out to more customers.

SME LENDING

According to the 2030 National Entrepreneurship Policy, the SME sector remains a major catalyst which is expected to contribute 50% to the Malaysian economy in 2030. The Public Bank Group is supportive of the SME sector through an extensive range of financing products with attractive rates.

Performance Review

2020 has been a challenging year for the SMEs, especially with the economic and business uncertainties arising from the COVID-19 pandemic. Nevertheless, the resumption of market activity under the recovery MCO coupled with funding assistance such as the SRF and other measures, including Prihatin Economic Stimulus Package ("PRIHATIN") and National Economic Recovery Plan ("PENJANA") have partially mitigated the impact.

Throughout these challenging times, the Public Bank Group provided strong support to the SMEs via continued access to financing. This includes the Group's active participation in the various special financing schemes for the SMEs initiated by the Government and BNM to assist SMEs affected by the COVID-19 pandemic. The Group's SME loans grew by 3.4% to RM66.76 billion as at the end of 2020, which accounted for 20.6% of the Group's domestic loans portfolio. In 2020, total financing of RM11.48 billion was approved by the Group, which represented 21.5% of the total domestic loans approved.

Products

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

Under the Public Bank Group's flagship product for SMEs, the SWIFT Plan offers comprehensive financing solutions for business expansion, asset acquisition, working capital as well as trade financing. In 2020, total financing of RM2.10 billion under the SWIFT Plan was granted by the Group to eligible SMEs.

Special Financing Schemes

The Public Bank Group provided funding assistance to SMEs during the COVID-19 pandemic through its active participation in various initiatives by the Government and BNM, including the SRF, PENJANA SME Financing and Micro Enterprises Facility. To date, the Group has approved more than RM3.4 billion in funding assistance, which benefitted over 16,000 customers in Malaysia.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Government Guaranteed Schemes (“GGS”) and Credit Guarantee Corporation (“CGC”)

The Public Bank Group participated in various Government guaranteed financing schemes, such as the Working Capital Guarantee Scheme (“WCGS”) 2, WCGS-Start Up, WCGS-Bumi, WCGS-Women, WCGS-Export and Automation and Digital Guarantee Scheme. To assist SMEs who were adversely affected during the COVID-19 pandemic, the Government also offered guarantees under the SRF and GGS Prihatin.

The Public Bank Group also worked closely with CGC to provide working capital and / or capital expenditure financing to SMEs without collateral. The Group has participated in various guaranteed schemes offered by CGC, including BizJamin and BizJamin Bumi. Besides guarantees by the Government, guarantees by CGC under the SRF was also offered to SMEs who are adversely affected by the COVID-19 pandemic.

In support of the national green technology agenda, which encourages local green businesses involved in green technology projects, the Public Bank Group has participated in the Green Technology Financing Scheme 2.0.

Marketing Initiatives

In 2020, the Public Bank Group offered SWIFT EXTRA and SWIFT Prime Retail Customer, where financing of up to 100% were granted to viable SMEs for the purchase or refinancing of properties and working capital. The Group is also offering promotional rates to SMEs, whereby the campaign is extended further to 30 June 2021.

Anticipated Risks and Prospects

Businesses have been severely affected owing to the effects of the containment measures to prevent the spread of the COVID-19 pandemic. Mainly, SMEs have been hit largely due to cash flow issues and lack of financial strength to withstand the disruption in their business operations.

The Government and BNM have been providing funding assistance through various initiatives to assist SMEs during this trying times. Demand for working capital by SMEs is also expected to increase, in tandem with their business sustainability efforts. Similarly, the Public Bank Group continues to provide assistance to SMEs who are experiencing financial difficulties through various loan repayment assistance programmes and debt rehabilitation support. The Group will continue to work closely with BNM as it actively engages and assists SMEs by providing further loan repayment assistance to alleviate their cash flow problems.

Going forward, the Public Bank Group will continue to leverage on its strong market presence and proven business strategies to grow its market share in the SME sector by offering products and services to cater to the needs of SMEs.

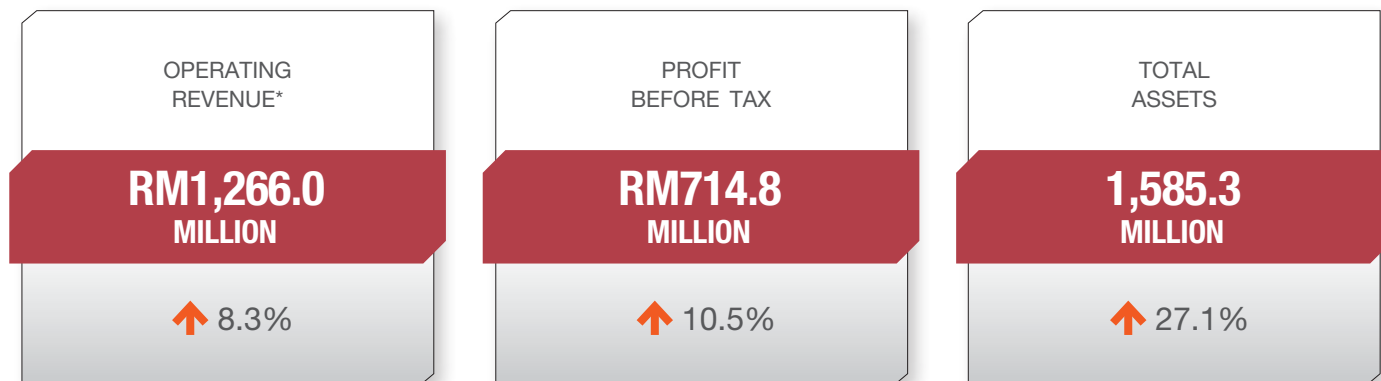


MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Wealth Management

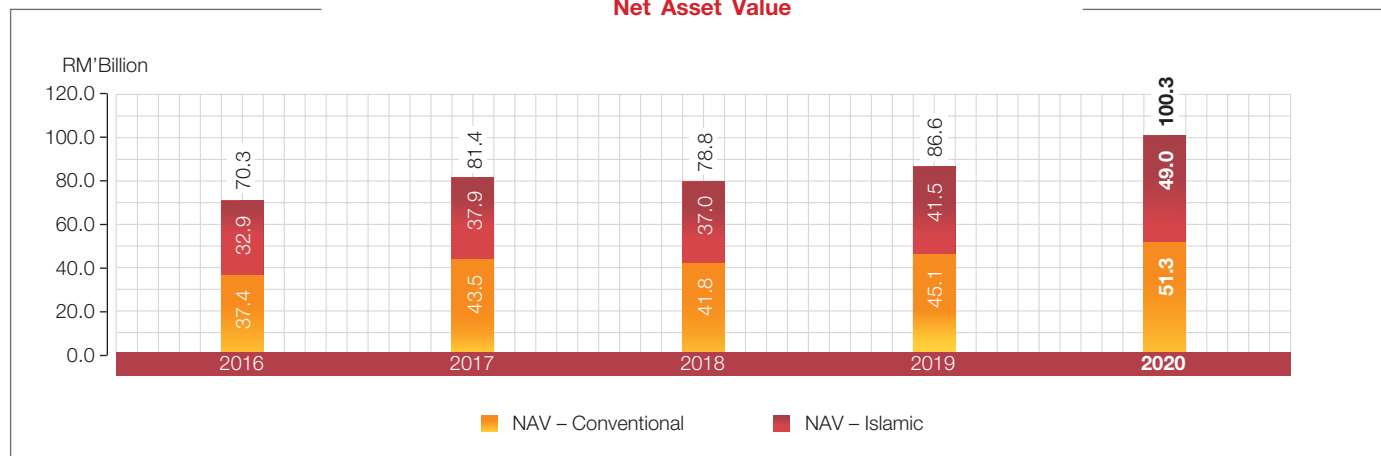
FUND MANAGEMENT

At a Glance

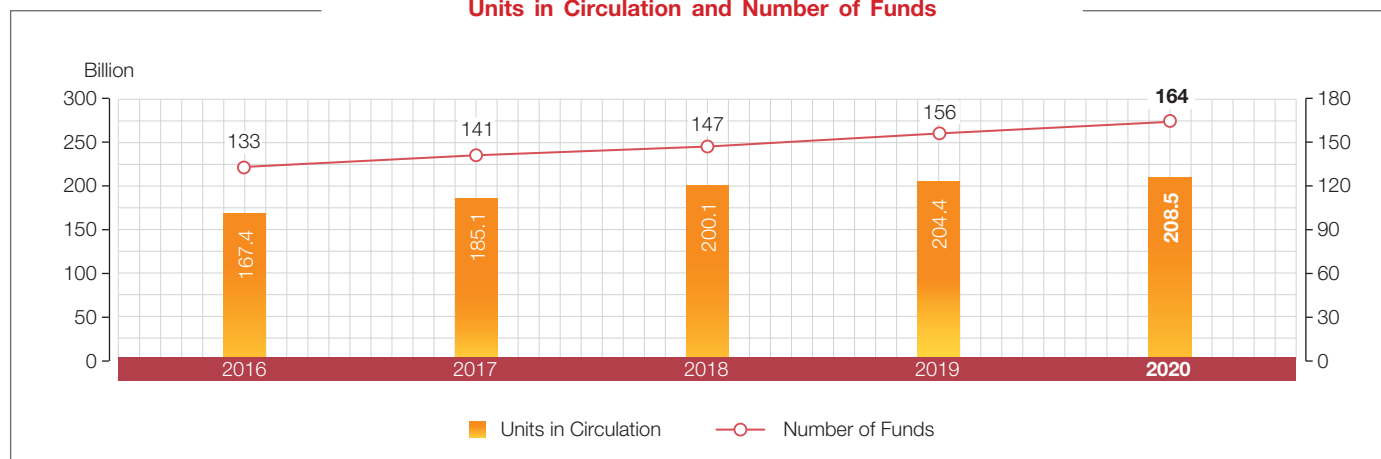


* After offsetting direct sales commission

Net Asset Value



Units in Circulation and Number of Funds





MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Overview

Global and regional equity markets experienced volatile trading conditions in 2020 due to the adverse impact of COVID-19 on global economic activities. Following a sharp decline in the first quarter of 2020, the FTSE Bursa Malaysia Kuala Lumpur Composite Index subsequently rebounded amid fiscal and monetary stimulus measures as well as optimism over the rollout of COVID-19 vaccines, closing at 1,627 points to register a return of 2.4% for 2020.

In tandem with lower global bond yields and the 125 basis points reduction in the Overnight Policy Rate to 1.75% to support domestic economic activities, the domestic bond market performed well in the first half of 2020 before consolidating in the fourth quarter of 2020 on concerns of increased supply of new bond issues.

Performance Review

After registering an increase of 10.0% in 2019, Public Mutual Berhad (“Public Mutual”)’s total assets under management (“AUM”) grew further by 15.8% to RM100.3 billion as at the end of 2020, of which retail funds contributed RM93.8 billion or 93.5% of its total AUM. RM72.6 billion (77.4%) of its retail funds’ AUM consisted of equity funds, RM16.6 billion (17.7%) was made up of bond funds whilst the remaining RM4.6 billion (4.9%) comprised of money market funds.

For the financial year ended 2020, equity funds accounted for RM7.5 billion (57.6%) of the growth in retail funds’ AUM, followed by bond funds’ RM4.4 billion (33.4%) and money market funds’ RM1.2 billion (9.0%).

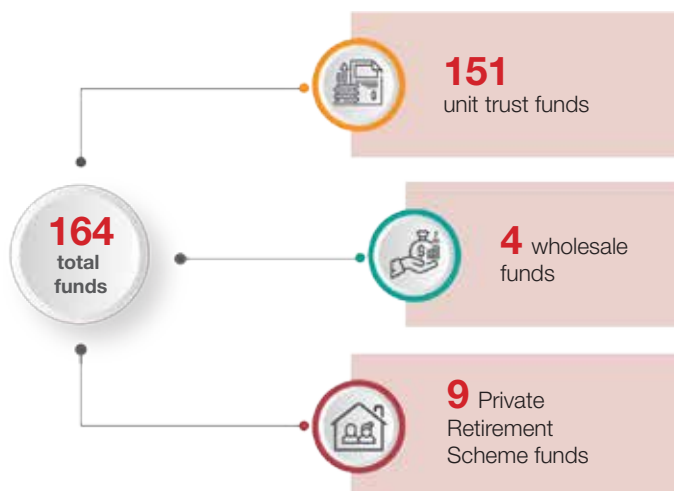
Public Mutual’s domestic and foreign equity funds recorded returns of up to 35.0% and 46.4% respectively in 2020, led by gains in the healthcare and technology sectors as well as selected foreign markets.

On the fixed income front, Public Mutual’s bond funds registered returns of up to 6.2% over the same period in tandem with lower domestic bond yields.

Public Mutual’s profit before tax increased by 10.5% from RM646.8 million in 2019 to RM714.8 million in 2020 mainly due to higher management fee from higher average net asset value of funds under management and higher fee income on sale of trust units, partially offset by higher other operating expenses. Total operating revenue improved by 8.3% from RM1,168.8 million in 2019 to RM1,266.0 million in 2020.

New Fund Launches**Eight New Funds in 2020**

Fund	Launch Date
Public e-Asia Pacific REITs Flexi Fund	18 February 2020
PB Greater China A-Shares Fund	10 March 2020
Public e-Income Fund	1 July 2020
Public e-Islamic Income Fund	1 July 2020
Public e-Artificial Intelligence Technology Fund	18 August 2020
PB Vietnam Global 40 Fund	18 September 2020
Public Healthcare-Global Equity Fund	20 October 2020
Public e-Sukuk Fund	9 December 2020

Number of Funds



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Wealth Management

Awards

In 2020, Public Mutual was conferred a total of 55 awards, reinforcing its position as the undisputed leader in the private unit trust industry.



- **34 Refinitiv Lipper Fund Awards 2020, including 2 Group Awards for the Equity, Malaysia and Mixed Assets, Malaysia**
- **10 Refinitiv Lipper Fund Awards 2020 – Global Islamic Fund Awards**
- **4 Morningstar Awards Malaysia 2020**
- **Reader's Digest Trusted Brand Platinum Award 2020 for the Investment Fund Company Category in Malaysia**
- **5 Asia Asset Management – Best of the Best Awards 2020**
- **The Asset Triple A Islamic Finance Awards 2020 for Islamic Asset Manager of the Year, Malaysia (Retail)**

Marketing and Promotional Initiatives

In 2020, Public Mutual continued to maintain its brand presence through advertising and branding efforts such as:

- Placement of print advertisements, online advertisements and extensive billboard coverage to reach out to a wider audience.
- Sending of weekly electronic direct mailers ("eDMs") to investors on financial planning and money management tips.
- Money Management seminars for Millennials.
- Mutual Gold Webinars for premier members (Mutual Gold, Mutual Gold Elite and Mutual Platinum members).
- Sharing of financial planning tips as well as latest news and happenings through Public Mutual's social media channels.

New Digital Initiatives

The unprecedented COVID-19 pandemic changed the investing landscape around the world. To address rising concerns and to compete effectively with other industry players, Public Mutual implemented a number of digital initiatives that have enabled investors to transact from the comfort of their homes.

During the year, Public Mutual enhanced its investor platform, Public Mutual Online ("PMO"). Among others, the enhanced PMO enables investors to get an overview of their investment portfolios based on

fund categories, geographical regions and schemes. Meanwhile, the improved fund analytics feature provides investors with daily updates of Public Mutual's funds' performance over various durations including the year-to-date performance, fund details and fund prices.

Public Mutual also introduced the Pocket-PMO application, which is a mobile application that offers investors the ability to access their investment portfolio, perform transactions and conduct fund analytics at their fingertips. Besides being able to view the portfolio summary of their investment accounts, investors can plan, invest and monitor their investments, earmark investment accounts for specific financial goals and set target price alerts for notification when their preferred fund achieves target price. Furthermore, they can learn more on financial and money management tips as well as explore financial calculators to plan for their retirement.

Meanwhile, to facilitate unit trust consultants ("UTCs") in their business dealings, the Company introduced the online e-Suitability Assessment ("eSA") for UTCs to guide investors in assessing their risk tolerance levels before investing. This facility helps UTCs to perform suitability assessments with their investors without having to meet face-to-face.

Customer Service

PMO is an internet portal where subscribers can invest, make transaction requests such as switching and redemption of units, enquire on their investment accounts as well as update their profiles. The number of subscribers has grown to more than 700,000 since its launch in January 2009.

The number of Public Mutual's priority service customers has also increased to more than 115,000 members as at the end of 2020.



>700,000
number of
PMO service
subscribers



>115,000
priority service
customers



31
branch offices and
customer service
centres nationwide



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Training and Support

Public Mutual recognises the need to continuously improve the skills and knowledge of its UTCs to be able to serve clients more efficiently. Training programmes are offered online to cater to the changing environment and times. The Company offers a wide range of programmes, such as ethics and compliance, customer service, productivity enhancement and agency management for UTCs of different ranks to uphold professionalism and competency.

Anticipated Risks

The COVID-19 pandemic has accelerated the development as well as adoption of digital platforms and robo-advisory services. To stay competitive, Public Mutual will continue to strengthen its digital capabilities by further enhancing its PMO and Pocket-PMO. Public Mutual will continue to onboard new investors through digital onboarding and eSA.

Investor education is also emphasised to maintain continuous communication with investors through investment updates which are disseminated via PMO, website, social media, eDMs and e-newsletters. Public Mutual will continue to enhance the skills of its UTCs through various training programmes to enable UTCs to provide value-added services to investors while emphasising on the importance of its UTCs' after-sales services and regular investor engagement.

To mitigate the rising threat of cyber security, Public Mutual will continue to enhance its cyber defence and cyber security while raising the awareness on cyber risk to ensure adequate protection of customer data and the continuous availability of essential financial services to customers.

In response to the Movement Control Order ("MCO"), Public Mutual continues to ensure customers' access to uninterrupted essential services supported by its contingency measures through its Business Continuity Plan, such as split operations and work-from-home arrangements.

Prospects

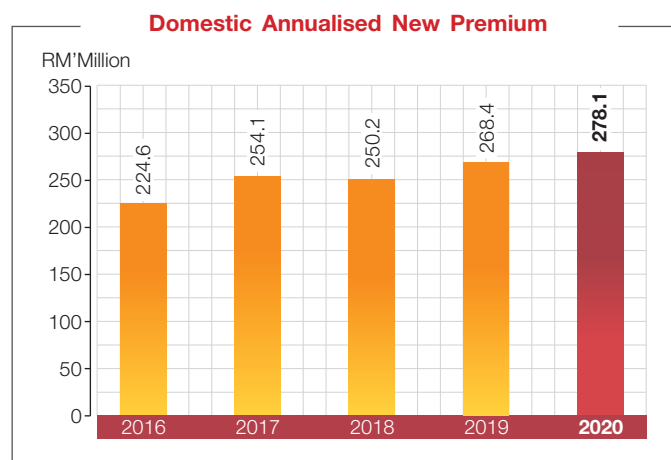
The retail unit trust industry is expected to experience moderate growth in 2021, amid anticipated gradual recovery in domestic and global markets following the COVID-19 crisis. Nevertheless, Public Mutual will remain focused on offering a diverse range of unit trust products and exceptional services to cater to the changing investment landscape.

BANCASSURANCE

The Public Bank Group and AIA Group Ltd. ("AIA") entered into its eighth year of strategic bancassurance partnership in 2020. The bancassurance business continues to be one of the Group's main fee income generator which promotes and provides customers with a comprehensive array of bancassurance products. The Group's bancassurance business is well supported by the Group's domestic branch network, with 601 licensed financial executives and 2,083 credit related staff.

The Public Bank's bancassurance business had proven to be resilient during the Movement Control Order ("MCO"), driven by its digitalisation initiatives. The new norm has unleashed opportunities for the business, as the COVID-19 pandemic accelerated the implementation of web conferencing, remote selling, online payment method and link for sending payment. Digitalisation of business operations and processes via technology further enriched customer experience, while ensuring that customers remained well insured during this unprecedented period.

Performance Review



Despite the challenging operating environment, the annualised new premium ("ANP") of the Group's domestic bancassurance business grew by 3.6% or RM9.7 million to RM278.1 million in 2020.

New Products

PB Elite Signature

Public Bank and AIA launched the PB Elite Signature in August 2020. PB Elite Signature is a new regular premium investment-linked product, with target markets being the emerging high net worth customers as well as high net worth customers with investment and retirement propositions. It offers exclusive access to investments of world class corporations, such as BlackRock, Wellington and Baillie Gifford.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Wealth Management

PB Smart Elite

Public Bank and AIA launched the PB Smart Elite in August 2020. PB Smart Elite is a single premium investment-linked product, offering insurance coverage linked with two of the AIA Elite Funds series, which is suitable for investment oriented customers.

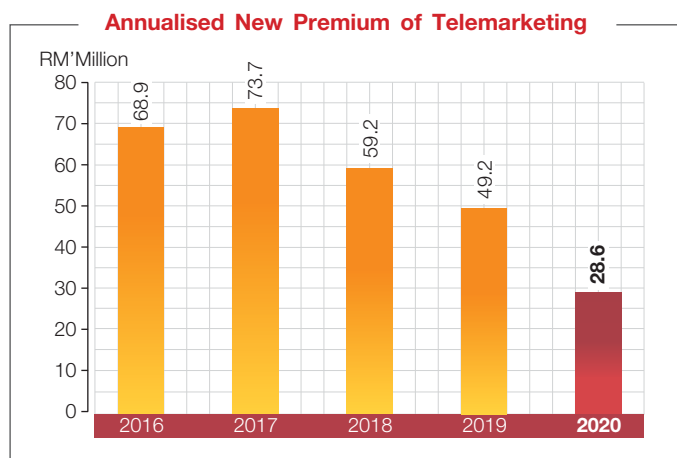
PB Major Illness Care

In September 2020, Public Bank and AIA launched the PB Major Illness Care, a regular premium non-participating product that provides a comprehensive major illness insurance coverage to customers.

AIA Strategic Fund Series

The AIA Strategic Fixed Income Fund and AIA Strategic Equity Fund were launched in August 2020. These were added to the range of AIA Investment Funds for customers to invest in and provide customers with potentially higher returns through exposure to foreign markets.

Telemarketing Insurance Products



Due to the disruption in telemarketing activities at call centres owing to the unprecedented COVID-19 pandemic, Public Bank recorded a drop in the ANP of telemarketing by 41.9% to RM28.6 million in 2020. The ANP was mainly contributed by sales of the PB Cancer Guard, PB CI Protector and PB Golden Care Plans.

Public Bank continues to pursue data analytics and modelling to identify potential customers, explore and conduct more telemarketing initiatives on targeted groups of customers to improve take-up rate of products and customer retention.

Marketing Initiatives

Sales Campaigns

During the year, Public Bank and AIA launched several attractive campaigns which offered additional sum assured, premium discount and / or without medical underwriting. Especially during this unprecedented period, extra coverage for COVID-19 was offered for free to support the community during these challenging times.

Public Bank also launched various attractive campaigns to motivate and boost the productivity of bancassurance sales staff, among which include 2020 Regular Premium Challenge, 2020 Referral Rewards Campaign, 2020 Up Forcing Challenge, 2020 Merdeka Challenge and 2020 Regular Premium Branch Challenge. Incentives for sales staff included cash reward, incentive trips and gifts rewards. However, the incentive trip for the 2019 Incentive Trip Challenge and 2019 Bancassurance Rookie Conference Trip Challenge were cancelled owing to the COVID-19 pandemic. Nevertheless, Public Bank launched the 2020 Incentive Trip Challenge to boost staff's morale during this unprecedented period and will reward sales staff in the form of cash if the situation does not permit to travel overseas in 2021.

Project Soaring Eagle – A Systematic Referral Process

In 2020, Public Bank and AIA together with McKinsey Consultation had initiated the Project Soaring Eagle to optimise the bancassurance model, elevate the business to the next level and ensure sustainable growth trajectory. With the observation and analysis conducted by McKinsey, several initiatives were identified for improvement, among which include the focus on systematic customer referral process. By leveraging on the propensity model and customer base at branches, highly potential customers could be referred to sales staff for cross-selling purpose.

For more effective customer referral process, Public Bank and AIA will continue to leverage on the Activity Management Dashboard, upgraded with an additional tool of the Lead Management Report which was launched in 2020 to fully capitalise on Public Bank's existing system. This initiative enhances operational efficiency as engagement with customers can be optimised with well-identified needs and background checks. The Bank will continue to capitalise on its customer referral campaigns, where monthly rewards and cash incentives are given for successful leads in order to foster cross-selling and referral culture among branch staff.

Training Initiatives

Public Bank and AIA continued to work closely to develop new training programmes for both new recruits and existing sales staff to ensure they are equipped with comprehensive product knowledge and skills to meet customers' expectations in a professional and ethical manner.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

In 2020, Public Bank and AIA had arranged a series of familiarisation programme and training courses for new recruits to boost their confidence, selling competency and product knowledge. These courses included Product Training, First Advisor's Sales Training Results Achieving Curriculum ("FASTRAC") and Gear Up Rise Up ("GURU").

For experienced sales staff, Protect 360 was conducted virtually in 2020, which aimed to drive sales productivity with emphasis on the importance of need-based selling. These training were conducted to equip sales staff with selling strategy and knowledge to promote insurance plans as tools to help customers in their wealth planning while ensuring that they are well-protected through a comprehensive insurance plan.

In 2020, product refreshers eLearning, fund performance and economic market update Webinars were also launched to ensure that product knowledge and selling strategy of sales staff remained updated.

Regional Bancassurance Partnerships

Public Bank's Overseas Operations	Initiatives and Results
Hong Kong Operations - Eighth year of bancassurance partnership with AIA International Limited (Hong Kong). - Leverage on the Public Bank Group's extensive network of 32 branches in Hong Kong, with 37 experienced licensed Customer Service Officers.	- A total of HKD28.8 million in ANP was generated in 2020 mainly contributed by sales of Bonus Power 3 insurance plan which has high investment elements. - Enhancement of the insurance plans to Simply Love Encore 3 (from Simply Love Encore 2, previously) and Bonus Power Vantage (from Bonus Power 3) in May and August 2020, respectively.
Cambodian Public Bank Fourth year of exclusive distribution partnership with AIA (Cambodian) Life Insurance Plc.	A total ANP of USD0.9 million was generated in 2020 from sales of the Samrabchivit life insurance plan and loan repayment insurance policies.
Public Bank Vietnam ("PBVN") Third year of distribution partnership with AIA (Vietnam) Life Insurance Company Limited.	- A new life insurance protection for cancer and critical illness plan was introduced, namely Healthier 100 (from IntergrA, previously). - There were seven sales and health centric customer programmes conducted in collaboration with AIA Vietnam in 2020, including AIA Health Talk and Cancer Screening Program to promote and raise public awareness of PBVN's bancassurance business. - Amid the COVID-19 pandemic, AIA Vietnam launched an exclusive support fund totalling USD1.0 million which was reserved for AIA policy holders who were diagnosed with COVID-19 during the period of policy application between 23 March to 31 May 2020. - Two new riders were introduced in November 2020 namely Hospitalisation and Surgical Inner Limit as well as Comprehensive Hospitalisation Rider 2.0. - Total ANP of VND4.27 billion was generated in 2020 mainly contributed by sales of "PB Life Enhancement" insurance plan.

Anticipated Risks and Prospects

Businesses are expected to be prudent and will likely hold back from commitments in long term financial products amid the ongoing uncertainties. Individuals are also likely to postpone their wealth planning and / or investment needs, owing to cash flow worries.

Public Bank will capture opportunities driven by the potential demand for medical insurance, mainly supported by heightened public awareness on healthcare and safety during the COVID-19 pandemic. The bancassurance business will continue to be supported by the remote selling and online payment methods.

Public Bank will continue to work closely with AIA to ensure competitive products and fulfil customers' needs in the area of wealth planning as it accelerates growth in its sales channel by improving its end-to-end sales processes in branches, partly supported by analytics, digital-led sales and servicing models. The Bank will continue to conduct more sales activities and increase the lead generation and cross-selling initiatives with attractive incentive campaigns to boost sales performance.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Wealth Management

INVESTMENT PRODUCTS

PB Dual Currency Investment (“PB DCI”)

PB DCI, which is a short term currency-linked structured product investment, provides opportunities to customers to earn better returns by capitalising on foreign exchange movements compared to traditional fixed deposits. PB DCI had contributed RM1.7 million to the Public Bank Group’s fee based income in 2020.

The performance of PB DCI is expected to be challenging as the Ringgit’s performance remains susceptible to foreign exchange volatility and global uncertainties owing to the COVID-19 pandemic.

CROSS-SELLING INITIATIVES

Public Bank has been continuously assisting its customers by delivering personalised solutions with specific financial product recommendations to fulfil customers’ needs and enable them to achieve their financial goals. By enriching data analytics with insights on customers’ behavioural trends, the Bank is able to develop thematic marketing initiatives to improve overall product take-up rates and strengthen relationships with customers.

● Product Promotional Event and Weekend Banking

- Due to the COVID-19 pandemic, Product Promotional Events (“PPEs”) and weekend banking has been discontinued since March 2020. However, it does not deter Public Bank from continuing to provide banking services, as branches have been conducting weekday event on appointment basis to assist customers to meet their financial needs.
- Sales staff continued to actively engage with potential customers through cross-selling opportunities.

● Customer Relationship Management

- Integrated data analytics with customer segmentation and propensity model analysis enable Public Bank to tailor the right financial solutions for its customers.
- The optimisation of marketing opportunities along with consistent engagement with customers improve the overall customer experience and ‘stickiness’ with Public Bank, which result in better product holdings and customer retention.
- The upgraded sales platform of the Customer Relationship Management Application enables seamless delivery of marketing leads with analytical insights, which provides a broader perspective of customer information to be leveraged for effective engagement with customers for further marketing opportunity and improved sales conversion.

● Cross-selling Unit

- A dedicated team of account management executives has expanded across branches nationwide to enable more effective engagements with customers.
- Customer relationships are personalised with needs identification that are matched with appropriate solutions, which elevates overall customer experience and build customer loyalty.
- There are a total of 197 cross-selling units across Public Bank’s branches nationwide.

● Lead Generation

- Lead Generation initiative involves mobilising branch staff to discern the needs of customers and recommend appropriate financial solutions. Owing to the COVID-19 pandemic, customers’ needs and focus have evolved as they cope with recent developments.
- The Lead Generation platform was also introduced to enable seamless marketing lead referral and tracking.
- As at the end of 2020, the Lead Generation programme has been rolled out to 119 branches and will progressively be introduced to all branches.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Transactional Services

CASH MANAGEMENT SERVICES

Public Bank's cash management services provide comprehensive solutions to customers to ease their business functions, such as receivables and payables, which are supported by the Bank's extensive network of branches and digital channels.

Year 2020 marked yet another milestone for the Public Bank Group in the cash management space with high success rate of cashless transaction penetration among the general public and businesses. Public Bank promoted the DuitNow Quick Response ("QR") to the general public and business operators aggressively, of which the responses had been overwhelming. As at the end of 2020, the Bank has onboarded more than 13,600 business operators for the DuitNow QR.

The achievement was made possible with the innovative use of technology that had enabled communication and online training for customers. Amidst the evolving market and new norm given the reduction in physical contact between buyers and traders to curb the COVID-19 pandemic, Public Bank continuously enhanced its cash management capabilities via improvement of its infrastructure to support more efficient and reliable digital collection and payment solutions.

The continuous effort and extensive promotional activities had yielded commendable results with total number of payee and payor corporations increasing by 40.5% to 26,582 as at the end of 2020.

Public Bank is one of the most active business partners of Payments Network Malaysia Sdn Bhd ("PayNet") in promoting various services, such as Financial Process Exchange ("FPX"), Direct Debit, JomPAY and DuitNow QR. Over the years, the Bank and PayNet had jointly organised successful online campaigns with merchants. In 2020, the Bank participated in the Penang Cashless Society Campaign, which yielded support from local merchants and gained recognition from the Penang State Government.

Anticipated Risks and Prospects

Owing to the COVID-19 pandemic, many companies are struggling to cope in this challenging business environment as revenue and profitability remain under pressure. Public Bank faces challenges amid the social distancing measures nationwide which hinders the Bank from marketing and fostering closer relationship with its customers. Amidst the challenging operating environment, the Bank will continue to emphasise on its online banking and internet banking products.

Public Bank won eight awards at the Malaysian e-Payments Excellence Awards 2020 by PayNet



- **Best e-Payment Bank**
- **Best IBG Bank**
- **Best Customer Experience (FPX)**
- **Best JomPAY Bank**
- **Best MyDebit Bank**
- **Top JomPAY Acquirer**
- **Top MyDebit Acquirer**
- **Outstanding Contribution to MyDebit**

REMITTANCES

Public Bank's remittance services offer comprehensive money transfer services through the Public Bank Group's network of physical and digital channels. Despite global and domestic market uncertainties, Public Bank's total remittance transactions grew by 10.4% to RM56.58 billion in 2020. This was achieved through effective collaboration with the Bank's business partners and remittance campaigns rolled out during the year.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Transactional Services

Marketing Initiatives

Campaigns

PB Overseas Education Campaign

- Preferential foreign exchange rates for education remittances to Australia, New Zealand, United Kingdom and the United States of America ("US")
- A total of RM364.8 million was remitted

PB Overseas Remittance Campaign

- Cross border remittance service between Public Bank and its overseas subsidiaries or branches
- Zero remittance charge for sender whilst beneficiaries can enjoy reduced inward remittance services charges for remittance into their account(s) maintained at Public Bank's overseas subsidiaries or branches
- This campaign generated 24,073 transactions amounting to USD1,123.0 million

PB Foreign Telegraphic Transfer Campaign

- Foreign remittance transaction via online with a 50% discount on cable charges on all foreign telegraphic transfer
- A total of 2,333 transactions amounting to more than RM12.3 million had been transmitted between 13 July 2020 to 31 August 2020

PB Online Overseas Education Campaign

- Launched on 1 September 2020 as part of its initiatives under the 'PB Journey Programme' to perform banking transactions via online during the unprecedented COVID-19 global pandemic
- Preferential foreign exchange rates for education remittances performed online to Australia, New Zealand, United Kingdom and the US
- A total of 978 transactions worth RM6.2 million was remitted

PB Online Remittance Campaign

- Launched on 1 September 2020, this campaign is another initiative under the 'PB Journey Programme'
- Zero remittance charge for online outward remittance and reduced inward remittance charges for remittance sent into beneficiaries' accounts maintained with Public Bank's overseas subsidiaries or branches
- A total of 431 transactions amounted to RM2.2 million was generated

Western Union 50% Service Fee Discount Promotion

- Due to the COVID-19 pandemic, Public Bank in collaboration with Western Union launched "Western Union 50% Service Fee Discount Promotion" from 30 April 2020 to 30 June 2020
- The campaign offered a promotion code of 50% discount on service fee for customer who send money using Western Union via PBe

Western Union Grab Ride eVoucher Campaign

- Public Bank together with Western Union also launched the "Western Union Grab Ride eVoucher Campaign" from 1 May 2020 to 31 May 2020
- The campaign rewarded the first 500 customers who perform Western Union Send Money Transaction via PBe with Grab Ride eVoucher worth RM15
- This campaign was encouraging as it reached 500 customers within 8 days from the launch of the campaign

Anticipated Risks and Prospects

In 2020, the remittance business was largely impacted by nationwide lockdown due to the COVID-19 pandemic and travel restrictions that were implemented across major advanced and emerging economies. Cautious business sentiment amidst local market uncertainties had led to lower importation and remittance needs. Amidst this challenging operating environment, Public Bank will continue to promote awareness and diversify its range of remittance services via its network of domestic branches and leverage on its digital platform to drive volume and sustainability of its remittance business.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Capital Market Operations

TREASURY

The Public Bank Group's treasury operations provide financial service solutions to cater to the treasury needs of the Group's corporate, institutional and retail customers, through Public Bank, Public Islamic Bank, Public Investment Bank, Public Bank (Labuan) Limited and the Group's overseas subsidiaries. Among the various products offered by treasury operations include commercial Foreign Exchange ("FX"), wholesale deposits, Money Market (unit trust funds) and dual currency investments. The Group's treasury operations also act as market maker through proprietary trading in FX and fixed income securities, aside from cash flow and liquidity management.

The Public Bank Group's International Business Unit ("IBU") which was set up in 2014 had established strategic alliances with Resona Bank, Saitama Resona Bank and Kansai Mirai Bank Ltd, Bank Central Asia of Indonesia, The Siam Commercial Bank and China Construction Bank of China. These alliances had supported revenue growth, while boosting the Group's global presence through promoting its treasury business offerings to a diverse group of clients in the Asian region, such as Japan, South Korea and China.

Performance Review

In 2020, the financial markets were rattled by the unprecedented global lockdown as a result of the COVID-19 health crisis. Global trade volume shrank as business activities operated at a fraction of their usual capacity. Apart from providing various support to households as well as small and medium enterprises, policymakers pledged to keep monetary policy accommodative as risks were tilted to the downside, owing to the health crisis. Among the consequential effects was the drop in global bond yields to a record low as a result of liquidity abundance in the financial market and low interest rate environment. Financial institutions were able to book higher trading revenues but undertook additional margin pressure in the midst of weaker trades and business activities.

On the domestic front, Bank Negara Malaysia lowered the Overnight Policy Rate by a total of 125 basis points ("bps") to 1.75% in four consecutive Monetary Policy Committee meetings since January 2020, owing to the downside economic risk. The Statutory Reserve Requirement ratio was also reduced by 100 bps to 2.0% on 20th March 2020 to ensure sufficient liquidity in the banking system.

Ringgit fixed income securities were sought after by both local and foreign investors, encouraged by the low yield environment and a relief following FTSE Russell's decision to retain Malaysia's Government Securities in its watch list of its World Global Bond Index until subsequent review. Nevertheless, Fitch Ratings downgraded Malaysia's Long-Term Foreign-Currency Issuer Default Rating to BBB+ from A-, as fiscal deficit is expected to remain higher than pre-pandemic levels while the Malaysian Government's debt level rises.

Meanwhile, the Ringgit strengthened against the United States dollar in the second half of 2020, following a steep depreciation during the first half of the year. The Ringgit was supported by the gradual improvement in key economic activities, inflows of funds and higher commodity prices.

The Public Bank Group's domestic treasury operations recorded a profit before tax of RM567.8 million in 2020, an increase of 77.9% or RM248.6 million from RM319.3 million in 2019, mainly due to higher net interest income and higher investment income attributable to gains from sales of fixed-income assets.

Anticipated Risks

The COVID-19 pandemic brings on new challenges and opportunities for the banking industry. The effectiveness of economic policies in response to the crisis and what shapes the recovery will likely remain highly uncertain. Monetary and financial conditions are expected to remain accommodative and supportive of an economic recovery, suggesting that interest rates will likely remain low for an extended period.

The banking industry is likely to face enormous challenges to operate in a low interest rate environment, as net interest margins are compressed further. In addition, the large-scale fiscal and monetary interventions to maintain macro stability, will likely inflate fiscal deficit going forward.

Market volume of FX transactions would continue to be adversely affected owing to the weak global trades. Furthermore, the potentially higher FX volatility on the back of mounting uncertainty arising from the pandemic may continue to weigh on investors' demand for both the Ringgit and fixed income assets.

Prospects

In the face of heightened uncertainty, the Public Bank Group's treasury operations will continue to remain vigilant in its business approach while strengthening its risk management capabilities. The Group will continue to focus on growing customer deposits and maintain healthy liquidity ratios. The yield of fixed income securities is envisaged to stay low, with demand from both local and foreign investors such as asset managers and pension funds. The Group will be focusing on trading opportunities of fixed income securities in a low-yield environment and is well-poised to continue its performance in 2021.

In response to the transition to Risk Free Rates from London Interbank Offer Rate, the Public Bank Group will actively participate in the industry consultation process to keep abreast with the latest developments to ensure that the Bank is adequately prepared and is able to manage a smooth transition by the end of 2021.

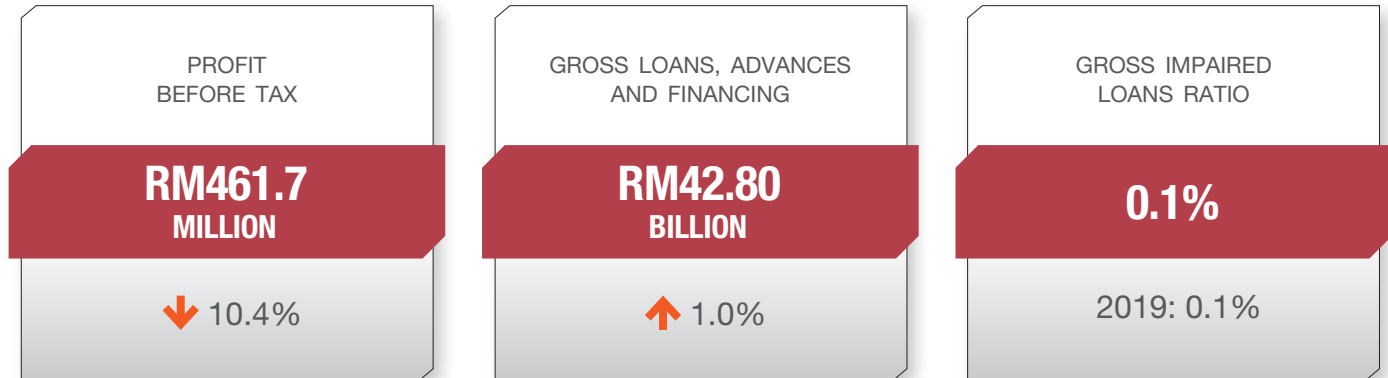


MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Capital Market Operations

DOMESTIC CORPORATE LENDING

At a Glance



In 2020, the year was affected by various containment measures to curtail the unprecedented COVID-19 pandemic. Business sentiment turned cautious owing to the effects of the COVID-19 pandemic, which is exacerbated by other macro factors, such as heightened trade conflict between the United States of America and China, weak commodity prices and domestic property market overhang.

Despite the economic challenges and underlying weak loan momentum, the gross loans, advances and financing of the Public Bank Group's domestic corporate lending operations increased by 1.0% or RM0.44 billion to RM42.80 billion as at the end of 2020. Profit before tax decreased by 10.4% to RM461.7 million in 2020, mainly due to higher pre-emptive loan impairment allowance made in anticipation of the potential effect of the COVID-19 pandemic and lower fee income, partially offset by higher net interest income.

