



PUBLIC BANK

(6463-H)

2014 Annual Report



ENHANCING
Stakeholders' Value



Enhancing Stakeholders' Value

At Public Bank, we recognise that we have obligations to multiple stakeholders – shareholders, customers, employees, the community and regulators – and we strive to consistently deliver optimum value to all of them.

By continuing to implement strategies that ensure sustainable profitability and ROE while balancing our responsibility to our stakeholders, we aim to enhance the long-term intrinsic brand value every step of the way.

This year's theme 'Enhancing Stakeholders' Value' is a testament to Public Bank's creed of sustainable growth and excellence. Like a thriving plant that steadily grows, this year marks the continuation of this legacy to constantly add value, improve performance and deliver strong returns to our stakeholders.

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2014 annual report

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PUBLIC BANK



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



To contact us, please refer to the Corporate Information on page 11 and the Group Corporate Directory on page 296



The financial statements are available in the Financial Statements book of the 2014 Annual Report

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Corporate Philosophy

Public Bank Cares ...

For Its Customers

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

For Its Employees

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

For Its Shareholders

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

For the Community It Serves

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

... **With Integrity**



Corporate Mission

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



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 49th Annual General Meeting of Public Bank Berhad (PBB or Company) (6463-H) will be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 30 March 2015 at 11.00 a.m. for the following purposes:

As Ordinary Business

- | | |
|--|------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon. | Ordinary Resolution 1 |
| 2. To re-elect Cheah Kim Ling who retires pursuant to Article 109 of the Company's Articles of Association. | Ordinary Resolution 2 |
| 3. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965: | |
| i. "THAT Tan Sri Dato' Sri Dr. Teh Hong Piow, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 3 |
| ii. "THAT Tan Sri Datuk Seri Utama Thong Yaw Hong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 4 |
| iii. "THAT Tan Sri Dato' Sri Tay Ah Lek, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 5 |
| iv. "THAT Dato' Sri Lee Kong Lam, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 6 |
| v. "THAT Tang Wing Chew, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 7 |
| vi. "THAT Lai Wan, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 8 |



-
4. To approve the payment of Directors' fees of RM2,459,000 for the financial year ended 31 December 2014. **Ordinary Resolution 9**

 5. To appoint Messrs Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs KPMG for the financial year ending 31 December 2015 and to authorise the Directors to fix the Auditors' remuneration. **Ordinary Resolution 10**
-

By Order of the Board

Dato' Chia Lee Kee
MAICSA 7008270
Company Secretary

Kuala Lumpur
5 March 2015

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 23 March 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 49th Annual General Meeting (AGM).
2. A Member entitled to attend, speak and vote at this 49th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.
3. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at this 49th AGM provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

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

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 nominees 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.

4. 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.
5. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before this 49th AGM.

Explanatory Note:

Ordinary Resolution 10

The Notice of Nomination from a Member pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto, has been received by the Company for the nomination of Messrs Ernst & Young, who have given their consent to act, for appointment as Auditors.

Dato' Yeoh Chin Kee
E1-15-5, Bukit Utama 1
No. 3 Cangkat Bukit Utama PJU 6
47800 Bandar Utama
Petaling Jaya
Selangor Darul Ehsan

18 November 2014

The Board of Directors
Public Bank Berhad
27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

Notice of Nomination of Messrs. Ernst & Young for Appointment as Auditors

Being a member of Public Bank Berhad, I hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965, of my nomination of Messrs. Ernst & Young for appointment as Auditors of the Company in place of the retiring auditors and of my intention to propose the following resolution as an ordinary resolution at the next Annual General Meeting of the Company:

"That Messrs. Ernst & Young be appointed as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG for the financial year ending 31 December 2015 and that the Directors be authorised to fix the Auditors' remuneration."

Yours faithfully

Dato' Yeoh Chin Kee



Financial Calendar

Financial Year **2014**

Announcement of Consolidated Results

21 April 2014 (Monday)

Unaudited results for 1st quarter ended 31 March 2014

24 July 2014 (Thursday)

Unaudited results for 2nd quarter and half-year ended 30 June 2014

23 October 2014 (Thursday)

Unaudited results for 3rd quarter ended 30 September 2014

5 February 2015 (Thursday)

Audited results for 4th quarter and financial year ended 31 December 2014

Dividends

1st Interim Single Tier Dividend of 23%

Notice : 24 July 2014 (Thursday)
Entitlement : 12 August 2014 (Tuesday)
Payment : 20 August 2014 (Wednesday)

2nd Interim Single Tier Dividend of 31%

Notice : 5 February 2015 (Thursday)
Entitlement : 24 February 2015 (Tuesday)
Payment : 5 March 2015 (Thursday)

Annual General Meeting

5 March 2015
(Thursday)

NOTICE OF ANNUAL GENERAL MEETING

30 March 2015
(Monday)

49TH ANNUAL GENERAL MEETING

Financial Highlights

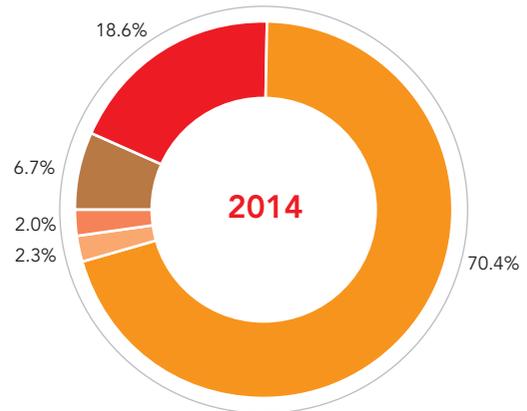
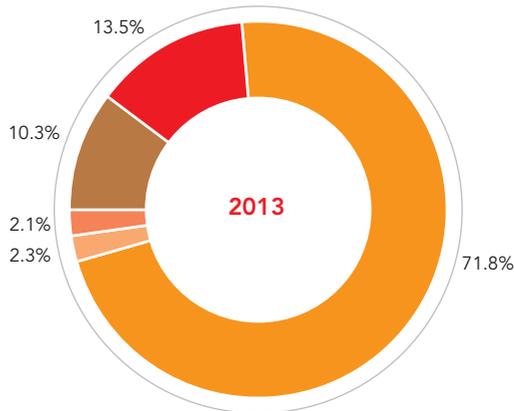
	GROUP		BANK	
	2014	2013	2014	2013
PROFITABILITY (RM'Million)				
Operating revenue	16,860	15,264	12,732	11,504
Operating profit	6,067	5,655	5,118	4,747
Profit before tax expense and zakat	5,814	5,310	5,019	4,647
Net profit attributable to equity holders of the Bank	4,519	4,065	4,030	3,705
KEY BALANCE SHEET DATA (RM'Million)				
Total assets	345,722	305,725	286,668	252,839
Loans, advances and financing	243,222	219,416	201,928	182,405
Deposits from customers	276,540	250,873	226,217	201,872
Shareholders' equity	28,025	20,424	25,943	18,822
FINANCIAL RATIOS (%)				
Profitability Ratios				
Net interest margin on average interest bearing assets	2.2	2.4	2.1	2.2
Net return on equity ¹	19.9 [#]	22.4	19.3 [#]	22.0
Return on average assets	1.8	1.8	1.9	1.9
Return on average risk-weighted assets	2.8	2.8	2.9	2.9
Capital Adequacy Ratios				
Common Equity Tier I capital ratio	11.3	9.3	12.7	10.9
Tier I capital ratio	12.8	11.1	14.4	13.0
Total capital ratio	16.4	14.3	16.3	14.1
Asset Quality Ratio				
Gross impaired loans ratio	0.6	0.7	0.6	0.6

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

[#] Average equity is adjusted with weighted average of net proceeds from rights issue.

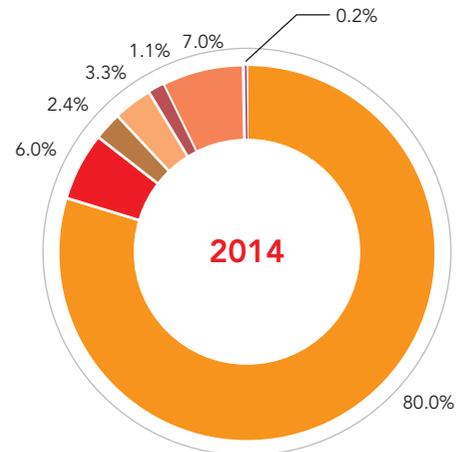
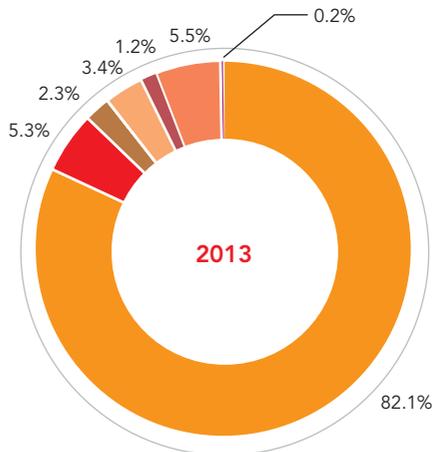