The asset quality of the Public Bank Group's domestic corporate lending remained stable as reflected by the gross impaired loans ratio which stood at 0.1% as at the end of 2020. The Group will continue to practise prudent lending and proactive credit risk management in monitoring its asset quality closely. The Group has also actively supported the Government's initiatives to provide financial relief programme to assist targeted customers facing short term financial constraints due to the effects of COVID-19.

Anticipated Risks

The domestic corporate lending business is expected to recover, as business sentiment improves although the visibility is still uncertain as it hinges on the speed and strength of business momentum in response to the initiatives by the Government and Bank Negara Malaysia to revive the economy.

An unforeseen prolonged period of the pandemic and containment measures coupled with weaker-than-expected growth may negatively impact the banking industry's lending activities and asset quality. The efforts to resuscitate businesses are also subject to the successful containment of the spread of the COVID-19 pandemic.

Prospect

The Public Bank Group remains steadfast in its diversification of corporate lending activities to ride on the recovery path to attain businesses in growth sectors while it strengthens its relationship with existing customers.

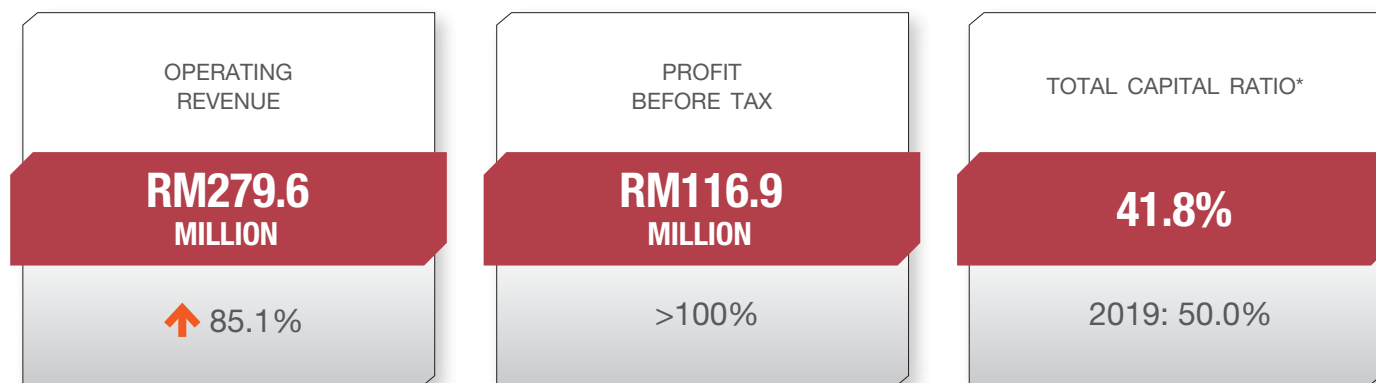
The Public Bank Group's prudent build-up of impairment allowances will strengthen its ability to meet any potential challenges ahead. The Group remains well positioned to support its corporate clients in riding through these uncharted times and is ever ready to capture opportunities as economic activities improve.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

INVESTMENT BANKING

At a Glance



* After deducting dividend declared subsequent to year end

Public Investment Bank Berhad (“Public Investment Bank”) offers a wide selection of investment banking services, which encompass corporate finance and advisory services, advisory for issuance of corporate bonds and sukuk, corporate lending, treasury and stock broking services. Public Investment Bank caters its services to an extensive customer base, consisting of both institutional and retail customers.

In 2020, Public Investment Bank’s stock broking business grew substantially, driven by higher trading volume in line with the buoyant equity market performance on Bursa Malaysia and improved customer base while leveraging on the Public Bank Group’s Share Investment Units and Public Investment Bank’s Internet Share Trading Unit. The institutional business was driven by the institutional dealing and in-house research teams, who continued to provide value-added services.

The Debt Capital Market division successfully raised a total of RM2.48 billion in 11 fund raising programmes, through the issuance of corporate bonds and sukuk. The Corporate Finance and Advisory division also successfully completed 17 corporate exercises, involving equity fund raising, merger and acquisition as well as independent advisory.

Public Investment Bank’s pre-tax profit increased by RM77.3 million or 195.3% to RM116.9 million in 2020, mainly due to higher stock broking income arising from higher business volume in the equity market.

Anticipated Risks

Market uncertainties including the economic slowdown and regulatory changes, pose challenges for the investment banking operations. The COVID-19 pandemic has caused widespread concerns and economic hardships globally. Domestically, consumer confidence and business sentiment are severely affected, as weak labour market continues to weigh on private consumption. Investors are likely to defer their investment plans while companies delay their fund raising and corporate exercises amid adverse market sentiment.

Prospects

Global growth is expected to rebound in 2021 though recovery remains susceptible to setbacks, following an unprecedented year in 2020 which had been wrecked by the COVID-19 pandemic. While the positive vaccine development could augur well for overall sentiment, possible withdrawal of fiscal support would be compounded by the potential rise in business delinquencies as well as job and income losses. Against this backdrop, prospects for fund raising activities may remain uncertain.

Low interest rate environment globally may spur demand for equities as investors continue to search for higher returns on investments. However, the upcycle in equities is likely at its tail-end, owing to the potential trade-offs by countries and Governments between supporting near-term growth and managing the effects of the COVID-19 pandemic amid policy space constraints.



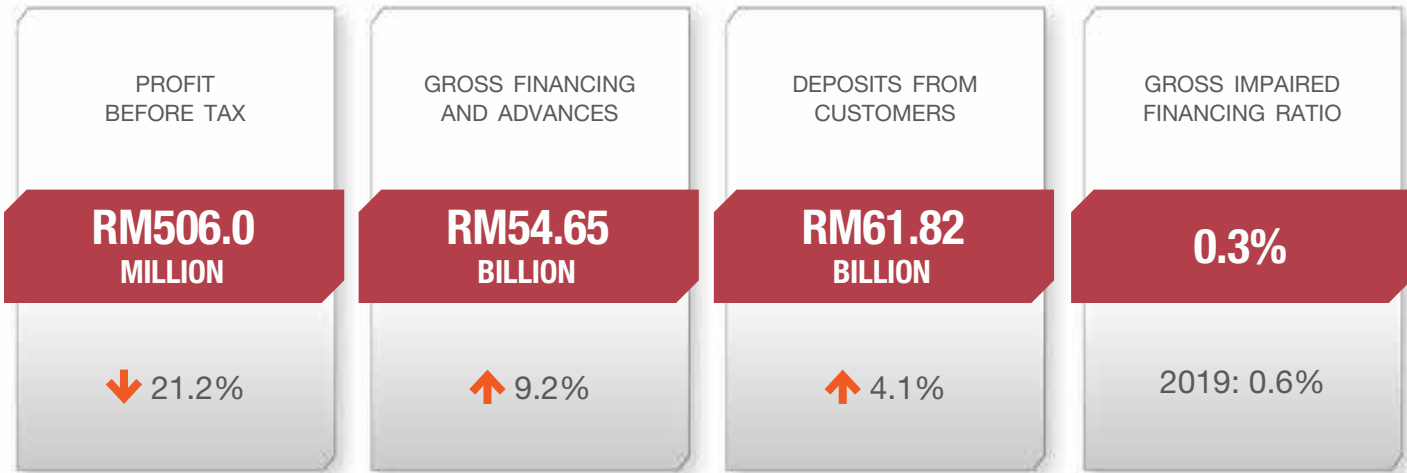
Public Investment Bank was awarded **3rd Place for the Lead Manager Award 2019 (By Number of Issues)** by RAM Ratings Services Berhad in conjunction with its 17th Annual RAM League Awards



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Islamic Banking

At a Glance



Public Islamic Bank Berhad (“Public Islamic”) is a wholly-owned subsidiary of Public Bank and the Islamic banking arm of the Public Bank Group. Under the guidance of the Public Islamic Shariah Committee, Public Islamic offers a comprehensive range of Shariah compliant products and services by leveraging on Public Bank’s extensive branch network, infrastructure and strong PB brand. Currently, Public Islamic has two full-fledged Islamic bank branches in Klang Valley.

Performance Review

Amid the backdrop of a tough operating environment arising from the COVID-19 pandemic, Public Islamic recorded a profit before tax of RM506.0 million in 2020, a decline of 21.2% from 2019. This represented a contribution of 8.1% to the Public Bank Group’s profit before tax. The decline in profit before tax was mainly attributed to a one-off net modification loss amounting to RM174.6 million in 2020 arising from the COVID-19 related relief offered to individuals and businesses, reduction in the Overnight Policy Rate by 125 basis points during the year and higher provisioning set aside due to the COVID-19 pandemic.

Public Islamic’s gross financing and advances expanded by 9.2% or RM4.62 billion to RM54.65 billion as at the end of 2020, mainly contributed by financing for the purchase of residential properties which grew by 14.7%. Public Islamic’s total financing accounted for 15.8% of the Public Bank Group’s total loans, advances and financing.

Public Islamic’s customer deposits grew by 4.1% or RM2.44 billion to RM61.82 billion as at the end of 2020, mainly due to growth in demand and savings deposits by 20.7% and 27.5% respectively. Public Islamic’s total deposits accounted for 16.9% of the Public Bank Group’s total customer deposits. Public Islamic’s funding position remained healthy with gross financing to fund as well as gross financing to fund and equity ratios of 86.3% and 79.5% respectively as at the end of 2020. Public Islamic’s liquidity position also remained healthy with its Liquidity Coverage Ratio (“LCR”) standing at 120.1% as at the end of 2020.

Public Islamic’s asset quality remained stable with gross impaired financing ratio of 0.3% as at the end of 2020, well below the Islamic banking industry’s ratio of 1.3%. Public Islamic continued to be well-capitalised with Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio of 12.6%, 12.6% and 16.1%, respectively as at the end of 2020.



*In May 2020, **Rating Agency Malaysia** reaffirmed **Public Islamic’s long and short term financial institution ratings at AAA and P1 respectively**, as Public Islamic is a highly strategic entity, given its role as Public Bank Group’s Islamic banking arm.*



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

New Initiatives

Public Islamic continued to support Bank Negara Malaysia (“BNM”)’s Value Based Intermediation (“VBI”) initiative. On 1 April 2020, Public Islamic launched a campaign offering preferential rates for selected Energy Efficient Vehicle (“EEV”) under the AITAB Hire Purchase-i for customers. EEV has lower carbon emission level and fuel consumption compared to the normal internal combustion engine vehicles.

Public Islamic also launched another VBI initiative in November 2020, the Solar Plus BAE Personal Financing-i to finance installation of solar panels in residential homes at preferential rate in support of clean renewable energy.

In order to provide assistance and alleviate customers’ financial burden due to the COVID-19 pandemic, Public Islamic in February 2020 offered its customers the options for a financing repayment moratorium of up to six months or an early rescheduling and restructuring. A six-month automatic loan moratorium was announced by BNM between April and September 2020 to individuals and small and medium enterprises (“SME”). Due to the unprecedented nature of the spread of the COVID-19 pandemic and the extension of the Movement Control Order (“MCO”) which affected businesses, Public Islamic continued to offer the Targeted Repayment Assistance to customers who were adversely impacted by the pandemic, after the auto loan moratorium period ended.

Public Islamic is also one of the participating financial institutions in providing financial relief under the various special financing schemes initiated by the Government and BNM, including the Special Relief Facility and the PENJANA SME Financing Scheme, to help alleviate the short term cash flow problems faced by SMEs.

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 compliance of Public Islamic.

The SC members are appointed by the Board of Directors to perform oversight and advisory roles on Shariah matters to ensure that Public Islamic’s business and activities are in compliance with the Shariah principles.

The SC’s roles and responsibilities as guided by Para 10.2 of BNM’s SGPD are as follows:

- Provide objective and sound advice to ensure that Public Islamic’s aims and operations, business, affairs and activities are in compliance with Shariah;
- Provide a decision or advice to Public Islamic on the application of any rulings of the Shariah Advisory Council of BNM (“SAC”) or standards on Shariah matters that are applicable to the operations, business, affairs and activities of Public Islamic;
- Provide a decision or advice on matters which require a reference to be made to the SAC;
- Provide a decision or advice on the operations, business, affairs and activities of Public Islamic which may trigger a Shariah Non-Compliance (“SNC”) event;
- Deliberate and affirm a SNC finding by any relevant functions; and
- Endorse a rectification measure to address a SNC event.

Public Islamic’s SC comprised of the following members:

1. Associate Professor Datin Dr. Rusnah Binti Muhamad
2. Dr. Ab Mumin Bin Ab Ghani (appointed on 1 April 2020)
3. Ir. Dr. Muhamad Fuad Bin Abdullah (appointed on 1 April 2020)
4. YM Engku Ahmad Fadzil Bin Engku Ali (appointed on 1 April 2020)
5. En. Khairil Anuar Bin Mohd Noor (appointed on 1 November 2020)
6. Professor Emeritus Dato’ Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid (ceased to be member with effect from 1 April 2020)
7. Associate Professor Dr. Abdul Bari Bin Awang (ceased to be member with effect from 1 April 2020)
8. Assistant Professor Dr. Mohd Afandi Bin Awang Hamat (ceased to be member with effect from 1 April 2020)



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Islamic Banking

In 2020, a total of 20 meetings were held and the details of attendance of each member are as follows:

Shariah Committee Members	Number of Shariah Committee Meetings	
	Held	Attended
Dr. Ab Mumin Bin Ab Ghani (Current Chairman of Shariah Committee)	16***	16***
Associate Professor Datin Dr. Rusnah Binti Muhamad	20**	20**
Ir. Dr. Muhamad Fuad Bin Abdullah	16***	16***
YM Engku Ahmad Fadzil Bin Engku Ali	16***	16***
Encik Khairil Anuar Bin Mohd Noor	3***	3***
Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid (Former Chairman of Shariah Committee)	4*	4*
Associate Professor Dr. Abdul Bari Bin Awang	4*	4*
Assistant Professor Dr. Mohd Afandi Bin Awang Hamat	4*	4*

* Number of SC Meetings held and attended from 1 January 2020 till 31 March 2020.

** Number of SC Meetings held and attended from 1 January 2020 till 31 December 2020.

*** Number of SC Meetings held and attended from 1 April 2020 till 31 December 2020.

Zakat Obligation

Public Islamic's business zakat payment amounted to RM1,206,000 which has been paid to 14 states of Zakat authorities for the assessment year of 2019.

Anticipated Risks

The unprecedented nature of the global pandemic of COVID-19 has led to a severe global contraction. In Malaysia, various measures taken by the Government such as the MCO to curb the spread of the pandemic have affected individuals and businesses, of which the effects will continue to be felt in 2021.

The uncertain economic environment will continue to exert pressure on Public Islamic's business and asset quality. Nevertheless, Public Islamic will continue to be prudent in its lending practices and proactively manage any potential stress in asset quality.

Increasing the in-depth knowledge and competency of staff will continue to be a challenge. In-depth knowledge and competency of staff are important, which will enhance the development of Islamic banking products while driving the Islamic banking business to be more effective. During the MCO, Public Islamic has seamlessly switched to digital learning platform to ensure continuous staff competency in Islamic banking.

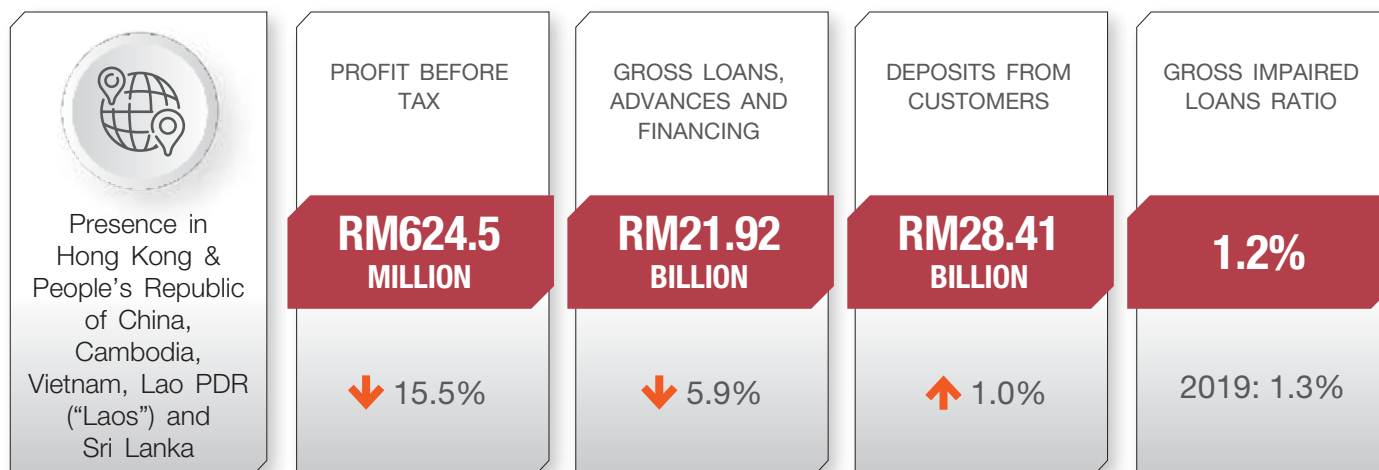
Prospects

The future of the Islamic banking business remains promising with potential strong demand for Islamic products and banking services. To sustain business growth, Public Islamic will continue to grow its Islamic financing business while supporting the various initiatives by the Government and BNM, leveraging on Public Bank's wide network of branches and hire purchase centres. Moving forward, Public Islamic will continue to explore and improve on its digital solutions to serve its customers better. Public Islamic will also continue to enhance its staff competency through in-depth knowledge as it further develops its Islamic banking products to effectively drive its banking business.



International Operations

At a Glance



The Public Bank Group maintains its strategic regional presence across five countries in Asia, with overseas branches in Laos and Sri Lanka as well as subsidiaries in Hong Kong, Cambodia and Vietnam.

In 2020, the Public Bank Group's international operations contributed 9.9% to the Group's total pre-tax profit, mainly from Cambodian Public Bank Plc ("Campu Bank") and Public Financial Holdings Group in Hong Kong. The pre-tax profit from the Group's international operations dropped by 15.5% to RM624.5 million in 2020, mainly due to the challenging operating environment and higher loan impairment allowance.

Anticipated Risks and Prospects

Looking ahead, lingering uncertainties in global demand are expected to weigh on regional growth as the COVID-19 pandemic continues to disrupt business activities while consumer spending remains lacklustre. In Hong Kong, the business environment namely consumption and tourism-related sectors are expected to remain challenging due to lingering effects of the COVID-19 pandemic, social unrests and rising unemployment rate. For the banking sector in Cambodia and Vietnam, profitability will likely be under pressure given the subdued credit demand and risk of higher loan impairment.

Nevertheless, global growth is expected to gradually improve amid the ongoing deployment of the COVID-19 vaccine which will help to revitalise the world economy. This would augur well for the Public Bank Group's international operations in countries such as Hong Kong, Cambodia and Vietnam, amid the various fiscal measures and financial support undertaken by the respective Governments in stimulating their domestic economies.

Going forward, the Public Bank Group remains committed in pursuing its organic growth strategy to strengthen its regional presence, leveraging on the Group's strong branding, prudent management practices and extensive network of customers.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

International Operations



HONG KONG

PUBLIC FINANCIAL HOLDINGS GROUP

Profit before tax
↓ 14.3%
HKD480.3 MILLION

Gross loans, advances and financing
↓ 9.0%
HKD26.26 BILLION

Deposits from customers
↑ 0.8%
HKD34.19 BILLION

Gross impaired loans ratio
0.9%
2019: 0.7%

PUBLIC BANK (HONG KONG) LIMITED

Profit before tax
↓ 13.2%
HKD242.3 MILLION

Gross loans, advances and financing
↓ 8.5%
HKD20.41 BILLION

Deposits from customers
↑ 2.5%
HKD29.27 BILLION

Gross impaired loans ratio
0.6%
2019: 0.3%

PUBLIC FINANCE LIMITED

Profit before tax
↓ 5.9%
HKD221.7 MILLION

Gross loans, advances and financing
↓ 11.2%
HKD5.49 BILLION

Deposits from customers
↓ 7.4%
HKD5.16 BILLION

Gross impaired loans ratio
1.7%
2019: 2.0%

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 since 1991. PFHL's business is mainly driven through its two major banking subsidiaries, namely Public Bank (Hong Kong) Limited and Public Finance Limited. Public Bank (Hong Kong) Limited concentrates on retail and commercial banking, stockbroking and wealth management services, while Public Finance Limited specialises in providing personal financing.

Performance Review

Hong Kong's economy was affected by the COVID-19 pandemic as Gross Domestic Product ("GDP") contracted in the first half of 2020 and unemployment rate escalated. Consequently, interest rates fell which resulted in lower return on interest-bearing assets. Under the challenging operating environment, PFHL remained cautious in its business approach to minimise credit and liquidity risk.

In 2020, profit before tax of Public Bank (Hong Kong) Limited fell by 13.2% to HKD242.3 million, while Public Finance Limited recorded lower profit before tax of 5.9% to HKD221.7 million on the back of reduced net interest income.

Amidst weak consumer demand, loans and advances of Public Bank (Hong Kong) Limited and Public Finance Limited dropped by 8.5% and 11.2% respectively to HKD20.41 billion and HKD5.49 billion respectively as at the end of 2020.

On the funding side, Public Bank (Hong Kong) Limited's total customer deposits registered an increase of 2.5% to HKD29.27 billion as at the end of 2020 while Public Finance Limited recorded a contraction in customer deposits by 7.4% to HKD5.16 billion as at the end of 2020.

The overall asset quality of the Public Bank Group's Hong Kong Operations remained sound despite the challenging Hong Kong environment. The gross impaired loans ratio of Public Bank (Hong Kong) Limited stood at 0.6% as at the end of 2020. Public Finance Limited's gross impaired loans ratio improved to 1.7% as at the end of 2020, from 2.0% a year ago amid its tightening of credit underwriting standards.

In 2020, Public Bank (Hong Kong) Limited marked its eighth year of strategic bancassurance partnership with AIA International Limited (Hong Kong). Through the successful joint marketing campaigns and active cross-selling efforts during the year, a total of HKD28.8 million in annualised new premium was generated.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW



CAMBODIA

CAMBODIAN PUBLIC BANK PLC
("CAMPU BANK")

Profit before tax

↓ 26.6%

USD60.4
MILLIONGross loans, advances
and financing

↓ 0.6%

USD1.15
BILLION

Deposits from customers

↓ 1.1%

USD1.91
BILLIONGross impaired loans ratio
2019: 0.8%

0.6%

In recognition of Campu Bank's outstanding commitment in banking excellence, Campu Bank was awarded with the following recognition:



- **Cambodia Domestic Retail Bank of the Year – 2020** for the ninth consecutive year by the Asian Banking & Finance
- **Bank of the Year** for 12 times by The Banker
- **2019 USD Straight-Through Processing Excellence Award** for three consecutive years by Bank of America Merrill Lynch

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")

Campu Bank has been at the forefront of the Group's business operations in Indo-China and is one of the largest financial institutions in Cambodia. Established since 1992, Campu Bank provides a comprehensive range of banking products and services. Campu Securities, a wholly-owned subsidiary of Campu Bank which was incorporated in 2012, offers securities underwriting and trading activities. CLIP which is 55% owned by the Group is the leading general insurance company in Cambodia.

Performance Review

Amidst the backdrop of the COVID-19 pandemic adversely affecting most businesses and the economy in Cambodia, Campu Bank recorded a lower profit before tax of USD60.4 million in 2020, mainly attributable to lower net interest income from weak credit demand and higher loan provisioning.

Campu Bank's loans and advances slipped by 0.6% to USD1.15 billion as at the end of 2020, owing to its cautious lending approach. Nevertheless, Campu Bank maintained sound asset quality as gross impaired loans ratio stood at 0.6% as at the end of 2020. During this challenging time, Campu Bank will continue to proactively reach out to customers by extending financial assistance such as providing loan moratorium as well as loan restructuring and rescheduling.

Campu Bank's customer deposits fell by 1.1% to USD1.91 billion as at the end of 2020, mainly due to withdrawals by retail depositors for their working capital needs under the difficult operating environment. The opening of three new Red Carpet Banking ("RCB") Centres during the year will enable Campu Bank to deepen its reach into the high net worth customer market segment. Currently, Campu Bank has six RCB Centres in Cambodia.

Campu Bank entered into its fourth year of bancassurance strategic partnership with AIA (Cambodia) Life Insurance Plc in 2020. The bancassurance business generated annualised new premium of USD0.9 million in 2020.

Campu Lonpac Insurance Plc ("CLIP") which commenced business operations in 2007, is a major player in the highly competitive general insurance business in Cambodia. CLIP registered profit before tax of USD1.79 million in 2020.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

International Operations



VIETNAM

PUBLIC BANK VIETNAM LIMITED ("PBVN")

Profit before tax

8.4%

**VND419.93
BILLION**
Gross loans, advances
and financing

16.1%

**VND17,211.31
BILLION**

Deposits from customers

29.0%

**VND15,187.05
BILLION**
Gross impaired loans ratio
2019: 1.2%
1.5%

Vietnam is one of the few countries in the world which has recorded positive GDP growth. In 2020, Vietnam achieved 2.9% GDP growth, driven by its strict containment efforts of the COVID-19 pandemic, resilient domestic economy and continued foreign direct investments.

Performance Review

In 2020, PBVN achieved favourable results as profit before tax increased by 8.4% to VND419.93 billion, supported by strong loans and deposits growth. Owing to the ongoing demand for credit and domestic driven growth in 2020, PBVN's total loans and deposits grew by 16.1% and 29.0% respectively.

Despite the strong loans growth, PBVN's asset quality remained sound and manageable as gross impaired loans ratio stood at 1.5% as at the end of 2020.

PBVN entered into its third year of exclusive bancassurance partnership with AIA (Vietnam) Life Insurance Company Limited in 2020. A total of VND4.27 billion annualised new premium was underwritten in 2020, representing an increase of 28.2% from 2019, mainly contributed by the sales of "PB Life Enhancement" plan.

As part of its ongoing business expansion plan, PBVN expanded its market reach in Vietnam by opening six new branches and transaction bureaus during the year, bringing the total to 26 branches. PBVN expects to open more branches in 2021 to support its business expansion and widen its customer reach.



LAOS OPERATIONS

Public Bank Laos Operations recorded profit before tax of USD8.9 million in 2020. Total customer deposits grew by 15.6% to USD109.4 million. However, loans and advances declined 8.9% to USD142.2 million due to weak economic activities exacerbated by the COVID-19 pandemic. Currently, Public Bank has four branches in Laos.



SRI LANKA OPERATIONS

Sri Lanka's economic performance has been further derailed by the COVID-19 pandemic in 2020, following the Easter attack in 2019. Under this challenging operating environment which resulted in the lowering of market lending rates in 2020 to boost economic growth, Public Bank Sri Lanka Operations' profit before tax fell by 30.6% to LKR235.0 million in 2020. Loans and advances stood at LKR6.86 billion as at the end of 2020, as demand for credit remained weak. Nonetheless, total customer deposits recorded favourable growth of 13.6% to LKR3.28 billion as at the end of 2020 supported by deposit mobilisation initiatives. Presently, Public Bank has three branches in Sri Lanka.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Serving the Customer

CUSTOMER SERVICE EXCELLENCE IS OUR COMMITMENT

It has been the Public Bank Group's long-standing commitment to maintain a customer-centric approach by providing innovative financial services solutions that not only meet customers' current needs but also serve their needs in a rapidly changing digital environment, particularly in these unprecedented times. The Group remains committed to uphold service excellence, even as the needs and expectations of customers evolve, in order to deepen customer engagement and forge enduring relationships. Public Bank's service ethos, built on its corporate tagline, "Excellence is Our Commitment", reflects the Group's customer care culture.

Public Bank continues to improve customer experience by enhancing the efficiency of its delivery process and the quality of its services across all touchpoints in the customers' journey. On 6 May 2020, Public Bank published the Treat Customers Fairly Charter which embodies the Bank's commitment to be the most preferred financial service provider in Malaysia through its "customers first" philosophy. The Group will continue to reimagine banking, while leveraging on technology and innovation to further enhance the differentiation of customer experience and deliver best-in-class customer service.

KEY PRIORITIES AND ACHIEVEMENTS IN 2020

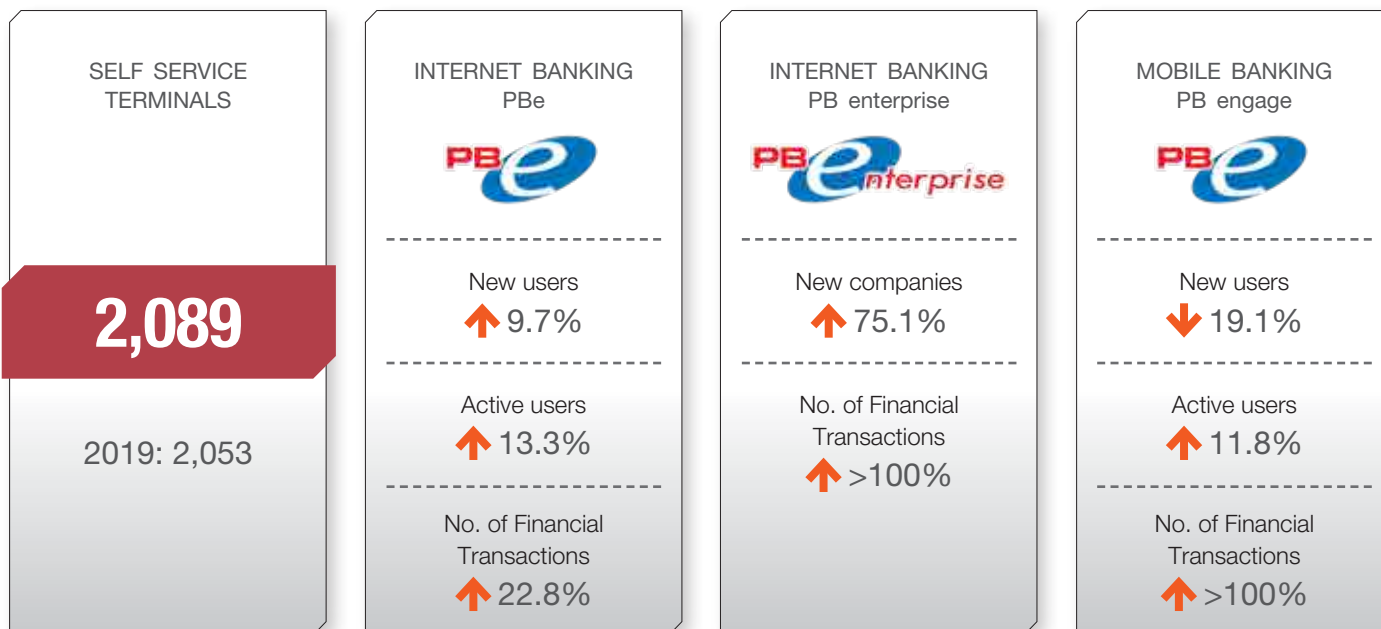
SIRIM Certification <i>reaffirmed by SIRIM in 2020 for another three years</i>	ISO 9001:2015 certification for the "Provision of Customer Service at the Front Office" - Conformance level of the Standard Waiting Time ("SWT") has been an important measurement tool to evaluate customer satisfaction level at branches. In 2020, a total of 7.6 million customers were served within the 2 minutes SWT at all the Bank's branches, which is equivalent to 83% conformance rate. In terms of the SWT of 10 minutes, the Group achieved higher conformance rate of 97%, with 8.8 million 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 improvement in work processes and compliance with standard turnaround time from loan origination to loan disbursement to ensure efficient loan delivery.
Customer Feedback Questionnaire ("CFQ")	An in-house customer survey, CFQ was conducted to gather customers' feedback for continuous improvement. In 2020, Public Bank continued to maintain a high rating on services rendered via the responses collated in the CFQ. More than 95% of the customers surveyed were satisfied with Public Bank's counter services and loan service delivery.
Customer Service Survey via Quick Response ("QR") Code	A customer service survey via QR code was launched by Public Bank to complement the existing customer surveys. More than 95% of customers had rated Public Bank either '9' or '10' from the score of between 0 and 10, suggesting that they will promote the Bank's products and / or services to others.
Industry Benchmarking Exercise on Customer Satisfaction Survey ("CSS")	Public Bank took part in an industry benchmarking exercise on CSS in 2020, which was initiated by the Association of Banks in Malaysia and supported by Bank Negara Malaysia with Net Promoter Score ("NPS") as key measure for assessing customer loyalty. Out of the total 20 participants, the Bank was ranked 4th in the NPS. The Bank had achieved NPS of +45, which is higher than the industry's average score of +41.
Uninterrupted Banking Services	The Public Bank Group's Business Continuity Plan is meticulously crafted and tested to ensure seamless provision of uninterrupted essential banking services in the event of disasters.
Customer Service Focus Group ("CSFG")	Initiatives through CSFG were implemented at branches nationwide to collate feedback and gauge opinion from customers about Public Bank's products and services. The feedback and ideas collected from the CSFG would provide valuable insights to serve customers better.
Complaint Resolution System	Public Bank has established grievance redress mechanisms by ensuring that customer complaints are addressed promptly and efficiently within the Bank's 10-day response time. Public Bank also provides information on alternative escalation to higher avenues, if the queries are not to the customer's satisfaction, such as the Association of Banks in Malaysia, Bank Negara Malaysia Link, Ombudsman for Financial Services and Securities Industry Dispute Resolution Centre, in line with the Customer Service Charter and Treat Customers Fairly Charter.
Special Care Service Counters for Customers	Public Bank provides priority service to the physically disabled, senior citizens and expectant mothers at all its 264 branches nationwide, regardless of the queue, time of arrival or nature of the transaction performed.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Channel Management

At a Glance



The Public Bank Group reaches out to its customers through its wide network of branches and digital channels, which include self service terminals, internet and mobile banking as well as social media.

Self Service Banking

The Public Bank Group's wide network of 2,089 units of self service terminals consist of automated teller machines, cash deposit machines, cheque deposit machines, cash recycling machines and coin deposit machines located at various in-branch and off-branch sites nationwide.

Internet Banking and Mobile Banking

In 2020, the COVID-19 pandemic has brought forth changes in consumer behaviour as technology was embraced, amid physical distancing measures in a new normal business environment.

The Public Bank Group further enhanced its digital platform as the COVID-19 pandemic drove the rapid transition for people to adapt to a digital and virtual ecosystem. Due to the Group's investments in information and communication technology throughout the years, the Group has successfully achieved healthy growth of active users by 13.3% and 11.8% respectively on its PBe and PB engage respectively in 2020. Also, the Group's internet and mobile banking transaction volumes increased by 22.8% and more than one fold respectively.

Following the Public Bank Group's launch of a new and improved PB engage mobile banking application in October 2019, the Group further bolstered the features on PB engage during the year. More features, such as the PB SecureSign and SecurePIN were introduced. These features were added as part of the Group's enhancement of its security protocols for customers' protection, which enable PB engage users to approve transactions by using either their fingerprint or a 6-digit SecurePIN, instead of having to request for a PBe Authentication Code ("PAC") via sms. In addition, the Group had introduced multilingual support and peer-to-peer payment service via DuitNow Quick Response ("QR") platform, which is an interoperable and common QR standard in Malaysia on PB engage.

In terms of corporate online banking, PB enterprise has been growing steadily since its inception in 2017. In 2020, new companies that registered for PB enterprise has increased by 75.1%. In addition, the Public Bank Group's volume of financial transactions rose by more than one fold. The Group has been constantly innovating and enhancing its corporate online banking solution, with the latest enhancement being the introduction of on-demand virtual accounts. These virtual accounts enable businesses to separate their collection of funds for better income tracking and settlement purposes.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Fintech and Digital Innovation

The Public Bank Group's 3-year Digital Roadmap which ended in 2020 featured various successful and impactful implementations of digital efforts in diverse areas of the Group's business. The Group is now strategically positioned to transform itself to embody banking of the future, with focus on embedding digitalisation in its customers' journey.

The Public Bank Group had been focusing on simplifying payments over the last few years, which brought about successful collaboration with Ant Financial Services and Tencent to provide hassle-free settlements for cross-border payments. In 2020, the Group expanded further its PBe QR platform, as e-wallet players within the industry increased to more than 40 players. PBe QR is based on the universal QR payment acceptance platform in Malaysia, which enables merchants to accept cashless and contactless payments from various e-wallet players.

To provide customers with fresh outlooks, innovative functionalities and navigational tools, the Public Bank Group continued to enhance its internet and mobile banking channels with improved and robust features. Moving forward, the Group will explore growth avenues for its mobile banking application, while enabling it as the main platform to be enhanced and integrated with other parties to provide more services beyond traditional banking.

The Public Bank Group had adopted the Centre of Excellence ("CoE") framework by integrating technology, analytics and talents in the Group. The CoE is a platform where researches are conducted through the Group's best-in-breed technologies and best methods of approaches to support its various initiatives.

In line with the Public Bank Group's digitalisation agenda which aims to among others, capture new opportunities amidst this new normal business environment, the Group's FinTech and Digital Innovation unit will continue to engage, coordinate and streamline initiatives based on the Group's digital transformation strategy and roadmap.

Online Security

The adoption of digital solutions surged in 2020 owing to the Movement Control Order, which had resulted in the rise of financial scams and cyberattacks.

To protect users from cyber threats, the Public Bank Group remained vigilant as it continued to strengthen its cyber security defence of its banking platform. The Group enhanced further its online security through the Fraud Prevention System. To raise awareness on cyber threats and cyber security risks, the Group also constantly provide customers with updates on current information about cyber fraud and online security threats via e-mails, surveys, online quizzes, awareness videos and social media.

Anticipated Risks

Cybercrimes and scams are on the rise as the switch to digital solutions becomes permanent for many individuals and businesses. The COVID-19 pandemic has changed the way businesses operate in the new norm through the advancement of technology. With the shift in customers' behaviour towards greater adoption of digital solutions via online transactions, internet banking as well as cashless and contactless payments, the risk of cybercrimes will also increase in tandem with these digital trends.

Prospects

The COVID-19 pandemic had triggered and accelerated the need for greater digital interactions. In response, most businesses will continue to tap on the advancement of technology in their operations while others are likely to incorporate innovative approaches into their new normal business models.

Similarly, the Public Bank Group will continue to cater to the evolving needs of its customers through digital innovation in its multi-delivery channels, including its internet and mobile banking platforms.

Elsewhere, greater awareness and responsible usage of both the internet and online applications among users are essential to prevent cyberattacks and financial scams. The Public Bank Group will continue to ensure the resilience of its information technology security and controls to prevent cyberattacks and / or data breaches while it continues to promote greater awareness on cyber and internet security.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Information & Communication Technology

The Public Bank Group's strategic approach on digitalisation enabled the transformation of challenges into opportunities as more customers opted for digital banking solutions under the new normal environment, owing to the effects of the COVID-19 pandemic. Beyond the health crisis, the digital technology solutions implemented provided a platform for increased competitiveness and long term business sustainability.

The Challenges	Information & Communication Technology ("ICT") Strategic Responses	The Opportunities
Customers reduced visits to branches owing to the COVID-19 pandemic, thereby causing a drop in over-the-counter and self service terminal transactions.	- Enhance digital offerings for customer convenience as part of the 'mobile first' policy to reduce the needs for branch visits. - Partnership with PayNet, AIA and others to introduce new digital services.	The transactions are migrating faster towards lower cost online channels such as PBe and PB engage that have seen a surge in transaction rates.
Lockdowns under the Movement Control Order had affected business operations.	Expand online digital facilities for corporate customers via PB enterprise.	Businesses are building work-from-home capabilities thus providing impetus for online cash management solutions to grow.
Short timelines to implement loan moratorium and other relief initiatives for the financially distressed customers.	- Focus on internal development for faster implementation of Government loan moratoriums. - Use Agile development methodologies.	Provision of good customer experience through fast implementation and hassle-free flexibility to opt in or out of the moratorium.
It is more vital during the crisis period to monitor financial health of businesses and offer further assistance, if required.	Adopt technologies such as Advanced Risk Analytics for loan scoring and review.	Customer loyalty can be built through proactive service and timely interventions could prevent losses.
Cyber threats had increased as criminals took advantage of the pandemic situation.	- Enforce the Cyber Resilience Framework. - Implement 'safe-to-fail' strategies for rapid detection of breaches and faster recovery.	Companies that prioritise cyber security gain higher public trust.
Interest rates have fallen and margins are compressed.	Optimise ICT infrastructure costs with private cloud technology and lower processing costs with Robotic Process Automation.	Cost-efficient organisations fare better than the competition.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

ACHIEVEMENTS IN 2020

Below are achievements for various strategies.



Prioritising Internal Software Development

New digital services were developed and deployed through the use of agile development methodologies and industry standards which facilitate the adoption of new technology. Government and payment association mandates were also complied with on schedule, without requiring vendor assistance which was hampered by travel restrictions.

Government Initiatives

Government initiatives on the COVID-19 relief such as the loan moratorium, PRIHATIN aid packages and the PENJANA economic stimulus were able to be deployed on schedule and made available via multiple channels despite the tight timeline for implementation due to the urgency of the situation. Through the digital platforms provided, end-to-end application and approval of repayment assistance were further simplified and made convenient for customers.

Expanded Services for PB Enterprise Corporate Customers

PB enterprise corporate online banking platform has been enhanced to provide additional features to help businesses improve further their cash management, such as frictionless e-payment transactions via Financial Process Exchange, virtual accounts for collection payment acceptance, uploading of recurring payment instructions, requests for cheque books and to stop cheques.

New Mobile Services

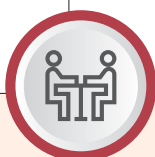
PB Journey mobile app is due to be launched to educate youngsters on Wise savings accounts to achieve their saving goals; starting them on a financial planning journey. Prior to the mandatory use of the MySejahtera app, contact tracing of customers was facilitated by the PB Track and Trace module in the PB engage app.

Visa and Mastercard Mandates

The credit card system was modified to support tokenisation security technology to reduce the need for transmission of credit card numbers for both Visa and Mastercard online transactions.

Digital Onboarding of Customers

Customers will soon be able to digitally perform initial self onboarding for hire purchase, loan and card applications and securely upload the relevant documents for processing without visiting the branches.



Leveraging on Partnerships

The Public Bank Group had deployed new services while existing ones were enhanced through partnerships.

New Payment Channels in Collaboration with PayNet

Several additional payment channels leveraging on the PayNet payment eco-system was launched, among which include the ticketless payment with contactless MyDebit cards for Light Rail Transport rides under Rapid Rail, cashless and contactless interpersonal transactions using the DuitNow Quick Response ("QR") Person-to-Person feature in the PB engage mobile app as well as a new Payment Application Programming Interfaces ("API") for merchants to integrate into point-of-sales systems that supports the Realtime Retail Payments QR code.

Services in Collaboration with AIA

Together with AIA, a new system was developed to provide marketing leads for bancassurance products and track them from creation to closure. To complement the new system, additional business requirements were incorporated into the existing AIA PB Direct iPad application for on-the-go marketing executives.

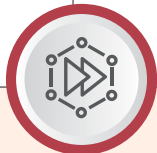
SWIFT Global Payment Innovation ("gpi")

The Public Bank Group's financial messaging system was migrated to support the SWIFT gpi cloud based system for better customer experience. SWIFT gpi provides improved features, such as faster same day crediting, transparency of forex rate and fees charged by banks, end-to-end payment tracking and assurance of unaltered remittance information regardless of the number of intermediary banks involved in the transfer.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Information & Communication Technology



Adopting New Technology and Standards

New digital technologies were incorporated into the ICT infrastructure to improve efficiency, resilience and provide better customer experience.

React Native

React Native open-source mobile application framework is used to accelerate the mobile app development. React Native enables the rapid development of mobile apps that are more robust and have better response times.

Robotic Process Automation

Silk automation tools were implemented for automating regression testing of software changes as well as for other applicable repetitive jobs such as the searching of reports from archives for anti-money laundering investigations.

Mobile Collaboration App for Staff

A mobile collaboration app was introduced for staff benefit that included features such as leave application including inter-state travel declaration, meeting calendar with reminders, panel clinic finder integrated with navigation using geolocation, water consumption tracker for healthy lifestyle, product promotion offers via push notification and gamification to encourage self-learning.

Containerisation

A containerisation solution was introduced for the Public Bank Group's on-premises private cloud to facilitate faster as well as more efficient development and deployment of Microservices and Open API. Containerisation allows apps to start faster, scale better and reduce the number of virtual machines required.



Increasing Resilience to Provide Reliable Services for Customers

As customers continue to rely on online services, high availability and service reliability are crucial for customer satisfaction and retention. The Public Bank Group therefore invests heavily on solutions to provide the best uptime possible for its application services.

Performance Monitoring

To ensure that the response time of applications meet expectation, a new application monitoring system was deployed to monitor and detect application issues from end-to-end in real time. The system provides integrated machine learning and artificial intelligence to aid early detection of application and network bottlenecks that affect performance for proactive rectification.

Capacity for Performance

In anticipation of increases in transaction volume, the core banking system was upgraded significantly with more processing capacity and faster All-Flash storage area network subsystems.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

**Strengthening
Cyber Security**

The Public Bank Group continues to be guided by its Cyber Resilience Framework to ensure resilient cyber security while preparing for 'safe-to-fail' recovery, should security breaches occur.

Security Infrastructure Upgrades

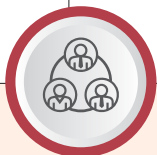
The security infrastructure was upgraded to provide additional defence against the growing list of cyber threats. The latest Web Browsing Threat Isolation solution was implemented to protect against Web / emails with malicious links while Artificial intelligence and Machine Learning Security Intelligence solutions were also deployed to hunt for potential cyber threats before they occur.

Threat Intelligence Collaboration

Ongoing collaborations with cyber security authorities, regulators, and international security vendors on threat intelligence continued to provide the Public Bank Group with the latest updates on potential threats and security fixes as well as assistance to protect against any malicious sites targeting the Group.

Routine Security Validations

The cyber resilience of the Public Bank Group is validated regularly by reputable security experts, engaged to conduct compromise assessment aimed at uncovering any breaches that may have previously gone undetected as well as intelligence-led-attack simulations to probe for security weaknesses. Meanwhile, spear phishing tests were routinely conducted to gauge the maturity level of staff security awareness.

**Maintaining High
Performance
Workforce**

Highly trained workforce is required to carry out the Public Bank Group's ICT initiatives, with efforts made to ensure adequate skilled manpower.

Succession Planning System

A new system for succession planning was introduced to ensure a capable replacement staff is available to step in should any key staff member resign, retire or be incapacitated.

Talent Development

To ensure an ICT workforce is equipped with the knowledge and skillset to contribute effectively to advance further the Group's digital agenda, ongoing training is provided to sharpen skills in application development, improve competency in critical areas of ICT management and provide exposure to the latest technologies, among which include the professional certification in security, data centre and network management.

Online Recruitment

Recruitment of fresh talent is conducted digitally with the implementation of the new PBeRecruit digital recruitment process. Successful job applicants interviewed via video calls can submit copies of their documents digitally for automated processing by Public Bank's human resource system and show up with the originals for verification when reporting for work.

FUTURE PLANS

The Public Bank Group will continue to push forward the implementation of its strategic digital roadmap while it continues to incorporate emerging technologies going forward. There are technologies currently in the pipeline for potential adoption such as the electronic Know Your Customer solution to enhance digital customer onboarding and blockchain technology for trade finance.

Developments in platform based banking space such as gig economy platforms will be monitored closely coupled with efforts to include more artificial intelligence and machine learning capabilities in the development of intelligent financial system.



MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Branch Performance

– KPIs and Awards

BRANCH KEY PERFORMANCE INDICATORS

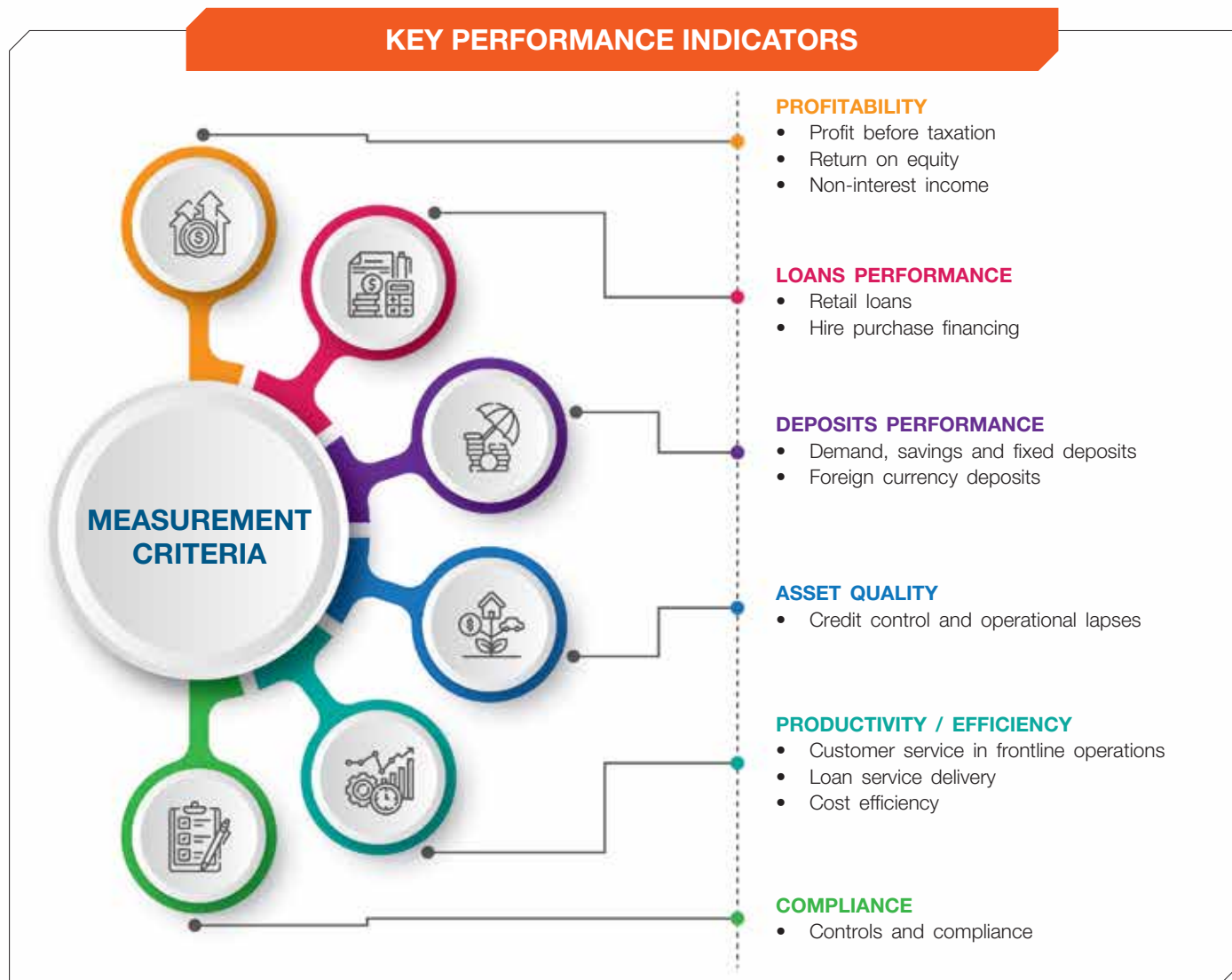
Public Bank evaluates the business performance and operational efficiency of its branches with the use of Key Performance Indicators (“KPI”). These KPIs form the basis of evaluating the performance of branches and rewarding staff at branches. All key performance factors which are crucial to the Bank, such as profitability, loans and deposits growth, asset quality, service delivery, controls and compliance as well as staff productivity and efficiency are incorporated in these KPIs.

Public Bank's Approach

The KPIs are reviewed annually and aligned to the current operating environment and business strategies of Public Bank. The business performance and ranking of the branches are disseminated on a monthly basis to enable branches to benchmark against their peers and take necessary actions to improve their performance. The close monitoring of the branches' KPIs also provides the impetus for branches to strive and achieve their respective KPIs.

Public Bank's Measurement Criteria

The KPIs for the evaluation of branches, key management and supervisory staff are set out below:





MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS OPERATIONS REVIEW

Branch Performance Awards

Public Bank accords recognition to its top performing domestic branches and overseas business units annually via the Branch Performance Awards, as part of its performance based reward structure. These performance awards, with attractive monetary prizes, are awarded to motivate branches to achieve excellent business performance as well as higher efficiency and productivity.

BRANCH PERFORMANCE AWARDS 2020

- **FOUNDER AND CHAIRMAN EMERITUS AWARD** for the Overall Best Domestic Branch
- **BEST BRANCH AWARDS** for domestic and overseas branches
- **SPECIAL AWARDS** for specific areas of business performance, branch management and service quality

The selection of winners is subject to very stringent criteria covering key areas of business performance, loan asset quality, compliance and risk management, cost efficiency and customer service delivery. Branches are segregated into six groups based on business portfolios and size of operations, with each branch rated against their respective peer groups.

The Winners

A total of 99 awards with cash prizes close to RM1.0 million were awarded to the winners of the Branch Performance Awards for 2020.

WINNERS OF THE BEST BRANCH AWARDS FOR 2020**Domestic Branches**

Group 1	Taman Perling Branch
Group 2	Stutong Branch
Group 3	Bandar Baru Permas Jaya Branch
Group 4	Kota Damansara Branch
Group 5	Raub Branch
Group 6	Bandar Sungai Long Branch

Overseas Business Units

Public Bank (HK) Limited	Kwun Tong Branch
Public Finance Limited	Fanling Branch
Cambodian Public Bank	Kampong Speu Branch
Public Bank Vietnam	Da Nang Branch
Sri Lanka Operations	Nawala Branch

**FOUNDER AND CHAIRMAN
EMERITUS AWARD****STUTONG
BRANCH**



EXPECTATIONS AND OPPORTUNITIES

The containment measures to prevent the spread of the COVID-19 pandemic had significantly impacted economic sectors globally owing to acute shocks and extensive disruption in global supply chains, of which the adverse effects will continue to be felt in 2021 as the world continues to adapt and adjust to the new normal macro environment. Both fiscal and monetary policies globally are expected to remain accommodative, in support of the economic recovery going forward.

Advanced economies, including the United States of America, Europe and Japan are expected to gradually recover in 2021, following massive downturns in 2020. Asia's economic growth is also expected to improve, in tandem with the expectation of global recovery ahead.

The Malaysian economy is expected to gradually recover in 2021, as economic activities gather pace and external demand improves. The improvement in growth will also be supported by the recovery in global growth and continued policy support domestically.

However, the outlook for Malaysia is subjected to downside risks, with the overall uncertainties being mostly due to factors surrounding the development of the COVID-19 pandemic and its implications on global economic and financial conditions. Also, the effects of the containment efforts to prevent the spread of the COVID-19 pandemic in Malaysia will continue to be felt in 2021, coupled with the production constraints across key economic sectors.

Policy accommodation will continue to provide support to the economic recovery and growth trajectory ahead. Meanwhile, Malaysia's inflation is expected to remain subdued, in the absence of both cost and demand pressures.

Notwithstanding the challenging macro environment, Malaysia's banking system remains resilient, underpinned by ample liquidity and strong capital buffers. Credit quality is expected to remain sound despite the macro uncertainties. Monetary and financial conditions remain accommodative and supportive of economic activities. Separately, banks will continue to provide assistance to customers with financial difficulties, which include the various loan repayment assistance programmes and debt rehabilitation support.

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 continue to enhance its operational efficiency, especially during bouts of economic uncertainties.



OUTLOOK FOR 2021



STRATEGIES AND DIRECTIONS

The Public Bank Group continues to operate efficiently, maintain prudence in management of credit risk and asset quality while preserving strong corporate governance and sound risk management practices. Owing to the effects of the COVID-19 pandemic, the Group further enhanced its information and communication technology infrastructure to improve efficiency, resilience and provide better customer experience through digital banking solutions under the new normal business environment. In addition, the Group will continue to explore ways to further enhance its operational efficiency and overall productivity to maintain cost efficiency while accelerating its digitalisation efforts to cater to the needs of customers.

Amid the unprecedented COVID-19 pandemic, the Public Bank Group will continue to ensure that the Group remains well-capitalised and well-funded to support its business and safeguard the interests of its stakeholders. The Group will proactively manage any potential stress in asset quality. The Group's healthy capital position and ample liquidity buffer coupled with its strong asset quality and large loan loss reserves will enable the Group to navigate the challenges ahead.

The Public Bank Group remains committed to actively engage and assist customers by providing further assistance required through various loan repayment programmes. The Group will also continue to provide financing to small and medium enterprises ("SME"), which includes the additional financing facilities through the Targeted Relief and Recovery Facility as well as Micro Enterprises Facility in support of Bank Negara Malaysia's initiative as announced in the National Budget 2021.

The Public Bank Group will continue to support financing in residential properties, in tandem with the Government's initiative to promote home ownership, especially for first time home buyers. The Group will also continue to support financing for purchase of passenger vehicles and lending to SMEs.

The Public Bank Group will capitalise on its efficient customer service delivery and extensive network of physical and digital channels, while sustaining its position as a market leader in both the domestic retail and consumer segments. The Group will continue to expand its corporate lending business by leveraging on its strong franchise and relationship with customers.

Amid heightened 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 potential market stresses.

The private retail unit trust industry is expected to grow moderately in tandem with market conditions. The Public Bank Group offers a comprehensive range of unit trust products, as it continues to embrace technology to cater to the needs of investors.

The Public Bank Group remains committed to strengthen its regional presence, while leveraging on its strong branding and prudent management practices.

For long term sustainability, the Public Bank Group will continue to enhance its service delivery standards and infrastructure leveraging on the advancement of technology, to provide seamless delivery of banking services across its multi-delivery channels.



SURMOUNTING THE NEW NORMS

ADDRESSING YOUR EVERYDAY NEEDS



Our frontliners worked tirelessly to keep the nation safe and running smoothly during these challenging times. As a responsible corporate citizen and an essential service provider, we continue to support and supplement the frontline providers with mobile banking applications to enable delivery of safe and contactless services. This also ensures that our customers have access to all of their needs from the comfort and safety of their homes.

Sustainability Statement



ABOUT PUBLIC BANK SUSTAINABILITY STATEMENT 2020

The Public Bank Group's Sustainability Statement outlines the Group's Economic, Environmental and Social ("EES") risks and opportunities, focusing on significant EES matters most relevant to the Group and its key stakeholders. The Statement describes the Group's EES management and performance, which include both financial and non-financial parameters.

This Sustainability Statement is to be read together with other information in this Annual Report, for an encompassing overview of the Group's sustainability initiatives and performance.

The Sustainability Statement 2020 has been approved by the Board of Directors of Public Bank.

Scope

The Statement focuses on the Public Bank Group's major business operations, encompassing domestic banking operations covering Public Bank Berhad and Public Islamic Bank Berhad ("PIBB") in Malaysia. Where relevant, the Statement covers its domestic subsidiaries and overseas operations, which include Public Investment Bank Berhad ("Public Investment Bank"), Public Mutual Berhad ("Public Mutual"), Cambodian Public Bank Plc ("Campu Bank") in Cambodia and Public Bank Vietnam Limited ("PBVN") in Vietnam.

For the Group's operations in Hong Kong, its listed subsidiary Public Financial Holdings Limited ("PFHL") prepares its Environmental, Social and Governance ("ESG") Report in compliance with the ESG Reporting Guide issued by Hong Kong Exchanges and Clearing Limited. The Report covers Public Bank (Hong Kong) Limited, Public Finance Limited, Public Securities Limited and Winton Financial Limited. PFHL's latest ESG Report is available at https://www.publicfinancial.com.hk/home_en.

Reporting Period

1 January 2020 to 31 December 2020, unless otherwise stated.

Guideline and Reference

This Statement is developed with reference to the Sustainability Reporting Guide (Second Edition) and Sustainability Toolkits issued by Bursa Malaysia Securities Berhad, and further guided by the Sustainability Development Goals ("SDGs") by the United Nations ("UN").



THE PUBLIC BANK GROUP'S SUSTAINABILITY APPROACH

The Public Bank Group's commitment in sustainability underpins the way the Group operates its business. The Group's approach in its Corporate Mission is based on its Corporate Philosophy, which is to care for its customers, shareholders, employees and the community. In its day-to-day operations, the Group's Philosophy is integrated into its corporate culture, with the Group aligning its business initiatives in creating long-term shared values for its stakeholders. These initiatives are focused on five key enablers, namely, Responsible Business, Conduct and Compliance, Developing Employees, Corporate Citizenship and Managing Environmental Impact.



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

- Responsible Business
- Conduct and Compliance
- Developing Employees
- Corporate Citizenship
- Managing Environmental Impact



Sustainability Statement

Sustainability Governance

The Public Bank Group's sustainability management is guided by its Sustainability Framework which is developed in alignment with Bursa Malaysia Listing Requirements, and with reference to the Bursa Malaysia Sustainability Reporting Guide and Sustainability Toolkits. The Framework also takes into consideration international standards, including the Global Reporting Initiative Sustainability Reporting Standards.

At the Public Bank Group, the Board of Directors ("the Board") is responsible for the overall Group's sustainability management. The Group's Board Charter sets out the roles and responsibilities of the Board and reflects the matters reserved for the Board's consideration and approval, including promoting sustainability through appropriate environment, social and governance considerations in the Bank's business strategies. The Board Charter is available on the Group's website on <https://www.publicbankgroup.com/About-Us/Board-Of-Directors/Board-Charter>.

The Management Committee assists the Board in the oversight of the Public Bank Group's sustainability matters. The Board has also set up the Sustainability Management Committee ("SMC") to manage the overall sustainability practices across all levels of operations.



Stakeholder Engagement

Communication with stakeholders is integral to the Public Bank Group's sustainability initiatives. Regular and effective communication facilitates a more in-depth understanding of stakeholders' expectations. Knowing stakeholders' concerns not only enables the Group to identify opportunities in enhancing stakeholders value, but also helps the Group to manage risks that could possibly be detrimental to stakeholders' interests.

Key Engagement Platforms

CUSTOMERS



Main Engagement Platforms

Engagement Frequency

Branches	Ongoing
Sales and marketing team	Ongoing
Customer service channels	Ongoing
Surveys	Ongoing
Social media	Ongoing
Annual Report	Yearly
Financial roadshows	As and when required
Webinar events	As and when required
Email blast	As and when required
Bank's website pbebank.com	Ongoing
SME financing roadshows	As and when required
COVID-19 Repayment Assistance Clinics	As and when required



SHAREHOLDERS AND INVESTORS



Main Engagement Platforms	Engagement Frequency
Investor relations channel	Ongoing
Annual General Meeting	Yearly
Conferences and roadshows	As and when required
Analyst briefings	Quarterly
Audio / video conferencing	As and when required
Annual Report	Yearly
Group's website	Ongoing
Surveys	As and when required

EMPLOYEES



Main Engagement Platforms	Engagement Frequency
Onsite and virtual training	Ongoing
Appraisal meetings	Yearly
Employees engagement campaigns	As and when required
Public Bank's intranet	Ongoing
Circular Management System	Ongoing
Compliance Newsletter	Monthly
Compliance Bulletin	Quarterly
Wawasan Vision Quarterly Bulletin	Quarterly
New Year Message by Chairman Emeritus	Yearly
Islamic Banking Bulletin	Quarterly
Email blast	As and when required
PBeXperience mobile application	Ongoing
Public Mutual's UTC Connect online platform	Ongoing
Annual Report	Yearly
Surveys	As and when required
Philanthropic activities	Ongoing



Sustainability Statement

COMMUNITIES AND NON-GOVERNMENTAL ORGANISATIONS



Main Engagement Platforms

Philanthropic activities
Annual Report
Group's website

Engagement Frequency

Ongoing
Yearly
Ongoing

REGULATORS



Main Engagement Platforms

Physical and virtual meetings
Industry forums
Dialogues
Consultation / townhall sessions
Correspondences

Engagement Frequency

As and when required
As and when required
As and when required
As and when required
As and when required

MEDIA



Main Engagement Platforms

Interviews
Press releases
Social media
Annual General Meeting
Group's website

Engagement Frequency

As and when required
As and when required
Ongoing
Yearly
Ongoing

SUPPLIERS AND VENDORS



Main Engagement Platforms

Procurement process
Onsite visit

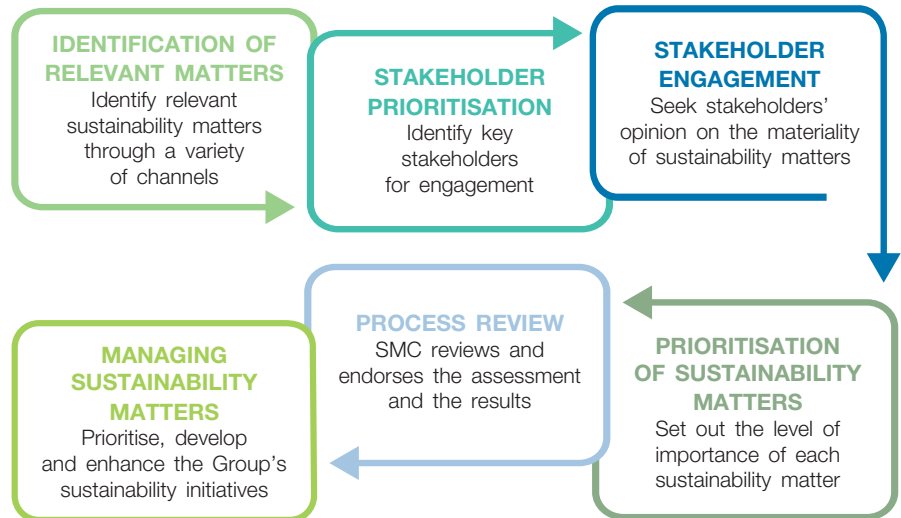
Engagement Frequency

Ongoing
Ongoing

Materiality Assessment

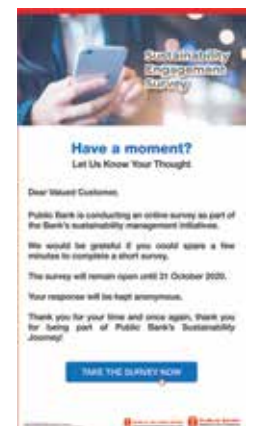
The Public Bank Group has in place a structured materiality process to determine the level of importance of each EES matter. The assessment enables the Group to prioritise matters which are of more material concern for the Group and stakeholders in support of the Group's strategic decision making and action.

Through its ongoing engagement with stakeholders, and taking into consideration the prevailing operating environment and references to various internal and external sources such as global sustainability standards, internal risk management assessment, media review and feedback from non-governmental organisations, the Public Bank Group has identified a list of 18 relevant and material EES issues, which are grouped into five themes.



To determine the level of importance of each sustainability matter, the Public Bank Group conducted a comprehensive materiality assessment to gauge stakeholders' opinions and expectations on EES matters in 2020. Prior to the assessment, the Group undertook a stakeholder prioritisation to determine the key stakeholders with whom the Group should engage based on their level of interest and influence on the Group. Subsequently, the Group reached out to more than 1,300 key stakeholders consisting of shareholders, investors, customers and employees, via an online engagement survey to identify their priorities of sustainability matters.

In the survey, the Public Bank Group also included questions to gauge stakeholders' views and concerns about the measures taken in response to the wide-ranging disruptions arising from the COVID-19 pandemic. This provided more insights for the Group to identify areas for improvement and to better respond to the unprecedented operating environment.



Sustainability Statement

THE PUBLIC BANK GROUP’S MATERIAL SUSTAINABILITY MATTERS

Based on the result of the materiality assessment, the 18 sustainability matters have been mapped out onto a materiality matrix according to the influence of sustainability issues emphasised by the stakeholders and the impact of EES to the business.



Data Security, Compliance, Anti-Money Laundering and Counter Financing of Terrorism remain as top priorities of the Public Bank Group and its stakeholders. This reflects the importance of upholding integrity and accountability in the Group’s role as a financial intermediary and custodian of public funds.

Customers and employees are key stakeholders of the Public Bank Group. The Group places high priority on managing sustainability matters associated with these stakeholders. The Group constantly aligns its business strategies and practices to deliver greater value to these stakeholders.

Although Managing Environmental Impact and Community Contribution are ranked relatively low, the Public Bank Group continues to give important consideration to these matters. Given the increasing expectation of stakeholders for corporates to play a greater role in contributing to the community and addressing climate change, the Group continues to support initiatives for community well-being as well as efforts to promote a low carbon environment.

**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

	Material EES Matters	Relevant Stakeholders	How has the Group Responded
	Data Security The Public Bank Group is committed to safeguard all information to protect privacy and interests of stakeholders and its business	• Customers • Shareholders and investors • Employees • Regulators	• Risk Management (page 68) • Ethics, Integrity and Trust (page 76) • Statement on Risk Management and Internal Control (page 80) • Management Discussion and Analysis – Channel Management (page 164) • Information & Communication Technology (page 166) • Sustainability Statement – Theme 1: Responsible Business (page 192)
	Customer Satisfaction In line with the Public Bank Group's Corporate Tagline "Excellence is Our Commitment", the Group continues to enhance its service to satisfy customers' needs and expectations in a more efficient and engaging way	• Customers • Employees • Regulators	• Management Discussion and Analysis – Serving the Customer (page 163) • Sustainability Statement – Theme 1: Responsible Business (page 192)
	Responsible Lending The Public Bank Group undertakes ethical and prudent lending practices to protect customers' interests and community well-being, while sustaining the Group's business stability	• Customers • Communities and non-governmental organisations • Shareholders and investors • Regulators	• Management Discussion and Analysis – Domestic Consumer Banking and SME Lending (page 136) • Islamic Banking (page 156) • Sustainability Statement – Theme 1: Responsible Business (page 192)
	Digital Transformation and IT Infrastructure The Public Bank Group embraces constant enhancement in digitalisation and information technology to adapt to changes in the banking industry and to meet customers' expectations	• Customers • Shareholders and investors • Employees • Regulators	• Management Discussion and Analysis – Channel Management (page 164) • Information & Communication Technology (page 166) • Sustainability Statement – Theme 1: Responsible Business (page 192)
	Financial Inclusion and Accessibility The Public Bank Group executes its corporate responsibility as a financial intermediary for nation building through enhancing access to banking services by the general public, including the vulnerable and underprivileged population	• Customers • Regulators • Communities and non-governmental organisations	• Management Discussion and Analysis – Channel Management (page 164) • Sustainability Statement – Theme 1: Responsible Business (page 192)
	Sustainability in Supply Chain The Public Bank Group aims to create positive EES impact along its supply chain and logistic network through maintaining a sustainable supply value chain, while positively influencing its suppliers and vendors in EES management	• Suppliers and vendors	• Sustainability Statement – Theme 1: Responsible Business (page 192)
	Design and Marketing of Products and Services The Public Bank Group upholds the principle of offering fair and responsible products through ethical marketing which meet customers' needs and expectations	• Customers • Employees • Regulators	• Sustainability Statement – Theme 1: Responsible Business (page 192)



Sustainability Statement



Conduct and Compliance

- Compliance
- Anti-Money Laundering and Counter Financing of Terrorism
- Anti-Fraud

Material EES Matters

Relevant Stakeholders

How has the Group Responded

Compliance

The Public Bank Group places high importance on conducting its business in compliance with laws, regulations and policies

- Customers
- Shareholders and investors
- Employees
- Regulators
- Suppliers and vendors
- Communities and non-governmental organisations

- Corporate Governance Overview Statement (page 56)
- Risk Management (page 68)
- Ethics, Integrity and Trust (page 76)
- Statement on Risk Management and Internal Control (page 80)
- Sustainability Statement
 - Theme 2: Conduct and Compliance (page 216)

Anti-Money Laundering and Counter Financing of Terrorism

The Public Bank Group places great emphasis on mitigating money laundering and terrorist financing risks through the enforcement of its group wide anti-money laundering, counter financing terrorism and targeted financial sanction guidelines and measures

- Customers
- Shareholders and investors
- Employees
- Regulators
- Suppliers and vendors
- Communities and non-governmental organisations

- Risk Management (page 68)
- Ethics, Integrity and Trust (page 76)
- Statement on Risk Management and Internal Control (page 80)
- Sustainability Statement
 - Theme 2: Conduct and Compliance (page 216)

Anti-Fraud

The Public Bank Group adopts the policy of zero-tolerance towards any form of fraudulent acts in efforts to eliminate fraud in all its business activities

- Customers
- Shareholders and investors
- Employees
- Regulators
- Suppliers and vendors
- Communities and non-governmental organisations

- Corporate Governance Overview Statement (page 56)
- Ethics, Integrity and Trust (page 76)
- Statement on Risk Management and Internal Control (page 80)
- Sustainability Statement
 - Theme 2: Conduct and Compliance (page 216)



Developing Employees

- Talent Attraction and Retention
- Employee Education and Development
- Employee Health and Safety, and Well-being
- Employment Practices

Talent Attraction and Retention

The Public Bank Group continues to strengthen its employer branding efforts to attract and retain talents

- Employees

- Sustainability Statement
 - Theme 3: Developing Employees (page 222)

Employee Education and Development

The Public Bank Group continues to strengthen its educational and training programmes to enhance employees' development of knowledge and competencies as well as to support their career advancement

- Employees

- Sustainability Statement
 - Theme 3: Developing Employees (page 222)

Employee Health and Safety, and Well-being

The Public Bank Group provides a conducive work environment whereby safety, health and well-being of employees are safeguarded

- Employees
- Regulators

- Sustainability Statement
 - Theme 3: Developing Employees (page 222)

Employment Practices

The Public Bank Group adopts best practices associated with employees' remuneration, work environment and even access to opportunities

- Employees
- Regulators

- Corporate Governance Overview Statement (page 56)
- Ethics, Integrity and Trust (page 76)
- Statement on Risk Management and Internal Control (page 80)
- Sustainability Statement
 - Theme 3: Developing Employees (page 222)



	Material EES Matters	Relevant Stakeholders	How has the Group Responded
 Corporate Citizenship Community Contribution	Community Contribution The Public Bank Group aims to contribute towards the well-being of the community through its community investment initiatives and active participation in community engagement	- Employees - Communities and non-governmental organisations	Sustainability Statement – Theme 4: Corporate Citizenship (page 238)
 Managing Environmental Impact - Energy Management - Waste Management - Greenhouse Gas Emission	Energy Management Efficient energy consumption is a key initiative of the Public Bank Group in addressing climate change and reducing greenhouse gas Waste Management The Public Bank Group continues to ensure that efficient and effective waste management practices are in place to conserve natural resources and reduce pollution Greenhouse Gas Emission The Public Bank Group endeavours to reduce greenhouse gas emissions throughout its business operations and value chain in support of the transition to a low carbon economy	- Employees - Regulators - Communities and non-governmental organisations	- Sustainability Statement – Theme 5: Managing Environmental Impact (page 243) - Sustainability Statement – Theme 5: Managing Environmental Impact (page 243) - Sustainability Statement – Theme 5: Managing Environmental Impact (page 243)



Sustainability Statement

SUSTAINABLE DEVELOPMENT GOALS

THE PUBLIC BANK GROUP'S CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals ("SDGs") by the United Nations comprises 17 global goals which are to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The Public Bank Group's sustainability initiatives directly and indirectly contribute to all SDGs. Through mapping its sustainability strategy against the SDGs which it has the most weight, the Group has identified the specific SDG targets to which it can contribute the most.

1 NO POVERTY



SDG Target 1.4: Equal rights to economic resources, basic services and financial services

The Public Bank Group constantly enhances its financial products and services as well as delivery channels to help the underserved population in building financial resilience.

Page reference in Annual Report:
Management Discussion and Analysis

- Channel Management (page 164)
- Theme 1: Responsible Business – Financial Inclusion and Accessibility (page 208)

4 QUALITY EDUCATION



SDG Target 4.4: Increase the number of youths and adults for employment, decent jobs and entrepreneurship

The Public Bank Group has designed well-rounded training programmes on employee education and development. The Group also continues to support Financial Industry Collective Outreach ("FINCO") with the aim to build a better future for children and youths.

Page reference in Annual Report:
Sustainability Statement

- Theme 3: Developing Employees – Employee Education and Development (page 222)
- Theme 4: Corporate Citizenship – Community Contribution (page 238)

3 GOOD HEALTH AND WELL-BEING



SDG Target 3.8: Achieve health coverage, including financial risk protection and access to health care services for all

The Public Bank Group has developed a comprehensive health coverage for its employees, ensuring that employees have access to quality health care at all times. The Group's community investment programme also contributes to community health and well-being.

Page reference in Annual Report:
Sustainability Statement

- Theme 3: Developing Employees – Employee Health and Safety, and Well-being (page 222)
- Theme 4: Corporate Citizenship – Community Contribution (page 238)

5 GENDER EQUALITY



SDG Target 5.5: Support women's equal rights for leadership

The Public Bank Group practises equal employment opportunity, providing both genders equal rights in hiring, education and training, employee benefits and career advancement.

Page reference in Annual Report:
Sustainability Statement

- Theme 3: Developing Employees – Diversity and Inclusiveness (page 235)

**7** AFFORDABLE AND
CLEAN ENERGY**SDG Target 7.2:****Increase share of renewable energy in the global energy mix**

In addition to the Public Bank Group's efforts to promote green financing, the Group constantly explores ways to enhance energy efficiency initiatives, such as encouraging the use of energy efficient vehicles and the use of solar energy in its premises.

Page reference in Annual Report:

Sustainability Statement

- Theme 1: Responsible Business – Responsible Lending (page 200)
- Theme 5: Managing Environmental Impact – Energy Management (page 243)

8 DECENT WORK AND
ECONOMIC GROWTH**SDG Target 8.3:****Encourage growth of micro as well as small and medium-sized enterprises****SDG Target 8.5:****Achieve full and productive employment for all****SDG Target 8.6:****Reduce the proportion of youth not in employment, education or training****SDG Target 8.8:****Protect labour rights as well as promote safe and secure working environment for all workers****SDG Target 8.10:****Provide access to banking, insurance and financial services for all**

With more than 19,000 employees, the Public Bank Group provides a safe, healthy and conducive work environment for its employees. Apart from supporting the nation's employment, the Group is committed to support the country's economy through its financial products and services to the Small and Medium Enterprises ("SMEs").

Page reference in Annual Report:

Management Discussion and Analysis (page 106)

Sustainability Statement

- Theme 1: Responsible Business – Responsible Lending (page 200)
- Theme 1: Responsible Business – Financial Inclusion and Accessibility (page 208)
- Theme 3: Developing Employees (page 222)

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE**SDG Target 9.3:****Increase the access of small-scale industrial and other enterprises to financial services****SDG Target 9.4:****Upgrade infrastructure with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes****SDG Target 9.5:****Encourage innovation and upgrade technological capabilities**

The Public Bank Group places high focus on upgrading its digital capabilities to provide innovative and convenient facilities as well as infrastructures for customers' banking convenience.

On sourcing for suppliers and vendors, the Group focuses on supporting the development of local businesses.

Page reference in Annual Report:

Management Discussion and Analysis

- Domestic Consumer Banking and SME Lending (page 136)
- Channel Management (page 164)
- Information & Communication Technology (page 166)

Sustainability Statement

- Theme 1: Responsible Business – Digital Transformation and Information Technology Infrastructure (page 204)
- Theme 1: Responsible Business – Sustainability in Supply Chain (page 215)



Sustainability Statement



SDG Target 10.2: Empower and promote social, economic and political inclusion of all

Guided by its Corporate Philosophy, the Public Bank Group executes its responsibilities as a corporate citizen, to empower and contribute to the well-being of the community. On employment, the Group practises diversity of workforce and non-discriminatory towards race, gender, religion, age and disability.

Page reference in Annual Report:
Sustainability Statement

- Theme 3: Developing Employee (page 222)
- Theme 4: Corporate Citizenship (page 238)



SDG Target 12.2: Achieve the sustainable management and efficient use of natural resources

SDG Target 12.6: Adopt sustainable practices and integrate sustainability information into reporting cycle

SDG Target 12.8: Ensure that people everywhere have relevant information and awareness for sustainable development and lifestyles in harmony with nature

The Public Bank Group consistently enhances its sustainability practices and makes timely disclosure on sustainability reporting.

The Group has also implemented various initiatives to manage environmental impact and promote sustainability awareness among its employees and other stakeholders.

Page reference in Annual Report:
Sustainability Statement

- Theme 1: Responsible Business – Responsible Lending (page 200)
- Theme 1: Responsible Business – Sustainability in Supply Chain (page 215)
- Theme 5: Managing Environmental Impact (page 243)



SDG Target 11.1: Ensure access for all to adequate, safe and affordable housing and basic services

The Public Bank Group continues to promote home ownership by offering a variety of home financing packages.

Page reference in Annual Report:

Management Discussion and Analysis

- Domestic Consumer Banking and SME Lending (page 136)
- Sustainability Statement*
- Theme 1: Responsible Business – Financial Inclusion and Accessibility (page 208)



SDG Target 13.3: Improve education, awareness-raising as well as human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

To combat climate change, the Public Bank Group increasingly embeds environmental consideration into its banking operations. The Group also supports green financing and takes into consideration climate change impact of the economic activities that it provides financing.

Page reference in Annual Report:

Sustainability Statement

- Theme 1: Responsible Business (page 192)
- Theme 5: Managing Environmental Impact (page 243)



SDG Target 16.5: Reduce corruption and bribery in all forms

SDG Target 16.6: Develop effective, accountable and transparent institutions at all levels

The Public Bank Group practises ethical conduct in business and adheres to good corporate governance.

Page reference in Annual Report:

Corporate Governance Overview Statement (page 56)

Ethics, Integrity and Trust (page 76)

Sustainability Statement

- Theme 2: Conduct and Compliance (page 216)



Awards and Recognitions

The Public Bank Group continues to enhance its sustainability practices for a more sustainable future. A testimony to this commitment is the recognition of the Group's sustainability initiatives by world leading indexes and accolades.



The Public Bank Group remains as a constituent in the following indices in the FTSE4Good index series:

- FTSE Bursa4Good
- FTSE4Good ASEAN5
- FTSE4Good Emerging Index



The Public Bank Group continued to be accorded AA in MSCI ESG Ratings, reflecting its leading position in the banking industry in ESG performance.



The Asset ESG Corporate Awards assesses companies in their adherence to ESG best practices. The Public Bank Group was accorded the Gold Award in 2020.



Sustainability Statement

MANAGING MATERIAL SUSTAINABILITY MATTERS

The unprecedented COVID-19 pandemic weighed on people's health and livelihood which resulted in various business disruptions. As the Public Bank Group continued to focus on long term material sustainability matters, the Group also placed high importance in managing the impact of COVID-19 pandemic to the Group and its stakeholders.

The Public Bank Group took swift action to safeguard its business continuity by ensuring uninterrupted communication, operations and supply chain. Urgent actions were taken to ensure that all interactions and communications are conducted in compliance with social distancing measures under the new normal banking environment. The Group implemented exceptional measures to address difficulties faced by its key stakeholders amidst the pandemic.