Simplified Group Balance Sheet



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

BOARD OF DIRECTORS

TAN SRI DATO' SRI DR. TEH HONG PIOW

Non-Independent Non-Executive Chairman

PSM, SSAP, SPMJ, SIMP, SSIJ, DSAP, DPMJ, Datuk Kurnia Sentosa Pahang, JP

Hon LLD (M'sia), FIBM (M'sia), EFMIM (M'sia), FCIB (UK), FGIA (Aust), CCMI (UK), FICM (UK), FInstAM (UK)

TAN SRI DATUK SERI UTAMA THONG YAW HONG

Non-Independent Non-Executive Co-Chairman

PSM, SUMW, SIMP, DSAP, DIMP, JMN, SMP, JBS, AMN

BA (Econs Hons), MPA (Harvard), AMP (Harvard), D.Econ (Hon), FIBM (M'sia)

TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

PSM, SSAP, PJN, DIMP, KMN

MBA (Henley), FIBM (M'sia), EFMIM (M'sia), FCPA (Aust), F Fin (Aust)

DATO' SRI LEE KONG LAM

Non-Independent Non-Executive Director

SSAP, DIMP

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

TANG WING CHEW

Independent Non-Executive Director

BA (Hons)

LAI WAN

Independent Non-Executive Director

BA (Econs Hons), MIBM (M'sia)

LAI WAI KEEN

Independent Non-Executive Director

BEc (Hons), LLB

CHEAH KIM LING

Independent Non-Executive Director

BA (Hons), CA (M'sia)



COMPANY SECRETARY

DATO' CHIA LEE KEE

DIMP

MAICSA 7008270

Tel : 603-2176 6341

E-mail : pbbcosec@publicbank.com.my

REGISTERED OFFICE

27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia

Tel : 603-2176 6341, 2163 8888

Fax : 603-2163 9917

SHARE REGISTRAR

TRICOR INVESTOR SERVICES SDN BHD
Level 17, The Gardens North Tower
Mid Valley City

Lingkar Syed Putra
59200 Kuala Lumpur
Malaysia

Tel : 603-2264 3883

Fax : 603-2282 1886

E-mail : is.enquiry@my.tricorglobal.com

AUDITORS

MESSRS KPMG
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel : 603-7721 3388

Fax : 603-7721 3399

HEAD OFFICE

Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia

Tel : 603-2176 6000, 2176 6666,
2163 8888, 2163 8899

Fax : 603-2163 9917

WEBSITE

www.publicbank.com.my

INVESTOR RELATIONS

Tel : 603-2176 6293

Fax : 603-2163 9929

E-mail : ir@publicbank.com.my

AGM HELP DESK

Tel : 603-2176 6455, 2176 6458

Fax : 603-2163 9917

E-mail : pbbcosec@publicbank.com.my

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa Malaysia Securities Berhad

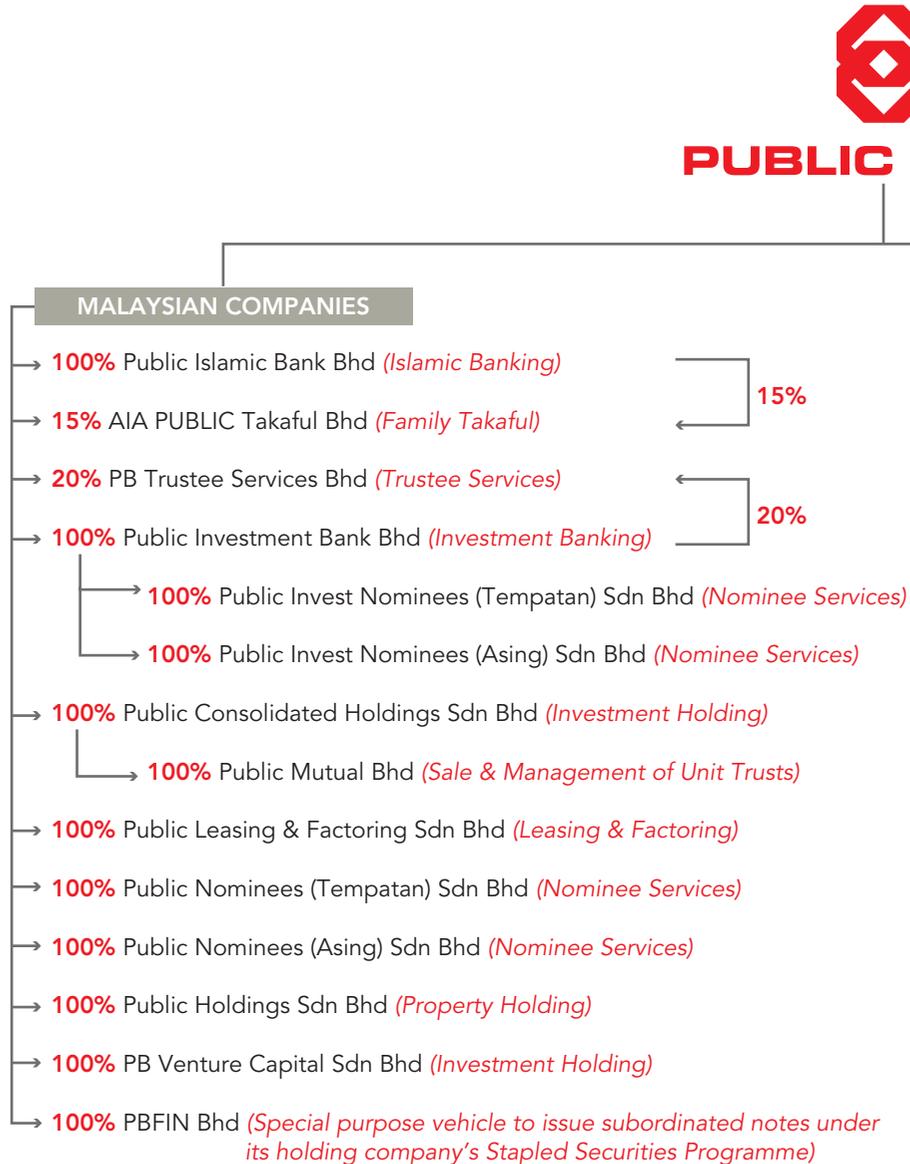
Listing Date : 6 April 1967

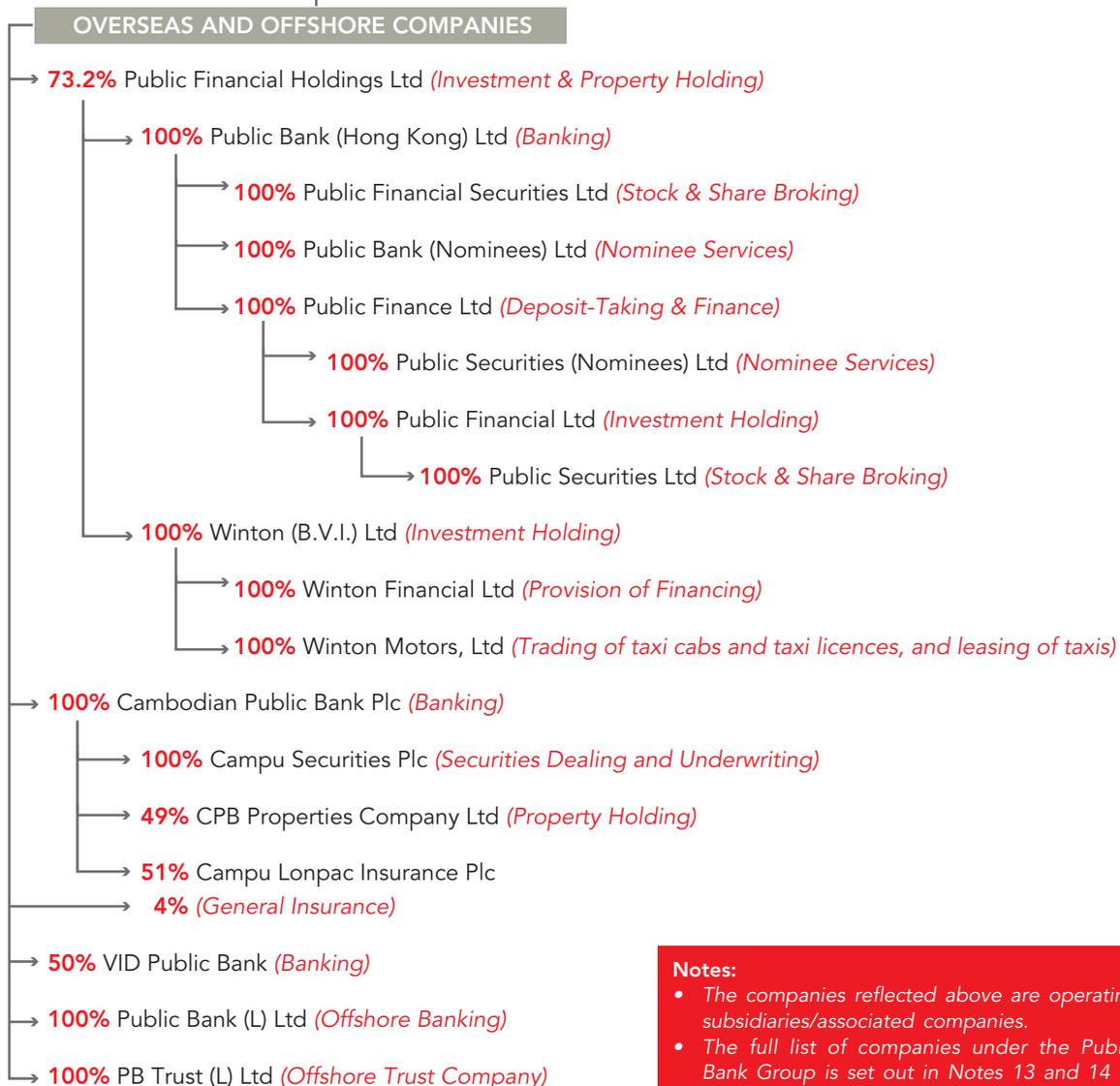
Stock Name : PBBANK

Stock Code : 1295

Group Corporate Structure

As at 26 January 2015





Notes:

- The companies reflected above are operating subsidiaries/associated companies.
- The full list of companies under the Public Bank Group is set out in Notes 13 and 14 to the Financial Statements on pages 98 to 101 in the Financial Statements section of this Annual Report.