GROUP'S RESPONSE TO COVID-19

Loan Repayment and Financing Assistance for about
1.8 million
customers



Business Continuity Plans to ensure continuous delivery of services

PB Journey Programme to support customers' financial needs

For Customers

- Providing COVID-19 financial relief measures
 - Six-month automatic loan moratorium from April to September 2020
 - Targeted Repayment Assistance and Expanded Targeted Repayment Assistance upon the expiry of automatic loan moratorium
 - Digital application for repayment assistance
- Offering Government's and Bank Negara Malaysia ("BNM")'s special financing schemes to businesses at low interest rate
- Enhancing digitalisation on banking services:
 - Customer digital onboarding for selected services
 - Enhancing PBe internet banking, PB engage mobile banking and PB enterprise
 - Ensuring resilient cybersecurity

Protecting the health and safety of

>19,000
employees



PBeXperience mobile application to connect the workforce digitally

For Employees

- Enhancing digital infrastructure to increase work mobility
 - Providing portable devices, security software and other digital necessities to facilitate work from home arrangement
 - Enhancing digital learning system and communication platform
 - Encouraging virtual meetings
- Protecting employees' health and safety
 - Minimal workforce in office during the Movement Control Order
 - Setting up the COVID-19 Taskforce which is chaired by the Managing Director, to ensure swift measures are implemented to protect the health and safety of employees and visitors in its premises
 - Deploying employees to different work schedules and work sites to reduce physical contact
 - Conducting COVID-19 test for employees
 - Providing personal protective equipment, including masks and sanitisers to all employees

Contributed
RM1 million to



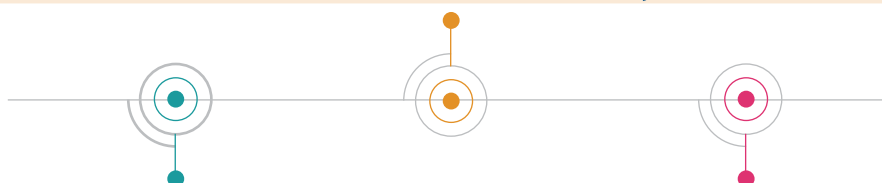
For All Stakeholders

- Regular sanitisation of common areas and public infrastructure
- Temperature check for each personnel entering the Group's premises
- Strict enforcement of social distancing in the Group's premises
- Providing hand sanitisers at all entry-points in the Group's premises
- Developed and implemented inhouse built "PB Track & Trace" system in June 2020 for visitors' contact tracing
- Supporting various COVID-19 related programmes by donating funds and medical supplies

**KEY HIGHLIGHTS OF GROUP'S COVID-19 FINANCIAL RELIEF MEASURES****Targeted Repayment Assistance**

- i. Individuals who have lost their jobs due to the COVID-19 pandemic and have yet to find a job
 - Three-month loan moratorium from October 2020 – December 2020
- ii. Individuals who are still in employment but whose salaries have been affected and SMEs who encounter reduced income
 - Reduction in repayment for at least six months

Approved more than **RM34 billion** for over **120,000** customers*

**Six-month Automatic Loan Moratorium**

- Six-month automatic loan moratorium for individuals and SMEs

More than **RM210 billion**
for over **1.5 million** customers

Expanded Targeted Repayment Assistance

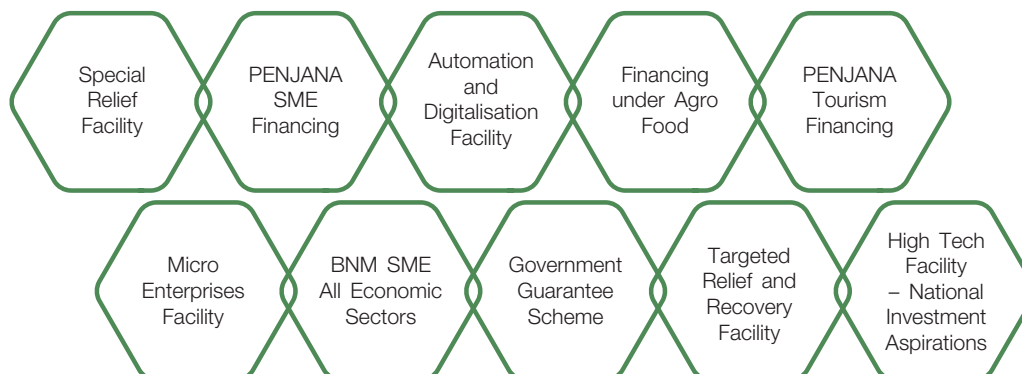
- Eligible B40 and M40 individual customers as well as micro enterprises with total loans approved of up to RM150,000
 - i. Three-month deferment of loans repayment (Not applicable to M40)
 - ii. 50% reduction of existing monthly instalment or interest for six months

Approved more than **RM2 billion** for over **20,000** customers*

Funding Assistance

- Provided funding assistance to SME customers under the special financing schemes by the Government and Bank Negara Malaysia

Approved more than **RM3.4 billion** benefitting over **16,000** customers*

Financing Schemes by the Government and Bank Negara Malaysia

Detailed information of the Group's responses to the COVID-19 pandemic is described in the following section which outlines its management of each material sustainability matter.

* As at the end of February 2021



Sustainability Statement

THEME 1: RESPONSIBLE BUSINESS

Key Sustainability Performance



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



Customer Satisfaction



90%

of customers rated frontline services as **"Excellent"** or **"Good"**



96%

of customers rated loan delivery services as **"Exceeded Expectation"** or **"Within Expectation"**



97%

conformance level to the **10 minutes** customer waiting time



83%

conformance level to the **2 minutes** Standard Waiting Time



92%

of customers rated Public Mutual's Frontline Counter and Call Centre as **"Good"** or **"Very Good"**



Digitalisation and Technological Innovation

- ✓ Online customer onboarding
- ✓ API services to FinTech companies to explore opportunities for collaboration
- ✓ Proof-of-concept testing for eKYC solution
- ✓ UTC Connect online portal for unit trust consultants
- ✓ "Portfolio Builder Module" mobile application for unit trust consultants to construct clients' portfolio
- ✓ Extended DuitNow fund transfer service to ATM and cash recycling machine



COVID-19 Relief Assistance

>RM210 billion
of Automatic Loan Moratorium for
>1.5 million customers

Approved **>RM3.4 billion**
of special financing scheme for
>16,000 customers

Approved **>RM34 billion**
Targeted
Repayment Assistance
for **>120,000** customers

Approved **>RM2 billion**
Expanded Targeted Repayment
Assistance for
>20,000 customers



Granted New Loans in Support of Financial Inclusion



RM18.03 billion
for **>43,000**
home purchasers



RM14.16 billion
for **>188,000**
motor vehicle buyers



RM11.48 billion
for **>48,000**
SMEs



Financial Accessibility

264

Domestic Branches

2,089

Self Service Terminals

Number of active users for
PBe internet banking

↑ 13.3%

Number of active users for
PB engage

↑ 11.8%



Responsible Lending

- ✓ Stable and low gross impaired loans ratio **0.4%**
- ✓ Provided preferential rates for energy efficient vehicle
- ✓ Attractive financing terms for solar panel financing for residential houses
- ✓ Issued the **ESG Lending Exclusion List**
- ✓ Approved **RM17.2 million** under the Government's Green Technology Financing Scheme
- ✓ Granted loan moratorium to **672** customers in flood affected areas



Sustainability in Supply Chain



92.5% of the Group's
total ICT procurement cost were
with local vendors

Local companies comprised
91.7% of the total
ICT suppliers



Sustainability Statement

1. DATA SECURITY

“

Preserving customer confidentiality and data privacy is of utmost importance to financial institutions. It is crucial for banks to always be vigilant in maintaining the highest standard of data security to safeguard customers' and banks' interests from cyber criminals and malicious threats. Data protection is not only a legal requirement for financial institutions, but also an ethical responsibility.

”

The Public Bank Group places the highest priority on data security and privacy protection. To safeguard financial assets and private information, the Group is committed to zero-tolerance for any non-compliance of data protection. Recognising the importance, the Group has set up stringent internal controls to prevent any event of data breach, for both physical and digital information.

In the face of growing banking digitalisation, the Public Bank Group focuses on transforming its operational processes and systems to accommodate technological advancement. It has also taken essential steps to prevent cyber security threats.

The Public Bank Group constantly reviews its policies and standards on information security and cyber threats management, to ensure the guidelines in place are in line with the latest development as well as adequate and effective to mitigate possible future risks.

BANKING SECRECY FRAMEWORK

The Framework sets out the governance process, internal control processes and procedures, escalation process in the event of secrecy breach. It also emphasises the importance of employee training and education on secrecy provisions management.

Key enhancements in 2020:

- ✓ Updated the Framework in line with the BNM Management of Customer Information and Permitted Disclosures' requirements
- ✓ Incorporated the latest development in regulatory landscape and technological advancement
- ✓ Strengthened the governance process by fortifying and reforming the roles and responsibilities of the parties involved in managing compliance with the secrecy provisions
- ✓ Enhanced and streamlined escalation process in the event of customer information breach

CORPORATE INFORMATION SECURITY MANAGEMENT ("CISM") POLICY

The Policy outlines principles to ensure that the Public Bank Group's information and information systems are properly safeguarded and adequately protected from threats, including fraud, data leakages, service disruption and natural disaster.

Key enhancements in 2020:

- ✓ Updated the CISM Policy to be in line with BNM's Risk Management in Technology Policy Document
- ✓ Appointment of Chief Information Security Officer to be responsible for the Group's technology risk management function
- ✓ Enhancements of the Cloud Services Policy
- ✓ Established the Audio / Video Conferencing Policy and incorporated into CISM to ensure meetings and training sessions are carried out in a secured manner to safeguard the assets and information of the Group

**TECHNOLOGY RISK MANAGEMENT
FRAMEWORK**

The Public Bank Group issued the Technology Risk Management Framework in 2020, with reference to the BNM's Policy Document on Risk Management in Technology. The Framework provides guidance to the Group on managing technology risks and its operating processes from both business risk as well as technology risk perspective. It sets out the risk governance structure and risk management processes for identification, assessment, control, monitoring and reporting of technology risks to which the Group is exposed, including risks from the adoption of new or emerging technology.

**ENTERPRISE ARCHITECTURE
FRAMEWORK**

The Framework outlines the overall technical design and high-level plan of the Public Bank Group's Information and Communication Technology ("ICT") architecture to promote standardisation and disciplined way of delivering information technology solutions. The Framework describes the high-level ICT architecture for technology infrastructure, application architecture and security controls.

The Public Bank Group makes available all the relevant policies, standards and frameworks easily accessible by employees on the intranet. The Group also regularly updates circulars with the latest information such as examples of secrecy breaches, root causes, lessons learnt, acts and guidelines as well as penalties in the event of secrecy breaches. These measures are to remind employees to always pre-empt and prevent any recurrent incidents. Classroom trainings and e-learning are also provided where employees are able to refresh and enhance their awareness and knowledge on data protection.

Operationally, the Public Bank Group continues to build up its cyber defence capabilities by further strengthening its 24x7 Security Operation Centre for increased vigilance against cyber threats, and deploying multi-layered security defence systems to protect against both internal and external threats.

During the COVID-19 pandemic, in view of rising usage of online banking, the Public Bank Group took extra effort to ensure information protection. These initiatives include upgrading security features on all computer platforms and network infrastructures, such as strengthening firewalls and heightening malware protection. The Group also undertook simulation test on general phishing attacks to raise employees' awareness on cybersecurity.

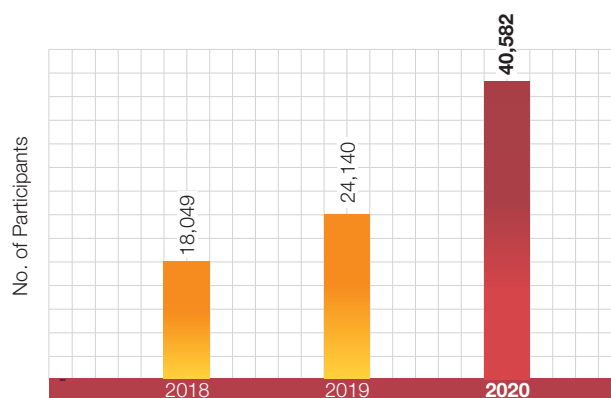
**GUIDELINES BY THE SECURITIES
COMMISSION**

- ✓ **Management of Cyber Risk**
- ✓ **Online Transactions and Activities in Relation to Unit Trusts**

In addition to the guidance and policies set by the Public Bank Group in data security, Public Mutual adopts information security guidelines by the Securities Commission ("SC").

Having provided online services via its Public Mutual Online and mobile applications, Public Mutual is governed by SC's guidelines to put in place adequate and appropriate systems and security measures to ensure reliability, availability, integrity and confidentiality for transactions transmitted online.

Public Mutual's cyber infrastructure and procedures are vigilantly monitored together with SC's periodic cyber security tests and drills to ensure preparedness against cyber threats.

**Cyber Awareness Education
Initiatives**



Sustainability Statement

2. CUSTOMER SATISFACTION

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Among the material sustainability matters affecting financial institution, customer satisfaction is always considered as high priority. Understanding and meeting the needs of customers is important to the sustainability of a business. As products become indistinguishable among peers, maintaining customer satisfaction becomes the cornerstone that enables a business to remain competitive and relevant in a fast-evolving market.

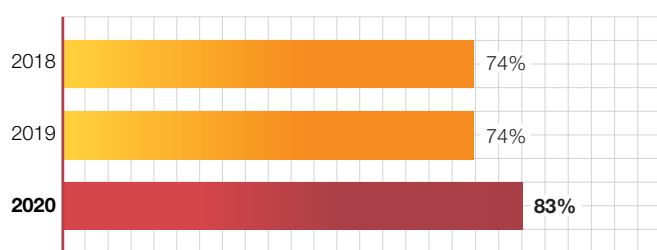
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Guided by its Corporate Tagline “Excellence Is Our Commitment”, the Public Bank Group always strives to maintain high standard of service delivery. The Group remains customer-centric as it focuses on the enhancement of products and services through assessment of the Group’s service performance with ongoing customer engagement to gather feedback.

FRONTLINE COUNTER QUEUE MANAGEMENT

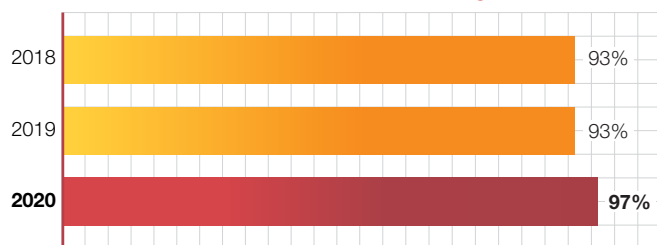
The Public Bank Group always strives to enhance its courteous and efficient counter service. The Group sets the 2 minutes Standard Waiting Time as a key target for its frontline service standard.

Conformance Rate of 2 Minutes Standard Waiting Time



The Group achieved a higher conformance level of **83%** for 2 minutes Standard Waiting Time

Conformance Rate of the Minimum Industry Standard of 10 Minutes Customer Waiting Time



As compared to the minimum industry standard for 80% of customers to be served within 10 minutes, the Group achieved a high conformance level of **97%**

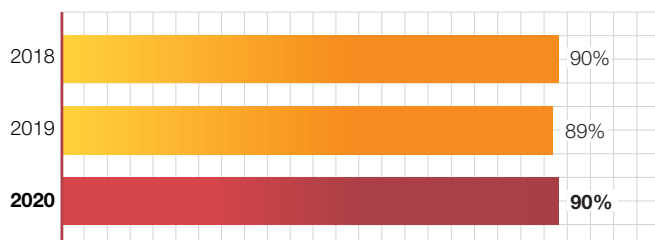
Campu Bank and PBVN also practise high frontline service standard, with target waiting time of five minutes. In 2020, Campu Bank and PBVN achieved high conformance rate of 96% and 93% respectively in meeting the five minutes customer waiting time target.



CUSTOMER SATISFACTION SURVEY

The Public Bank Group assesses customer satisfaction level for its frontline counter service and loan service delivery at selected branches.

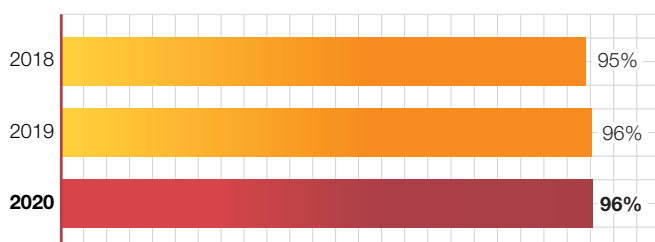
Frontline Service Delivery Customer Satisfaction Ratings of "Excellent" or "Good"



High customer satisfaction level was achieved in 2020,

with **90%** of customers rating frontline counter service "excellent" or "good"

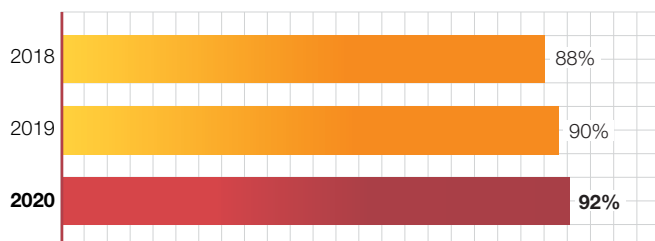
Loan Service Delivery Customer Satisfaction Ratings of "Exceeded Expectation" or "Within Expectation"



High customer satisfaction level was achieved in 2020,

with **96%** of customers rating loan service delivery "exceeded expectation" or "within expectation"

Public Mutual: Frontline Counter and Call Centre Customer Satisfaction Survey Ratings of "Good" or "Very Good"



Public Mutual achieved a higher customer satisfaction

rating, with **92%** of its customers rating "Good" or "Very Good" of its services in 2020

To ensure its high standard of frontline service quality, the Public Bank Group has appointed Service Ambassadors to actively assist customers through queues by providing assistance to complete their banking transactions in a more effective and faster way. Other key measures are the ongoing efforts to enhance the functions of its self service terminals, such as shortening the time needed to perform transactions at the self service terminals. Public Mutual has also allocated special service kiosks at its branches to enhance the efficiency of its frontline service.

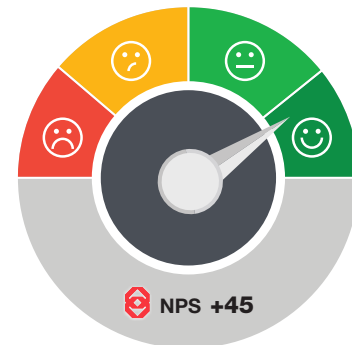


Sustainability Statement

MALAYSIAN BANKING INDUSTRY CUSTOMER SATISFACTION SURVEY 2019 / 2020

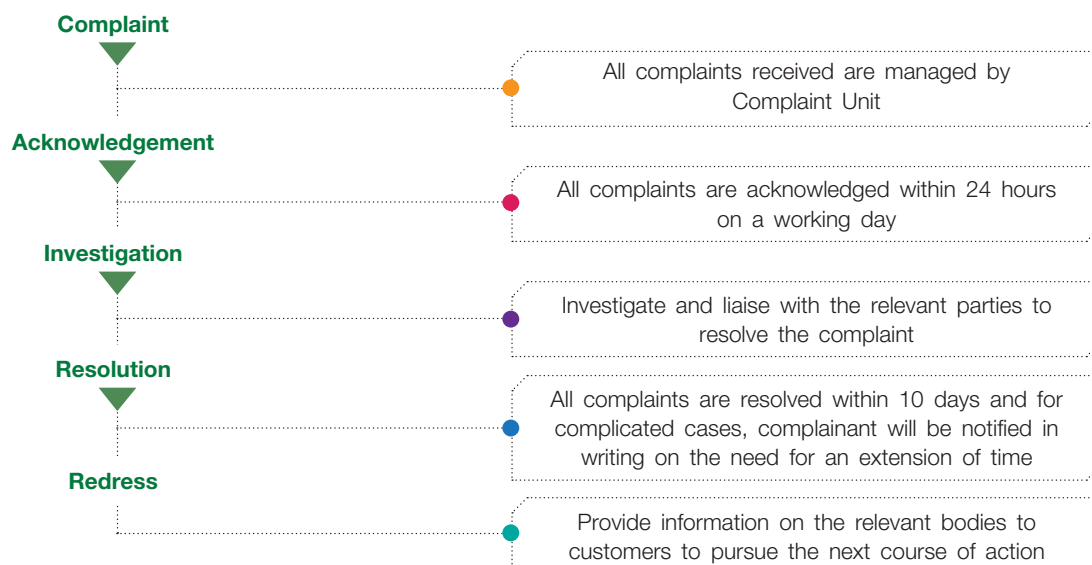
The Malaysian Banking Industry Customer Satisfaction Survey ("CSS") is undertaken by IPSOS Sdn Bhd, under the collaboration of The Association of Banks in Malaysia and The Association of Islamic Banking and Financial Institutions Malaysia, and it is also supported by BNM. The CSS adopts Net Promoter Score ("NPS") as the main measurement for the Survey. The NPS measures customers' likelihood to recommend a company or product to others. 20 banks had participated in the CSS 2019 / 2020.

In the CSS 2019 / 2020, the Public Bank Group achieved commendable score of +45, compared to the overall Malaysian banking industry's score of +41.



MANAGING CUSTOMERS' COMPLAINTS

The Public Bank Group always strives to resolve complaints in the quickest, most efficient and professional manner. The industry benchmark standard of resolving a complaint is within 14 days. The Group has set for itself a higher benchmark of 10-day turnaround time. The Group continues to ensure that all complaints are resolved within the benchmark. In 2020, the Group continued to achieve 100% compliance rate within its 10-day turnaround benchmark. Likewise, Campu Bank also recorded full compliance rate in meeting its target of resolving complaints within 14 days.



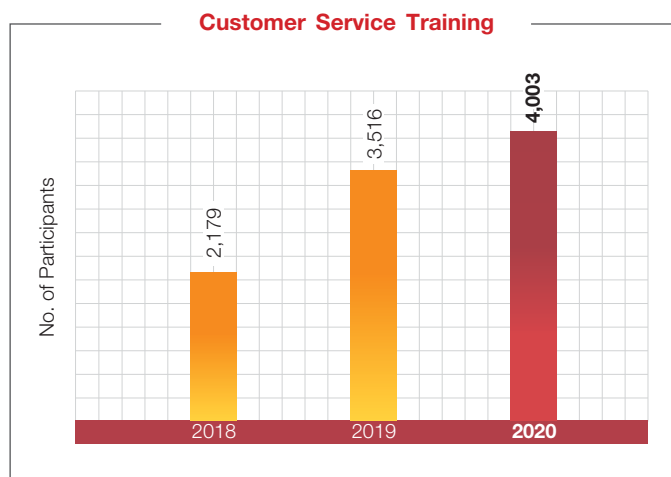
**ISO 9001:2015 CERTIFIED SERVICE DELIVERY**

The Public Bank Group obtained the ISO 9001:2015 certification by SIRIM for its Quality Management System Frontline and Quality Management System Loan Delivery, reflecting its internationally recognised customer service standard.

SIRIM and the Public Bank Group's Internal Audit conduct yearly audits to ensure the Group's Quality Management System is effectively implemented and maintained to meet the requirements of ISO. The Group also publishes the common audit findings in its intranet, to keep branches up-to-date on the root cause for any non-compliance, so as to take necessary corrective actions.

EFFECTIVE TRAINING FOR EXCELLENT SERVICE DELIVERY

Employees are provided with a pipeline of training and development courses for the upskilling of service standards. In 2020, a total of 4,003 employees attended training to step up their skills and knowledge on customer service.



Meanwhile, Campu Bank and PBVN also conducted classes to upskill their customer service standards, with 225 and 360 employees participating in the training respectively in 2020.

**COVID-19: Keeping Customers Safe**

With the COVID-19 pandemic triggering safety fears, the Public Bank Group views customers' health and safety as top priority during their visits in the Group's premises. The Group strictly adheres to Standard Operating Procedures issued by the Majlis Keselamatan Negara and BNM. These measures include enforcing social distancing by implementing crowd containment measures, ensuring the visit of every customer, employee and visitor is registered as well as conducting temperature checks. Hand sanitisers are made available in common areas and mask wearing is mandatory. In addition, the Group carries out regular disinfection of common areas, self service terminals and elevators to prevent the spread of COVID-19 pandemic. To facilitate a more efficient, hygienic and faster registration of visitors into the Group's premises, the Group developed and implemented an inhouse built digital platform "PB Track & Trace" system in June 2020, by which registration in the Group's premises could be done easily by scanning the QR code and filling in simple details in the mobile application. Nevertheless, the Group has been complying with the Government's move to mandate the use of MySejahtera application since August 2020.



Sustainability Statement

3. RESPONSIBLE LENDING

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The banking industry not only serves the financial needs of individuals, but also provides financial support for businesses to grow and expand. Over-commitment or improper use of funds by borrowers can result in far reaching implications on the banking system, the economy, the society and the environment. Therefore, the banking industry plays an important role in ensuring prudent lending standards, and the provision of lending do not undermine borrowers' interests and the well-being of the nation and community.

”

The Public Bank Group's lending approach promotes a credit culture of prudence, whereby stringent credit appraisal system is practised to ensure resilience of loan portfolio. Due regard for the environmental, social and governance consequences are also given as part of the Group's responsible lending practices.

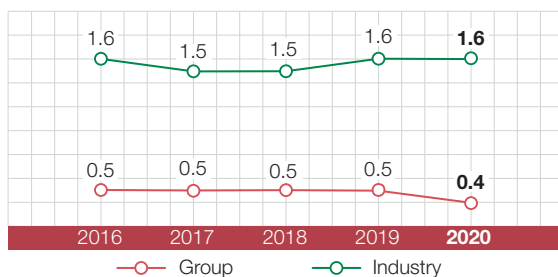
Prudence in Lending

As the Public Bank Group fulfils its responsibility as a financial provider to support and improve the means of livelihood, the Group places high regard on proper and sound assessment of customers' creditworthiness to avoid over-indebtedness which could lead to social and economic instability.

In upholding lending prudence, the Public Bank Group is guided by its robust Credit Policy, which emphasises that each loan application is to be carefully assessed and considered on its own merit, based on the suitability of the product to customers as well as their affordability and credit standing. For large business loan applications, industry analysis and sensitivity analysis are conducted to assess the applicant's ability to honour its credit obligations in the presence of uncertainty.

The Group's stringent credit appraisal continued to result in low impaired loans ratio across its major business segments.

Group: Gross Impaired Loans Ratio



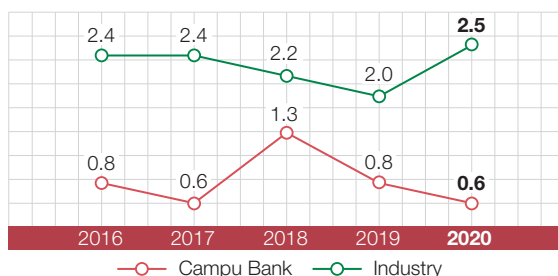
of which:



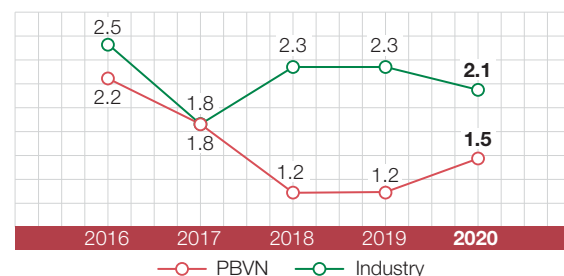
Gross Impaired Loans Ratio



Campu Bank: Gross Impaired Loans Ratio



PBVN: Gross Impaired Loans Ratio





In the face of the COVID-19 pandemic, the unprecedented operating environment and targeted repayment assistance have given rise to a more complex situation for banks to manage and mitigate credit risks. The COVID-19 pandemic has rendered historical financial data or database to be irrelevant as a guide to borrower's repayment capability. To ensure its approach of responsible lending remains appropriate and responsive to the changes, the Public Bank Group has adjusted to the new dynamics by taking extra efforts to assess customers' real financial condition to enable more appropriate credit assessment in this global health crisis.

Hardship Assistance

The Public Bank Group understands that customers may face temporary financial difficulty along the repayment tenure due to circumstances beyond their control. Early intervention is therefore important to provide appropriate support to customers and help them to navigate through their financial fallout. With the COVID-19 pandemic heavily weighing on the economy, the Group has implemented various flexible repayment assistance to assist individuals and businesses who encounter cash flow constraint.

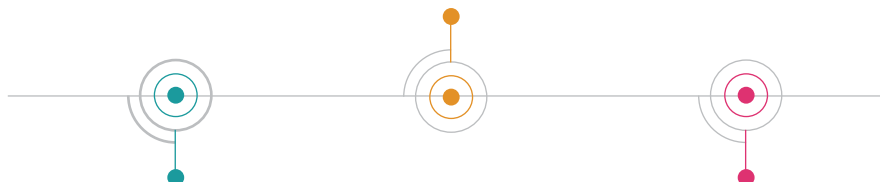


GROUP'S COVID-19 REPAYMENT ASSISTANCE

Targeted Repayment Assistance

- Individuals who have lost their jobs due to the COVID-19 pandemic and have yet to find a job
 - Three-month loan moratorium from October 2020 – December 2020
- Individuals who are still in employment but whose salaries have been affected and SMEs who encounter reduced income
 - Reduction in repayment for at least six months

Approved more than **RM34 billion** for over **120,000** customers*



Six-month Automatic Loan Moratorium

- Six-month automatic loan moratorium for individuals and SMEs

More than **RM210 billion**
for over **1.5 million** customers

Expanded Targeted Repayment Assistance

- Eligible B40 and M40 individual customers as well as micro enterprises with total loans approved of up to RM150,000
 - Three-month deferment of loans repayment (Not applicable to M40)
 - 50% reduction of existing monthly instalment or interest for six months

Approved more than **RM2 billion** for over **20,000** customers*

* As at the end of February 2021

COVID-19 Loan Moratorium for Overseas Operations

Campu Bank

USD100.1 million
to **265** customers

PBVN

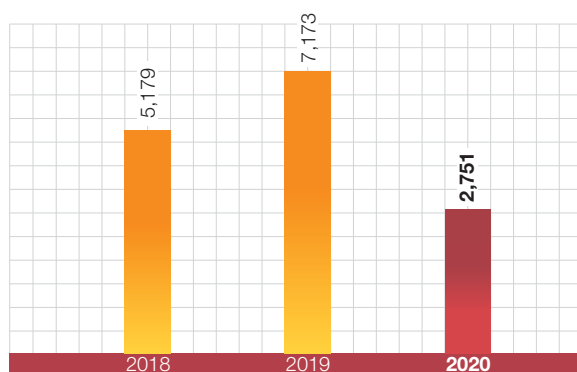
USD130.1 million
to **968** customers



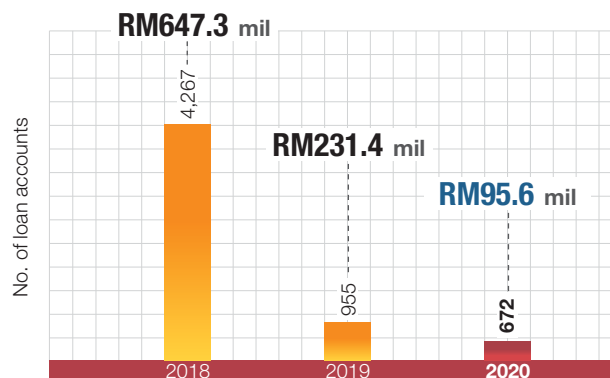
Sustainability Statement

Apart from granting loan moratoriums for customers affected by the COVID-19 pandemic, the Public Bank Group also grants loan moratorium of up to six months to customers who face repayment difficulty due to flood incidents. In addition, the Group offers enrolment into Agensi Kaunseling and Pengurusan Kredit's ("AKPK") Debt Management Programme for eligible individual customers who are unable to manage their debts on their own. The Group's proactive credit review as well as loan restructuring and rescheduling efforts continue to help customers with early signs of financial stress to overcome difficulty before the matter gets worse.

Number of Financing Accounts Referred to AKPK*



Loan Moratorium to Customers Affected by the Flood*



* For retail loans, hire purchase and credit card

ESG Lending

In 2020, the Public Bank Group made several significant initiatives in embedding ESG consideration into its lending approach and practices. Through its financial intermediary role, the Group is mindful that it can play an influencing role in promoting a sustainable environment and a low carbon economy.

THE CLIMATE CHANGE AND PRINCIPLE-BASED TAXONOMY

The Public Bank Group adopts BNM's Climate Change and Principle-based Taxonomy guideline to facilitate the identification and classification of the Group's business activities, based on their impact on the wider eco-system. Economic activities of all new onboarding facility applied by customers will be classified based on their climate risks to the broader environment. The guidelines have been embedded into Public Bank's electronic loan delivery system to facilitate the implementation by all branches.



ESG LENDING EXCLUSION LIST

The Public Bank Group issued its ESG Lending Exclusion List which consists of activities that the Group shall refrain from financing. The list is to further strengthen the Group's lending practice and promote a sustainable environment and future for the well-being of the broader economy.

The economic activities which are prohibited for the Group's financing include:

- Individuals or corporations whose activities contravene the law
- Money laundering and / or terrorism activities
- Illegal activities, including illegal betting, drug trafficking and smuggling, human trafficking
- Illegal logging
- Activities involved in forced labour or child labour
- Production and trade in endangered animal species and wildlife
- Activities that violate the rights of local communities or those that take place in locations of significant social conflicts
- Activities that could damage any World / National / United Nations Educational, Scientific and Cultural Organization ("UNESCO") heritage sites

This list is not exhaustive as the Group carries out constant review on the ESG impact of various economic activities as well as their impact on national and social interests.

SUPPORTING INVESTMENT IN GREEN ENERGY AND CIRCULAR ECONOMY

In line with Malaysia's National Green Technology Policy, the Public Bank Group is supportive of the Government's Green Technology Financing Scheme ("GTFS"). This scheme is offered to domestic companies and entrepreneurs involved in green technology projects. Combining both GTFS and GTFS 2.0, the Group has approved more than RM17 million to companies investing in green resources and technology.

The Public Bank Group's overseas operations also play an active role in promoting the green agenda. PBVN provides financing to businesses involved in waste collection, waste treatment and recycling operations. Meanwhile, Campu Bank offers financing to private water and electricity producers for the expansion of power grid and water supply. Campu Bank also refrains from extending loans to borrowers involved in sand dredging and timber logging.

VALUE-BASED INTERMEDIATION ("VBI")

Advocated by BNM, the VBI aims to align Islamic finance business models towards realising the objective of Shariah in generating positive and sustainable impact to the economy, community and environment. In its product development process, PIBB takes into account not only customers' needs, but also embeds VBI values which bring positive impact to the well-being of customers, the society and the environment as a whole.

Energy Efficient Vehicles ("EEVs") Campaign

In April 2020, PIBB rolled out a campaign offering exclusive financing rates, which were as low as 2.20% per annum with tenure up to nine years, for the purchase of selected energy efficient vehicles. The campaign was implemented to support local growth and the usage of EEVs in Malaysia, so as to contribute to the national efforts towards a low carbon economy.



In 2020, the Group approved more than

RM130 million for over **1,400**
customers under this EEV campaign

Solar Plus BAE Personal Financing-i

In November 2020, PIBB launched the Solar Plus BAE Personal Financing-i which offers attractive financing package for households looking into installing rooftop solar panel. The package offers attractive financing rates, financing tenure of up to 10 years and margin of financing of up to 100%. This special financing package is designed to encourage households to utilise clean energy source to reduce carbon footprint, while enjoying savings on electricity bill.

This campaign also supports the Government's initiative to improve Malaysia's renewable energy uptake as solar panel is part of the schemes encouraged by the Sustainable Energy Development Authority, and includes Net Energy Metering and Self-Consumption.



Sustainability Statement

4. DIGITAL TRANSFORMATION AND INFORMATION TECHNOLOGY INFRASTRUCTURE

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Digital banking is accelerating at a rapid pace, driven by the advancement in technology and changes in consumer behaviour. The COVID-19 pandemic has further fuelled the shift towards digital channels. This fast evolving environment has made it imperative for banks to accelerate relevant integration of technology into banking services. Nonetheless, while digital transformation provides opportunities to many new businesses, it is crucial for banks to be vigilant of the evolving cyber risks and regulatory landscape to ensure continued effectiveness of digitalisation initiatives.

”

The longstanding focus of the Public Bank Group's digital journey is on integrating its corporate values and reimagining it with technology for better customer engagement and personalised experience. The Group is committed to make banking easier, faster and more reliable through greater use of technology to enhance the efficiency and responsiveness of the Group's products and services.

Following the Group's accomplishment of its three-year Digital Roadmap which was launched in 2018, the Group is developing a new roadmap. It will have a series of new initiatives to further improve customer experience. The Group's key digitalisation initiatives remain focused on enhancing convenience, efficiency, security and innovation of its products and services, in order to deliver continued service excellence to its customers, particularly on the delivery of contactless and cashless digital payment services. The COVID-19 pandemic has provided impetus for the Group to bring forward the timeline to deliver these initiatives.

Although the COVID-19 pandemic has greatly disrupted the banking landscape, the Public Bank Group has adapted well to the new normal. The Group's digital capability enables continued and uninterrupted business operations. Its customers are able to have uninterrupted access to essential banking services of the Group while operating under new standard operating procedures to combat the COVID-19 contagion.



PBe QR

The Group has enhanced the features and strengths of its PBe QR, providing merchants with the convenience of displaying just one QR code to receive payments from any e-wallet platforms. Merchants are able to integrate their point-of-sales with the PBe QR facility in the form of Application Programming Interfaces, enabling them to seamlessly register for the PBe QR service.



Customer Online Onboarding

The Group is working towards revamping its PBeBank.com internet banking, to incorporate a plethora of new and innovative services, including online account opening service to enable remote customer onboarding process. The Group is adopting innovative technology, such as cloud technology and artificial intelligence to facilitate the implementation.

For its bancassurance business, a new business submission process “non-Face2Face” has been introduced to allow “remote signature” for online customer onboarding process.

Heightened Cyber Security

The Group has deployed more resources to strengthen the safety and robustness of PB engage mobile banking. The measures include adopting authentication method through PB SecureSign and setting up a Crisis Management Plan to guide employees on handling any cyber threats and to enhance its capabilities and capacity to recover rapidly from any cyber attacks with minimal adverse impact.

Application Programming Interfaces

The Group has been proactively exploring the opportunity to build strategic partnerships with technology companies through its Application Programming Interfaces platform. Through ongoing process of exploration, development and collaboration, the Group aims to build an innovative start-up culture to encourage more brainstorming and creativity to generate ideas for better customer experience.

Artificial Intelligence and Machine Learning

The Group has intensified the usage of artificial intelligence and machine learning capabilities in dashboard monitoring platforms. Artificial intelligence and machine learning have enabled the Group to monitor the big volumes of metrics and applications in a faster and more efficient way, while anomalies can be spotted as soon as they occur. Artificial intelligence and machine learning have also significantly enhanced the Group’s operational efficiency and productivity, as robotic process automation has been deployed for repetitive and low value tasks.

Big Data Analytics

The Group continues to leverage on its Enterprise Data Warehouse to facilitate advanced data analytics for business intelligence, such as anticipating evolving customer demand, bolstering customer retention as well as enhancing risk management using data-driven online risk scoring engines that help to reduce credit risk and accelerate loans approval process.



Sustainability Statement



Mobile Banking Platform in Vietnam

PBVN is actively preparing for the launching of its mobile banking platform in 2021. PBVN's mobile banking platform is well poised for growth given the high usage rate of mobile phones in Vietnam and increasing customer base of PBVN.



Digital initiatives in response to COVID-19

PB Track & Trace

In line with the Government's requirement to maintain record of customers and visitors for contact tracing amid the COVID-19 pandemic, the Group developed a QR solution known as PB Track & Trace system to complement manual contact tracing of customers' details. PB Track & Trace system was introduced in June 2020, before the MySejahtera application was made mandatory. The implementation of PB Track & Trace had improved efficiency and convenience of the work processes at branches.

Mobility and Collaboration Solution

Amid the COVID-19 pandemic with the social distancing measures and prohibition of social activities, the Group has enhanced various digital infrastructure and facilities to increase mobility in the new normal. These include remote working infrastructures, video conferencing solution as well as virtual training and digital learning solution for employees. On 29 June 2020, the Group held its first virtual Annual General Meeting, with the questions and answers session held successfully in a virtual setting.

Award of Recognition

In recognition of the Public Bank Group's efforts and commitments in driving e-payment in Malaysia, Public Bank received eight awards of the Malaysian e-Payments Excellence Awards (MEEA) 2020 by PayNet. The awards were Best e-Payment Bank, Best IBG Bank, Best Customer Experience (FPX), Best JomPAY Bank, Best MyDebit Bank, Top JomPAY Acquirer, Top MyDebit Acquirer and Outstanding Contribution to MyDebit.





Public Mutual – The Digital Way

As a unit trust management company with the largest market share in the private retail unit trust industry, Public Mutual is cognisant of the importance of integrating advanced technology into its operations as well as marketing and communication activities, in order to continue providing quality service to its large pool of customers. Public Mutual's direction on digital transformation is to make investing easier, more convenient, reliable and secure for its investors. Moreover, with more than 30,000 unit trust consultants ("UTC") serving customers, Public Mutual is mindful that tapping into advanced and innovative technology to ensure effective and efficient communication with the UTCs is crucial. Operating digitally has become particularly important during the COVID-19 pandemic, with social distancing becoming a social norm.

One of Public Mutual's new initiatives was the introduction of the Pocket-PMO mobile application, which allows investors to plan, invest and monitor their investments at their fingertips. Investors can also learn more about financial and money management tips as well as explore Public Mutual's financial calculators to plan for their retirement via the Pocket-PMO.

ENGAGEMENT WITH CUSTOMERS

- Online onboarding without having to submit any physical forms
- Online assessment of Public Mutual's customers' risk profiles
- Online Private Retirement Scheme contributions for Public Mutual customers
- Launched Public Mutual's Pocket-PMO mobile application to allow investors to plan, invest and monitor their investments as well as access financial and money management tips

ENGAGEMENT WITH UTCs

- Public Mutual has developed an online platform known as UTC Connect for UTCs to obtain information and updates to support their business and agency building
- Public Mutual's mobile applications provide UTCs with easy access to information that will help them guide investors in fund selection. UTCs are also able to access sales presentation kits and marketing brochures via the mobile applications
- Portfolio Builder Module within Public Mutual's mobile application enables the UTCs to construct unit trust portfolios for investors



Sustainability Statement

5. FINANCIAL INCLUSION AND ACCESSIBILITY

“

Financial inclusion enhances the access to affordable financial services by all segments of society, including the underprivileged and vulnerable group. It has been mainstreamed into many global coordinated initiatives, including the SDGs, as a key enabler to reduce poverty and to advance human development. With the COVID-19 pandemic causing a huge impact on financial inclusion due to lockdowns and social distancing, it is important for banks to put in place more extensive and flexible practices to mitigate the pandemic's detrimental effects on financial inclusion.

”

Since its inception about five decades ago, the Public Bank Group has been serving the public with affordable financial services. The Group has invested in expanding its financial reach and functionalities of its products and services to cater to the needs of the general public.