Corporate Profile

RM345.72 billion
in total assets

RM4.52 billion
record net profit attributable
to equity holders

3rd
largest banking group in
Malaysia

ABOUT THE GROUP

The Public Bank Group, established by its Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, is the third largest banking group in Malaysia with an asset size of RM345.72 billion as at the end of 2014. Public Bank is the third largest company listed on the Main Market of Bursa Malaysia Securities with a market capitalisation of RM71.04 billion as at the end of 2014. Since its humble beginning in 1966, the Group has grown from strength to strength to its current premier banking group status with staff strength of over 18,000 across the region.

Today, the Public Bank Group offers a comprehensive range of financial products and services which include personal banking, commercial banking, Islamic banking, investment banking, share broking, trustee services, nominee services, sale and management of unit trust funds, bancassurance and general insurance products. The Group's strategy remains focused on organic growth in the retail banking business particularly on the retail consumers and small and medium enterprises ("SMEs"). The Group is committed to sustain its strong business performance and leading market shares to maintain its premier status in the Malaysian banking industry.

Public Bank reaches out to its customers via a network of 259 well distributed branches and 1,801 self service terminals in Malaysia. The Group has presence in the region with a network of 83 branches in Hong Kong, 3 branches in China, 27 branches in Cambodia, 7 branches in Vietnam, 4 branches in Laos and 3 branches in Sri Lanka. Collectively, the Group serves more than 9 million customers in countries where it operates.

**PUBLIC BANK CONTINUES TO LEAD
IN FINANCING FOR RESIDENTIAL
PROPERTY, PASSENGER VEHICLE
AND COMMERCIAL PROPERTY IN
MALAYSIA WITH MARKET SHARES
OF 19.4%, 28.0% AND 33.6%
RESPECTIVELY**

30.0%
cost income ratio, the most cost
efficient Bank in Malaysia



3rd

largest company by market capitalisation in Malaysia

9 million

serving over
customers in countries where it operates

18,000

over
committed and dedicated staff

PUBLIC MUTUAL, A WHOLLY-OWNED SUBSIDIARY OF THE PUBLIC BANK GROUP SUSTAINS ITS LEADING POSITION IN THE PRIVATE UNIT TRUST INDUSTRY WITH A MARKET SHARE OF 39.4% AND TOTAL ASSET UNDER MANAGEMENT OF RM63.03 BILLION

0.6%

gross impaired loans ratio, the best in asset quality among Banks in Malaysia

19.9%

return on equity, the highest among Banks in Malaysia

With consistent financial performance and prudent management, the Public Bank Group continues to be accorded with strong credit and financial ratings from local and foreign rating agencies. Standard & Poor's reaffirmed Public Bank's A- long-term rating and A-2 short-term counterparty credit rating with stable outlook. Moody's Investors Service also reaffirmed Public Bank's foreign currency long-term deposit rating of A3 and short-term deposit rating of P-2 with a positive outlook. Rating Agency Malaysia reaffirmed the Bank's long-term rating of AAA, the highest rating accorded by Rating Agency Malaysia, and its short-term rating of P1.

The Public Bank Group has also been bestowed with numerous best bank awards and excellence in corporate governance awards by both domestic and international publications as well as independent organisations in recognition of the Group's financial performance and distinction in the key areas of its operations. Not resting on its laurels, the Group will continue to strive for greater performance excellence.

As a responsible corporate citizen, the Public Bank Group is committed to its corporate social responsibility initiatives which focus on nation building, enhancement of the market place, promotion of the work place and environment conservation. The Group supports the community by participating in programmes involving education, graduate employment, professional development, healthcare as well as support of the underprivileged. The Group will continue to seek out ways to enrich the lives of those around by doing its part for the community.

Corporate Milestones

from 1966



1966

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



1967

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

1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990



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



1992

- ⇒ Signing ceremony for establishment of Cambodian Public Bank Plc, a wholly-owned banking subsidiary in Cambodia



1996

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



2007

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

1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014



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



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

-
- 1966** ⇨ On 6 August 1966, Public Bank first opened its doors for business at No. 4 Jalan Gereja, Kuala Lumpur with 62 pioneer staff
- ⇨ Public Finance Berhad, then Public Bank's wholly-owned finance company subsidiary, commenced business on 24 September 1966
- ⇨ The start of an expanding network of Public Bank with the opening of Public Bank's Malacca Branch on 15 September 1966 and Ipoh Branch on 7 January 1967, a domestic network that stands at 257 branches today
- ⇨ 1st five months of business yielded a profit of RM71,562, the start of an unbroken profitability track record of 48 years
-
- 1967** ⇨ Official opening of Public Bank on 4 April 1967 by Malaysia's first Prime Minister, the late Y.T.M. Tunku Abdul Rahman
- ⇨ On 6 April 1967, Public Bank was listed on Bursa Malaysia Securities Berhad (then known as the Kuala Lumpur Stock Exchange)
-
- 1969** ⇨ 1st RM1 million annual pre-tax profit
-
- 1970** ⇨ Public Bank paid its 1st dividend of 3.5% per ordinary share of RM1.00 each, the start of an unbroken stream of dividends paid by Public Bank to 2014
-
- 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

SERVICE EXCELLENCE





We believe that what truly sets a financial provider apart from its competitors is not only its range of products and services, but more importantly the quality of service that the customers receive and experience. Besides striving to always provide excellent customer service, we continue to invest in technology and resources in electronic and internet banking and self service delivery channels. We constantly bench strength our service delivery standards in all aspects of customer interfacing activities as they are our key success factors to differentiate Public Bank from its peers.

Enhancing Customer Value

Customer Care

CUSTOMER SERVICE EXCELLENCE IS OUR COMMITMENT

At the Public Bank Group, upholding service excellence and maintaining a customer-focused approach in all our dealings with customers have long been embedded in the Group's customer care culture. We believe this is the key for establishing lasting relationship with our customers. The Group's corporate tagline – "Excellence is Our Commitment" – reflects the commitment and integrated effort by all levels of staff within the Group to proactively anticipate our customers' needs and exceeding their expectations. In today's highly competitive business environment, the Group's unwavering focus to provide high quality customer service has given it a strong advantage over its peers and is the underlying foundation of the Group's long-term business growth strategy.

We continue to invest significant resources to empower our people with the tools they need to deliver on our customer promise. It is this relentless focus on customers which has enabled the Public Bank Group to build its franchise and the PB Brand – which has become synonymous with superior customer service – as well as contributed to the Group's business growth and success.

CUSTOMER SERVICE CHARTER AS A GUIDE TO HIGH STANDARD OF CUSTOMER SERVICE

Our commitment to excellence is reinforced in our Customer Service Charter. Public Bank's Customer Service Charter sets out the standard of customer service the Bank is committed to deliver to its customers. It also provides the manner in which customers can contact the Bank to provide feedback on how the Bank can serve them better. All Public Bank's staff are guided by the principles in the Customer Service Charter to deliver high quality customer service at every point of contact.

MAINTAINING CUSTOMER SERVICE QUALITY STANDARDS

The Public Bank Group ensures the delivery of consistent high quality services to its customers through standard processes established under its "Provision of Customer Service at Front Office" and "Provision of Customer Service in Loan Delivery", which are certified by SIRIM under the ISO 9001:2008 certification. Through continuous enhancements, the Group has consistently achieved the ISO 9001:2008 certification since their implementation.





Under the "Provision of Customer Service at Front Office" processes, the quantitative benchmark of a 2-minute standard waiting time ("SWT") at branch counters is set which aims to deliver quick and efficient banking services to customers at the counters. In 2014, approximately 70% of customers were served within the 2-minute SWT, reflecting the successful implementation of these processes.

Public Bank is uncompromising in its commitment to ensure that the Standard Turnaround Time ("STT") of its "Provision of Customer Service in Loan Delivery" is continuously monitored and enhanced to better serve customers in their loan applications. This is extensively supported by the Group's in-house developed electronic Loan Delivery System which routes loan applications electronically from branches to the relevant approving authorities and measures the STT of each stage of the process.