In response to the unprecedented COVID-19 pandemic, the Public Bank Group has been closely monitoring its operations and exploring ways to ensure that essential financial services to the public remain uninterrupted. The Group has in place an established and well-practised Business Continuity Management Plan whereby recovery plans for selected critical business functions, such as frontline service and credit operations are implemented to ensure continued operations. In addition, its extensive network of branches allows the Group to have partner branches to continue supporting customers within a locality in the event a branch is non-operational.

Domestic Operations

DELIVERY NETWORK



No. of branches **264**

No. of self service terminals **2,089**

No. of active users of PBe internet banking **↑ 13.3%**

No. of active users of PB engage mobile banking **↑ 11.8%**



During the Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”), Public Bank has taken further steps to deliver its frontline service to customers' premises. Branches are provided with electronic and mobile equipment to carry out selected banking services, such as account opening, without having customers to visit the branch.



Inclusive Financing

In its lending business, the Public Bank Group remains committed to its organic growth strategy in providing financing to the mass market, particularly for the purchase of homes and motor vehicles for individual customers as well as financing SMEs. This is also underpinned by the understanding that the Group's business pursuit should grow sustainably and inclusively for the general public.

New Loans Approved in 2020

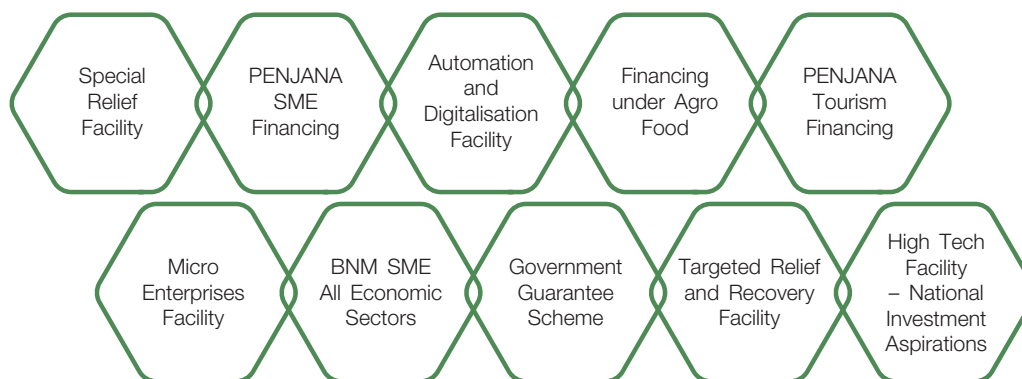
	No. of accounts	Loan Amount
 Home Financing	43,215	RM18.03 billion
 Motor Vehicles Financing	188,547	RM14.16 billion
 SME Financing	48,846	RM11.48 billion

SUPPORTING AFFORDABLE HOMES
 The Public Bank Group is supportive of home financing for the low and medium income groups. About **45%** of the Group's newly approved retail housing loans were extended to customers purchasing property costing below RM550,000.

Following the reintroduction of the Home Ownership Campaign by the Government in June 2020, the Public Bank Group has been actively promoting the campaign which offers free stamp duties for loan instruments and memorandum of transfers to home purchasers. Moreover, with mindfulness that young graduates may encounter difficulties in owning a home due to the escalation of house prices, the Group has enhanced its housing loan application credit scorecards to better reflect young graduates' capability in loans repayment.

As for SME loans, the Public Bank Group has remained as a leading market leader for many years, reflecting its strong support to help small businesses grow. Besides the Group's flagship SME financing products, the SWIFT Plan, the Group has been proactively supporting financing schemes established by the Government and BNM, particularly during this challenging time when many small businesses are affected. These funds are offered at very attractive interest rates, with some as low as 3.50% per annum, and flexible financing tenure to help businesses to withstand the challenges amid the COVID-19 pandemic.

Financing Schemes by the Government and Bank Negara Malaysia



The Group has approved more than **RM3.4 billion** of financing benefitting over **16,000** businesses under these special financing schemes*

* As at the end of February 2021



Sustainability Statement

Widening Financial Outreach in Cambodia and Vietnam

Since its inroad into Indochina in 1990s, the Public Bank Group has been actively providing and enhancing financial services to help the people in the region to develop, grow and achieve their financial goals.

Mindful that many have remained unbanked in Indochina, the Public Bank Group continues to actively expand its network of delivery channels to increase its financial reach to the wider community in the region.

Campu Bank

DELIVERY NETWORK

2020

No. of branches
2019: 31

31

No. of self service terminals
2019: 72

74

No. of registered users of internet banking
2019: ↑ 17.1%

↑ 10.0%

No. of registered users of mobile banking
2019: ↑ 76.8%

↑ 69.0%

PBVN

DELIVERY NETWORK

2020

No. of branches
2019: 20

26

No. of self service terminals
2019: 38

50

No. of registered users of internet banking
2019: ↑ 37.4%

↑ 42.6%

NUMBER OF BANK ACCOUNTS AND BANK CARDS

2020

No. of deposit accounts
2019: 111,163

104,582

No. of loan accounts
2019: 10,140

9,892

No. of debit / ATM cards
2019: 72,342

77,002

NUMBER OF BANK ACCOUNTS AND BANK CARDS

2020

No. of deposit accounts
2019: 33,748

36,992

No. of loan accounts
2019: 14,129

16,515

No. of debit / ATM cards
2019: 9,059

10,012



NEW LOANS APPROVED IN 2020

Campu Bank

Home Financing

USD31.2 million

Motor Vehicles Financing

USD0.06 million

SME Financing

USD28.6 million

PBVN

Home Financing

USD109.2 million

Motor Vehicles Financing

USD11.3 million

SME Financing

USD341.0 million

One area that Campu Bank is continuously exploring is collaboration opportunities with developers of affordable housing projects to support home ownership among the low to medium income groups in Cambodia. In 2020, Campu Bank offered borrowers in this segment preferential loan interest rate as well as affordable processing fee for the purchase of their homes. As at the end of 2020, Campu Bank had approved more than USD600,000 for the purchase of affordable homes.



Sustainability Statement

6. DESIGN AND MARKETING OF PRODUCTS AND SERVICES

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As customers trust their banks to manage their finances, it is crucial for banks to uphold responsible product-related ethics and marketing practice. Given the more complex choices nowadays, customers expect ethical and honest attitude from banks to help them to make informed decisions. Customer-centric product design and responsible marketing communication are therefore important to strengthen customer trust.

”

The Public Bank Group is committed to offering fair and trustworthy banking products and services as well as honest sales practice to support customers to make well-informed financial decisions. In the process of designing and marketing a product, the Group complies with the relevant rules and regulations, taking into consideration the needs and financial conditions of customers. The Group's consistent product responsibility and marketing excellence are always built on its core value of integrity.

Fair Treatment for Financial Consumers

The Public Bank Group upholds the principles of fair and reasonable treatment to consumers, as communicated in its Treat Customer Fairly Charter (“TCFC”) framework. The TCFC is developed in line with BNM's Fair Treatment of Financial Consumers (“FTFC”) policy document.

The Public Bank Group's TCFC articulates the highest standards of fairness in all its dealings with customers. It also specifies what constitutes as responsible and ethical conduct. The Group's TCFC is applicable to all employees, representatives and agents to deliver good financial outcomes to customers as well as to protect the interests and financial well-being of customers. The TCFC outlines the Group's pledge to provide the highest standards of fairness in all the dealings with customers and is developed based on six principles:





Responsible Marketing Practices

Sales employees are required to observe good sales practices at all times, as guided by the Public Bank Group's policy and the relevant regulatory guidelines, such as BNM's Guidelines in Product Transparency and Disclosure as well as Prohibited Business Conduct. Relevant documents of eligible products, such as Product Disclosure Sheet and prospectus are extended to customers for them to understand the essential information about the product, including the product features, fees and charges as well as any potential risks involved, which enable customers to make balanced and informed decisions.

The Public Bank Group's employees strictly adhere to ethical marketing practices in promoting the Group's wealth management products, such as unit trust and PB Dual Currency Investment. In line with the Securities Commission's Guidelines on Sales Practices of Unlisted Capital Market Products, the Group as a product distributor, is required to carry out a suitability assessment ("SA") before recommending a product to a customer. SA is carried out to gather necessary information from customers in order to form a reasonable basis for product recommendation.

At Public Mutual, UTCs would have to conduct a SA for investors before recommending unit trust funds to investors. This is part of the UTCs' duty when introducing funds that suit investors' risk appetite. UTCs would need to know and gather sufficient information such as the investor's age, investment objectives, financial situation, risk profile, educational qualification and investment experience to guide investors on fund selection.

The Public Bank Group upholds similar stringent responsible sales practices in its telemarketing channel distributing bancassurance products. All telemarketers are required to complete competency tests and training requirements which are in line with the Life Insurance Association Malaysia and Persatuan Insurans Am Malaysia's requirements. In addition, telemarketers are required to complete training related to the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, Financial Services Act 2013 as well as 10 hours of product training. This is to ensure that they are fully equipped with regulatory and banking knowledge to market products to customers.

Develop Products that Meet Customers' Needs

The Public Bank Group understands that the design of a product should always focus on meeting customers' financial objective and suit their personal financial circumstances.

In light of the impact of the COVID-19 pandemic on customers' income, the Public Bank Group has launched the PB Journey Programme which comprises a series of products specially designed to cater to the specific needs of different groups of customers, be it students, fresh graduates, families and retirees. The Programme consists of products including deposits, loans and investment products, which are offered to individuals and businesses throughout their journey with the Group, particularly to navigate through the current challenges.

PB JOURNEY SME ASSIST

- Offering PENJANA SME Financing Scheme to support SMEs that are adversely affected by the COVID-19 pandemic

PB JOURNEY EZPAY HOME FINANCING

- Offering lower initial financial commitment by allowing flexibility to service interest only for the first 12 months
- Providing competitive interest rates for home financing

PB JOURNEY GOLDEN SAVERS

- Targeted at senior citizens who depend on fixed income for their daily needs
- Assisting the elderly customers by providing higher fixed deposit interest rates with monthly interest payments
- Offering cash rewards for elderly customers who register for PBe internet banking and perform online banking transactions
- Providing promotional fees for signing up Will and Wasiat Services

PB JOURNEY JUNIOR SAVERS

- Targeted at customers below the age of 18 years old
- To encourage parents to continue saving for their children by offering promotional interest rates for fixed deposit placement
- Offering cash rebate for the first year's insurance premium for selected bancassurance products to assist parents in providing insurance protection for their children

PB JOURNEY WEALTH BUILDERS

- Offering higher bonus interest to inculcate a disciplined saving habit among fresh graduates and young professionals
- Offering cash back for retail purchases using eligible Public Bank's debit card for disciplined savings
- Providing attractive benefits for customers who apply PB Quantum Visa Credit Card

PB JOURNEY FAMILY WEALTH BOOSTERS

- To encourage customers in a family to save together as a family by offering attractive cash rewards



In its bancassurance business, Public Bank together with AIA Bhd offered extra coverage during the COVID-19 pandemic to all individual customers of life insurance, Mortgage Decreasing Term Assurance with PB Term CI as well as Business Loan Decreasing Term Assurance and Business Loan Overdraft Level Term Assurance. The extra coverage was offered to customers without additional charges from February 2020 to March 2021, entitling them to hospitalisation benefit of RM200 per day, for up to 30 days of hospitalisation and death benefit of RM10,000 per life.



Sustainability Statement

Responsible Investing

Public Mutual is cognisant of the importance of fostering excellent stewardship practices which are integral to its investment mission of providing superior long-term returns for its unit trust investors. Nonetheless, upholding values of integrity and accountability in its investment approach are equally important.

Given the similarities in the underlying principles between Islamic finance and Sustainable and Responsible Investment, Public Mutual is committed to the development of Islamic funds, as reflected in the increase in the number of Islamic funds and their net asset value.

NET ASSET VALUE OF ISLAMIC FUNDS MANAGED BY PUBLIC MUTUAL

2018: RM37.0 billion
2019: RM41.5 billion

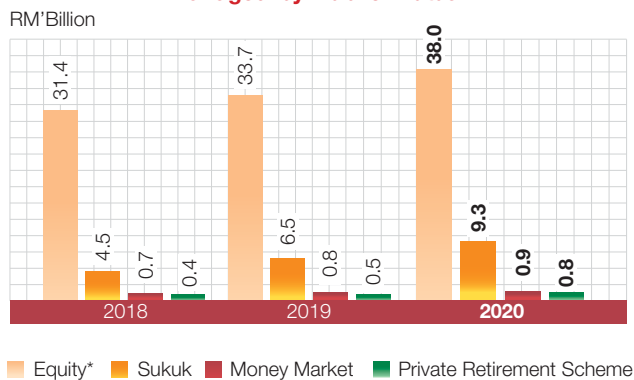
2020: RM49.0 billion

NUMBER OF ISLAMIC FUNDS MANAGED BY PUBLIC MUTUAL

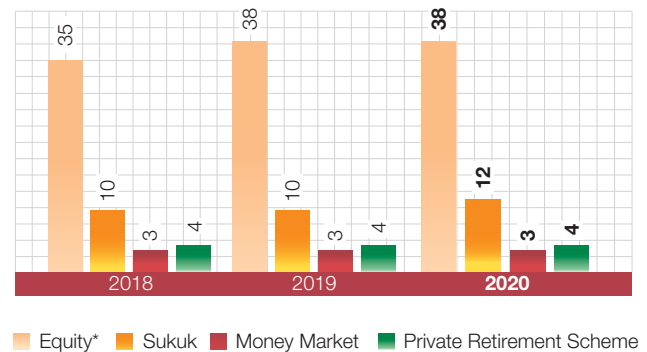
2018: 52
2019: 55

2020: 57

Net Asset Value of Islamic Funds Managed by Public Mutual



Number of Islamic Funds Managed by Public Mutual



* Include equity, mixed asset and balanced funds
Source: Lipper for Investment Management

Public Mutual's first sustainability-focused fund, the Public e-Islamic Sustainable Millennial Fund was launched in 2019 and achieved a net asset value of RM107.4 million as at the end of 2020. The fund invests in Shariah-compliant stocks of companies listed on global markets that incorporate sustainability considerations in their business practices primarily from the environmental and social aspects. Going forward, Public Mutual will continue to launch more Islamic funds as well as more sustainability-focused funds to promote ESG practices.



7. SUSTAINABILITY IN SUPPLY CHAIN

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ESG practices are not bound to companies’ business operations only, but covers the entire supply chain involving the suppliers and logistic network. By taking into consideration ESG risks and opportunities in the entire supply chain, companies can create greater impact in contributing to a sustainable environment. An effective and sustainable supply chain management will also protect the company from potential supply chain interruptions or single point of failure arising from suppliers’ mismanagement of ESG matters.

”

The Public Bank Group recognises the importance of sustainable supply chain to its business, the community and the environment. The Group is committed to work with suppliers who conduct businesses responsibly and ethically, with stringent and fair selection criteria of its suppliers. The criteria include sound management background, good business ethics, reliability and quality of products and services as well as after sales support. To this end, the Group conducts due diligence on potential and existing suppliers to ensure compliance with all applicable rules and regulations while ensuring that business conducts are within the Group’s expectations.

To further enhance ESG impact across its supply chain, the Public Bank Group conducts survey of its vendors to obtain feedback on their commitment and practices on ESG matters. The Group communicates with vendors about its ESG expectations. One of the Group’s key initiatives is to promote a greener procurement process whereby the Group actively encourages and enlists more vendors to participate in its electronic purchase orders. The Group also regularly reviews its procurement procedures and practices to identify areas for further improvement and explore ways to create better ESG values.

For instance, the Public Bank Group places great emphasis on sourcing of its information, communication and technology (“ICT”) equipment. The Group procures ICT solutions only from reputable suppliers to ensure sustainability of ICT solutions. In selecting suppliers, multiple vendors will be evaluated and shortlisted based on several key factors, including product features, field specialisation and cyber security capabilities. Where applicable, ICT products that are environmentally friendly and energy efficient are given preference. Vendor due diligence is also conducted to avoid exposure of risks to ESG or legal issues, such as money laundering and financial fraud.

In support of the development of local businesses, the Group continues to work with local suppliers and vendors.

As an institution that provides essential financial services to the public, the Public Bank Group is mindful that avoiding supply chain disruptions arising from a single point of failure is vital. For important services, such as cash management service and maintenance of self service machines, the Group practises multi vendors’ system to avoid over reliance on a single link in the chain. Having a well-planned supply chain helps the Group to ensure continuity of its services to the public, while preventing any reputational risks and costly disruptions.

92.5% of the Group’s total ICT
procurement cost were with local vendors

Local companies comprised
91.7%
of the total ICT suppliers



Sustainability Statement

THEME 2: CONDUCT AND COMPLIANCE

Key Sustainability Performance



Conduct and Compliance

- Compliance
- Anti-Money Laundering and Counter Financing of Terrorism
- Anti-Fraud

Issued the Group's **Anti-Bribery and Anti-Corruption Policy**

No material instances of non-compliance

Strengthened and widened the scope of the Group's **Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Policy and Guidelines**

Enhanced the Group's **Compliance Policy** in terms of roles and responsibilities of the parties involved

“

In the current environment with increasingly complex and fast evolving financial crimes, the financial industry has an instrumental role to play in deterring unlawful activities which are detrimental to social order. A bank's commitment to strong compliance and ethical conduct will not only safeguard interests of the stakeholders, but will also help to preserve the stability, trust and order of the financial system, hence maintaining a conducive and thriving business environment.

”

At the Public Bank Group, high standards of compliance and governance are prerequisite for sustaining business stability and stakeholder trust. The Group believes strong compliance and ethical practices go beyond the adherence to rules and should be an integral part of its corporate culture. Throughout the years, the Group instilled a strong culture with high standards of compliance for legal and regulatory matters in the conduct of its business. The Group is committed to embed the desired conduct and values within its organisation through sustained efforts and involvement of all levels of employees.

With strict enforcement on self-regulated policies and codes of conduct to promote professional and ethical workforce practices, these policies and guidelines are reviewed regularly to be in line with the latest regulators' directions and requirements, and also take into consideration the evolving operating environment. Appropriate disciplinary actions are meted out on employees who breach the Group's policies, rules and regulations.



COMPLIANCE POLICY

The Public Bank Group's Compliance Policy applies to all employees within the organisation, including overseas operation. The Policy emphasises the importance of having a clear mandate to manage compliance risk. The Group's Compliance Policy is developed based on three core principles:

- **Zero-Tolerance Approach** to legal and regulatory non-compliance
- **Compliance is Everyone's Responsibility** where all business and support functions within the Group must carry out their responsibilities to ensure effective management of compliance risk
- **Risk-based Approach** in compliance risk management

The effectiveness of the compliance environment is premised on a collaborative effort from the three lines of defence, which are the Business and Support Functions (first line), Compliance and Risk Management Functions (second line) as well as Internal Audit Function (third line) to manage compliance risk.

ANTI-MONEY LAUNDERING, COUNTERING FINANCING OF TERRORISM AND TARGETED FINANCIAL SANCTIONS (AML / CFT AND TFS) POLICY

The Public Bank Group's AML / CFT and TFS Policy is prepared in accordance with the following:

- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA");
- Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Policy Document issued by BNM;
- Financial Action Task Force ("FATF") Recommendations – International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation ("The FATF Recommendation"); and
- United Nations Security Council Resolutions ("UNSCR").

With the operating environment rapidly changing and evolving risks emerging, the Policy has been further enhanced to ensure higher risk areas are subject to enhanced controls to preserve the integrity of the financial system. The Policy also incorporates the detailed TFS requirements for all United Nations Security Council sanctions regimes, such as terrorism financing, proliferation financing and other UN-Sanctions.

While the Board has an overall responsibility for compliance with AML / CFT and TFS, the responsibilities of all levels of employees are also formalised. To ensure the awareness and obligation are embedded into the workplace culture, the Public Bank Group has appointed AML Compliance Officer, Branch AML Compliance Officer and AML Appointed Officer at Head Office Divisions to ensure effective and orderly AML / CFT and TFS practices at operational levels.

The Public Bank Group's AML / CFT and TFS requirements are outlined in seven AML / CFT and TFS Group Guidelines to support the Group's policy.

Guidelines in the AML / CFT and TFS Policy





Sustainability Statement

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Public Bank Group adopts a “zero-tolerance approach” towards any form of bribery and corruption and is committed to conduct its activities free from any form of bribery and corruption or any acts which are contrary to its ethics and integrity.

To ensure stringent control is in place, the Group has established the Ethics and Integrity Working Group to oversee the management of Anti-Bribery and Anti-Corruption programme. In 2020, the Public Bank Group has established the Public Bank Group Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”), which is in line with the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2018.

The Policy is applicable to all entities within the Public Bank Group, including its overseas branches and subsidiaries, all members of the Board and employees as well as all third parties working for, associated with or acting on behalf of the Group.

Any breach of the policy will result in disciplinary proceedings including but not limited to employee dismissal and the right to terminate any relationship with third parties.

ANTI-FRAUD POLICY

The Public Bank Group is committed to the highest possible standards of integrity, openness, transparency and accountability in all its business activities. All employees must be aware and familiarise themselves with the Group’s Anti-Fraud Policy, be responsible for adherence to the Policy and be responsible for preventing and detecting defalcations, misappropriations, irregularities and all types of improprieties that might occur within their areas of responsibilities.

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

The objectives of the Policy in relation to employee’s responsibility are as follows:

- To carry out the Group’s business activities in compliance with the laws and regulations applicable to the banking industry, knowing full well that the Group does not condone and has zero-tolerance towards any illegal and / or fraudulent acts
- To nurture an environment of integrity and honesty and be aware of the Group’s policies on dishonest acts, their implications and consequences
- To create awareness on the employees’ roles, rights and responsibilities pertaining to dishonest and fraudulent acts
- To be aware of the Group’s policy regarding the escalation process and the investigation on any fraudulent activities, improprieties or irregularities



CODE OF ETHICS

The Public Bank Group's Code of Ethics ("CoE") sets out ethical standards expected of all employees in their business practices to earn public confidence and trust. The CoE is applicable to all employees of the Group, including overseas branches and subsidiaries. The CoE spells out five ethical principles, which mirror professional and ethical standards set by the Financial Services Professional Board:

Competence

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

Integrity

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

Fairness

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

Confidentiality

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

Objectivity

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

The Public Bank Group's Whistleblowing Policy and Procedures set out channels and procedures for all employees as well as third parties, including interns, consultants, contractors, vendors, suppliers and customers, to disclose any illegal, unethical questionable practices, improper conduct, irregularities or suspected irregularities within the Group in a confidential manner that protects the whistleblower from any risk of reprisals.

Reporting can be made via PBALERT Link at <https://www.pbebank.com/Whistleblowing> or email address at PBALERT@publicbank.com.my. Whistleblower may also lodge a report with the Royal Malaysia Police, BNM, the Malaysian Anti-Corruption Commission or any other enforcement agencies as defined under the Whistleblower Protection Act 2010.



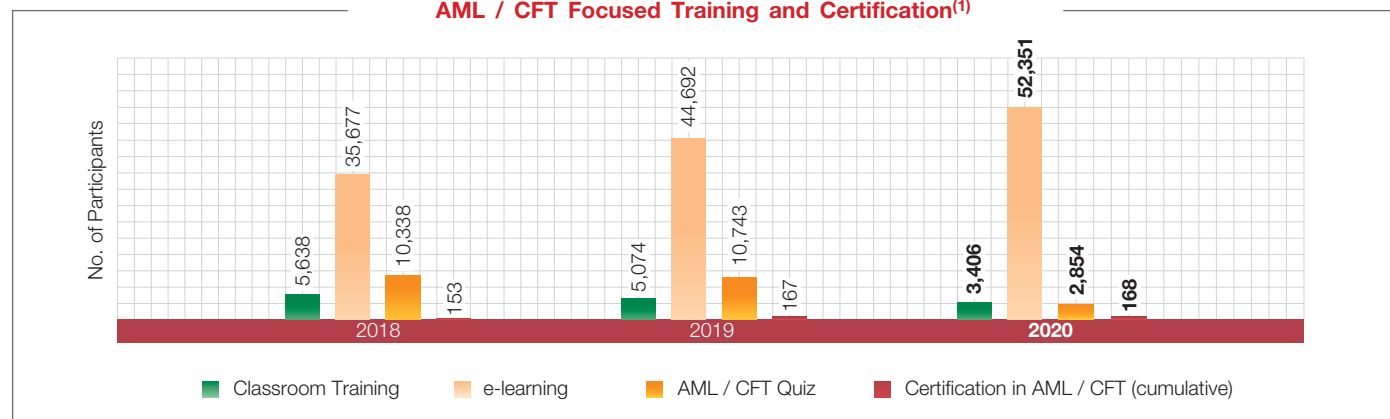
Sustainability Statement

Active Compliance Management

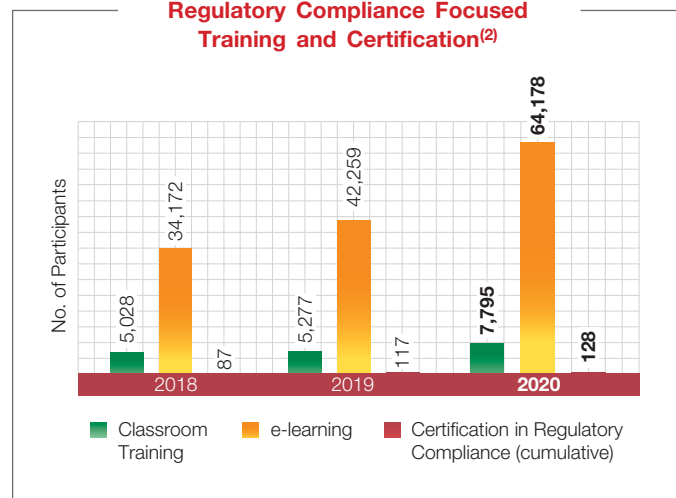
Apart from issuing policies and standards as guidance in managing compliance matters, the Public Bank Group places great emphasis on policy implementation and management to place compliance responsibilities on every employee. This is to ensure that employees are aware and held accountable for their compliance with the rules and regulations.

The Public Bank Group inculcates a strong compliance environment among the employees through its strong learning culture. Through continuous learning, all employees are kept up to date on new regulatory development. To strengthen awareness and knowledge among employees, mandatory training programmes covering a wide range of compliance matters, such as AML / CFT and TFS, Code of Ethics as well as Anti-Bribery and Anti-Corruption are conducted yearly.

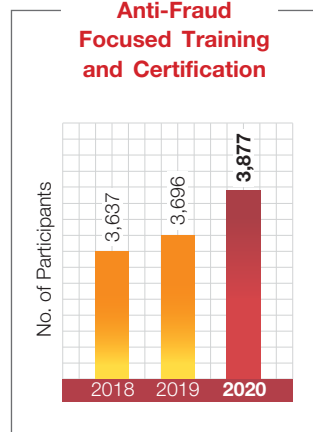
AML / CFT Focused Training and Certification⁽¹⁾



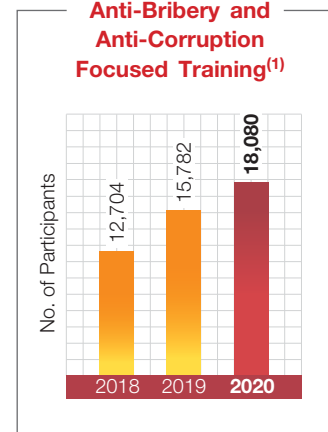
Regulatory Compliance Focused Training and Certification⁽²⁾



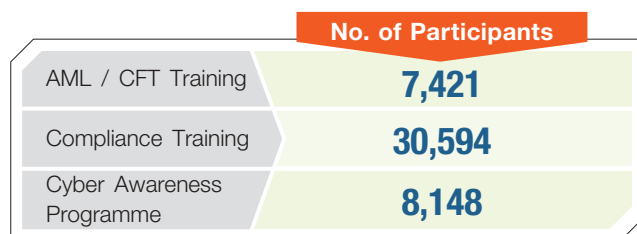
Anti-Fraud Focused Training and Certification



Anti-Bribery and Anti-Corruption Focused Training⁽¹⁾



PB DigitalBITES courses in 2020



Notes:

⁽¹⁾ Data covers Public Bank, PIBB, Campu Bank and PBVN

⁽²⁾ 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



To further heighten employees' knowledge on compliance matters, the Public Bank Group has also developed the PB DigitalBITES, the "bite-sized" courses which are accessible to all employees on any device. These innovative DigitalBITES courses are convenient and effective in encouraging employees to actively pursue training and in-demand skills on their own.

In addition to classroom and e-learning, the Public Bank Group has in place multiple effective mechanisms to educate employees on compliance matters as well as to monitor and evaluate their compliance with rules and regulations.

Inform and Advise

The Group publishes the **Monthly Compliance Newsletter and Quarterly Compliance Bulletin** via the Group's intranet and email blast to all employees. These publications are aimed to provide insights such as the latest trends as well as methods and techniques used in financial crimes, hence to foster ongoing awareness of compliance in the workplace

Ongoing **training** for employees to recognise and respond to compliance matters

The Group publishes its compliance findings and the root causes of any non-compliance on a **quarterly basis** to serve as a learning point for all employees

All branch managers and heads of divisions are required to hold **regular briefings** to ensure that all subordinates are conversant with the latest development on policy and implementation changes

Assess and Measure

Implementation of periodic **Compliance Risk Assessment** to support a risk-based approach in identifying, assessing and prioritising compliance risks

Onsite visit / desktop reviews to and on domestic and overseas branches are conducted to assess the level of understanding among employees and their response to compliance matters

The Group includes AML / CFT and regulatory non-compliances as part of the **Key Performance Indicators** grading for all branches / Hire Purchase ("HP") Centres / HP Hubs

The Group conducts **online surveys** on employees' intranet to gauge their awareness and understanding of their responsibilities against regulations and guidelines

Development of **self-compliance checklists** for Dedicated Compliance Officers in each division as well as domestic and overseas branches

GROUP WIDE STRINGENT COMPLIANCE MANAGEMENT

To ensure swift and appropriate responses to the fast-changing risk environment as well as rules and regulations, the Public Bank Group enforces stringent compliance practices across its domestic and overseas branches and subsidiaries, including Campu Bank, PBVN, PIBB, Public Mutual and Public Investment Bank.

The policies and guidelines set by the Public Bank Group are applicable to all entities within the Group, including its overseas operations. These include but are not limited to the Code of Ethics, Compliance Policy, Anti-Bribery and Anti-Corruption Policy, Anti-Fraud Policy and AML / CFT and TFS Policy.

To ensure a professional and ethical workforce, all domestic and overseas branches as well as subsidiaries undertake stringent screening processes in its hiring process. Pre-employment screenings are conducted to ensure that the candidate's background has been duly checked and verified to be fit and proper for employment. Various screening processes are conducted and these include personal background checks, employment history and financial screenings. The Group also carries out criminal checks, such as candidate's records with the Malaysian Anti-Corruption Commission, United Nations' Sanction List and Dow Jones Watchlist.

The Public Bank Group undertakes rigorous monitoring and assessment of employees' compliance practice throughout its domestic and overseas operations. Extensive and systematic compliance management, such as Compliance Grading System, Compliance Risk Assessment, mandatory training and onsite visits are implemented in all its banking branches. In 2020, mobile compliance officers in PBVN conducted 24 onsite checks on its branches in Vietnam, while Campu Bank carried out 46 onsite visits of its branches in Cambodia. The Group conducts more frequent onsite inspections on branches which have higher-risks of non-compliance events.



Arising from the COVID-19 pandemic, the Public Bank Group has issued circulars and regular reminders to all its branches about the potential compliance risks due to the unprecedented level of disruptions. The Group places greater scrutiny on its compliance management on concerns of changing market conditions.



Sustainability Statement

THEME 3: DEVELOPING EMPLOYEES

Key Sustainability Performance



Developing Employees

- Talent Attraction and Retention
- Employee Education and Development
- Employee Health and Safety, and Well-being
- Employment Practices



Talent Development

60 training hours per employee

Highest number of AICB graduates for sixth consecutive years

15 employees with Chartered Banker Level 3 qualification

Comprehensive, holistic and innovative training programmes (e.g. **PB TalentMax** and **PB DigitalBITES**)

Talent Attraction

Hired **2,755** Management Trainees and **170** interns over the past three years

Talent Retention

Low employee attrition rate of **4.5%**



Employee Engagement

- Launched inhouse mobile game "**Bank Empires Campaign**"
- Digitalising employee communication through **PBeXperience** mobile application



Women Empowerment

33.3% of women on the Board

48.8% of women in top management

47.1% of women in management

Public Bank emerged as the **Top 3 Best Employer in the Banking Sector** by Talentbank for the third consecutive year

Public Mutual was awarded **Premium Recognised Employer Award** by the Chartered Financial Analyst Society Malaysia



“

Employees are the most valuable assets of companies. Capable and skilled workforce are powerful driving forces that empower companies towards achieving its missions, while supporting long-term business sustainability. Therefore, it is crucial that companies focus, invest and value its people by providing supportive and conducive environments to learn and develop.

”

The Public Bank Group strongly believes that human capital is its strongest asset. Underlying its success of more than five decades, is the unwavering commitment, dedication and professionalism of its employees. To ensure that employees feel appreciated and motivated, the Group is mindful of the importance in fostering a positive environment for employees' engagement and growth. In doing so, the Group adopts multi-dimensional approach to build a diverse, engaged and professional workforce by placing high value on employees' learning and well-being. To this end, the Group has developed a holistic talent management strategy covering effective talent acquisition, development and retention to inculcate a resilient workforce.

Talent Development

Disruptive forces are sharply changing the operating environment, creating an imperative for companies to rapidly adapt. Despite business disruptions due to the COVID-19 pandemic, the Public Bank Group has not pulled back on workforce development efforts.

Staff Training in 2020

DOMESTIC OPERATIONS	CAMPU BANK	PBVN
Total hours of training per employee	Total hours of training per employee	Total hours of training per employee
60	11	12
Total investment in training	Total investment in training	Total investment in training
RM42,361,514	USD26,008	VND 4,562,915,875
Employee participation in training:	Employee participation in training:	Employee participation in training:
Classroom (Headcounts)	Classroom (Headcounts)	Classroom (Headcounts)
30,498	719	831
e-learning (Headcounts)	e-learning (Headcounts)	e-learning (Headcounts)
215,251	853	6,348
PB DigitalBITES (Headcounts)		
135,989		

Sustainability Statement

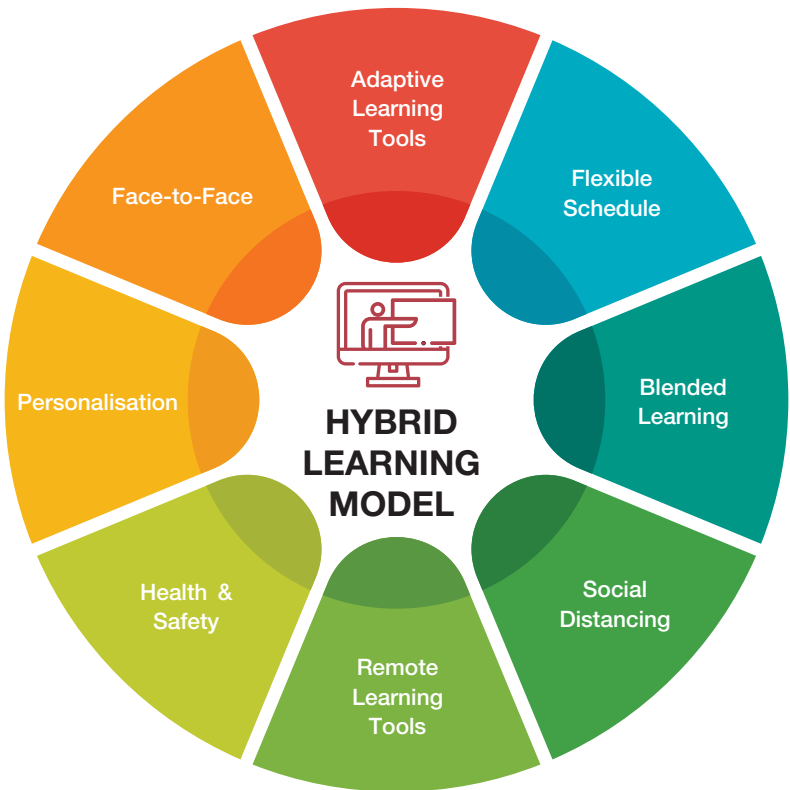
The Group has instead doubled down on commitments in building a resilient workforce that can adapt in the face of constant changes. With that, the Group continues to focus on three key areas in its talent development plan:



i. Inculcating A Digital and Self Learning Mindset

With the COVID-19 pandemic accelerating the push towards greater digitalisation, enhancing learning agility and inculcating a digital mindset among employees have become increasingly crucial. 2020 marked a year that the Public Bank Group further intensified its efforts to “future proof” its employees by preparing them to navigate the new normal and the changing operating environment.

To further strengthen employees’ digital awareness and capability, the Public Bank Group has adopted the “Hybrid Learning Model” where it provides its employees with customised learning experiences beyond classroom that is supported by coaching and bite-sized learning as well as computer-based simulations.



**PB DigitalBITES**

Arising from the commencement of the MCO, the Public Bank Group launched the PB DigitalBITES ("BITES"), an on-the-go bite-sized learning which is accessible by all employees via their digital devices with internet connectivity. Each BITES is about 15 minutes, with quizzes at the end of the BITES. Employees are deemed to have completed the BITES and awarded with training hours if a score of 80% and above from the quizzes are achieved.



86 Learning BITES have been published with topics covering:

Regulations	Technical & Operations Issues	Teh Tarik sessions on values and culture	Business Communication
22,883	79,403	18,574	8,606
staff completed	staff completed	staff completed	staff completed

**Bank Empires Campaign**

The Public Bank Group developed and launched its fully inhouse mobile game known as the Bank Empires Campaign in 2020, which is aimed at advancing employees' learning and training.

Bank Empires is a mobile game about building and managing a bank. As players try their hands at running their own bank, they would learn about basic real-life banking management and the many challenges in the banking environment arising from volatility, uncertainty, complexity and ambiguity.

Employees were rewarded with PB Coins for participating in the game and were also given the opportunity to compete for exciting prizes. Employees could earn PB Coins by participating in learning, employee survey and specific business activities, such as cross-selling and business referral efforts. Since the launch of the game, employees' response was overwhelming, with more than 8,000 employees participating. The game successfully nurtured competitive spirit among employees, and cultivated skills on cross-sellings, strategy and risks management.

Round 1Round 2Round 3



Sustainability Statement

✓ Learning and Engagement Tools

In order to broaden its employees' domain of knowledge and establish a learning environment that is inclusive, the Public Bank Group has developed various learning tools which are flexible and easy for employees to adopt. These tools are used to improve operational efficiency as well as to engage and connect with customers.

In addition, the Public Bank Group rolled out many training aids such as videos and handbooks to raise awareness and facilitate training about the various products and services offered by the Group.

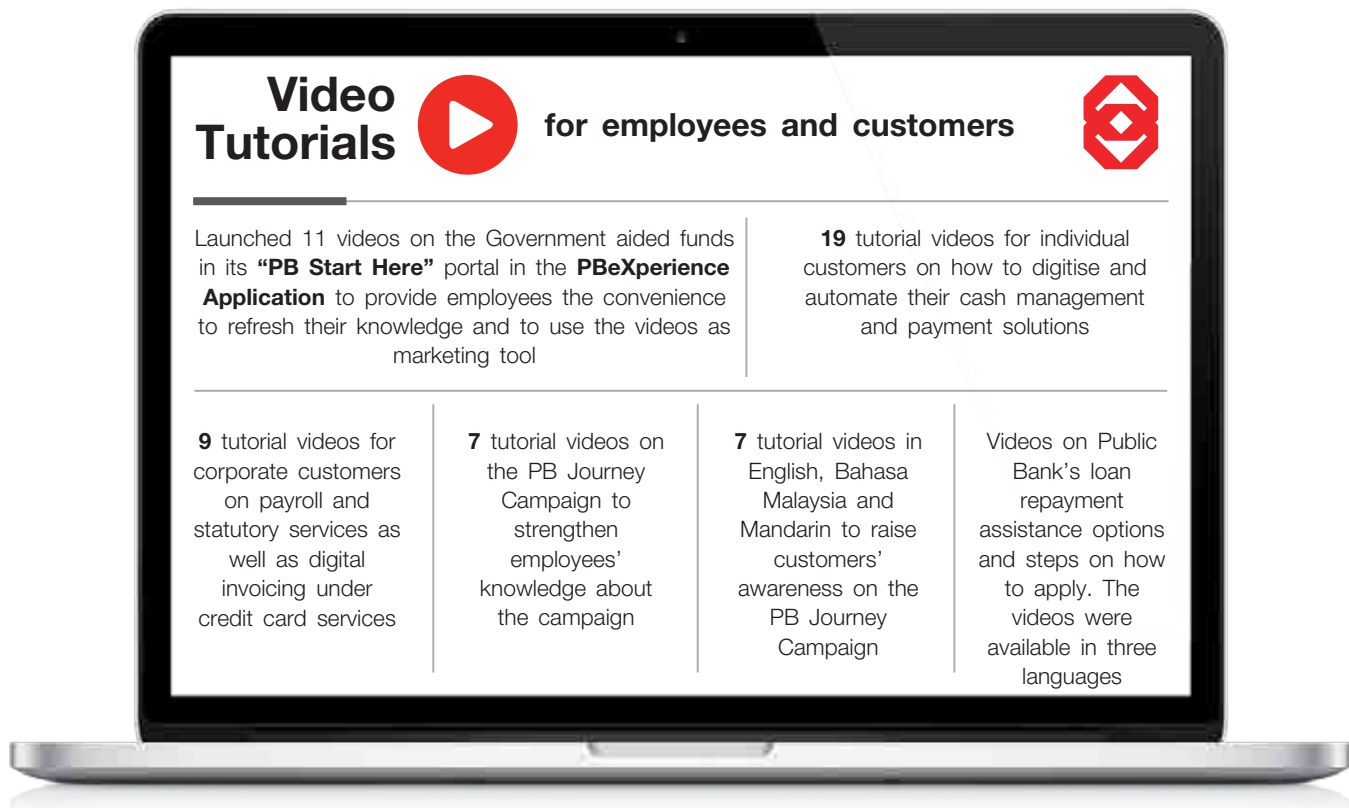
Applications to improve operational efficiency

Foreign Exchange policy mobile application

- To assist branches to comply with Foreign Exchange Notices regulatory and operational requirement for frontline transaction

Cash Balance of Payment mobile application

- Mobile application on Cash Balance of Payment purpose codes as a reference quick guide for branches



Training Aids to Facilitate Onsite Training

"Say It Right" Handbooks in Bahasa Malaysia for **Frontline, Credit and Hire Purchase**

Updated **AML Handbook** on frequently asked questions and common AML / CFT scenarios in conversational mode

Updated **Remittance Handbook** on changes to country requirements for foreign remittance transactions



ii. Upholding a Culture of Compliance, Ethics and Professionalism

The Public Bank Group is committed in building and enforcing ethical behaviour and integrity of its employees. The Group is mindful of the importance of instilling responsibility and accountability in employees, so as to safeguard the interests of its stakeholders.