PERSONALISED FACE TO FACE CUSTOMER SERVICE

The Public Bank Group places great importance on interaction with its customers, especially personalised face-to-face interaction at the branches. Providing personalised attention, support and services via face-to-face interaction with our customers helps to establish lasting bonds and builds brand value.





The Public Bank's "Service Ambassadors" play a key role to realise this objective. The Bank has appointed over 550 Customer Service Representatives ("CSRs") across its branches to provide personalised services to customers on all matters pertaining to the delivery of banking services. These CSRs are trained to provide the best customer care and gather feedback for continuous service enhancement and improvements.

To complement the Service Ambassadors, Public Bank had recently launched the Customer Remittance Executive ("CRE") service with the objective of further improving the remittance service delivery times at our branches and increasing the efficiency as well as accuracy of services provided. The CRE also assists to provide value added advisory services on exchange rate and currency risks.

Public Bank has also established the Account Management Unit ("AMU") to ensure effective and systematic client account management at all the branches. The AMU is responsible for reducing customer attrition and enhancing business development via continuous customer retention initiatives and enhancements to work processes.

In addition, Public Bank has over 1,370 Sales and Marketing Executives, Financial Executives, Share Investment Executives, Merchant Sales Executives and Red Carpet Banking Executives across its 259 branches nationwide to meet and provide a wide range of financial services to new and existing customers.

USING TECHNOLOGY TO DELIVER CUSTOMER SERVICE

Recognising that technology has revolutionised the way people bank, the Public Bank Group continues to innovate new ways of banking. Rapidly changing technology and customer behaviour have resulted in an increasing preference for alternative banking channels as compared to conventional banking. To meet such demands, Public Bank continues to invest in self service banking infrastructure to provide customers with easy access to banking services at their convenience. As at the end of 2014, Public Bank has over 1,801 units of self service terminals comprising of Automated Teller Machines, Cash Deposit Terminals, Cash Recycling Machines, Coin Collection Machines and Cheque Deposit Machines in multiple off-branch and in-branch locations throughout Malaysia.



Public Bank continuously strives to make effective use of technology in order to provide financial management flexibility for customers. In 2014, the Bank launched a revamped version of its internet banking and mobile banking channels, known as "PB engage" or in short "PBe" (previously known as "PBeBank"). PBe offers new and up-to-date user interface which provides flexibility, ease of use and enhanced security measures. To further enhance our capacity to deliver service over the smartphones, the Bank also launched the new "PBe" mobile banking application developed based on Android and IOS platforms which is available for download by customers using Android and IOS based smartphones.

Customer service is also provided through Public Bank's customer service helplines to address customers' inquiries on the services provided by the Bank. Public Bank's dedicated customer service helplines, managed by the Bank's customer service personnel, are available round the clock to provide continuous support and assistance to our customers.

PROMPT COMPLAINT RESOLUTION SYSTEM

Public Bank always ensures that all customer complaints are responded and addressed efficiently. Each complaint must be addressed within the stipulated 10-day response period and the Bank is fully committed to ensure all complaints are resolved within the benchmark implemented.

LISTENING TO THE CUSTOMER

The Customer Service Focus Group ("CSFG") programme remains active at all branches nationwide. This programme enables Public Bank to obtain and address customers' needs and expectations through a dialogue process. Feedback obtained are used to enhance and improve the Bank's service efficiency and delivery quality.

A CUSTOMER CARING BANK

Caring for our underprivileged customers is a priority at Public Bank. Being a responsible corporate citizen, we provide Special Care Counters at our branches to ensure that senior citizens, expectant mothers and the physically disadvantaged are accorded priority services irrespective of the nature of financial transaction, queue length or time of arrival.



Lift for Public Bank

Merged entity sees weightage increase by up to 80%

By TEE LIN SAY
say@star.com.my

PETALING JAYA: The weightage that the FTSE has accorded the merged Public Bank to its Value-Stocks Asian Index will increase by more than double - from 30% to 80% - upon completion of its merger with Public Bank Foreign (PB-Foreign). This effectively means that funds that have their allocation of investment on the weightage of the index will have to increase its shareholding in the financial institution.

MSCI, the other index trackers widely used by fund managers to allocate their funds, is also likely to increase its weightage on the merged Public Bank.

The impending increased weightage probably explains why the shares of Public Bank and PB-Foreign has been on the rise since March 31 after shareholders approved the merger that is to be effective from April 16.



High of RM20.80 on April 4. Shares of Malaysia's third largest financial institution dropped 52 sen yesterday to RM20.28 on volume of 4.45 million shares.

On April 3, FTSE said it intended to make the change in its index, where it would replace PB-Foreign with Public Bank with an unchanged weightage.

股東大會效應續發酵

大眾銀行開收RM20寫新高

星洲訊 大眾銀行昨日在股東大會後，股價隨即開收，收盤價為每股20.28元，較前收盤價19.08元，上升12.04%。



Public Bank lancar kempen ganjaran

Public Bank semalam melancarkan kempen ganjaran kepada pelanggan yang membuat penempatan deposit tetap mata wang asing (FCY FD) dengan dana ditukar daripada ringgit atau dana mata wang asing lain.

Kempen "Tambah Kadar PB FCY FD" dari 1 Jun hingga 30 September 2014, menawarkan kadar tambahan satu peratus setahun atas kadar faedah FCY FD hari lima



Public Bank raih untung bersih RM1.02 billion

Public Bank telah mencatatkan keuntungan bersih RM1.02 bilion bagi suku pertama berakhir 31 Mac 2014, meningkat 10% daripada tempoh yang sama tahun lalu, walaupun berdepan persekitaran ekonomi dan operasi yang menantang.

Dalam tempoh sama, bank tersebut juga melaporkan peningkatan keuntungan 13.5 peratus berbanding sebelumnya kepada RM1.13 bilion.

Program Public Bank, Tan Sri Dr Teh King Piao, berkata prestasi kewangan memuaskan menunjukkan keyakinan pasaran terhadap agensi yang mencatatkan pertumbuhan pinjaman tahunan 16.7 peratus serta pertumbuhan deposit tahunan 14.2 peratus.

Kemudian, Public Bank terus kekal sebagai penyedia dalam kumpulan perbankan yang utama di Malaysia apabila mencatatkan pulangan ekuiti bersih tertinggi sebanyak 35.5 peratus.

Public Bank's Q1 pre-tax profit at RM1.33



Public Bank 3Q net profit up 13% to RM1.19b

Expect to NDA competition to generate due to competition for loans and deposits



Public Bank to raise RM5bil

Financial institution embarks on first rights issue after 10 years

Public Bank has proposed a RM5bil rights issue to beef up its capital, a decision Tan Sri Teh King Piao will announce on 17th.

The amount raised, which is the first in 10 years, is way beyond its capital required that is estimated at RM1.8bil.

This exercise will beef up its capital in a position that there would be no excess for any possible predatory moves.

It is however one of the safest banks with its low non-performing loans.

StarBizWeek



Fortifying a legacy

Public Bank Bhd (April 30, RM20.44) Maintain outperform with target price of RM21.90: Public Bank proposes to undertake a renounceable rights issue with an intention to raise gross proceeds of up to RM5 billion. The entitlement basis for the rights issue and price have not been fixed. However, in an announcement to Bursa Malaysia, Public Bank in-

Public Bank net profit up 5.3% to RM1bil

PETALING JAYA: Public Bank Bhd's net profit for its first-quarter ended March 31 stood at RM1.02 billion, or 20.04 sen per share, 5.3% higher than the net profit of RM966.30m, or 27.65 sen per share, posted for the first quarter of 2013.

"Despite the protracted external uncertainties and challenging operating environment with expected moderation in the overall domestic

The amount raised, which is the first in 10 years, is way beyond its capital required that is estimated at RM1.8bil.

It is however one of the safest banks with its low non-performing loans.

Teh's extra oomph for Public Bank

Founder Tan Sri Teh King Piao is looking out RM2.2bil as part of the bank's RM5bil cash call. Why is the seasoned banker looking out such a huge amount at the stage of his career? We examine the possibilities.



Public Bank at new high

PETALING JAYA: Public Bank Bhd's shares advanced to an all-time high on Monday on expectations that the third largest lender by asset size in Malaysia could be mulling a corporate exercise, dealers said.

The counter rose 28 sen to close at RM19.28 on a volume of 1.26 million shares.

Public Bank's shares have been on a clear upward since the start of 2013, gaining 93.32 year-to-date.

According to some dealers, there is talk that Public Bank, which is the only banking stock that has

Public Bank sees favourable third quarter performance

The favourable achievements in the third quarter 2014 performance of the Public Bank Group were mainly due to the increase in operating revenue as a result of net interest income growth and steady advertised income growth, coupled with stable credit costs.

The Group's net interest income rose 10.7% to RM1.19 billion, or 24.14 sen per share, from RM1.07 billion, or 23.52 sen per share, in the third quarter of 2013.

The Group's operating revenue rose 10.7% to RM1.19 billion, or 24.14 sen per share, from RM1.07 billion, or 23.52 sen per share, in the third quarter of 2013.

The Group's operating expense rose 10.7% to RM1.02 billion, or 20.04 sen per share, from RM966.30 million, or 27.65 sen per share, in the third quarter of 2013.

The Group's net profit rose 5.3% to RM1.02 billion, or 20.04 sen per share, from RM966.30 million, or 27.65 sen per share, in the third quarter of 2013.

SOLID RETURNS





Public Bank's unbroken record of profitability since its inception in 1966 is a testimony of the Bank's commitment to continuously deliver premium returns on investment to our shareholders for the past 48 years. The ultimate measure of a company's success is the extent to which it enriches its shareholders. Preserving consistent and sustainable returns of our shareholders' investment in Public Bank will remain our number one priority.

Enhancing Shareholder Value

Five-Year Group Financial Summary

PROFIT BEFORE TAX



RM 5.81 bil

GROSS IMPAIRED LOANS RATIO



0.6%

YEAR ENDED 31 DECEMBER	2014	2013	2012	2011	2010
OPERATING RESULTS (RM'MILLION)					
Operating profit	6,067	5,655	5,329	5,200	4,738
Profit before tax expense and zakat	5,814	5,310	5,047	4,878	4,086
Net profit attributable to equity holders of the Bank	4,519	4,065	3,827	3,684	3,048
KEY BALANCE SHEET DATA (RM'MILLION)					
Total assets	345,722	305,725	274,824	250,773	226,988
Loans, advances and financing	243,222	219,416	196,052	175,953	154,864
Total liabilities	316,847	284,528	256,106	234,262	212,644
Deposits from customers	276,540	250,873	225,042	200,371	176,872
Core customer deposits	216,707	201,258	177,035	157,297	143,639
Paid-up capital	3,882	3,532	3,532	3,532	3,532
Shareholders' equity	28,025	20,424	18,018	15,813	13,692
Commitments and contingencies	95,813	87,986	79,458	70,847	69,206
SHARE INFORMATION AND VALUATION					
Share Information					
Per share (sen)					
Basic/Diluted earnings	123.7	116.1	109.3	105.2	87.2
Net dividend	54.0	52.0	50.0	48.0	45.5
Net assets	725.7	583.2	514.5	451.5	391.0
Share price as at 31 December (RM)	18.30	19.40	16.28	13.38	13.02
Market capitalisation (RM'Million)	71,043	68,668	57,521	47,066	45,964
Valuations (Local Share)					
Net dividend yield (%)	3.0	2.7	3.1	3.6	3.5
Dividend payout ratio (%)	46.1	44.8	45.3	48.3	52.3
Price to earnings multiple (times)	14.8	16.7	14.9	12.7	14.9
Price to book multiple (times)	2.5	3.3	3.2	3.0	3.3



CUSTOMER DEPOSITS

 **10.2%**

GROSS LOANS

 **10.8%**

YEAR ENDED 31 DECEMBER	2014	2013	2012	2011	2010
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net interest margin on average interest bearing assets	2.2	2.4	2.5	2.7	2.7
Net return on equity ¹	19.9 [#]	22.4	24.1	26.8	27.1
Return on average assets	1.8	1.8	1.9	2.0	1.8
Return on average risk-weighted assets	2.8	2.8	2.9	3.2	3.1
Cost/income ratio	30.0	30.7	31.2	29.8	30.7
Asset Quality Ratios					
Net loan to deposit ratio	88.0	87.5	87.1	87.8	87.6
Gross impaired loans ratio	0.6	0.7	0.7	0.9	1.1
Loan loss coverage					
– Exclude regulatory reserve	122.4	118.5	126.0	113.8	94.2
– Include regulatory reserve	218.6	127.1	135.3	122.1	99.8
Capital Adequacy Ratios					
Common Equity Tier I ("CET I") capital ratio	11.3	9.3	N/A	N/A	N/A
Tier I capital ratio	12.8	11.1	11.4	11.2	11.3
Total capital ratio	16.4	14.3	14.7	15.6	14.2
CET I capital (RM'Million)	24,775	18,527	N/A	N/A	N/A
Tier I capital (RM'Million)	27,942	22,079	20,512	18,341	15,936
Tier II capital (RM'Million)	7,891	6,458	5,861	7,166	4,056
Total capital (RM'Million)	35,833	28,537	26,373	25,507	19,992
PRODUCTIVITY RATIOS					
No. of employees	18,198	17,924	17,625	17,511	17,369
Gross loans per employee (RM'000)	13,465	12,340	11,222	10,148	9,013
Deposits per employee (RM'000)	15,196	13,996	12,768	11,443	10,183
Profit before tax per employee (RM'000)	320	296	286	279	235
MARKET SHARE (%)					
Domestic market share					
Loans, advances & financing	17.2	16.9	16.7	16.4	16.3
Deposits from customers	15.9	15.7	15.2	14.9	14.8
Core customer deposits	18.7	17.5	16.6	16.1	16.3

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

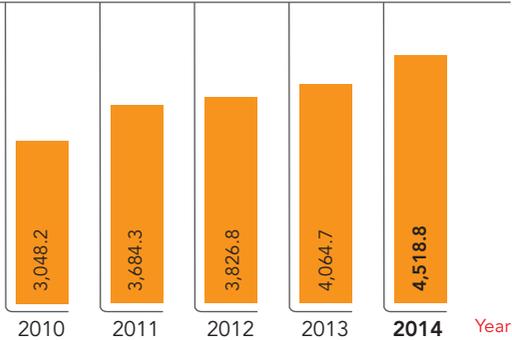
[#] Average equity is adjusted with weighted average of net proceeds from rights issue.

Summary of Five-Year Group Growth

RM4,518.8 Million

Net Profit Attributable To Equity Holders

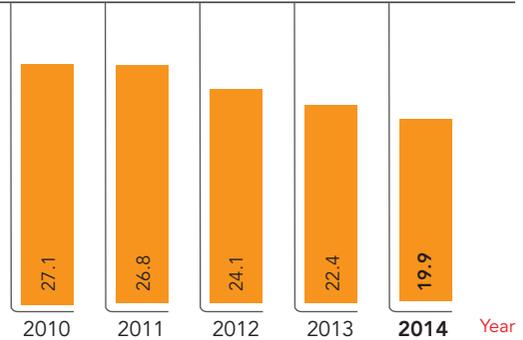
RM'Million



19.9%

Net Return On Equity

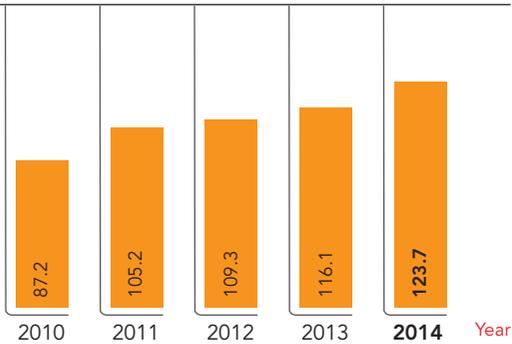
Percentage (%)



123.7 Sen

Earnings Per Share

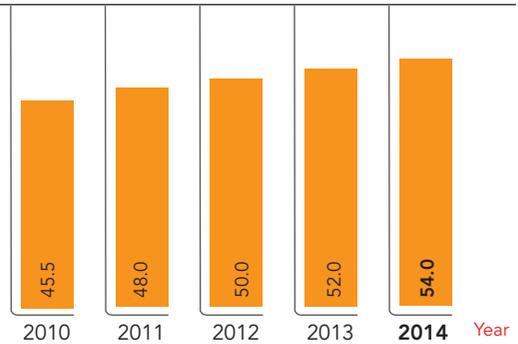
Sen



54.0 Sen

Dividend Per Share

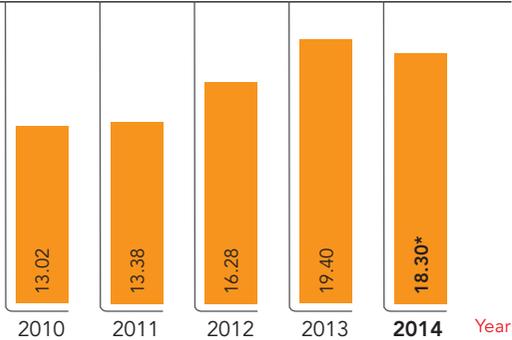
Sen



RM18.30

Share Price

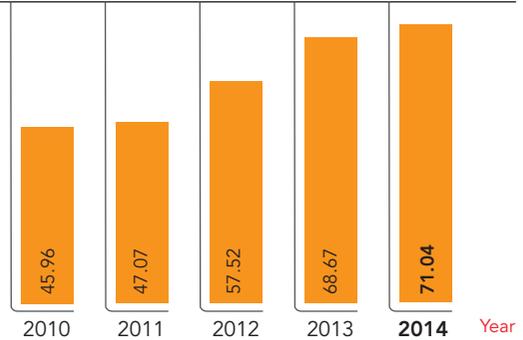
RM



RM71.04 Billion

Market Capitalisation

RM'Billion



* After one for ten rights issue in August 2014.