To this end, constant learning and training are important to keep employees aware and up-to-date on various matters about compliance and ethics. In 2020, the Public Bank Group continued to carry out various programmes covering topics on banking ethics and compliance via classroom training, e-learning, virtual classroom, quizzes and BITES, to facilitate knowledge building and awareness among employees. To make learning easier and more interesting, the Group published 10 "Light & Easy Teh Tarik DigitalBITES" presented in story form.

The Public Bank Group is cognisant that public confidence and trust will ultimately be defined by the professional standards of its employees. For a more holistic and solid foundation as well as to enhance professionalism among employees, the Group encourages employees to further acquire knowledge and skills through pursuing professional certifications.

Mandatory E-learning Courses

- ✓ PBB Code of Ethics
- ✓ Anti-Money Laundering / Counter Financing of Terrorism
- ✓ Business Continuity Management
- ✓ Personal Data Protection Code of Practice
- ✓ Banking Secrecy
- ✓ Information Security Awareness
- ✓ Anti-Bribery & Anti-Corruption
- ✓ Code of Ethics & Prohibited Business Conduct for Unit Trust, Private Retirement Scheme & Bancassurance
- ✓ Ethics in Selling for SMEs
- ✓ Operational Risk Incident Reporting System ("ORIRS")

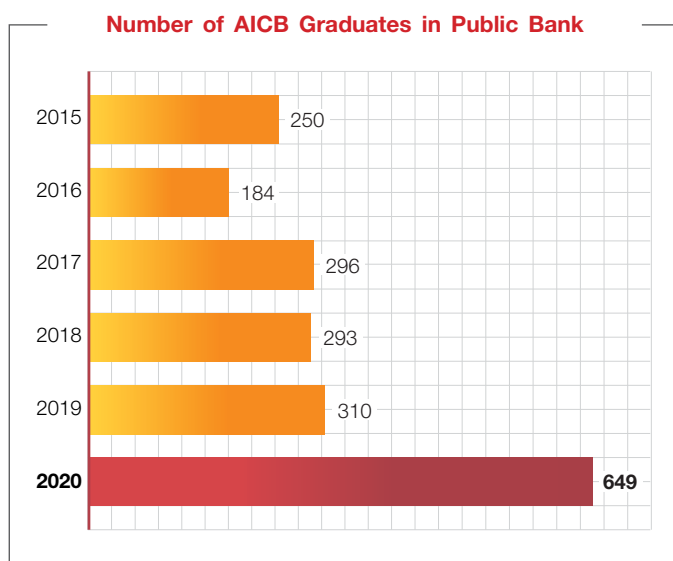




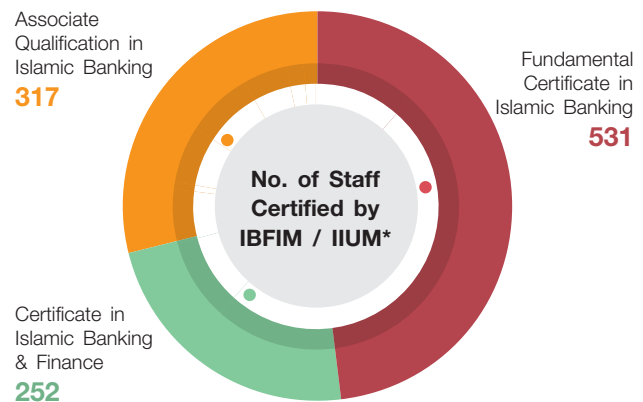
Sustainability Statement

In doing so, the Public Bank Group continues to work closely with the Asian Institute of Chartered Bankers and other professional bodies to enhance the credentials of its employees. The Group also offers sponsorships to support employees to take up certifications and professional programmes.

- 2020 marked the sixth consecutive year that Public Bank recorded the highest number of graduates for Asian Institute of Chartered Bankers certifications. As at the end of 2020, 15 employees have successfully obtained the Chartered Banker Level 3 qualification. Currently, 108 candidates are pursuing the certification.



- The Public Bank Group is supportive of the development of Islamic Finance. The Group encourages its employees to take up Islamic Banking professional papers, and its performance in various Islamic Certification has been recognised by various organisations over the years.



* IBFIM: Islamic Banking & Finance Institute Malaysia
IIUM: International Islamic University Malaysia

- The mandate by BNM requires 50% of bank employees in the five specialised functions of Credit, Risk, Internal Audit, Compliance and Anti-Money Laundering to acquire specialised certifications by the end of 2021. Public Bank is well on track towards achieving this goal.
- Campu Bank and PBVN actively encourage its employees to enhance their qualifications by taking up professional certifications awarded by prestigious organisations, such as the Asian Institute of Chartered Bankers and Coursera. Over the past three years, Campu Bank and PBVN sponsored 166 and 76 employees respectively to take up professional certifications.



Awards

Talent Development Champion Award by IBFIM (2013, 2014, 2015)*

Industry Appreciation Award by IIUM (2017, 2018, 2019)*

League of Excellence Award by IBFIM (2018)*



PUBLIC MUTUAL – EMPLOYEE EDUCATION AND DEVELOPMENT

Training and development have always been a priority at Public Mutual as it is important that employees are equipped with up-to-date knowledge and skills. Training programmes ranging from technical to soft skills are regularly organised for employees.

Public Mutual's control units are required to fulfil three days of training per year which is a key performance indicator in their respective appraisals. To foster a culture of continuous learning for enhancement of knowledge, skills and aptitude, the Capital Market and Service Representative's Licence holders, Public Mutual's front-liners and fund managers are required to accomplish Continuous Professional Development and Continuous Professional Education points annually as a regulatory requirement.

Online training programmes such as Anti-Money Laundering and Counter Financing of Terrorism, Cyber Security Awareness, Anti-Bribery and Corruption and Code of Ethics are made available for employees. This is to ensure Public Mutual's employees understand the industry's developments as well as continuously upgrade their competency and knowledge levels to perform their duties. Orientation sessions for new employees are held to familiarise themselves with the organisation as well as its products and policies.



*In 2020, Public Mutual was awarded the **Premium Recognised Employer Award** by CFA Society Malaysia, reflecting its commitment on talent development.*



Sustainability Statement

iii. Driving Business Performance through Leadership

Leadership is a key element in talent development as it can drive organisations to greater heights of performance and achievements. In this environment where change is the only constant, effective leadership skill, where there is a need for speed, agility and humility, is of the utmost importance. To build and strengthen the sense of leadership among employees, the Public Bank Group's leadership training modules are focused on aligning the MIND (knowledge), HAND (action) and HEART (intent) as catalysts to create leadership energy among its people.

In 2020, the Public Bank Group rolled out a series of blended leadership programmes focusing on "leading yourself, leading others", setting the course in a new direction to navigate through the global health crisis. These courses were developed to future-proof employees with essential skills in the constantly evolving environment.

The Public Bank Group believes leaders should be built at all levels, and not only among the management levels. Nurturing leadership qualities begins from the day its employees join the Group. To mould them into a more balanced talents and provide them with a comprehensive exposure, the Group constantly enhances its PB TalentMax Programme, a one-year training plan specially designed for graduate trainees, whereby they will be exposed to virtual and classroom training, on-the-job training, projects with learning assignments as well as mentoring and attachments at relevant divisions and branches. The structured and well-planned programme enables the young talents to adopt essential technical skills, while providing the opportunity to hone leadership competencies and business awareness.

For members of the Board of Directors and senior leaders, the Public Bank Group continues to carry out series of leadership talks for the Board to learn from external business leaders and subject matter experts on various business and leadership topics. They are also given updates on the latest regulations and business practices as well as industry trends and thought leadership. For the middle management employees, the Group continues to nurture them through a series of customised leadership modules which help to sharpen their mind and strengthen their commitment to the Group.

Agile Entrepreneur Thinking

The ability to apply innovative, iterative and collaborative principles and methodologies to bring business value

Digital Awareness

The ability to keep up with new technologies and understand their values

Risk & Governance in the Digital World

The ability to manage risks arising from new technologies

Data Driven Decision Making Skills

The ability to use data analytics to gain business insights and solve problems

Future Communication Skills

The ability to lead effectively with good communication skill



Talent Attraction

The strong base of talents and skilled workforce has greatly enhanced the stability and sustainability of the Public Bank Group. To further strengthen its talent pool, the Group constantly takes initiatives to attract young talents and skilled professionals.

In 2020, despite the constraints due to the COVID-19 pandemic, the Group continued to carry out its talent attraction efforts through participating in campus engagement activities which were conducted virtually.

Campus Engagement Activities	2018	2019	2020
Career Fairs / Events	34	37	15
On-campus / Virtual Career Talks	8	10	15
Career / Group Interview Workshops	2	2	1
Employer-Student Network Sessions	2	1	2

In the Public Bank Group, selected Management Trainees are placed under the Call, Engage and Mentor programme where the mentor and mentee work together to assist young employees adapt in the new work environment. Personnel from Human Capital Management Division engages with them on a regular basis to provide assistance. Management Trainees are also given various holistic and comprehensive training under the PB Talent Max Programme to equip themselves with necessary skills and knowledge. Over the past three years, the Public Bank Group recruited and groomed more than 2,700 Management Trainees.

The Public Bank Group also provides internship opportunities to young students to gain experience in the banking industry. Under its internship programme, the Group offers learning experiences that are suitable to the talents of its interns, enabling them to gain valuable insights into the day-to-day banking operations. In this regard, interns with commendable performance are given opportunities to continue working in the Group, which further contributes to a sustainable pipeline of human resources. The Group hired 170 interns over the past three years.



The Public Bank Group continues to be recognised as a preferred choice of employer by the **“Top 3 Best Employer in the Banking Sector”** award for the third consecutive year in the 2020 Graduates’ Choice Award (“GCA”) by Talentbank.



Sustainability Statement

Talent Retention

To attract and retain top talents, the Public Bank Group continues to promote a healthy and supportive work environment which provides fair compensation and remuneration as well as opportunities for career advancement and personal development for its employees.

Rewarding Career with Good Prospects

The Public Bank Group practises performance-based compensation system that is competitive, equitable and transparent. Employees who exhibit good performance are not only rewarded with attractive remuneration, but also the opportunities for career progression. Employees who are qualified and demonstrate high performance will have the opportunity to assume higher position and responsibility. Good career prospect, coupled with a fulfilling and rewarding career enable the Group to maintain a low employee turnover rate.

Employee Turnover Rate	Domestic Operations			Campu Bank			PBVN		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Employee Turnover Rate (%)	7.3	5.4	4.5	14.0	15.5	7.7	23.8	21.9	18.6

Years in Service	Domestic Operations			Campu Bank			PBVN		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
< 1 year	6.3	7.1	4.0	19.3	14.9	10.2	34.8	30.9	27.9
1 to < 5 years	14.1	14.4	15.7	32.3	35.8	41.3	28.7	38.5	44.8
5 to < 15 years	34.5	33.7	34.4	46.3	47.3	44.4	29.2	22.9	19.8
15 years and above	45.1	44.8	45.9	2.1	2.0	4.1	7.3	7.7	7.5

Number of Employee Promoted	Domestic Operations			Campu Bank			PBVN		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Number of Promotion	1,329	1,378	601	210	168	159	124	116	132

Succession Planning

Succession management is essential in leadership continuity and business sustainability. The Public Bank Group has in place a robust succession planning process to identify and build a pool of talents with the right skills set, experience and leadership qualities to grow successors from within as well as to prepare succession plan in all key leadership positions in the Group to ensure a sustainable leadership pipeline.

As part of the Public Bank Group's talent management strategies, qualified internal talents who demonstrate high performance with requisite experience will fill the pool of potential successors of leadership positions. This practice continues to provide opportunities for career progression for existing employees. In 2020, 2,578 employees were assessed and included in the Group's talent pool, whilst a total of 601 employees were promoted to take on greater responsibilities.



In tandem with the change in industry practices as well as to align with the Public Bank Group's business priorities, the Group's succession planning programme has been further enhanced for a more effective talent identification and management for succession to leadership positions. More focused developmental plans are in place based on competency areas to reduce gaps in terms of competency and readiness. Identified candidates are nurtured with relevant training and skill development programmes and job-related exposures corresponding to the relevant areas required of the positions and responsibilities, to prepare candidates to assume leadership positions.

Employees' Well-being

The foundation of a productive and engaged workforce hinges on a work environment that genuinely cares for the employees' needs and well-being. In promoting employees' well-being, the Public Bank Group continuously strives to support its employees in both their professional and personal aspirations to help them achieve an optimal quality of life and work productivity. Taking cognisance of its employees' domestic obligations, the Group has incorporated family-friendly features in its employees' scheme. These include:

- ✔ Lactation facilities in Head Office for working mothers who have returned to work
- ✔ Extension of maternity leave up to a maximum of 90 days on a half-pay basis for post-natal female employees, on top of the 90 days maternity leave with full pay, so that they are able to fulfil the dual roles of a working professional and mother
- ✔ Time-off for pregnant employees who are in their 22nd week of pregnancy and above
- ✔ Five days' paternity leave for male employees to take care of their newborn
- ✔ Sabbatical leave ranging from a few months to a few years to enable employees to realign their perspectives and to fulfil their domestic obligations and professional aspiration

No. of Staff Granted Sabbatical Leave	2018	2019	2020
Domestic Obligation	43	16	33
Health and Well-being	19	13	4

- ✔ In view of the challenging economic environment in 2020, the Group offered a six-month loan and financing moratorium to employees with staff loans. Eligible employees with constraints in repayment capacity due to their spouses being unemployed arising from the COVID-19 pandemic are offered a deferment of loan repayment in 2021
- ✔ Festive advance scheme is offered to eligible employee and those who may require short-term financial assistance for the festive celebration
- ✔ The Public Bank Group, through its Public Bank Group Sports Club ("PBGSC"), often extends its helping hand to deserving employees who require financial assistance due to unfortunate events. This donation account is funded by employees' donations to help fellow colleagues in times of need. Since 2004, the Fund contributed more than RM400,000 to 210 employees
- ✔ Medical Benefits covering immediate family members of eligible employees
- ✔ Subsidy for purchase of medical insurance for employees' immediate family members
- ✔ Interest-free or low interest rate on housing loan for eligible employees
- ✔ Corporate education bursary programme for employees and their children to enjoy corporate discount for selected pre-university and undergraduate programmes offered by reputable educational institution



Sustainability Statement

Employees' Health and Safety

The health and safety of employees are top priorities of the Public Bank Group. The Group recognises that a safe working environment produces positive impact towards employees' job satisfaction and work productivity. In this regard, the Group accords high importance in respect to Occupational Safety and Health ("OSH"). The Group's OSH Policy which is aligned with Occupational Safety and Health Act 1994 reaffirms its commitment to ensure that its business and operational conducts do not risk the health and safety of its employees.

The Group undertakes various measures to ensure that the workplace is safe from hazards, such as:

- ✔ Carrying out quarterly workplace inspection to prevent any occupational hazard which may cause injury to occupants
- ✔ Conducting fire drill exercise once a year to keep employees aware of the orderly way to vacate a building in the event of a fire
- ✔ Organising training programmes such as "OSH Certified First Aider" and "Seminar on Occupational Safety and Health Act 1994" to raise employees' awareness and knowledge on OSH. To date, Public Bank trained a total of 134 certified first aiders to ensure prompt and professional responses to provide aid during potential safety and health incidents in the workplace
- ✔ Measuring indoor air quality via air quality monitor to ensure it is within acceptable healthy level for employees and other occupants
- ✔ Engaging qualified ergonomist to conduct ergonomic risk assessment at the workplace to identify areas where ergonomic risks may cause musculoskeletal injury
- ✔ Providing comprehensive medical benefits scheme, including specialist treatments and hospitalisations for employees and their immediate families. In addition, all employees are eligible to attend a biennial medical examination at the Group's panel clinics

PROTECTING THE EMPLOYEES AMID THE COVID-19 PANDEMIC



Arising from the COVID-19 pandemic which caused unprecedented threat to public health, the Public Bank Group took immediate preventive measures to safeguard the health and safety of its employees and visitors. In the wake of the COVID-19 pandemic, the Group continuously kept abreast with updates and regulatory requirements by the Government, BNM, National Security Council, Ministry of Health ("MOH") as well as World Health Organisation. Various measures were taken to ensure that appropriate safety measures were in place to contain the spread of the COVID-19 pandemic.

- ✔ Frequent issuance of health advisories or circulars to employees on the latest updates and directives from the Government
- ✔ Since early February 2020, the Group imposed travel ban to prohibit employees' travel to high risk countries, in accordance with the MOH's guidelines
- ✔ Enforcing mandatory body temperature screening at every entry point of the Group's premises since February 2020
- ✔ Reducing workforce in offices by 30% to 50% during the enforcement of MCO and CMCO
- ✔ Implementing split operations and offsite work stations to ensure continuity of business operations amidst the COVID-19 pandemic
- ✔ Implementing staggered working hours in Head Office to minimise crowding and reduce congestion at common areas, such as the main lobby, lift lobby and cafeteria
- ✔ Ensuring seating arrangements in the cafeteria and offices are maintained at a minimum of one meter distance between employees
- ✔ Reviewing occupancy of lifts from time to time, subject to the prevailing COVID-19 pandemic situation in the country
- ✔ Prohibiting non-essential physical meetings, and encouraging employees to organise virtual meetings or tele-conferencing for work-related discussions
- ✔ Providing face masks and hand sanitisers at the Group's premises. Common areas are cleaned regularly to ensure cleanliness and hygiene at the workplace
- ✔ Providing face shields to employees deemed to have high risk, such as security personnel and employees working at frontline
- ✔ Digitalising human resource work processes, such as e-Recruit Portal, e-appraisal, digital signature for correspondences, e-Succession Planning Portal and e-Trade Union Leave application
- ✔ Conducting virtual job interviews via Skype or WebEx

**Diversity and Inclusiveness**

The Public Bank Group embraces diversity and inclusiveness across all levels of its organisation. The Group believes that a diverse workforce with a multi-faceted mix of gender, race, age, ethnicity, nationality and experiences provides the Group a competitive edge to galvanise innovation, value-creation and performance.

In its employment practice, the Public Bank Group is committed to equal employment opportunity, elimination of all forms of forced and compulsory labour as well as non-discrimination towards race, gender, religion, age and disability. In line with this commitment, there are 12 differently-abled employees working in various departments in the Group, contributing to the improved diversity, inclusiveness and productivity of the Group's workforce. Relevant assistance and reasonable accommodation are provided to make them feel valued, respected and recognised in the course of discharging their duties. Likewise, there are two differently-abled employees working in Campu Bank.

The Public Bank Group continuously seeks to create a workplace that develops, retains and empowers women. The increasing percentage of women representation in management and top management demonstrates the Group's commitment in promoting gender equality, which aligns with the Government's measures to enhance human capital by leveraging on women's talent. In domestic operations, women represent close to 50% of management in the Public Bank Group.

The Public Bank Group's employment practices are also guided by the provision of local law relating to fair employment practices, freedom of association, rights to collective bargaining and minimum wage. The Group practises mutual respect and maintains a harmonious relationship with unions and support the employee's right to freedom of association and collective bargaining.

Gender Diversity in the Workplace for 2020	Domestic Operations	Campu Bank	PBVN
Gender Composition of Employees (%)			
– Female	59.8	61.8	64.8
– Male	40.2	38.2	35.2
Women in Management (%)	47.1	46.8	55.7



Sustainability Statement

Performance Data

Human Resource Malaysia	2019	2020
WORKPLACE		
Supervisory (%)	70.8	71.8
Non-supervisory (%)	29.2	28.2
Female (%)	59.9	59.8
Male (%)	40.1	40.2
Age group (%)		
< 30	26.4	24.2
30 to < 40	31.8	33.3
40 to < 50	29.7	29.2
50 and above	12.1	13.3
Diversity (%)		
Malay	37.3	37.1
Chinese	56.0	56.3
Indian	6.4	6.3
Others	0.3	0.3
Service in the Group (%)		
< 1 year	7.1	4.0
1 to < 5 years	14.4	15.7
5 to < 15 years	33.7	34.4
15 years and above	44.8	45.9
Women in management (%)	47.0	47.1
Women in top management (%)	48.0	48.8
Total no. of recruitment (Headcounts)		
Supervisory	1,343	813
Non-supervisory	69	22
Total no. of promotion (Headcounts)		
Supervisory	1,180	451
Non-supervisory	198	150
EMPLOYEE TURNOVER		
Supervisory (%)	6.9	5.8
Non-supervisory (%)	1.6	1.3
Overall (%)	5.4	4.5
Employee turnover breakdown by supervisory age group (%)		
< 30	76.2	81.6
30 to < 40	14.1	10.7
40 to < 50	7.4	4.8
50 and above	2.3	2.9
Employee turnover breakdown by non-supervisory age group (%)		
< 30	59.7	47.4
30 to < 40	26.0	31.6
40 to < 50	10.4	17.5
50 and above	3.9	3.5



Human Resource Malaysia	2019	2020
PERFORMANCE MANAGEMENT		
Total number of employees appraised (%)	96.6	97.6
Total number of staff awarded bonus (%)	95.8	97.1
STAFF DEVELOPMENT		
Employee participation in training:		
Classroom (Headcounts)	47,274	30,498
E-learning (Headcounts)	173,615	215,251
DigitalBites (Headcounts)	Nil	135,989
Average no. of participants per training programme	21	21
Average training budget per employee (RM)	3,381	3,159
Total hours of training per employee	36	60
Staff training as percentage of salaries cost	3.12	2.23
EMPLOYEE WELFARE		
Total amount of staff loans approved (RM'000)	282,396	227,497
Total outstanding amount of staff loans (RM'000)	1,982,038	2,063,655
Benefits paid under the Group's protection insurance policies:		
(i) Personal Accident Insurance (RM'000)	330	743
(ii) Group Term Life Insurance (RM'000)	4,700	2,169



Sustainability Statement

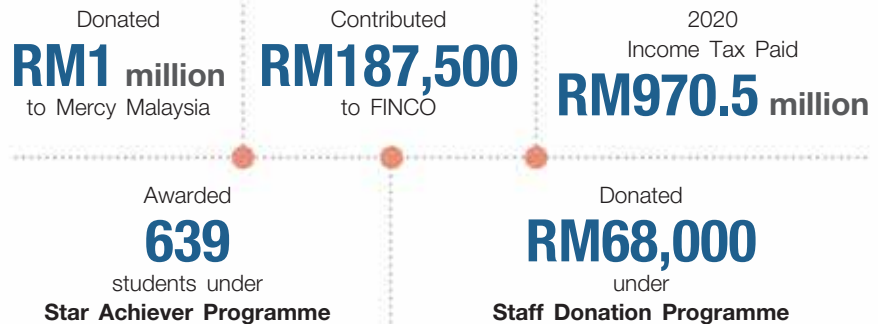
THEME 4: CORPORATE CITIZENSHIP

Key Sustainability Performance



Corporate Citizenship

- Community Contribution



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Sustainability is not only about how a business manages ESG risks and opportunities in its daily operations, it is also about the delivery of positive impact on society and contribution to communities. Companies which help to create a resilient community will ultimately sustain the social licence to operate.

”

Guided by its Corporate Philosophy, the Public Bank Group is committed in sharing the value it creates with the communities it serves. In the face of unprecedented challenges arising from the COVID-19 pandemic, the Group has not only focused on social good efforts on healthcare, education, professional development and well-being of the society, but has also appropriately responded to the COVID-19 pandemic according to the needs on the ground by providing various forms of assistance to the community.

The Group continues to fulfil its social responsibility as a tax payer, contributing a total tax payment of RM970.5 million in 2020 for the development of the nation and the people.

**COVID-19 support**

Amid the unprecedented impact of the COVID-19 pandemic on the economy, the Public Bank Group continued to fulfil its obligation as a financial service provider to the community by providing essential banking services during the period of the MCO. Meanwhile, the Group rolled out the loan moratorium, various repayment assistance packages and funding assistance programmes to alleviate the financial burden of customers amid the COVID-19 pandemic. The Group also provided monetary contribution and support to assist the community to navigate through these difficult times.

RM1 million to MERCY Malaysia's COVID-19 Pandemic Fund

In March 2020, the Public Bank Group contributed RM1 million to the MERCY Malaysia's COVID-19 Pandemic Fund to aid in critical preparedness, readiness and response support actions for the Ministry of Health and the National Crisis Preparedness and Response Centre. The funds are used in operational supplies, support and logistics, at-risk community's livelihood support and logistics, mental health and psychosocial support as well as pandemic risk reduction.

COVID-19 Relief for the Community

On 29 December 2020, the Public Bank Group donated 100 bags of food aid worth RM15,000 to Anjung Singgah Yayasan Kebajikan Negara Centre in Kuala Lumpur, for distribution to the homeless during the COVID-19 pandemic.

Support for the Government's Sukuk Prihatin

In June 2020, the Government launched the issuance of Sukuk Prihatin, an Islamic Debt Instrument, of which its proceeds are utilised to finance the COVID-19 pandemic related recovery efforts, such as enhancing connectivity to rural schools as well as funding for eligible micro enterprises and research on infectious diseases. The Public Bank Group was supportive of the action and had participated as a distribution bank to facilitate customers' subscription for the Sukuk Prihatin via JomPAY and DuitNow services on its PBe Retail and Business Banking, PB engage and PB enterprise.

Tzu Chi Foundation: COVID-19 Relief Aids Kita1Keluarga

In conjunction with the "COVID-19 Relief Aids Kita1Keluarga" charity programme by the Taiwan Buddhist Tzu Chi Foundation Malaysia to provide financial assistance to the needy during the COVID-19 pandemic, the Public Bank Group supported the goodwill by providing assistance to Tzu Chi in facilitating the cash payout services to eligible recipients.

Cambodian Public Bank Donated Medical Supplies

In April 2020, Campu Bank contributed essential medical supplies worth USD5,000 to the Khmer-Soviet Friendship Hospital which encountered short supply of medical necessities. In the face of increasing number of suspected patients seeking for the COVID-19 screening test, Campu Bank contributed 10,000 face masks and 31,500 gloves to the hospital to provide protection aid to the frontliners.



Sustainability Statement



Education

The Public Bank Group is mindful that education lies at the core of the future of the nation. To this end, the Group continues to contribute to learning and professional development, to nurture a brighter future for the nation.

MBA Endowed Scholarship of Asia School of Business

The Asia School of Business ("ASB") was established in year 2015, under the collaboration between BNM and MIT Sloan School of Management. ASB was founded in response to the need for highly-qualified and industry ready talents to fill the needs of the rapid growth in Asia.

To support the educational and professional development, the Public Bank Group contributed USD1.25 million to an endowment fund which generated income to provide scholarship support to students of the MBA programme. Mainly, the fund covers student's expenses, including tuition fee, accommodation, books and supplies on a continuous basis.

The first recipient of this prestigious scholarship has since graduated from ASB MBA class of 2020. A healthcare professional is the second recipient of Tan Sri Dato' Sri Dr. Teh Hong Piow Scholarship Award for the ASB MBA scholarship.

School Adoption Programme

This programme was initiated by BNM to promote financial literacy and inculcate savings habit amongst school children. For many years, the Public Bank Group actively took part in the programme, such as organising financial education talks, essay writing contests and drawing contests. The Group distributed the Buku Wang Saku to children from 858 schools.

Star Achiever Programme

This yearly Star Achiever Programme was set up to reward WISE Savings Account holders who excelled in their UPSR, PT3 and SPM examinations. This is to nurture academic excellence and inculcate savings habit among children.

In 2020, the Public Bank Group awarded a total of RM67,800 to 639 students who excelled in their examinations.

	No. of Recipients	Cash Rewards
UPSR	322	RM16,100
PT3	117	RM11,700
SPM	200	RM40,000



Financial Industry Collective Outreach (“FINCO”)

FINCO is a collaborative initiative pioneered by all financial institutions in Malaysia, with the support of BNM. The goal of FINCO is to provide underprivileged children and youth with the guidance and educational tools to help them achieve their life goals.

In 2020, FINCO continued its initiatives to promote education and learning by moving its programmes online. It also set up Interactive Reading Corners to continue enhance students’ reading proficiency.

During the year, a total of 104 financial institutions, including the Public Bank Group, continued to contribute funding, volunteers, logistical support and shared initiatives to FINCO. The Group contributed RM187,500 in supporting the good cause.

Educational Visit by the Universiti Tunku Abdul Rahman (“UTAR”)

The Public Bank Group continued to host educational visits for tertiary education students to Menara Public Bank, to offer opportunities to the undergraduates to gain insight into the work environment of a financial institution.

On 21 February 2020, the Group organised an educational visit for UTAR students. During the visit, the Group hosted an educational talk and bank tour, giving the students a real-world overview and contextual learning about banking operations.

Money Management for Millennials

In a bid to reach out and educate millennials on the importance of saving and investing early, Public Mutual organised a series of money management talks on 11 January 2020. Skewed towards millennials, the money management talks were highly informative and entertaining, and attracted close to 200 attendees. The event comprised three talks:

- Financial Freedom Tips for Millennials;
- Millennials – How to Live a Debt-Free Lifestyle; and
- Sustainable Investing – The Trend of the Future.



Festive Charity Programme

The Public Bank Group believes that the festive joy should be shared and spread with the less privileged groups within the community. As in previous years, the Group continued its commitment to give back to the community during festive seasons by contributing a total of RM61,350 to homes of the elderly and orphans in the form of cash, hampers and angpows.



Early Chinese New Year Celebration for Elderly Residents

The Public Bank Group paid a visit to the Pusat Jagaan Persatuan Kebajikan Ti-Ratana and Pusat Jagaan An Xie in January 2020. The elderly warmly welcomed the Group’s employees and they were grateful for the kindness given by the Group.



Spreading Raya Cheer to Needy Children

The Public Bank Group contributed cash and electrical items for two children’s homes, namely Rumah Kanak-Kanak Tengku Budriah and Pusat Jagaan Nuri. For social distancing purpose, a cheque presentation was carried out in Menara Public Bank on 3 June 2020 with the presence of representatives of both homes.



Sustainability Statement



Other Programmes

Sponsorship for Professional and Community Development

- RM7,500 to the Malaysian Press Institute (“MPI”) for its Malaysia Press Night, where the MPI-Petronas Malaysian Journalism Awards were presented in recognition of the contribution by journalists
- USD3,000 to support “The Riel Day 2020” organised by the National Bank of Cambodia, in conjunction with the 40th Anniversary of the Reintroduction of Riel. The event was held to raise public awareness about the importance of the currency in Cambodia’s economy
- USD2,200 to “My First Stock 2020” organised by the Cambodia Securities Exchange
- RM5,000 to UTAR for its Virtual Health Day 2020 / 21
- RM3,000 to Minority Shareholder Watch Group (“MSWG”)
- RM3,000 to Koperasi Jayadiri Malaysia Berhad (“KOJADI”)
- RM10,000 to Tunku Abdul Rahman University College

Humanitarian Aid

- Campu Bank donated USD10,000 to about 800 families through the National Bank of Cambodia in October 2020. The families were affected by flood in Stourng District, Kampong Thom Province
- Campu Bank donated USD5,000 to the Cambodian Red Cross on 8 May 2020 to provide support to the local community
- Campu Bank donated KHR1 million for the needy children of the Angkor Hospital for Children
- Public Investment Bank visited Rumah Kanak-Kanak Impian on 15 April 2020. Apart from contributing packed lunch boxes, Public Investment Bank provided essential necessities, such as hand sanitisers and spray disinfectants to the orphanage
- Public Bank’s Sri Lanka Operations visited Sri Jinananda Children’s home and donated essential goods to help ease the burden of the orphanage
- Public Mutual raised RM4,300 from its UTCs and employees via the “Spread Joy & Show Appreciation” fundraising event. The proceeds will be used for Community Outreach programmes, such as money management workshops held at orphanages and homes for the underprivileged
- Public Mutual visited the Rumah Sejahtera Taman Bahagia Kuala Terengganu and donated necessities to help the needy
- Public Investment Bank contributed food products and daily essentials, including face masks and sanitisers to Pusat Jagaan Warga Emas, Bait Al-Mawaddah in Shah Alam, Selangor on 28 August 2020
- PBVN visited the Go Vap Centre for Children Nurturing & Protection, Ho Chi Minh City and donated necessities and gifts worth VND35 million to underprivileged children
- Public Mutual contributed RM4,000 to the Institute Jantung Negara (“IJN”) Foundation to help the national heart institute raise funds for Personal Protective Equipment gowns to reduce the infection risk and exposure of IJN’s medical team to the COVID-19 pandemic
- Public Mutual raised RM2,800 from UTCs and its employees to provide 500 face shields and four boxes of face masks to Pusat Dialisis National Kidney Foundation – Kelab Lions Alor Setar and Hospital Sultanah Bahiyah Alor Setar
- PBVN visited Ha Thank Village, Quang Nam province and contributed VND50 million of essential goods to elderly residents affected by the typhoon

Staff Donation Programme

- In 2020, the Public Bank Group Sports Club (“PBGSC”) donated a total of RM68,000 to employees who needed financial assistance due to unfortunate events. The donation drive started in 2004 for the purpose of soliciting voluntary donations from employees to assist fellow colleagues in times of need. Since its inception in 2004, PBGSC contributed RM413,150 to 210 employees.



THEME 5: MANAGING ENVIRONMENTAL IMPACT

Key Sustainability **Performance****Managing Environmental Impact**

- Energy Management
- Waste Management
- Greenhouse Gas Emission

Solar System at Menara Public Bank 2
reduced greenhouse gas emissions

by **38.29**

tonnes of carbon dioxide equivalent
("tCO_{2e}") in 2020

Campu Bank's headquarters achieved

savings of 50% electricity
consumption upon conversion of lightings
to energy-efficient light bulbs

Replaced faulty
air-conditioner units with the
environmental-friendly
R32 gas air-conditioners

Completed the conversion of
lightings to **energy-efficient**
light bulbs for all domestic
bank branches

“

Climate change threatens the environment, including its biodiversity and ecosystem. The chain effect is detrimental to human health and increasingly disruptive to the economic stability. Corporates being large entities in societies, have the obligation to address and manage their business impact on the environment.

”

The Public Bank Group is mindful that the severity and acceleration of the impact of climate change could reach an irreversible tipping point if collective and urgent actions are not taken to reverse the impact. Imminent actions are required to rebuild a sustainable environment for generations to come.

Over the years, the Public Bank Group has increasingly integrated environmental considerations into its daily banking operations. To gauge the effectiveness of its efforts, the Group measures its environmental footprint, where possible, by keeping track and monitoring its carbon footprint, such as energy consumption and waste disposal.

Going forward, the Public Bank Group will continue its commitment in managing the impact of environmental and climate change as well as support the transition towards a low carbon and sustainable economy. The Group will gradually step up its efforts in reducing environmental footprint in its business operations, while promoting climate change and environmental awareness among its employees and stakeholders.



Sustainability Statement



Energy management

Managing Emission through Its Role in Financing

In 2020, the Public Bank Group through its subsidiary PIBB, launched a campaign offering preferential rates for selected energy efficient vehicle ("EEV") under its AITAB Hire Purchase-i, to promotes the usage of EEVs which are more environmentally friendly compared to internal combustion engine vehicles.

In addition to environmentally friendly vehicles, the Public Bank Group supports the use of renewable energy which reduces carbon emission to the environment. Through PIBB's Solar Plus BAE Personal Financing-i, customers are able to obtain more affordable financing for the purchase and installation of solar panels in their residential properties. Besides cost efficiency, this environmentally friendly infrastructure is able to reduce carbon emission released from electricity consumption by turning solar energy to usable energy for household use.

ENERGY EFFICIENT VEHICLE

Based on the **1,415 EEV** approved in 2020 under the campaign, the Group contributed to a reduction of carbon emission approximately at **1,996 tonne per year***, notably releasing lesser carbon emission for the equivalent number of normal fuel passenger vehicle.

* Internal calculation based on travelled distance of 20,000km per year for the EEV models approved under the campaign, as compared to normal fuel passenger vehicle

Eco-friendly Lightings and Air-conditioning

Apart from managing carbon emission through its financial intermediary role, the Public Bank Group places great focus in managing energy consumption of its premises. In 2020, the Group completed the conversion of lightings to low-energy LED bulbs for all its Public Bank branches and centres nationwide. For its overseas operations, Campu Bank achieved 50% lower electricity consumption in its headquarters located in Campu Bank Building, Phnom Penh, following the completion of replacing all lightings with LED lights. Campu Bank is currently working on the replacement of lightings across all its branches in Cambodia.

The Public Bank Group replaced all faulty air-conditioner units at branches with the environmental-friendly R32 gas air-conditioners. R32 is a refrigerant that carries heat more efficiently, thereby contributing to lower global warming impact.

Going forward, the Public Bank Group will continue to explore ways to further enhance efficient energy consumption across all its premises. Apart from Menara Public Bank 2 which has been installed with a solar energy system, the Group is currently looking into expanding the use of this eco-friendly system to its other main buildings in Malaysia.

ECO-FRIENDLY LED LIGHTS

LED is more environmentally friendly than traditional lights due to its longer lifespans, reduced energy consumption and lower maintenance requirements. LED lights probably consume about 50% lesser electricity than traditional fluorescent lights. In terms of lifespan, LED could last about 30,000 – 50,000 hours, depending on the quality, which is higher than fluorescent lights of about 8,000 – 10,000 hours. Durability and dimming control for LED are also better compared to typical light bulbs.

Green Building – Menara Public Bank 2

Menara Public Bank 2 is an energy-efficient and sustainable office building which is internationally certified by the Leader in Energy & Environmental Design under the US Green Building Council and Malaysia's Green Building Index. The building is equipped with various green features for effective management and utilisation of energy as well as the reduction of greenhouse gas emissions. These features include solar energy, rainwater harvesting systems, natural light reflectors and double-glazed glass.

Menara Public Bank 2's solar system harvested **57,154 kWh** of solar energy in 2020, which reduced **38.29 tCO_{2e}** greenhouse gas emissions.



Going Paperless and Promoting Recycling

The Public Bank Group is progressively moving towards paperless operations with its enhanced Go Green initiatives in its daily operations, such as migrating reports to online verification module, issuing electronic statements and notice as well as introducing electronic signature ("eSignature") in new deposit account opening. The Group has also further reduced its paper consumption by suspending unnecessary printing, while enlisting more vendors and suppliers to participate in its electronic purchase order system to replace manual paper procurements. In 2020, the Group's e-procurement purchase accounted for more than 90% of its total purchase orders.

Moreover, in support of BNM's initiatives to increase the efficiency of the nation's payment systems, the Group has been actively promoting the migration to electronic payments and reducing cheque usage. This initiative has not only reduced paper consumption in the Group's operations, but has also promoted paperless awareness among its customers.

Waste Management

The Public Bank Group adopts a stringent electronic waste ("e-waste") management and ensure disposal protocols are in place to minimise the impact to the environment and human health. The Group only appoints vendors who are licensed by the Department of Environment and certified based on relevant ISO standards in Environmental Management System to manage e-waste. The Group continues its recycling efforts by sending waste papers, plastics, cans and other recyclable goods to contractors for resource circulation. While in its Cambodian operations, Campu Bank is encouraging the use of filtration drinking water system, instead of plastic drum water to reduce the use of single-use plastic.



Raising Employees' Environmental Awareness

The Public Bank Group has been constantly making efforts to raise environmental awareness among its employees through frequent engagement and training. Recycling bins are placed in every floor in Menara Public Bank to encourage waste recycling. Besides, the Group has designated car park bays for energy efficient vehicles at Menara Public Bank and Menara Public Bank 2.

Moreover, regular circulars are posted in employees' intranet reminders about saving papers and energy. The Group also embeds climate change awareness into its employees learning programmes, in which climate-related issues are one of the key monthly topics in its "Focus of the Month" bite-sized information which are circulated via emails to its employees.



ENVIRONMENTAL EFFECTS OF THE COVID-19 PANDEMIC

Arising from the practice of social distancing at Menara Public Bank, the implementation of staggered working hours resulted in longer air-conditioning and lighting operating hours. Moreover, the practice of social distancing in elevators increased lift travelling frequency, thereby increasing electricity consumption in 2020.

Meanwhile, the quantity of recycled paper decreased slightly in 2020 due to reduced collection frequency by contractor during the MCO and CMCO.



Sustainability Statement

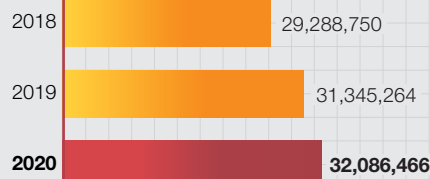
TOTAL ELECTRICITY CONSUMPTION (kWh)

2018: 33,991,407
2019: 35,709,876

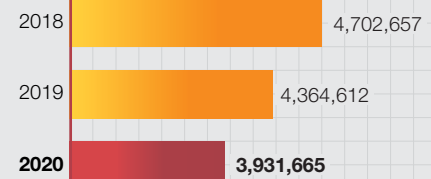
2020: 36,018,131

of which:

Domestic Operations¹



Campu Bank²



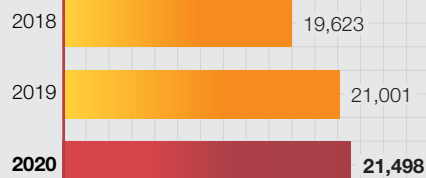
GREENHOUSE GAS EMISSIONS (tCO_{2e})³

2018: 22,750
2019: 23,903

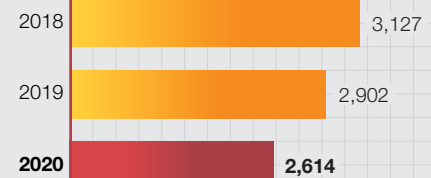
2020: 24,112

of which:

Domestic Operations¹



Campu Bank²



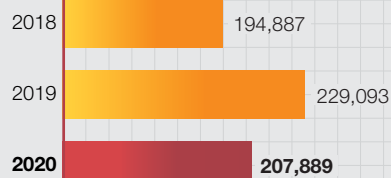
TOTAL WATER CONSUMPTION (m³)

2018: 214,836
2019: 246,537

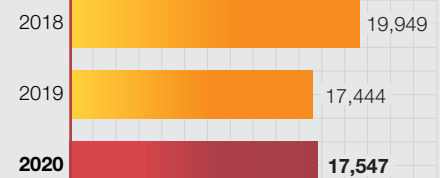
2020: 225,436

of which:

Domestic Operations¹



Campu Bank²



Notes:

¹ Domestic data covers Menara Public Bank, Information Technology & Training Centre in Bangi, Bangunan Public Bank and Menara Public Bank 2.

² Data covers Campu Bank and its 31 branches.

³ Greenhouse gas emissions associated with electricity consumption. Calculation is based on Institute for Global Environmental Strategies' emission factor related to electricity consumption for Malaysia and Cambodia, August 2020.



Waste Management

TOTAL
PAPER RECYCLED⁴ (kg)

2018: 144,375
2019: 145,100

2020: 106,800

NUMBER OF ICT EQUIPMENT COLLECTED
BY APPOINTED E-WASTE VENDORS

2018: 2,703
2019: 6,594

2020: 8,011

E-procurement

AVERAGE NUMBER OF ELECTRONIC
PURCHASE ORDERS VIA E-PROCUREMENT
(PER MONTH)

2018: 668
2019: 717

2020: 644

Note:

⁴ Total waste papers collected at Menara Public Bank and nearby branches in Kuala Lumpur.



Calendar of Significant Events 2020

CORPORATE

13 JANUARY

The National Sales Convention 2020 with the theme *Resilience in Challenging Times* was held at the Sunway Pyramid Convention Centre, Selangor.



10 FEBRUARY

Public Bank and Public Islamic Bank activated the Relief Assistance Programme for customers affected by the COVID-19 pandemic, which includes the offering of moratorium of up to six months for the monthly instalment payments of customers' loans and financing.

14 FEBRUARY

A new Red Carpet Banking ("RCB") Centre opened its doors at Padungan Branch, Sarawak.

21 FEBRUARY

Bandar Puteri Puchong Branch, Selangor opened its RCB Centre.

24 FEBRUARY

Public Bank (Hong Kong) Shau Kei Wan Branch was relocated to new premises.

20 MARCH

Public Bank Sabah Region opened its first RCB Centre at Kota Kinabalu Branch, Sabah.

20 MARCH

Public Financial Holdings Limited held its 2020 Annual General Meeting ("AGM") at Kowloon Shangri-La, Hong Kong.

27 MARCH

Public Bank Northern Region I welcomed its first RCB Centre at Pulau Tikus Branch, Pulau Pinang.

27 APRIL

Public Finance Limited's Tai Wai Branch was relocated to new premises at the Ground Floor of On Ting Mansion, Hong Kong.

3 JUNE

Public Bank (Hong Kong) Limited signed the Service Level Agreement with the Hong Kong Government on the HKSAR Cash Payout Scheme.



29 JUNE

Public Bank held its 54th AGM virtually for the first time at Menara Public Bank, Kuala Lumpur due to the COVID-19 pandemic. The AGM was conducted through a live streaming and online remote voting via Remote Participation and Voting facilities.

**8 JULY**

Fanling Branch, Hong Kong was awarded the Best Performing Branch Award 2019 for Public Finance Limited under the Overseas Business Units Category in the 2019 Branch Performance Awards by Public Bank.

8 JULY

Cambodian Public Bank opened three RCB Centres in Siem Reap, Tek Thla and Toul Kork Branches, respectively.

15 AUGUST

Public Bank (Hong Kong) Tseung Kwan O Branch was relocated to new premises at the first floor of Savannah Place shopping mall.

18 AUGUST

Public Bank Vietnam expanded its operations with the opening of Go Vap Branch.

28 AUGUST

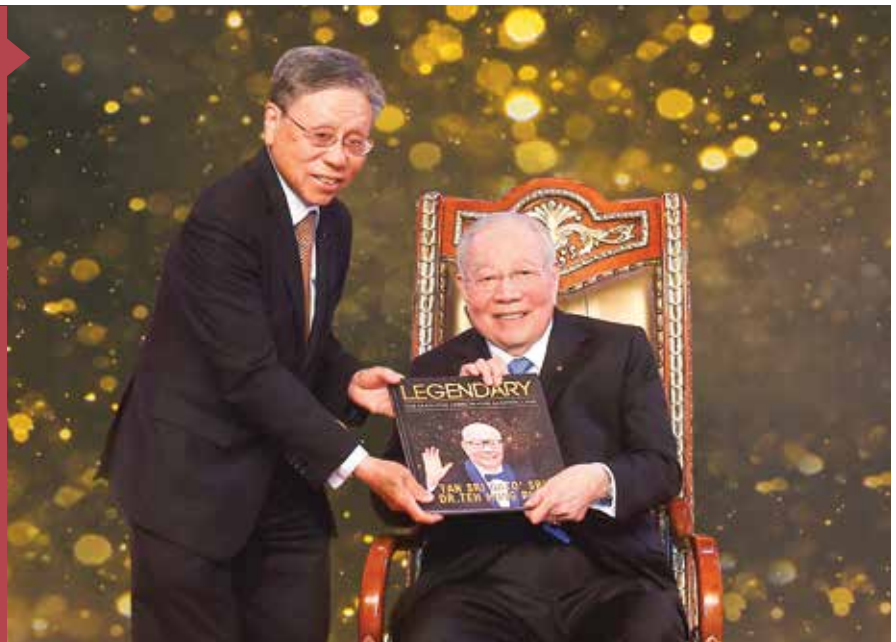
The Public Bank Group announced a cumulative pre-tax profit of RM3.01 billion for the first half of 2020, despite the challenging economic environment.

18 SEPTEMBER

Public Bank's Kota Kemuning Branch opened its RCB Centre, the 14th branch with RCB Centre nationwide.

22 SEPTEMBER

A special tribute book entitled *Legendary: The Man. The Mission. The Masterclass. – Tan Sri Dato' Sri Dr. Teh Hong Piow*, who is the Founder, Chairman Emeritus, Director and Adviser of Public Bank was launched at the Shangri-La Hotel, Kuala Lumpur in commemoration of his 90th birthday celebration.

**25 SEPTEMBER**

Public Bank Vietnam opened a new branch, the Vinhomes Central Park Transaction Bureau.

2 OCTOBER

Public Bank Vietnam opened another new branch, the Van Hanh Transaction Bureau.

6 OCTOBER

Public Bank Vietnam expanded further with the opening of My Dinh Branch.

8 OCTOBER

Public Bank Vietnam opened another new branch at Phuoc Long.

16 OCTOBER

Public Bank Vietnam opened its 26th branch, the Binh Tan Transaction Bureau.

18 NOVEMBER

Kampong Speu Branch bagged the Best Performing Branch Award 2019 for Cambodian Public Bank under the Overseas Business Units Category in the 2019 Branch Performance Awards by Public Bank.

27 NOVEMBER

The Public Bank Group announced the achievement of RM4.81 billion pre-tax profit for the first nine months of 2020.



Calendar of Significant Events 2020

CORPORATE SOCIAL RESPONSIBILITY

5 JANUARY

Public Bank (Hong Kong) Limited participated in the 2020 Hong Kong & Kowloon Walk for Millions walkathon organised by The Community Chest to raise funds for the social welfare member agencies.

20 – 21 JANUARY

Public Bank celebrated the Chinese New Year festival with the elderly and kids at the Ti-Ratana Welfare Society and Pusat Jagaan An Xie. The Bank presented donations of RM18,000 and RM6,000, respectively to both homes.



7 FEBRUARY

Public Bank Sri Lanka Operations' Sports & Recreational Club paid a visit to Sri Jinananda Children's Home, with donations of essential goods.

21 FEBRUARY

Public Bank hosted an educational visit by undergraduates from The Universiti Tunku Abdul Rahman at Menara Public Bank, Kuala Lumpur.



26 MARCH

Public Bank contributed RM1.0 million to the COVID-19 Strategic Preparedness and Response Plan to provide assistance for critical preparedness, readiness and response support actions for the Ministry of Health and the National Crisis Preparedness and Response Centre, in tandem with the collaboration of member banks of the Association of Banks in Malaysia with MERCY Malaysia.

10 APRIL

Cambodian Public Bank contributed essential medical supplies such as face masks and gloves worth USD5,000 to the Khmer-Soviet Friendship Hospital to support COVID-19 screening test.

15 APRIL

Public Investment Bank donated hand sanitisers and disinfectant sprays to Rumah Kanak-Kanak Impian to combat the spread of COVID-19.

9 – 22 MAY

Public Bank (Hong Kong) launched the Clothes Donation campaign to support the social enterprise, Green Ladies & Green Littles, which promotes the use of second hand clothing.

**3 JUNE**

In conjunction with the Hari Raya festival, Public Bank donated to two children homes, namely the Rumah Kanak-Kanak Tengku Budriah and Pusat Jagaan Nuri the amount of RM12,000 and RM5,000, respectively.

**20 JUNE**

Public Bank (Hong Kong) donated HKD1,200 to Yang Memorial Methodist Social Service to purchase rice dumplings for the underprivileged elderlies in conjunction with the Dragon Boat Festival.

28 – 29 JUNE

In support of The Community Chest of Hong Kong's Green Low Carbon Day 2020 campaign, Public Bank (Hong Kong) raised donations totalling HKD4,040 to support low carbon living while helping the less fortunate.

8 JULY

In conjunction with the Hong Kong Blind Union Flag Day, Public Bank (Hong Kong) collected donations to support visually impaired people in Hong Kong.

28 AUGUST

Public Investment Bank donated food products, face masks and sanitisers to an elderly home, Pusat Jagaan Warga Emas, Bait Al-Mawaddah in Shah Alam, Selangor.

30 AUGUST

Cambodian Public Bank Siem Reap Branch donated KHR1 million to Angkor Hospital for Children.

**11 SEPTEMBER**

In support of good journalism, Public Bank sponsored RM7,500 to the Malaysian Press Night 2020.

22 OCTOBER

Cambodian Public Bank collaborated with a local Cambodian newspaper, The Phnom Penh Post, to carry out a donation drive for flood victims affected by severe flooding in 19 cities in Cambodia.

28 OCTOBER

Cambodian Public Bank donated USD10,000 to the National Bank of Cambodia to provide relief aid to the flood victims in Kampong Thom Province.

**29 DECEMBER**

Public Bank contributed food aid and cash of RM50 each to 100 homeless people at the Anjung Singgah Yayasan Kebajikan Negara, Kuala Lumpur to provide relief during the COVID-19 pandemic.



Calendar of Significant Events 2020

PRODUCTS AND SERVICES

3 FEBRUARY

Public Bank entered into a partnership with Malaysia Airlines Berhad to accept payments for online ticket purchases using Financial Process Exchange ("FPX"), operated by Payments Network Malaysia Sdn Bhd ("PayNet").



18 FEBRUARY

Public Bank commenced the distributions and sales of a new unit trust fund, namely Public e-Asia Pacific REITs Flexi Fund under the Public e-Series of Unit Trust Funds, managed by Public Mutual Berhad.

10 MARCH

Public Bank launched the distributions and sales of PB Greater China A-Shares Fund, a new unit trust fund under the PB Series of Unit Trust Funds managed by Public Mutual Berhad.



1 APRIL

Public Islamic Bank launched an Energy Efficient Vehicle financing under the AITAB Hire Purchase-i Financing.

13 MAY

Public Mutual rolled out e-Suitability Assessment to facilitate Unit Trust Consultants in conducting suitability assessments of investors virtually, due to the COVID-19 pandemic.

**1 JULY**

Public Mutual added two fixed income funds, namely Public e-Income Fund and Public e-Islamic Income Fund to its Public e-Series of Funds.

PUBLIC e-INCOME FUND

PUBLIC e-ISLAMIC INCOME FUND

**3 AUGUST**

Public Bank announced the launching of a digital platform for the loan repayment assistance programme.

**18 AUGUST**

Public Bank commenced the distributions and sales of a new unit trust fund namely Public e-Artificial Intelligence Technology Fund under the Public e-Series of Unit Trust Funds, which is managed by Public Mutual Berhad.

26 AUGUST

Cambodian Public Bank launched the new PB Engage KH to improve customers experience and to provide a more robust mobile banking application to customers.

Bank smarter with the brand new PB engage

WHAT'S NEW?

- Quick Balance** Access to your account balance with just a tap of your finger on the screen.
- Personalized Setting** Personalize your mobile banking experience with the PB Engage app.
- Transaction Receipt** View a transaction receipt with the app or via a text message.
- Quick Action Menu** Streamline the app with the most frequently used features.

Download the mobile app via

Access: www.campublicbank.com.kh
Contact: 099-22 999 999 / 099 808 1 428 100 or any Camport branch

ចំណាត់ថ្នាក់ផ្សព្វផ្សាយ:
CAMBODIAN PUBLIC BANK
កម្ពុជា កម្ពុជា កម្ពុជា
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18 SEPTEMBER

PB Vietnam Global 40 Fund was launched by Public Mutual Berhad under the Public e-Series of Unit Trusts Fund.

2 – 4 OCTOBER

Public Bank participated in the Home Ownership Campaign – Malaysia Property Expo 2020 organised by Real Estate and Housing Developers' Association at the Mid Valley Exhibition Centre, Kuala Lumpur.

16 NOVEMBER

Public Islamic Bank launched the Solar Panel Financing for residential homes, aimed exclusively for its existing customers and Public Bank's home financing customers.



Calendar of Significant Events 2020

AWARDS AND ACCOLADES

16 JANUARY

Public Bank was awarded the Best Domestic Bank in Malaysia 2019 Award by The Asset.

4 FEBRUARY

Public Bank received the Best Bank for Corporate Governance Malaysia 2020 Award by Global Banking & Finance Review.

19 MARCH

Public Mutual clinched four awards at the Morningstar Awards Malaysia 2020, namely Public Far-East Alpha-30 Fund – Best Asia-Pacific Equity Fund, Public Enterprises Bond Fund – Best Malaysia Bond Fund, PB Aiman Sukuk Fund – Best Malaysia Bond (Syariah) Fund, and Public Strategic Growth Fund – Best Malaysia Large-Cap Equity Fund.

8 APRIL

Public Mutual bagged 10 awards at the Refinitiv Lipper Fund Awards 2020 – Global Islamic Funds.

20 APRIL

Public Mutual clinched 34 awards at the Refinitiv Lipper Fund Awards.

22 MAY

Public Mutual received the Reader's Digest Trusted Brand Platinum Award 2020 for the Investment Fund Company category in Malaysia for 11th consecutive years.

27 MAY

Public Bank was bestowed with the Best Bank in Malaysia Award by FinanceAsia.

4 JUNE

Public Bank won the 2020 Frost & Sullivan Malaysia Excellence Award in Customer Experience – Banking Industry Malaysia – Branch Experience category, for the first time.

19 JUNE

Public Bank received two awards from Alpha Southeast Asia in the 14th Annual Alpha Southeast Asia Best Financial Institution Awards 2020, namely Best Bank in Malaysia since 2007 and Best Retail Bank in Malaysia for the second time.

16 JULY

Public Investment Bank was awarded 3rd Place for the Lead Manager Award 2019 (By Number of Issues) by RAM Ratings Services Berhad in conjunction with its 17th Annual RAM League Awards.

18 AUGUST

Public Mutual bagged five awards at the Asia Asset Management Best of the Best Awards 2020, namely Best of the Best Performance Awards – ASEAN Equity (10 Years), Best Bond Manager (Malaysia), Best Islamic Product (Malaysia) – Co-winner, Best Retail House (Malaysia), and Islamic Retail House of the Year (Malaysia).

10 SEPTEMBER

PayNet awarded eight awards to Public Bank, namely Best e-Payment Bank, Best IBG Bank, Best Customer Experience (FPX), Best JomPAY Bank, Best MyDebit Bank, Top JomPAY Acquirer, Top MyDebit Acquirer and Outstanding Contribution to MyDebit.

21 SEPTEMBER

Public Bank was awarded with the Straight Through Processing Award for achieving outstanding straight through processing rates in payment transfer operations for MT103 and MT202 by the Bank of New York Mellon.

22 SEPTEMBER

Tan Sri Dato' Sri Dr. Teh Hong Piow received a recognition award from the Vietnam Banking Trade Union for Outstanding Contribution in Promoting *Excellence at Work* and in Strengthening Trade Union in 2019.



**23 SEPTEMBER**

Public Mutual was named as the Islamic Asset Manager of the Year, Malaysia (Retail) at The Asset Triple A Islamic Finance Awards 2020 for the 10th consecutive years.

30 SEPTEMBER

Public Bank won the Most Outstanding Company in Malaysia award under the financial sector category in the Asiamoney Asia's Outstanding Companies Poll 2020.

25 NOVEMBER

Public Bank was awarded The Edge Billion Ringgit Club Corporate Awards 2020 by The Edge under the Highest Return on Equity Over Three Years for Financial Services category (RM10 billion and Above Market Capitalisation).

**27 NOVEMBER**

Public Bank was presented with the ASEAN's Top Corporate Brand 2020 by the Chulalongkorn University of Thailand, for having the highest corporate brand value in Malaysia.

10 DECEMBER

Public Bank received the 2019 ASEAN Corporate Governance Scorecard Award, under the ASEAN Asset Class category, by the Minority Shareholders Watch Group.

11 DECEMBER

Public Bank was awarded the J.P. Morgan Elite Quality Recognition Award for achieving best-in-class straight through processing rates for MT103 and MT202 USD payments.

17 DECEMBER

Public Bank won the Gold Award at The Asset ESG Corporate Awards 2020 by The Asset magazine.

22 DECEMBER

Public Bank bagged the Platinum Excellence Award for Most Outstanding Annual Report under companies with more than RM10 Billion in Market Capitalisation category at the National Annual Corporate Report Awards 2020.

**24 DECEMBER**

Public Bank was among the recipients for the Best Tax Payer Award for 2019 by the Inland Revenue Board of Malaysia.





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

There were no issuances of debt and equity securities by Public Bank and its subsidiary companies for the financial year ended 31 December 2020.

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.

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.

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 2020 amounted to RM5,932,000 and RM2,383,000 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 2020 amounted to RM1,341,000 and RM728,000 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 2020 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.



Malaysian Economy: Review and Outlook

I. GLOBAL PERSPECTIVE

Global economic activities recorded unprecedented declines in 2020, as the severe economic fallout was markedly impacted by global efforts to contain the spread of the COVID-19 pandemic.

The advanced economies including the United States of America ("US"), Europe and Japan had deteriorated owing to lacklustre economic activities, particularly due to the containment measures in the first half of 2020. With the exception of China and Vietnam which experienced economic expansions in 2020, the rest of Asia had experienced a downturn as the health crisis affected various sectors regionally, owing to acute shocks and extensive disruption in global supply chains as well as weak exports.

Major central banks had adopted accommodative monetary policy stances amidst concerns of lacklustre economic growth. In the US, the Federal Reserve lowered the federal funds rate by a cumulative 150 basis points ("bps") to 0% – 0.25% in 2020, with cuts of 50 bps and 100 bps during two separate policy meetings on 3 March and 15 March 2020, respectively.

In Europe, the European Central Bank left its main refinancing rate unchanged at 0% throughout the year while deposit rate was -0.5%. Elsewhere, the Bank of England slashed its key interest rate to 0.10% in 2020, with cuts of 50 bps and 15 bps on 11 March and 19 March 2020, respectively.

The Bank of Japan left its key policy rate unchanged at -0.10% since January 2016. Similarly, central banks in Asia had reduced their key interest rates, in support of key economic activities.

II. MALAYSIAN ECONOMY: REVIEW

The Malaysian economy contracted by 5.6% in 2020 (2019: +4.3%) (Table 1). With the exception for public sector consumption, all segments in the demand side contracted during the year.

Aggregate domestic demand fell amid the containment efforts to prevent the spread of the COVID-19 pandemic. Mostly, household spending was undermined by weak domestic sentiment. Private investment deteriorated due to lower capital spending across economic sectors. Meanwhile, public sector expenditure remained weak as public investment continued to contract.

Table 1

Malaysia: Gross Domestic Product ("GDP") by Expenditure Components, 2019 – 2020 (at constant 2015 prices)

	% Annual Change					
		2020				
	2019	2020	1Q	2Q	3Q	4Q
Aggregate						
Domestic						
Demand	4.3	-5.7	3.7	-18.7	-3.3	-4.4
Private Sector	6.2	-6.0	4.7	-20.5	-3.6	-4.1
Consumption	7.6	-4.3	6.7	-18.5	-2.1	-3.4
Investment	1.6	-11.9	-2.3	-26.4	-9.3	-7.0
Public Sector	-2.8	-4.6	-0.6	-10.6	-1.6	-5.4
Consumption	2.0	4.1	5.0	2.3	6.9	2.7
Investment	-10.8	-21.4	-11.3	-38.7	-18.6	-19.8
Net Exports	9.7	-12.3	-37.0	-38.6	21.9	12.4
Exports of Goods and Services	-1.3	-8.8	-7.1	-21.7	-4.7	-1.8
Imports of Goods and Services	-2.5	-8.3	-2.5	-19.7	-7.8	-3.3
GDP	4.3	-5.6	0.7	-17.1	-2.6	-3.4

Source: Department of Statistics, Malaysia, Gross Domestic Product.

On the supply side, all segments recorded contractions (Table 2). Mostly, the containment efforts to prevent the spread of the COVID-19 pandemic had impacted the overall economic activities in 2020. The mining and quarrying sector contracted, mainly due to maintenance works and weak production amid the movement restrictions. The construction sector was affected amid delays in projects. Meanwhile, services sector was largely dragged by the wholesale and retail trade segments. As for the agriculture sector, mainly oil palm output had deteriorated. Manufacturing sector contracted in 2020, despite improvement in the output of electrical and electronics products in the second half of the year.



Malaysian Economy: Review and Outlook

Table 2

Malaysia: GDP by Economic Activity, 2019 – 2020
(at constant 2015 prices)

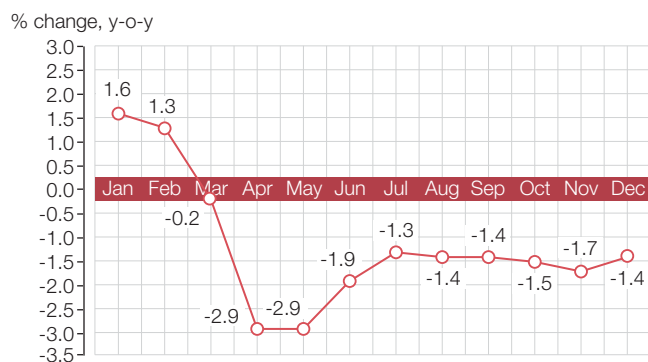
	% Annual Change					
	2019	2020	2020			
			1Q	2Q	3Q	4Q
Services	6.1	-5.5	3.1	-16.2	-4.0	-4.9
Manufacturing	3.8	-2.6	1.5	-18.3	3.3	3.0
Agriculture	2.0	-2.2	-8.7	1.0	-0.5	-0.7
Mining & Quarrying	-2.0	-10.0	-2.0	-20.0	-6.8	-10.6
Construction	0.1	-19.4	-7.9	-44.5	-12.4	-13.9
GDP	4.3	-5.6	0.7	-17.1	-2.6	-3.4

Source: Department of Statistics, Malaysia, Gross Domestic Product.

In 2020, Malaysia recorded a deflation of 1.2%, primarily due to lower retail fuel prices (2019: +0.7%) (Graph 1). Labour market remained weak in 2020, as business closures and cost-cutting measures weighed on both the overall employment and income levels nationwide. The unemployment rate rose to 4.5% in 2020 (2019: 3.3%) (Graph 2).

Graph 1

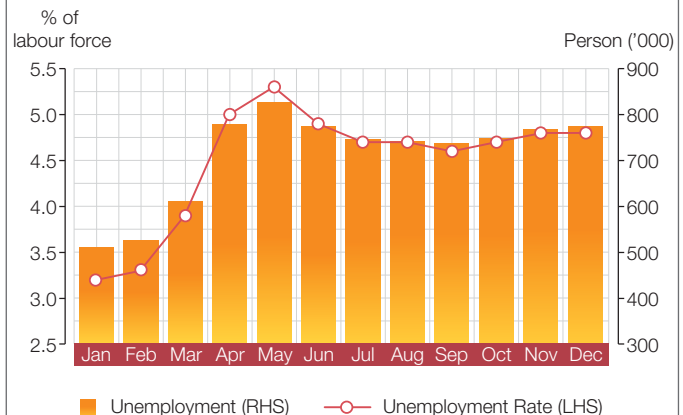
Malaysia: Inflation, 2020 (% y-o-y)



Source: Department of Statistics, Malaysia, Consumer Price Index.

Graph 2

Malaysia: Unemployment Rate and Unemployed Persons, 2020



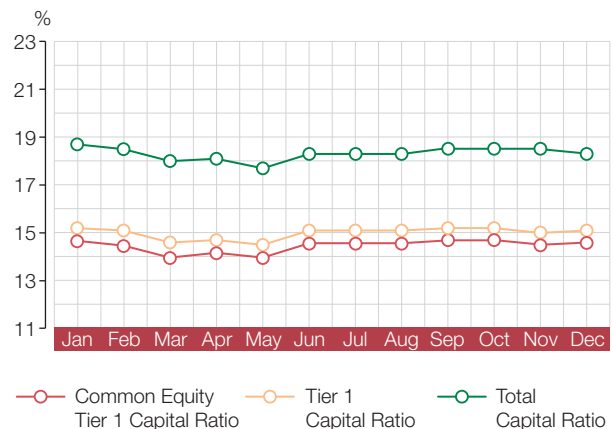
Source: Department of Statistics, Malaysia, Labour Force Statistics.

Banking System

The banking sector liquidity remained stable despite uncertainties and heightened risk in global financial markets. The industry's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at 14.6%, 15.1% and 18.3%, respectively as at the end of 2020 (2019: 14.6%, 15.1% and 18.6%, respectively) (Graph 3), which remained well above the minimum regulatory requirements under Basel III. The gross impaired loans ratio was 1.6% as at the end of 2020 (2019: 1.5%) (Graph 4). The loan to fund ratio stood at 82.5% (2019: 83.2%) (Graph 5).

Graph 3

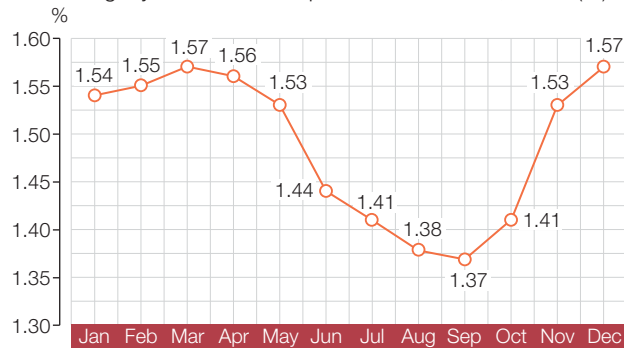
Banking System: Capital Strength, 2020



Source: Bank Negara Malaysia, Monthly Highlights and Statistics.

**Graph 4**

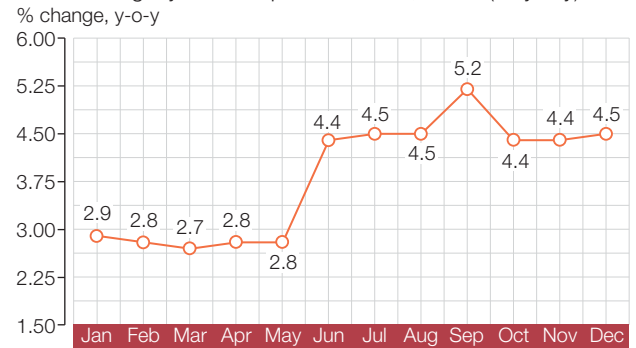
Banking System: Gross Impaired Loans Ratio, 2020 (%)



Source: Bank Negara Malaysia, Monthly Highlights and Statistics.

Graph 7

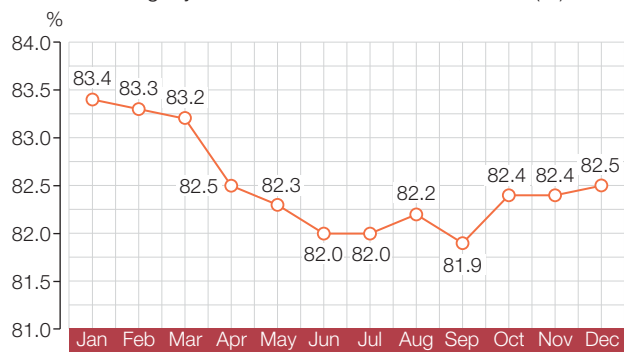
Banking System: Deposits Growth, 2020 (% y-o-y)



Source: Bank Negara Malaysia, Monthly Highlights and Statistics.

Graph 5

Banking System: Loan to Fund Ratio, 2020 (%)



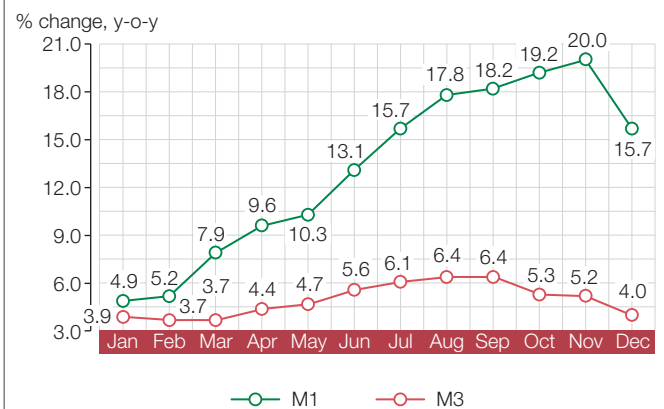
Source: Bank Negara Malaysia, Monthly Highlights and Statistics.

Monetary Aggregates

Monetary aggregates soared in 2020, lifted by Bank Negara Malaysia's ("BNM") liquidity injection and healthy credit growth. Narrow money supply ("M1") expanded by 15.7% in 2020 (2019: 5.8%), underpinned by demand deposits and currency in circulation. Meanwhile, broad money supply ("M3") rose by 4.0% (2019: 3.5%), supported by various segments including savings deposits and demand deposits (Graph 8).

Graph 8

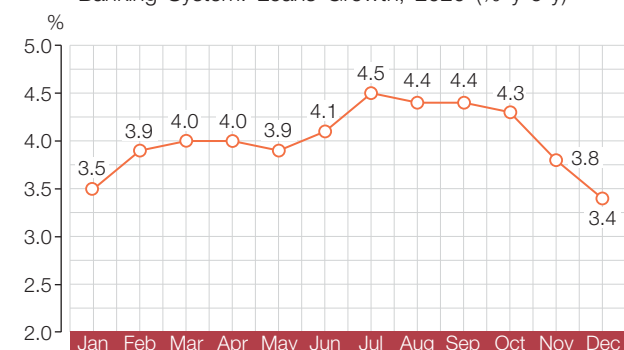
Malaysia: Monetary Aggregates, 2020 (% y-o-y)



Source: Bank Negara Malaysia, Monthly Highlights and Statistics.

Graph 6

Banking System: Loans Growth, 2020 (% y-o-y)



Source: Bank Negara Malaysia, Monthly Highlights and Statistics.

Despite the challenging macro environment, banking sector indicators remained stable. Total loans in the banking system grew by 3.4% in 2020 (2019: 3.9%) (Graph 6). Also, total deposits grew steadily by 4.5% (2019: 2.9%), supported by deposits among most holders, except for the contraction in deposits by the State Government (Graph 7).



Malaysian Economy: Review and Outlook

Monetary Policy

BNM slashed the Overnight Policy Rate ("OPR") by a cumulative 125 basis points to a record low of 1.75% in 2020 (Table 3). Similarly, the Statutory Reserve Requirement ("SRR") Ratio was reduced by 100 basis points to 2.00% in March 2020, to ensure ample liquidity to support financial intermediation activities (Graph 9). Aside from that, banking institutions were given the flexibility to use Malaysian Government Securities and Malaysian Government Investment Issues to fully meet the SRR compliance.

Interest rates for banks eased in 2020, in line with the reduction of the OPR. The base lending rate ("BLR"), average lending rate ("Avg LR") and weighted base rate were reduced to 5.49%, 3.51% and 2.43%, respectively as at the end of 2020 (2019: 6.71%, 4.70% and 3.68%, respectively) (Graph 10). The average interest rate of savings deposits ("SD") for commercial banks was 0.48% (2019: 0.97%), while the 3-month fixed deposits ("FD") rate eased to 1.58% by the end of 2020 (2019: 2.90%) (Graph 11).

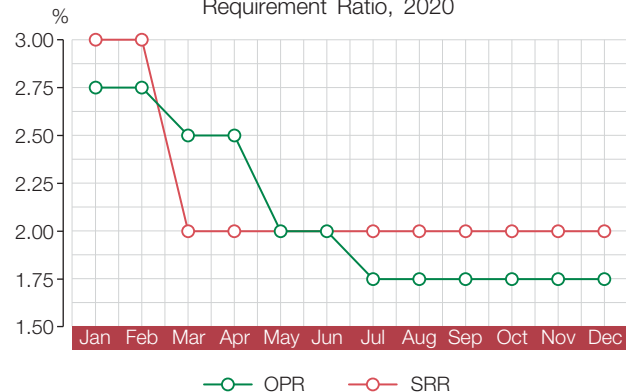
Table 3

Malaysia: Overnight Policy Rate Meetings and Decisions, 2020

	Dates	Policy Decisions
1 st	21 and 22 January 2020	2.75% (-25 bps)
2 nd	2 and 3 March 2020	2.50% (-25 bps)
3 rd	4 and 5 May 2020	2.00% (-50 bps)
4 th	6 and 7 July 2020	1.75% (-25 bps)
5 th	9 and 10 September 2020	1.75% (Unchanged)
6 th	2 and 3 November 2020	1.75% (Unchanged)

Graph 9

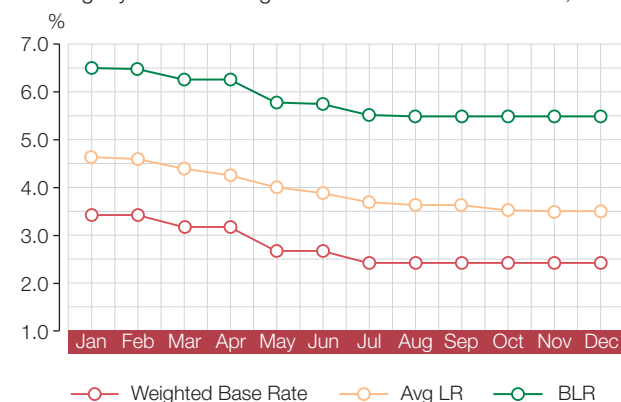
Malaysia: Overnight Policy Rate and Statutory Reserve Requirement Ratio, 2020



Sources: Bank Negara Malaysia, Press Statements on Overnight Policy Rate and Statutory Reserve Requirement Ratio.

Graph 10

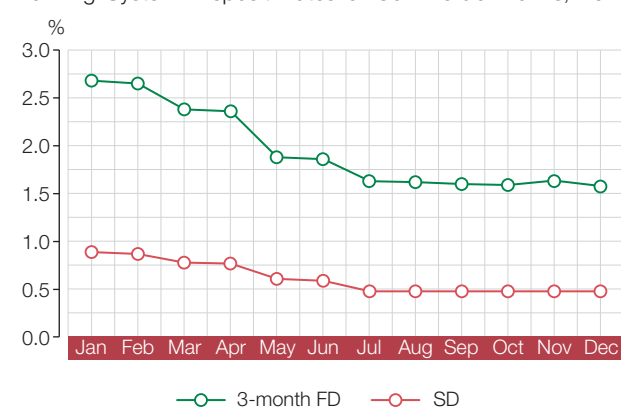
Banking System: Lending Rates of Commercial Banks, 2020



Source: Bank Negara Malaysia, Monthly Statistical Bulletin.

Graph 11

Banking System: Deposit Rates of Commercial Banks, 2020



Source: Bank Negara Malaysia, Monthly Statistical Bulletin.



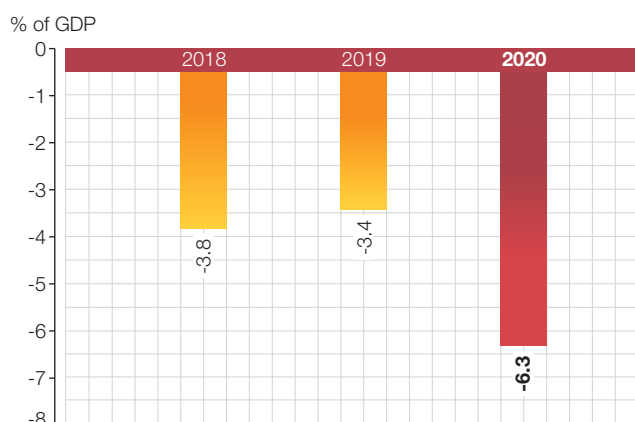
Fiscal Policy

The Government had funded various initiatives to provide relief to the people during the COVID-19 pandemic which raised the budget deficit to 6.3% of GDP in 2020 (2019: -3.4% of GDP) (Graph 12). Meanwhile, the Federal Government debt stood at 62.2% of GDP in 2020 (2019: 52.5% of GDP).

In December 2020, Fitch Ratings had downgraded Malaysia's Long-Term Foreign-Currency Issuer Default Rating to BBB+ from A-, owing to expectation of fiscal deficit to remain higher than pre-pandemic levels while the Malaysian Government's debt burden rises.

Graph 12

Malaysia: Federal Government Fiscal Balance, 2018 – 2020
(% of GDP)



Sources: Ministry of Finance Malaysia, Fiscal Outlook and Federal Government Revenue Estimates 2021 and Bank Negara Malaysia, Quarterly Bulletin.

External Position

Malaysia's current account surplus widened in 2020, as deficits in the services and income accounts were offset by higher surplus in the goods account. Current account surplus amounted to RM62.12 billion or 4.5% of gross national income ("GNI") (2019: RM50.85 billion of 3.5% of GNI) (Table 4).

Malaysia's international reserves stood at RM107.6 billion as at the end of 2020 (2019: USD103.6 billion) (Graph 13), which is sufficient to finance 8.6 months of retained imports and 1.2 times the total short-term external debt.

Table 4

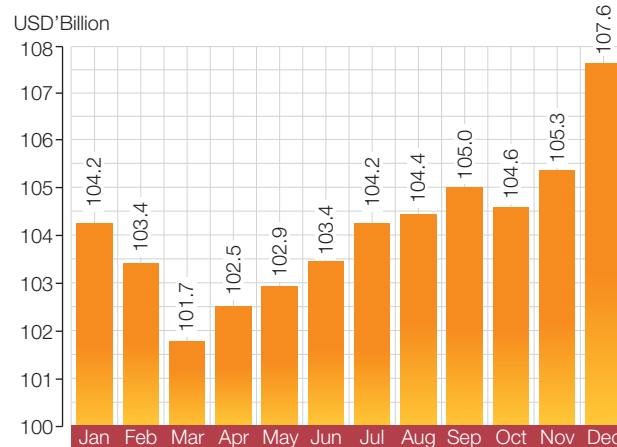
Malaysia: Current Account Balance, 2019-2020

	2019	2020	2020			
			1Q	2Q	3Q	4Q
Current Account Balance (RM'Billion)	50.85	62.12	9.50	7.56	26.10	18.97
% of Gross National Income	3.5	4.5	2.6	2.5	7.3	5.1

Sources: Bank Negara Malaysia, Quarterly Bulletin, various issues and Department of Statistics, Malaysia, Gross Domestic Product.

Graph 13

Malaysia: International Reserves, 2020 (USD'Billion)



Source: Bank Negara Malaysia, Press Statements on International Reserves.

Malaysia's external debt increased as total external debt amounted to RM953.3 billion or 66.5% of GDP in 2020 (2019: RM920.7 billion or 60.9% of GDP).



Malaysian Economy: Review and Outlook

Ringgit Exchange Rate

The Ringgit strengthened against several regional currencies supported by inflows of funds, including the appreciation of 1.9% against the greenback to close at RM4.017 per USD as at the end of 2020 (end of 2019: RM4.093 per USD) (Table 5).

On the contrary, the Ringgit depreciated against other currencies, with the sharp 8.0% deterioration against the AUD to close at RM3.0965 per AUD as at the end of 2020 (end of 2019: RM2.8674 per AUD).

Table 5

Malaysia: Performance of the Ringgit, 2020

Currencies	RM / Foreign Currency (end-period)		% change* 2020 / 2019
	2019	2020	
100 IDR	0.0295	0.0286	3.1
100 THB	13.6844	13.4124	2.0
1 USD	4.0930	4.0170	1.9
100 HKD	52.5610	51.8239	1.4
1 SGD	3.0412	3.0396	0.1
1 GBP	5.3772	5.4904	-2.1
100 JPY	3.7677	3.8953	-3.4
100 PHP	8.0809	8.3600	-3.5
100 KRW	0.3544	0.3696	-4.3
1 CNY	0.5879	0.6141	-4.5
1 EUR	4.5907	4.9413	-7.6
1 AUD	2.8674	3.0965	-8.0

Note: * Positive territory indicates appreciation of the Ringgit against foreign currencies and negative territory indicates depreciation.

Source: Bank Negara Malaysia, website.