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

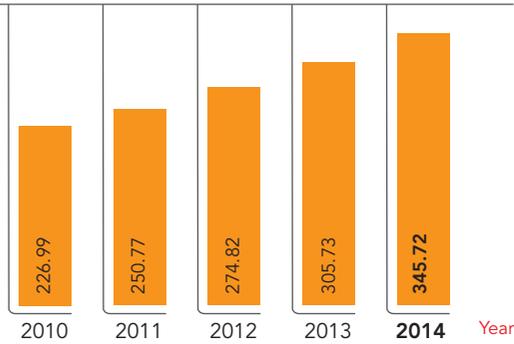
Year	2010	2011	2012	2013	2014
Ranking	4th	5th	2nd	2nd	3rd



RM345.72 Billion

Total Assets

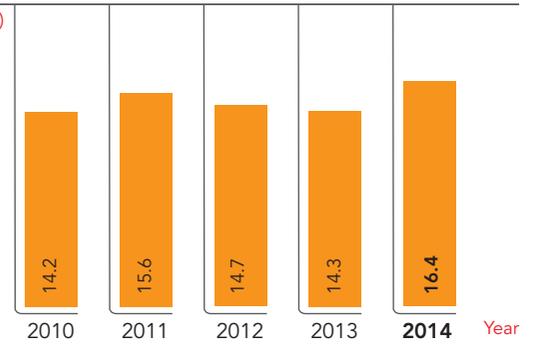
RM' Billion



16.4%

Total Capital Ratio

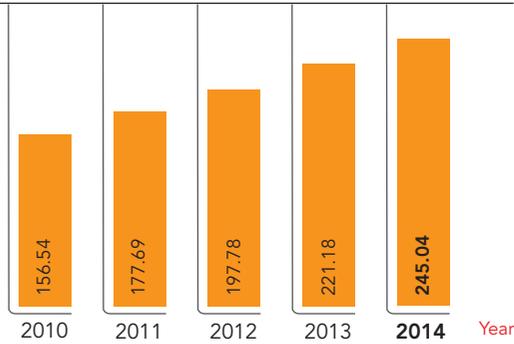
Percentage (%)



RM245.04 Billion

Gross Loans, Advances and Financing

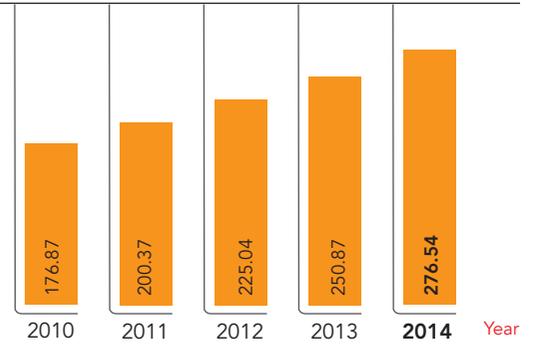
RM' Billion



RM276.54 Billion

Customer Deposits

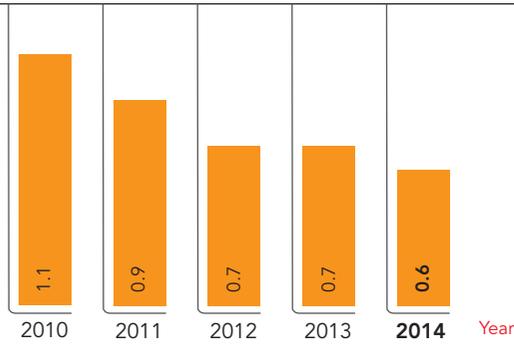
RM' Billion



0.6%

Gross Impaired Loans Ratio

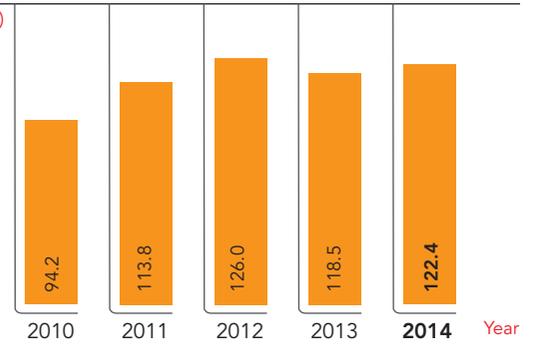
Percentage (%)



122.4%

Loan Loss Coverage

Percentage (%)



Key Interest Bearing Assets & Liabilities

	2014			2013		
	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	222,654	5.35	11,912	201,640	5.38	10,851
Balances with banks	30,454	2.83	862	30,156	2.85	859
Financial investments	38,498	3.38	1,301	32,831	2.99	981
Total	291,606	4.83	14,075	264,627	4.80	12,691
INTEREST BEARING LIABILITIES						
Deposits from customers	227,784	2.90	6,606	209,298	2.70	5,641
Deposits from banks	24,815	1.40	347	19,257	2.01	388
Recourse obligations on loans and financing sold to Cagamas	722	3.74	27	501	3.60	18
Debt securities issued and other borrowed funds	11,152	4.40	492	9,411	4.05	381
Total	264,473	2.83	7,472	238,467	2.70	6,428



Segmental Analysis

2013

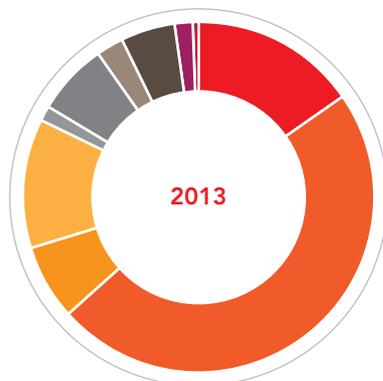
OPERATING REVENUE

Domestic

- 15.3% ● Hire purchase
- 48.2% ● Retail operations
- 7.0% ● Corporate lending
- 11.9% ● Treasury and capital market operations
- 1.3% ● Investment banking
- 6.7% ● Fund management
- 2.5% ● Others

Overseas

- 5.0% ● Hong Kong SAR
- 1.6% ● Cambodia
- 0.5% ● Other Countries



2014

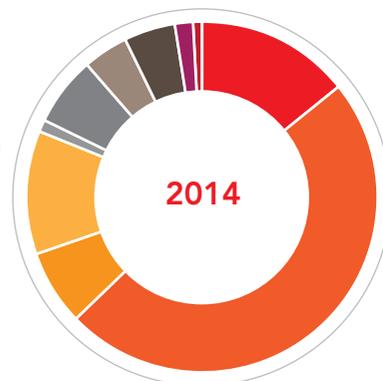
OPERATING REVENUE

Domestic

- 14.4% ● Hire purchase
- 48.6% ● Retail operations
- 6.9% ● Corporate lending
- 11.4% ● Treasury and capital market operations
- 1.3% ● Investment banking
- 6.4% ● Fund management
- 4.2% ● Others

Overseas

- 4.6% ● Hong Kong SAR
- 1.7% ● Cambodia
- 0.5% ● Other Countries



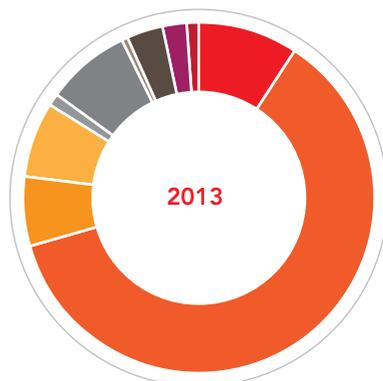
PROFIT BEFORE TAX

Domestic

- 9.3% ● Hire purchase
- 61.9% ● Retail operations
- 6.4% ● Corporate lending
- 7.1% ● Treasury and capital market operations
- 0.9% ● Investment banking
- 8.0% ● Fund management
- (0.2)% ● Others

Overseas

- 3.5% ● Hong Kong SAR
- 2.2% ● Cambodia
- 0.9% ● Other Countries



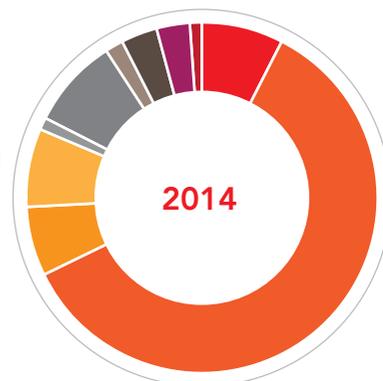
PROFIT BEFORE TAX

Domestic

- 7.7% ● Hire purchase
- 60.1% ● Retail operations
- 6.4% ● Corporate lending
- 7.2% ● Treasury and capital market operations
- 1.2% ● Investment banking
- 8.4% ● Fund management
- 1.6% ● Others

Overseas

- 3.4% ● Hong Kong SAR
- 2.9% ● Cambodia
- 1.1% ● Other Countries



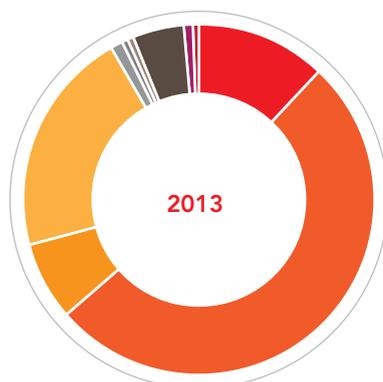
TOTAL ASSETS

Domestic

- 12.2% ● Hire purchase
- 52.3% ● Retail operations
- 7.2% ● Corporate lending
- 20.9% ● Treasury and capital market operations
- 1.2% ● Investment banking
- 0.1% ● Fund management
- 0.1% ● Others