III. PROSPECTS FOR 2021

Global Economy: Adverse Effects due to Containment Efforts

The containment measures to prevent the spread of the COVID-19 pandemic had significantly impacted economic sectors globally owing to acute shocks and extensive disruption in global supply chains, of which the adversities will continue to be felt in 2021 as the world adapts and adjusts to the new normal macro environment. Both fiscal and monetary policies globally are expected to remain accommodative, in support of the economic recovery going forward.

Advanced economies, including the US, Europe and Japan are expected to gradually recover following massive downturns in 2020. Asia's economic growth is also expected to improve, in tandem with the expectation of a global recovery ahead.

Malaysia: Gradual Recovery Ahead

The Malaysian economy is expected to recover gradually in 2021, supported by the global recovery and continued policy support domestically.

However, the outlook for Malaysia remains subjected to downside risks, with uncertainties being mostly due to factors surrounding the development of the COVID-19 pandemic and its implications on global economic and financial conditions. Also, the effects of the containment efforts to prevent the spread of the COVID-19 pandemic in Malaysia will continue to be felt in 2021, coupled with the production constraints across key economic sectors.

Fiscal stimulus measures, in tandem with monetary and financial accommodations will provide support to the economy. The OPR was retained at 1.75% during the Monetary Policy Committee meetings in January and March 2021. Meanwhile, Malaysia's inflation is expected to be subdued in 2021, in the absence of both cost and demand pressures.

On the fiscal front, the Government remains committed in its fiscal consolidation efforts, which will be implemented through good practices in expenditure management, including minimising leakages through monitoring of budget execution and spending efficiency. 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 ("SME") as well as encourage domestic investments.

The economy will also be supported by the SMEs who had benefited from the funding assistance through various initiatives by the Government and BNM, including PENJANA SME Financing, PENJANA Tourism Financing, Special Relief Facility and Micro Enterprises Facility.

The Malaysian banking system remains resilient, underpinned by ample liquidity and strong capital buffers. Also, monetary and financial conditions remain accommodative and supportive of economic activities.

Businesses in Malaysia are expected to operate more efficiently by stepping up efforts in cost controls and balance sheet management. Similarly, banks in Malaysia are likely to continue to enhance its operational efficiency, with ongoing active engagement and assistance to customers in need of financial help by offering further rescheduling and / or restructuring of loan repayments.



Investor Information

STOCK MARKET PERFORMANCE IN 2020

- The first quarter of 2020 was marked by two main events, the mid-term change in Malaysia's Federal Government and the unprecedented COVID-19 pandemic which drove investors out of global equities as travel restrictions were imposed to contain the outbreak. The FTSE Bursa Malaysia Composite Index ("FBM KLCI") fell by 15.0% quarter-on-quarter ("q-o-q"). With the anticipated global economic contraction, Bank Negara Malaysia ("BNM") slashed the Overnight Policy Rate ("OPR") by a cumulative 50 basis points ("bps") during the quarter to preserve the degree of monetary accommodativeness. In addition, the announcement of Malaysia's Gross Domestic Product ("GDP") growth for the fourth quarter of 2019 at 3.6% year-on-year ("y-o-y") weighed on overall investor sentiment.
- In the subsequent quarter, almost all global equity markets gained significantly, on account of multiple fiscal and monetary stimulus measures rolled out by Governments and central banks to ward off the negative effects of the pandemic. The FBM KLCI gained 11.1% q-o-q while key global indices such as the Dow Jones Industrial Average and Deutsche Boerse AG German Stock Index rose by 17.8% and 23.9% respectively. BNM announced another cut in the OPR by 50 bps in May 2020. Malaysia's GDP grew marginally by 0.7% in the first quarter of 2020, as economic activities weakened arising from the global containment measures to prevent the spread of the COVID-19 pandemic.
- The third quarter of 2020 is a tale of two halves for the local bourse, with record high trading volume in mid-August before easing towards end-September. While economic activities resumed gradually as businesses re-opened following the easing of the Movement Control Order, intermittent spikes in new COVID-19 cases globally kept sentiment in check. The quarter was notable for the FBM KLCI rising to a high of 1,618.01 points (+7.8% q-o-q), before settling at 1,504.82 points (+0.3% q-o-q). Cumulatively, trading value amounted to RM1.41 trillion in the first nine months of 2020, which was +106.3% compared to the corresponding period in 2019. This was largely underpinned by robust domestic retail investor participation, averaging at 40.5% (2019: 24.0%). BNM reduced the OPR by another 25 bps in July 2020 to provide additional policy stimulus to accelerate the pace of economic recovery. Malaysia's GDP recorded a drastic contraction of 17.1% in the second quarter of 2020, owing to the sudden standstill in economic activities during the Movement Control Order in some parts of the quarter. The contraction is in line with other global economies, with the exception of China and Vietnam which grew during the quarter.
- Market sentiment improved in the final quarter of 2020, particularly in the latter half, following breakthroughs in the COVID-19 vaccine development which raised hopes of a quicker-than-expected economic recovery. Joe Biden's victory in the Presidential Election of the United States of America also raised hopes of calmer global conditions over the next four years. The Malaysian

Government's announcement of an expansionary National Budget 2021 entailing the largest fiscal expenditure on record to support economic activities while tackling the pandemic, further lifted investment sentiment. The announcement of a much improved though still contractionary GDP of 2.6% in the third quarter fuelled optimism that the country's economic recovery is on track. The FBM KLCI rose by 8.1% in the fourth quarter of 2020.

- For the full year of 2020, the benchmark FBM KLCI rose by 2.4% to close at 1,627.21 points.

PUBLIC BANK'S SHARE PRICE PERFORMANCE IN 2020

- Public Bank's share price performed favourably in 2020 despite the volatile market condition and global uncertainties amid the COVID-19 pandemic. In the first quarter of 2020, investors took profit on their investments in the Bank's share. The Bank's share price improved gradually in the second and third quarter of 2020. In the fourth quarter of 2020, the return of investors following breakthroughs in vaccine developments lifted the Bank's share price. The Bank's share price rose sharply in mid-November 2020, followed by further increase in the share price amid the announcement of the bonus issue of four bonus shares for every one existing ordinary share in December 2020.
- In the first quarter of 2020, Public Bank's share price fell by 18.2% q-o-q, compared to the decline in Bursa Malaysia Finance Index ("BMFI") by 20.7%. Public Bank's share price recovered in the second quarter of 2020 as it gained 3.8%, which was comparable with the increase in BMFI by 3.6%. During the period, the Public Bank Group announced net profit of RM1.33 billion for the first quarter of 2020. Public Bank's share price fell by 4.8% in the third quarter of 2020, while BMFI fell by 1.8%. During the period, a cumulative net profit of RM2.33 billion was reported for the first half of 2020 (-15.0% y-o-y). In the fourth quarter of 2020, Public Bank's share price rose significantly by 31.2% q-o-q, compared to the increase in BMFI by 22.8%. A cumulative net profit of RM3.72 billion was announced for the first nine months of 2020.
- As at the end of 2020, Public Bank's share price rose by 6.0% to close at RM20.60 (end of 2019: RM19.44), which was in line with the improvement in investor sentiment towards the end of the year and supported further by the announcement of the bonus issue of four bonus shares for every one existing ordinary share in December 2020.
- Public Bank maintained its position as the second largest company listed on Bursa Malaysia with its market capitalisation of RM79.97 billion as at the end of 2020.
- In 2020, Public Bank shares recorded average daily trading volume and value of 4.9 million shares (2019: 4.5 million shares) and RM83.5 million (2019: RM99.7 million) respectively.



Investor Information



SHARE PRICE
RM20.60
2019: RM19.44



MARKET CAPITALISATION
RM79.97 bil
2019: RM75.47 bil



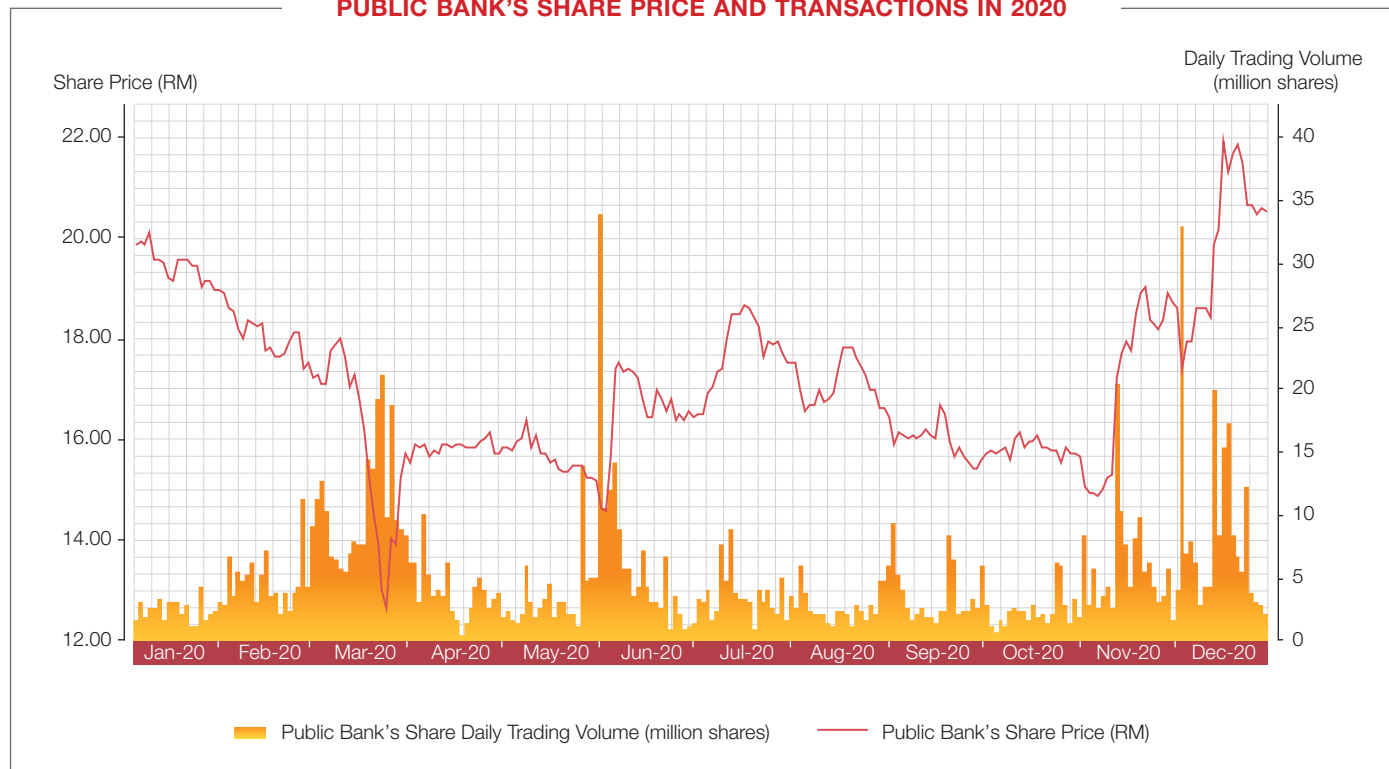
EARNINGS PER SHARE*
25.1 sen
2019: 28.4 sen



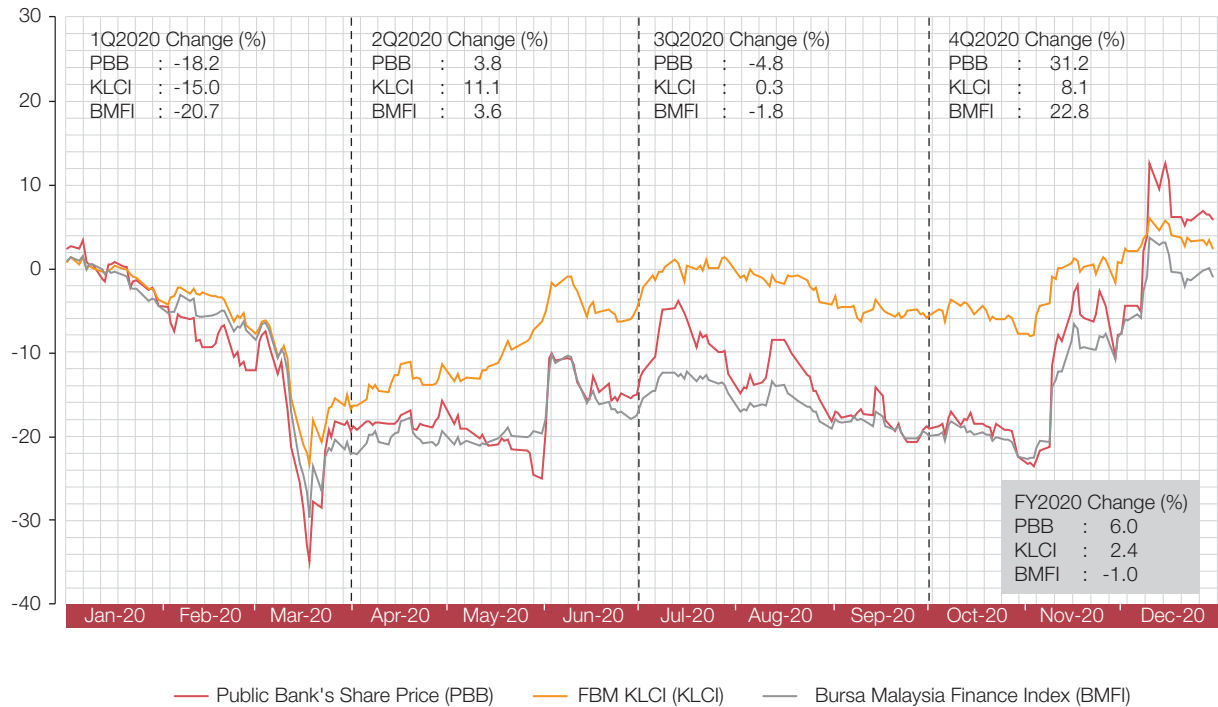
DIVIDEND PER SHARE*
13.0 sen
2019: 14.6 sen

* After adjusting for the bonus issue of four bonus shares for every one existing ordinary share, which was completed and listed on Bursa Malaysia on 29 January 2021.

PUBLIC BANK'S SHARE PRICE AND TRANSACTIONS IN 2020



Public Bank	1Q		2Q		3Q		4Q		FY2020	
Share Price (RM):										
High	20.14	7 Jan	17.86	4 Jun	18.78	15 Jul	22.96	14 Dec	22.96	14 Dec
Low	12.58	19 Mar	14.50	1 Jun	15.40	28 Sep	14.84	3 Nov	12.58	19 Mar
Close	15.90	31 Mar	16.50	30 Jun	15.70	30 Sep	20.60	31 Dec	20.60	31 Dec
Average Daily Trading Volume (million shares)	6.11		4.52		3.35		5.55		4.90	

**RELATIVE PERFORMANCE OF PUBLIC BANK'S SHARE PRICE VS BENCHMARK INDICES IN 2020**Relative Performance
% of change



Analysis of Shareholdings

as at 31 March 2021

Number of Issued Shares : 19,410,691,735 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	3,831	2.41	101	0.06	154,719	*	3,225	*
100 – 1,000 shares	36,474	22.91	322	0.20	24,969,337	0.13	176,835	*
1,001 – 10,000 shares	73,732	46.31	1,055	0.66	336,062,822	1.73	5,485,905	0.03
10,001 – 100,000 shares	34,973	21.96	2,171	1.37	1,040,243,208	5.36	82,526,592	0.42
100,001 – 970,534,585 (less than 5% of issued shares)	5,061	3.18	1,495	0.94	5,894,103,165	30.37	5,184,657,852	26.71
970,534,586 (5% of issued shares) and above	2	*	–	–	6,842,308,075	35.25	–	–
Total	154,073	96.77	5,144	3.23	14,137,841,326	72.84	5,272,850,409	27.16
Grand Total	159,217				19,410,691,735			

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	123,556,410	0.64	4,420,974,855 ^{*1}	22.77	4,544,531,265	23.41
Lai Wan	–	–	93,270 ^{*2}	^{*4}	93,270	^{*4}
Tan Sri Dato' Sri Tay Ah Lek	18,444,225	0.09	12,948,725 ^{*3}	0.07	31,392,950	0.16
Cheah Kim Ling	–	–	51,960 ^{*2}	^{*4}	51,960	^{*4}
Lee Chin Guan	1,000,150	^{*4}	–	–	1,000,150	^{*4}
Tham Chai Phong	73,500	^{*4}	–	–	73,500	^{*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 4,544,531,265 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	123,556,410	0.64	4,420,974,855*	22.77	4,544,531,265	23.41
Consolidated Teh Holdings Sdn Bhd	4,200,680,375	21.64	220,294,480*	1.13	4,420,974,855	22.77
Employees Provident Fund Board	2,868,178,700	14.78	–	–	2,868,178,700	14.78

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 31 March 2021

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	4,200,680,375	21.64
2. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	2,641,627,700	13.61
3. Kumpulan Wang Persaraan (Diperbadankan)	791,518,000	4.08
4. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank & Trust Company (West CLT OD67)</i>	316,074,800	1.63
5. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	272,348,000	1.40
6. Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	234,710,005	1.21
7. Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i>	228,115,925	1.18
8. LPI Capital Bhd	212,603,520	1.10
9. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for AIA Bhd</i>	212,572,055	1.10
10. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	210,082,090	1.08
11. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	199,590,000	1.03
12. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	194,558,115	1.00
13. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An for UOB Kay Hian Pte Ltd (A/c Clients)</i>	146,567,075	0.76
14. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited for Government of Singapore (C)</i>	138,545,390	0.71
15. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 – Wawasan</i>	125,000,000	0.64
16. Tan Sri Dato' Sri Dr. Teh Hong Piow	123,556,410	0.64
17. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	112,785,300	0.58
18. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNYM SA/NV For People's Bank Of China (SICL ASIA EM)</i>	96,720,200	0.50



Name	No. of Shares Held	% of Issued Shares
19. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 14)</i>	94,063,500	0.48
20. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	90,584,865	0.47
21. Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 3)</i>	90,073,780	0.46
22. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>The Bank Of New York Mellon For Virtus Vontobel Emerging Markets Opportunities Fund</i>	89,860,708	0.46
23. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Blackrock Institutional Trust Company, N.A. Investment Funds For Employee Benefit Trusts</i>	89,707,000	0.46
24. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	82,130,000	0.42
25. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund SWV4 for California Public Employees Retirement System</i>	78,359,050	0.40
26. HSBC Nominees (Asing) Sdn Bhd <i>J.P. Morgan Securities Plc</i>	68,698,990	0.35
27. Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	67,835,145	0.35
28. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II</i>	63,763,600	0.33
29. Public Invest Nominees (Tempatan) Sdn Bhd <i>Public Bank Group Officers' Retirement Benefits Fund</i>	62,904,160	0.32
30. Kenanga Nominees (Tempatan) Sdn Bhd <i>Public Bank Group Officers' Retirement Benefits Fund</i>	51,437,250	0.27
	11,387,073,008	58.66



Share Capital

as at 5 April 2021

The total number of issued shares as at 5 April 2021 stands at 19,410,691,735 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



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
05.10.1994	1,113,000	Exercise of share options under PBB ESOS at option price of RM7.84 per share	569,547,400
27.12.1994	50,000,000	Issue and private placement of 50,000,000 new shares as follows: – 35,000,000 PBB local shares at RM8.28 per share – 15,000,000 PBB foreign shares at RM10.62 per share	619,547,400
18.04.1996	25,500	Exercise of share options under PBB ESOS at option price of RM7.84 per share	619,572,900
07.08.1996	206,524,300	Capitalisation of share premium account (Bonus Issue 1:3)	826,097,200
25.10.1996	143,541	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,240,741
12.05.1997	358,850	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,599,591
06.01.1998	165,319,918	Capitalisation of share premium account (Bonus Issue 1:5)	991,919,509
09.03.1998	165,319,918	Rights Issue 1:5 at RM2.00 per PBB local share and at RM2.28 per PBB foreign share	1,157,239,427
11.02.1999	8,007,750	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,165,247,177
11.05.1999	35,500	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,165,282,677
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



Share Capital

as at 5 April 2021

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
12.07.2002	458,710,997	Capitalisation of share premium account (Bonus Issue 1:4)	2,293,554,982
13.09.2002	13,570,954	Exercise of share options under PBB ESOS as follows: – 1,488,329 shares at option price of RM2.04 per share – 12,082,625 shares at option price of RM4.44 per share	2,307,125,936
08.10.2002	7,153,442	Exercise of share options under PBB ESOS as follows: – 412,567 shares at option price of RM2.04 per share – 6,740,875 shares at option price of RM4.44 per share	2,314,279,378
12.12.2002	247,675	Exercise of share options under PBB ESOS as follows: – 130,050 shares at option price of RM2.04 per share – 117,625 shares at option price of RM4.44 per share	2,314,527,053
14.03.2003	153,158	Exercise of share options under PBB ESOS as follows: – 112,408 shares at option price of RM2.04 per share – 40,750 shares at option price of RM4.44 per share	2,314,680,211
09.04.2003	37,907	Exercise of share options under PBB ESOS at option price of RM2.04 per share	2,314,718,118
13.06.2003	202,598,923	New PBB local shares issued in exchange for 135,065,949 ordinary shares of RM1.00 each in Public Finance Bhd (PFB) pursuant to terms of privatisation of PFB	2,517,317,041
16.07.2003	629,329,261	Capitalisation of share premium account (Bonus Issue 1:4)	3,146,646,302
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



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
27.10.2003	2,054,251	Exercise of share options under PBB ESOS as follows: – 3,313 shares at option price of RM1.64 per share – 1,457,938 shares at option price of RM3.56 per share – 593,000 shares at option price of RM3.40 per share	3,174,481,530
29.10.2003	6,748,111	Exercise of share options under PBB ESOS as follows: – 32,993 shares at option price of RM1.64 per share – 3,781,268 shares at option price of RM3.56 per share – 2,933,850 shares at option price of RM3.40 per share	3,181,229,641
06.11.2003	4,913,239	Exercise of share options under PBB ESOS as follows: – 39,115 shares at option price of RM1.64 per share – 3,806,374 shares at option price of RM3.56 per share – 1,067,750 shares at option price of RM3.40 per share	3,186,142,880
13.11.2003	1,202,135	Exercise of share options under PBB ESOS as follows: – 5,040 shares at option price of RM1.64 per share – 961,220 shares at option price of RM3.56 per share – 235,875 shares at option price of RM3.40 per share	3,187,345,015
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



Share Capital

as at 5 April 2021

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
01.03.2004	1,024,066	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873
03.03.2004	13,717,282	Exercise of share options under PBB ESOS as follows: – 38,231 shares at option price of RM1.64 per share – 10,718,176 shares at option price of RM3.56 per share – 1,647,375 shares at option price of RM3.40 per share – 1,313,500 shares at option price of RM4.60 per share	3,223,708,155
05.03.2004	28,660,157	Exercise of share options under PBB ESOS as follows: – 253,907 shares at option price of RM1.64 per share – 28,406,250 shares at option price of RM3.56 per share	3,252,368,312
11.03.2004	13,177,700	Exercise of share options under PBB ESOS as follows: – 36,366 shares at option price of RM1.64 per share – 10,361,459 shares at option price of RM3.56 per share – 940,875 shares at option price of RM3.40 per share – 1,839,000 shares at option price of RM4.60 per share	3,265,546,012
17.03.2004	12,271,286	Exercise of share options under PBB ESOS as follows: – 46,892 shares at option price of RM1.64 per share – 10,183,769 shares at option price of RM3.56 per share – 597,125 shares at option price of RM3.40 per share – 1,443,500 shares at option price of RM4.60 per share	3,277,817,298
23.03.2004	8,575,825	Exercise of share options under PBB ESOS as follows: – 38,252 shares at option price of RM1.64 per share – 6,166,723 shares at option price of RM3.56 per share – 867,350 shares at option price of RM3.40 per share – 1,503,500 shares at option price of RM4.60 per share	3,286,393,123
06.04.2004	1,919,157	Exercise of share options under PBB ESOS as follows: – 1,703,532 shares at option price of RM3.56 per share – 69,625 shares at option price of RM3.40 per share – 146,000 shares at option price of RM4.60 per share	3,288,312,280
13.04.2004	4,016,890	Exercise of share options under PBB ESOS as follows: – 3,078,890 shares at option price of RM3.56 per share – 405,000 shares at option price of RM3.40 per share – 533,000 shares at option price of RM4.60 per share	3,292,329,170
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



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
30.08.2004	12,767,404	Exercise of share options under PBB ESOS as follows: – 57,078 shares at option price of RM1.64 per share – 7,127,076 shares at option price of RM3.56 per share – 618,450 shares at option price of RM3.40 per share – 2,372,800 shares at option price of RM4.60 per share – 2,592,000 shares at option price of RM4.92 per share	3,317,482,642
09.09.2004	1,649,681	Exercise of share options under PBB ESOS as follows: – 908,831 shares at option price of RM3.56 per share – 67,350 shares at option price of RM3.40 per share – 260,500 shares at option price of RM4.60 per share – 413,000 shares at option price of RM4.92 per share	3,319,132,323
27.09.2004	623,819	Exercise of share options under PBB ESOS as follows: – 8,125 shares at option price of RM1.64 per share – 344,819 shares at option price of RM3.56 per share – 63,375 shares at option price of RM3.40 per share – 136,000 shares at option price of RM4.60 per share – 71,500 shares at option price of RM4.92 per share	3,319,756,142
28.09.2004	1,737,912	Exercise of share options under PBB ESOS as follows: – 795,637 shares at option price of RM3.56 per share – 120,875 shares at option price of RM3.40 per share – 347,900 shares at option price of RM4.60 per share – 473,500 shares at option price of RM4.92 per share	3,321,494,054
04.10.2004	4,621,593	Exercise of share options under PBB ESOS as follows: – 33,767 shares at option price of RM1.64 per share – 2,569,876 shares at option price of RM3.56 per share – 267,650 shares at option price of RM3.40 per share – 1,187,300 shares at option price of RM4.60 per share – 563,000 shares at option price of RM4.92 per share	3,326,115,647
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



Share Capital

as at 5 April 2021

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
03.12.2004	2,392,002	Exercise of share options under PBB ESOS as follows: – 1,183,077 shares at option price of RM3.56 per share – 140,300 shares at option price of RM3.40 per share – 604,125 shares at option price of RM4.60 per share – 464,500 shares at option price of RM4.92 per share	3,355,767,324
28.01.2005	20,743,000	Exercise of share options under PBB ESOS at option price of RM4.92 per share	3,376,510,324
31.01.2005	2,415,001	Exercise of share options under PBB ESOS as follows: – 15,475 shares at option price of RM1.64 per share – 985,926 shares at option price of RM3.56 per share – 104,200 shares at option price of RM3.40 per share – 954,400 shares at option price of RM4.60 per share – 355,000 shares at option price of RM4.92 per share	3,378,925,325
07.02.2005	10,466,250	Exercise of share options under PBB ESOS as follows: – 2,406,250 shares at option price of RM3.56 per share – 2,250,000 shares at option price of RM4.60 per share – 5,810,000 shares at option price of RM4.92 per share	3,389,391,575
21.02.2005	7,511,743	Exercise of share options under PBB ESOS as follows: – 26,106 shares at option price of RM1.64 per share – 3,364,187 shares at option price of RM3.56 per share – 377,950 shares at option price of RM3.40 per share – 2,883,000 shares at option price of RM4.60 per share – 860,500 shares at option price of RM4.92 per share	3,396,903,318
25.02.2005	639,342	Exercise of share options under PBB ESOS as follows: – 6,094 shares at option price of RM1.64 per share – 236,373 shares at option price of RM3.56 per share – 14,875 shares at option price of RM3.40 per share – 291,000 shares at option price of RM4.60 per share – 91,000 shares at option price of RM4.92 per share	3,397,542,660
01.08.2005	12,813,748	Exercise of share options under PBB ESOS as follows: – 14,482 shares at option price of RM1.64 per share – 1,382,291 shares at option price of RM3.56 per share – 194,275 shares at option price of RM3.40 per share – 1,397,700 shares at option price of RM4.60 per share – 6,670,000 shares at option price of RM4.92 per share – 3,155,000 shares at option price of RM6.37 per share	3,410,356,408
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



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
09.11.2005	3,737,523	Exercise of share options under PBB ESOS as follows: – 1,269 shares at option price of RM1.64 per share – 1,429,354 shares at option price of RM3.56 per share – 238,525 shares at option price of RM3.40 per share – 1,537,875 shares at option price of RM4.60 per share – 204,000 shares at option price of RM4.92 per share – 326,500 shares at option price of RM6.37 per share	3,416,208,005
15.11.2005	660,400	Exercise of share options under PBB ESOS as follows: – 163,100 shares at option price of RM3.56 per share – 61,700 shares at option price of RM3.40 per share – 390,100 shares at option price of RM4.60 per share – 45,500 shares at option price of RM4.92 per share	3,416,868,405
05.12.2005	504,684	Exercise of share options under PBB ESOS as follows: – 217,309 shares at option price of RM3.56 per share – 35,375 shares at option price of RM3.40 per share – 202,500 shares at option price of RM4.60 per share – 23,500 shares at option price of RM4.92 per share – 26,000 shares at option price of RM6.37 per share	3,417,373,089
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



Share Capital

as at 5 April 2021

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
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
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



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
30.11.2006	3,142,529	Exercise of share options under PBB ESOS as follows: – 1,358 shares at option price of RM1.64 per share – 90,371 shares at option price of RM3.56 per share – 4,000 shares at option price of RM3.40 per share – 188,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 1,083,300 shares at option price of RM6.37 per share – 1,731,500 shares at option price of RM5.67 per share	3,455,684,776
05.12.2006	4,553,096	Exercise of share options under PBB ESOS as follows: – 4,092 shares at option price of RM1.64 per share – 161,211 shares at option price of RM3.56 per share – 18,793 shares at option price of RM3.40 per share – 349,600 shares at option price of RM4.60 per share – 78,000 shares at option price of RM4.92 per share – 1,655,200 shares at option price of RM6.37 per share – 2,286,200 shares at option price of RM5.67 per share	3,460,237,872
15.12.2006	2,407,500	Exercise of share options under PBB ESOS as follows: – 30,700 shares at option price of RM3.56 per share – 1,800 shares at option price of RM3.40 per share – 82,200 shares at option price of RM4.60 per share – 59,000 shares at option price of RM4.92 per share – 729,000 shares at option price of RM6.37 per share – 1,504,800 shares at option price of RM5.67 per share	3,462,645,372
22.12.2006	179,500	Exercise of share options under PBB ESOS as follows: – 17,500 shares at option price of RM4.60 per share – 50,000 shares at option price of RM6.37 per share – 112,000 shares at option price of RM5.67 per share	3,462,824,872
25.01.2007	7,252,589	Exercise of share options under PBB ESOS as follows: – 473 shares at option price of RM1.64 per share – 184,208 shares at option price of RM3.56 per share – 14,800 shares at option price of RM3.40 per share – 234,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,230,108 shares at option price of RM6.37 per share – 3,545,000 shares at option price of RM5.67 per share	3,470,077,461
30.01.2007	16,102,248	Exercise of share options under PBB ESOS as follows: – 5,228 shares at option price of RM1.64 per share – 68,187 shares at option price of RM3.56 per share – 29,000 shares at option price of RM3.40 per share – 254,031 shares at option price of RM4.60 per share – 60,200 shares at option price of RM4.92 per share – 11,004,802 shares at option price of RM6.37 per share – 4,680,800 shares at option price of RM5.67 per share	3,486,179,709



Share Capital

as at 5 April 2021

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: – 16,239 shares at option price of RM3.56 per share – 775 shares at option price of RM3.40 per share – 35,100 shares at option price of RM4.60 per share – 11,000 shares at option price of RM4.92 per share – 1,971,000 shares at option price of RM6.37 per share – 764,500 shares at option price of RM5.67 per share	3,488,978,323
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: – 8,000 shares at option price of RM3.56 per share – 1,000 shares at option price of RM3.40 per share – 48,500 shares at option price of RM4.60 per share – 25,500 shares at option price of RM4.92 per share – 2,387,000 shares at option price of RM6.37 per share – 979,000 shares at option price of RM5.67 per share	3,492,427,323
23.02.2007	118,000	– Exercise of share options under PBB ESOS as follows: – 3,500 shares at option price of RM4.60 per share – 49,000 shares at option price of RM6.37 per share – 65,500 shares at option price of RM5.67 per share	3,492,545,323
14.05.2007	5,659,529	Exercise of share options under PBB ESOS as follows: – 22,492 shares at option price of RM1.64 per share – 75,283 shares at option price of RM3.56 per share – 24,350 shares at option price of RM3.40 per share – 185,000 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,516,279 shares at option price of RM6.37 per share – 1,792,625 shares at option price of RM5.67 per share	3,498,204,852
17.05.2007	7,553,346	Exercise of share options under PBB ESOS as follows: – 3,371 shares at option price of RM1.64 per share – 114,070 shares at option price of RM3.56 per share – 31,507 shares at option price of RM3.40 per share – 216,500 shares at option price of RM4.60 per share – 54,300 shares at option price of RM4.92 per share – 4,608,696 shares at option price of RM6.37 per share – 2,524,902 shares at option price of RM5.67 per share	3,505,758,198
30.05.2007	224,369	Exercise of share options under PBB ESOS as follows: – 9,369 shares at option price of RM3.56 per share – 6,500 shares at option price of RM4.60 per share – 2,500 shares at option price of RM4.92 per share – 128,000 shares at option price of RM6.37 per share – 78,000 shares at option price of RM5.67 per share	3,505,982,567
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



Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
07.06.2007	33,900	Exercise of share options under PBB ESOS as follows: – 400 shares at option price of RM3.56 per share – 1,500 shares at option price of RM4.60 per share – 25,000 shares at option price of RM6.37 per share – 7,000 shares at option price of RM5.67 per share	3,508,979,267
10.07.2007	1,974,411	Exercise of share options under PBB ESOS as follows: – 379 shares at option price of RM1.64 per share – 47,133 shares at option price of RM3.56 per share – 91,000 shares at option price of RM4.60 per share – 15,500 shares at option price of RM4.92 per share – 1,201,900 shares at option price of RM6.37 per share – 618,499 shares at option price of RM5.67 per share	3,510,953,678
17.07.2007	7,444,206	Exercise of share options under PBB ESOS as follows: – 82,283 shares at option price of RM3.56 per share – 19,925 shares at option price of RM3.40 per share – 95,575 shares at option price of RM4.60 per share – 16,100 shares at option price of RM4.92 per share – 6,428,923 shares at option price of RM6.37 per share – 801,400 shares at option price of RM5.67 per share	3,518,397,884
20.07.2007	727,500	Exercise of share options under PBB ESOS as follows: – 3,000 shares at option price of RM3.56 per share – 21,000 shares at option price of RM4.60 per share – 10,000 shares at option price of RM4.92 per share – 512,000 shares at option price of RM6.37 per share – 181,500 shares at option price of RM5.67 per share	3,519,125,384
14.11.2007	6,071,344	Exercise of share options under PBB ESOS as follows: – 727 shares at option price of RM1.64 per share – 68,822 shares at option price of RM3.56 per share – 450 shares at option price of RM3.40 per share – 138,900 shares at option price of RM4.60 per share – 26,000 shares at option price of RM4.92 per share – 4,763,700 shares at option price of RM6.37 per share – 1,072,745 shares at option price of RM5.67 per share	3,525,196,728
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



Share Capital

as at 5 April 2021

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
17.12.2007	11,000	Exercise of share options under PBB ESOS at option price of RM6.37 per share	3,527,891,383
21.01.2008	701,527	Exercise of share options under PBB ESOS as follows: – 46,600 shares at option price of RM3.56 per share – 125 shares at option price of RM3.40 per share – 19,000 shares at option price of RM4.60 per share – 8,500 shares at option price of RM4.92 per share – 481,302 shares at option price of RM6.37 per share – 146,000 shares at option price of RM5.67 per share	3,528,592,910
05.02.2008	710,476	Exercise of share options under PBB ESOS as follows: – 11,109 shares at option price of RM3.56 per share – 4,700 shares at option price of RM4.60 per share – 8,000 shares at option price of RM4.92 per share – 502,167 shares at option price of RM6.37 per share – 184,500 shares at option price of RM5.67 per share	3,529,303,386
18.02.2008	1,595,474	Exercise of share options under PBB ESOS as follows: – 10,262 shares at option price of RM3.56 per share – 50 shares at option price of RM3.40 per share – 61,862 shares at option price of RM4.60 per share – 10,500 shares at option price of RM4.92 per share – 1,090,800 shares at option price of RM6.37 per share – 422,000 shares at option price of RM5.67 per share	3,530,898,860
21.02.2008	65,000	Exercise of share options under PBB ESOS as follows: – 2,500 shares at option price of RM4.60 per share – 41,500 shares at option price of RM6.37 per share – 21,000 shares at option price of RM5.67 per share	3,530,963,860
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
27.01.2021	15,528,553,388	Bonus Issue 4:1	19,410,691,735



Summary of Properties Owned by Public Bank Group

as at 31 December 2020

Area	No. of Properties		Net Book Value RM'000
	Freehold	Leasehold	
DOMESTIC			
PUBLIC BANK BERHAD			
Kuala Lumpur	2	–	211,519
Perak	1	–	209
Sarawak	–	1	117
PUBLIC MUTUAL BERHAD			
Kuala Lumpur	1	1	7,665
Johor	–	1	675
Pahang	1	–	1,482
Pulau Pinang	1	–	1,591
Sarawak	–	2	2,143
Selangor	1	1	4,993
PUBLIC HOLDINGS SDN BHD			
Kuala Lumpur	5	4	699,126
Johor	4	–	68,472
Kedah	1	–	1,385
Melaka	–	2	911
Pahang	1	–	78
Perak	3	1	4,272
Pulau Pinang	8	1	4,852
Sabah	–	1	950
Sarawak	1	3	3,844
Selangor	1	2	33,780
OVERSEAS			
CAMBODIAN PUBLIC BANK PLC			
Phnom Penh	1	–	42,579
PUBLIC FINANCIAL HOLDINGS GROUP			
Hong Kong	–	33	553,837

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 2020

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; office space rented to third parties	Freehold	–	4 Years CCC issued on 1-1-2017	58,865 (gross) Net lettable 42,816	30-11-2020 (R)	624,688
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	–	26 Years	46,436	2-1-1995	211,350
Basement, Ground Floor 1st-12th Floor, Flat A & B on 14th Floor, 17th Floor, Flat A on 19th Floor, 21 st 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	822 Years (26-6-2842)	43 Years	5,451	30-5-2006**	127,436
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	40 Years (18-2-2060)	38 Years	1,465	31-12-2020 (R)	118,073
Public Bank Tower 19 Jalan Wong Ah Fook 80000 Johor Bahru Johor Malaysia	30-storey office tower (L / B)	Public Bank's Johor Bahru Branch; office space rented to third parties and a related party	Freehold	–	26 Years	36,222	30-11-2020 (R)	65,625



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	30 Years (27-5-2050)	33 Years	2,215	31-12-2020 (R)	49,949
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	882 Years (14-8-2902)	53 Years	1,464	11-6-1993	45,130
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	–	11 Years	18,149	14-10-2009	42,579
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	–	43 Years	18,277	30-11-2020 (R)	39,389
1 Jalan Air Hitam Kawasan Institusi Bandar Baru Bangi 43000 Kajang Selangor Malaysia	5 blocks of integrated multi-storey building (L / B)	Public Bank's IT & Training Centre	Leasehold 99 Years	76 Years (2-9-2096)	23 Years	31,669	30-11-2020 (R)	27,790

Notes:

(L / B) Land and building

(R) Revaluation was performed as at 31 December 2020

** 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



China

Hong Kong

Laos

Vietnam

Cambodia

Sri Lanka

Malaysia



Group Corporate Directory

HEAD OFFICE

PUBLIC BANK BERHAD

196501000672 (6463-H)

Head Office

Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur, Malaysia

Tel : 03-2176 6000, 03-2176 6666,
03-2163 8888, 03-2163 8899

Fax : 03-2163 9917

Swift : PBBEMYKL

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

Seri Petaling

03-9055 5088
03-9055 5099

Setapak

03-4021 9341
03-4021 9343

Starparc 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 7666
07-436 7788

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 Pulai**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

Keningau087-335 841
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

Sandakan089-245 588
089-245 667**Tawau**089-761 311
089-761 322



Group Corporate Directory

SARAWAK

Batu Niah
085-737 111
085-737 112

Bintangor
084-693 511
084-693 622

Bintulu
086-858 688
086-858 788

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 Seri 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,
94-11-257 6290
☎ : 94-11-257 3958
✉ : PBBELKLX
✉ : pbbstk@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
✉ : PBBELALA
✉ : 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
✉ : customer@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
✉ : PBLLMYKA
☎ : 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 5 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
☎ : 855-23-998 308
✉ : enquiries@campulonpac.com.kh
☎ : www.campulonpac.com.kh**Public Bank Vietnam Limited**☎ : 8424-3943 8999,
8424-3943 9011,
☎ : 8424-3943 9005
✉ : VIDPVNV5
✉ : pbbvn@publicbank.com.vn
☎ : www.publicbank.com.vn
(26 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 55th Annual General Meeting (AGM) of the Company to be held on Monday, 24 May 2021 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 Mr Lim Chao Li as Director.				
2.	Re-election of Mr Lai Wan as Director.				
3.	Re-election of Mr Lee Chin Guan as Director.				
4.	Re-election of Dato' Mohd Hanif bin Sher Mohamed as Director.				
5.	Approval of payment of Directors' fees, Board Committees Members' fees, and allowances to Directors for financial year ended 31 December 2020.				
6.	Approval of payment of remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) for financial year ended 31 December 2020 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 of the Company for the financial year ending 31 December 2021 and authority to the Directors to fix the Auditors' remuneration.				

Signed this _____ day of _____ 2021.

Notes:

- As a precautionary measure in view of the COVID-19 pandemic, the 55th AGM will be conducted on a fully 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 55th AGM in order to register, participate and vote remotely via the RPV facilities.
- The Broadcast Venue of the 55th 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 55th AGM in person at the Broadcast Venue on the day of the 55th AGM.
- Members may submit questions to the Board of Directors prior to the 55th 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 22 May 2021 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 55th AGM.
- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 55th AGM.
- Since the 55th 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 55th 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.

Signature of Member / Common Seal

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 55th AGM or no later than 22 May 2021 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 at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 the notice of meeting 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

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