Overseas

- 4.6% ● Hong Kong SAR
- 1.1% ● Cambodia
- 0.3% ● Other Countries



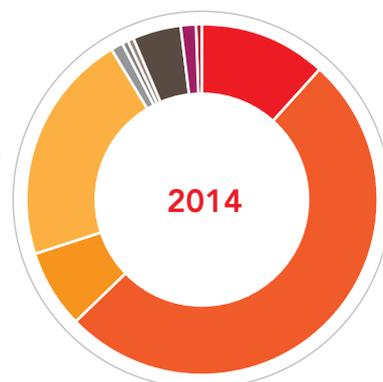
TOTAL ASSETS

Domestic

- 11.9% ● Hire purchase
- 51.9% ● Retail operations
- 7.3% ● Corporate lending
- 21.5% ● Treasury and capital market operations
- 1.0% ● Investment banking
- 0.1% ● Fund management
- 0.1% ● Others

Overseas

- 4.6% ● Hong Kong SAR
- 1.3% ● Cambodia
- 0.3% ● Other Countries



Group Quarterly Performance

2014

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2014
FINANCIAL PERFORMANCE (RM'MILLION)					
Operating revenue	3,948.4	4,059.1	4,324.0	4,528.6	16,860.1
Net interest income and income from Islamic banking business	1,608.6	1,625.4	1,767.1	1,760.6	6,761.7
Operating profit	1,407.6	1,433.6	1,599.2	1,627.1	6,067.5
Profit before tax expense and zakat	1,327.1	1,367.7	1,552.2	1,567.3	5,814.3
Profit attributable to equity holders of the Bank	1,016.9	1,056.4	1,191.5	1,254.0	4,518.8
Earnings per share (sen)	29.1	30.2	31.9	32.5	123.7
Net dividend per share (sen)	–	23.0	–	31.0	54.0

2013

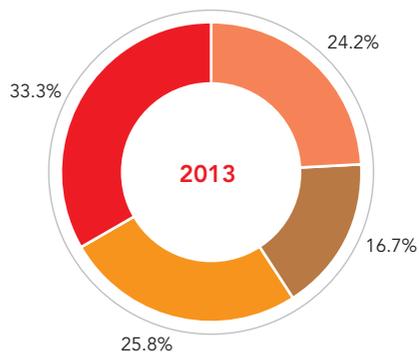
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2013
FINANCIAL PERFORMANCE (RM'MILLION)					
Operating revenue	3,673.2	3,802.9	3,869.5	3,918.7	15,264.3
Net interest income and income from Islamic banking business	1,557.0	1,596.0	1,637.2	1,617.5	6,407.7
Operating profit	1,348.5	1,412.2	1,463.9	1,430.1	5,654.7
Profit before tax expense and zakat	1,270.0	1,340.5	1,358.2	1,341.3	5,310.0
Profit attributable to equity holders of the Bank	968.3	1,023.5	1,047.3	1,025.6	4,064.7
Earnings per share (sen)	27.7	29.2	29.9	29.3	116.1
Net dividend per share (sen)	–	22.0	–	30.0	52.0



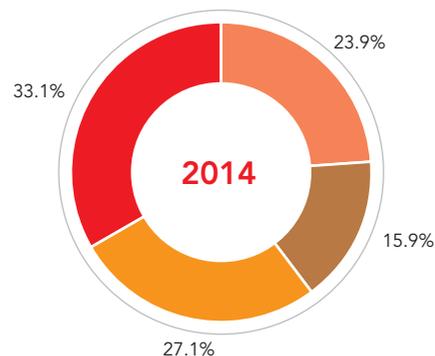
Statement of Value Added

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

	2014 RM'000	2013 RM'000
VALUE ADDED		
Net interest income	5,930,473	5,570,538
Net income from Islamic banking business	831,196	837,136
Other operating income	1,911,688	1,750,643
Other operating expenses excluding staff costs and depreciation	(568,202)	(597,840)
Allowance for impairment on loans, advances and financing	(259,000)	(351,252)
Writeback of impairment on other assets	782	149
Share of results of equity accounted associated companies	4,981	6,406
Value added available for distribution	7,851,918	7,215,780
DISTRIBUTION OF VALUE ADDED		
To employees:		
Personnel costs	1,878,614	1,744,608
To the Governments:		
Taxation	1,250,915	1,204,342
To providers of capital:		
Dividends paid to shareholders	2,083,101	1,821,105
Non-controlling interests	44,510	40,959
To reinvest in the Group:		
Depreciation	159,049	161,188
Retained profits	2,435,729	2,243,578
Total distributed	7,851,918	7,215,780



- Employees
- Governments
- Providers of capital
- Reinvestment in the Group



2014 Awards & Achievements

The Public Bank Group's corporate mission; "To Sustain The Position Of Being The Most Efficient, Profitable And Respected Premier Financial Institution In Malaysia" has always been the guiding light in its quest for banking excellence.

The relentless pursuit of excellence in all aspects of the Group's business and operations continues to be acknowledged with awards and recognition in 2014.

These awards, besides enhancing the Group's reputation and branding as a profitable, strong and reliable financial institution, have also become the industry benchmark for others to emulate.

1 ALPHA SOUTHEAST ASIA

- a Best Bank in Malaysia 2014
2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007
- b Best SME Bank in Malaysia 2014
2014, 2013, 2011, 2010
- c Institutional Investor Corporate Awards 2014 Ranked Top 3 Companies for Most Consistent Dividend Policy
2014, 2013, 2012, 2011





2 ASIAMONEY

- a Best Domestic Bank in Malaysia 2014
2014, 2008, 2007, 2004, 2003, 2002, 2001, 1999
- b Asiamoney 25th Anniversary Corporate Governance Poll of Polls
 - Overall Best Company in Malaysia for Corporate Governance 2004-2013 except 2005
- c Best Managed Company in Malaysia – Large Cap 2014
2014, 2011, 2008, 2007

3 ASIA PACIFIC BRANDS FOUNDATION

The BrandLaureate Brand of the Year Award for Financial – Banking Category 2013-2014

4 ASIAN BANKING & FINANCE

Domestic Retail Bank of the Year – Malaysia 2014
2014, 2013, 2012, 2011, 2009, 2007



5 ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA

Putra Brand Awards 2014 – Silver Award for Banking, Investment and Insurance Category

6 BANK OF NEW YORK MELLON

The Bank of New York Mellon Straight-Through Processing Award 2013
2013, 2012, 2011, 2010

7 CORPORATE GOVERNANCE ASIA

a Corporate Governance Asia Recognition Award 2014 for Malaysia (Icon on Corporate Governance)
2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005

b 4th Asian Excellence Recognition Awards 2014:

i – Best Corporate Social Responsibility for Malaysia
2014, 2013, 2012, 2011

ii – Best Investor Relations Company for Malaysia
2014, 2013, 2012, 2011

iii – Best Corporate Communications Team for Malaysia
2014





8 CREDIT GUARANTEE CORPORATION

Top SME Supporter Award 2013
2013, 2012, 2011, 2010, 2009, 2008, 2007, 2005

9 DEUTSCHE BANK

2013 EUR Straight-Through Processing
Excellence Award
2013, 2012, 2011, 2010

10 FINANCEASIA

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

11 FROST & SULLIVAN

Malaysia Best Customer Experience in Banking
Award 2014



7biii

8

9

10

11

12 GLOBAL FINANCE

Best Bank in Malaysia 2014*2014, 2004, 2003, 2002, 2000*

13 GLOBAL FINANCIAL MARKET REVIEW

Best Retail Bank Malaysia for 2014

14 J.P. MORGAN

J.P. Morgan Quality Recognition Award 2013 for achieving best-in-class straight-through processing rates in payment transfer operations:

- a** MT103 Elite Quality Recognition Award
2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002
- b** MT202 Elite Quality Recognition Award
2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002





15 READER'S DIGEST

Reader's Digest Trusted Brand 2014

- a Gold Award in the Bank category (Malaysia)
2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004
- b Gold Award-Credit Card Issuing Bank
2014, 2013

16 THE ASSET

- a Best Domestic Bank in Malaysia 2014
2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002
- b Platinum Award for All-Round Excellence in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations
2014, 2013, 2012, 2011, 2010, 2009

17 YAZHOU ZHOUKAN

Ranked 2nd in the Top 10 Malaysian Banks in terms of total assets
2014, 2013, 2012, 2011

18 CHAIRMAN'S AWARDS 2014

- a Asia's Best CEO (Investor Relations) 2014 for Malaysia by Corporate Governance Asia
2014, 2013, 2012, 2011
- b Asian Corporate Director Recognition Awards 2014 for Malaysia by Corporate Governance Asia
2014, 2013, 2012, 2011, 2010



16a

16b

18a

18b

Past Awards

ALPHA SOUTHEAST ASIA

- ⇒ Institutional Investor Corporate Awards Ranked Top 3 Companies in the following categories:
 - Most Organised Investor Relations 2011
 - Strongest Adherence to Corporate Governance
2012, 2011
- ⇒ Top 10 Largest Dividend Players in Southeast Asia (2006-2010)
 - Ranked 2nd in the Total Dividend Yield category

ASIAMONEY

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

ASIA ENTREPRENEUR ALLIANCE WORLDWIDE

- ⇒ Asia Pacific Super Excellent Brand 2008 Award

ASIA PACIFIC BRANDS FOUNDATION

- ⇒ The BrandLaureate Signature Brand Award for the Banking Category 2012-2013
- ⇒ The BrandLaureate Awards for Best Brands in Financial Services – Banking Award
2012, 2011, 2010, 2009, 2008, 2007
- ⇒ The BrandLaureate – SME Best Brands Awards 2011
- ⇒ BrandLaureate Awards 2009 Societe Award: Best Brands in Philanthropy and Humanity

ASIAN INSTITUTE OF MANAGEMENT

- ⇒ Management Awards of Asia for Financial Management Category 1996

ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA

- ⇒ Silver Award for Finance Category in the Putra Brand Awards
2013, 2012, 2010
- ⇒ Bronze Award for Finance Category in the Putra Brand Awards 2011

ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA AND THE EDGE

- ⇒ Ranked as Malaysia's Most Valuable Brand 2009
- ⇒ Ranked 2 in Top 30 Malaysia's Most Valuable Brands
2008, 2007



AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD

- ⇒ AUD/NZD Straight-Through-Processing Excellence Award 2011

BANK OF NEW YORK MELLON

- ⇒ Outstanding Payment Formatting and Straight-Through Rate Award 2009

BANK CENTRAL ASIA, INDONESIA

- ⇒ Asia Pacific Most Supportive Partner
2010

BRAND FINANCE PLC

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

DEWAN BAHASA DAN PUSTAKA

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

DEWAN BANDARAYA KUALA LUMPUR

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

EMERGING MARKETS INVESTOR MAGAZINE

- ⇒ Best Bank In Malaysia 2001

ENTREPRENEUR DEVELOPMENT ASSOCIATION

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

EUROMONEY

- ⇒ Best Bank in Malaysia
2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 1999, 1998, 1993
- ⇒ Best Managed and Governed Companies – Asia Poll
 - Ranked No. 1 in Best Corporate Governance for Malaysia
2010, 2008
 - Ranked 1st in Most Convincing and Coherent Strategy 2007
 - Ranked 2nd in Best Corporate Governance 2007

FAR EASTERN ECONOMIC REVIEW

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

FIABCI

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

FINANCEASIA

- ⇒ Best Asian Bank
2012, 2011, 2010, 2008
- ⇒ Annual Asia's Best Managed Companies poll:
Ranked No. 1
 - Best Managed Company
2011, 2010, 2009, 2008, 2007
 - Best Corporate Governance
2011, 2010, 2009, 2008, 2007
 - Most Committed to a Strong Dividend Policy
2011, 2010, 2008
 - Best Corporate Social Responsibility
2011, 2010
 - Best Investor Relations 2008
 - Most Committed to Consistent Good Dividends 2007
- Ranked No. 2
 - Best Managed Company 2012
 - Best Investor Relations
2010, 2009, 2007
 - Most Committed to a Strong Dividend Policy 2009
 - Best Corporate Social Responsibility 2009
 - Best Commitment to Strong Dividends 2006
- Ranked No. 3
 - Best Investor Relations 2012
 - Most Committed to a Strong Dividend Policy 2012
 - Best Corporate Governance
2012, 2006
 - Best Managed Company 2006
- ⇒ Deal Of The Month – Public Bank's USD200 Million Hybrid Tier-1 Offering
2006
- ⇒ Best Bank Capital Deal Of The Year – Public Bank's USD200 Million Hybrid Tier-1 Offering
2006
- ⇒ Asia's Best Managed Companies
2005, 2004

FINANCIAL INSIGHTS

- ⇒ Innovation Awards 2007 for Operational Processes

FROST & SULLIVAN

- ⇒ Automotive Finance Company of the Year Award
2013, 2012, 2011, 2010, 2009, 2007

GLOBAL FINANCE

- ⇒ Best Emerging Market Bank in Malaysia
2010, 2009
- ⇒ Best Foreign Exchange Provider for Malaysia in the World's Best Foreign Exchange Providers
2012, 2011

INSTITUTIONAL INVESTOR RESEARCH GROUP

- ⇒ Best Investor Relations 2004

INSTITUTE OF PUBLIC RELATIONS MALAYSIA

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

INVESTOR RELATIONS MAGAZINE

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



J.P. MORGAN

- ⇒ Quality Recognition Award for achieving Best-in-Class Straight-Through Processing rates in the payment transfer operations
 - Best-in-Class STP Rate Certificate for MT103
2010
 - Best-in-Class STP Rate Certificate for MT202
2010
 - Best-in-Class Book Transfer Rate Certificate
2010

KPMG

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

KUALA LUMPUR STOCK EXCHANGE BERHAD

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

MALAYSIAN BUSINESS

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

- ⇒ Malaysian Business Corporate Social Responsibility Awards 2007
 - Overall Winner
 - Best Innovation in Corporate Social Responsibility Awards
- ⇒ Malaysian Business Corporate Governance Merit Award
2006, 2005, 2004, 2003, 2002
- ⇒ Malaysian Business Corporate Social Responsibility Award
2005

MALAYSIAN CORPORATE REPORT AWARD (MACPA)

- ⇒ Gold Award For The Most Outstanding Annual Report 1990
- ⇒ Best Corporate Information
1990, 1989, 1988
- ⇒ Silver Award for The Most Outstanding Annual Report 1984

MARKPLUS INC.

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

MALAYSIA DESIGN TECHNOLOGY CENTRE

- ⇒ National Creative & Innovation Award 2004

MALAYSIAN INSTITUTE OF MANAGEMENT

- ⇒ 'Partenaire de Valeuris' (Valued Partner) Award 2006

MALAYSIAN INVESTOR RELATIONS ASSOCIATION

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

MALAYSIAN MERGERS AND ACQUISITIONS ASSOCIATION

- ⇒ National Mergers And Acquisitions Award 2007 for the Category Of Cross Border Deal Of The Year for the Acquisition of Asia Commercial Bank Limited 2007

MINISTRY OF INTERNATIONAL TRADE & INDUSTRY

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

MINORITY SHAREHOLDER WATCHDOG GROUP

- ⇒ Malaysia-ASEAN Corporate Governance Index 2013 – The Malaysian Chapter
 - Top 5 Overall Corporate Governance
2013
 - Industry Excellence – Financials
2013
- ⇒ Malaysia Corporate Governance Index Awards
 - Corporate Governance Hall of Fame Award 2010
 - Overall Excellence Award
2011, 2010, 2009, 2008
 - Distinction Award
2011, 2010
 - Industry Excellence Award for Finance Sector
2011, 2010, 2008
 - Best Conduct of AGM Award
2011, 2010, 2009
 - Corporate Governance Challenge Trophy 2008

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

- ⇒ Ranked No. 1
2007, 2006

NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

- ⇒ Overall Excellence Award – Silver Award
2013
- ⇒ Best Annual Report in Bahasa Malaysia – Platinum Award
2013, 2012, 2011, 2009, 2008, 2007, 2006
- ⇒ Overall Excellence Award for Most Outstanding Annual Report of the Year – Gold Award
2012, 2011, 2006
- ⇒ Overall Excellence Award for Most Outstanding Annual Report of the Year – Platinum Award
2010, 2009, 2008, 2007
- ⇒ Overall Excellence Award for Most Outstanding Annual Report of the Year
2005, 2004, 2003, 2002, 1997, 1990
- ⇒ Best Annual Report in Bahasa Malaysia – Gold Award
2010
- ⇒ Best Annual Report in Bahasa Malaysia
2005, 1997, 1994
- ⇒ Industry Excellence Award for Companies Listed on Main Market in the Finance Sector
2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999, 1998, 1997
- ⇒ Best Design Annual Report – Platinum Award
2007
- ⇒ Commendation Award for Bahasa Malaysia Annual Report
1996, 1995, 1990
- ⇒ Commendation Award for Best Accounting Information
1995, 1994, 1989



RADAR GLOBAL

- ⇒ Gold Medal for Best SME Banking Reputation
2012

RAM RATING SERVICES

- ⇒ RAM Heritage Hall Awards for Evolutionary Award 2010

SIRIM

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

SMI ASSOCIATION

- ⇒ Sahabat SMI Award for 2005

STATE BANK OF VIETNAM

- ⇒ Medal "For The Course Of Vietnamese Banking" 2002

THE ASIAN BANKER

- ⇒ Strongest Bank in Malaysia 2012
- ⇒ Best Retail Bank in Malaysia
2011, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2001
- ⇒ Best Automobile Lending Award
2011, 2009
- ⇒ Excellence in Retail Financial Services Awards 2009
 - Best Retail Bank in Asia Pacific
 - Best Deposit Product/Campaign
- ⇒ The Asian Banker Achievement Award Commitment to Investors 2008

TECHNOLOGY BUSINESS REVIEW

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

THE ASIAN BANKING AWARDS 2000

- ⇒ Most Outstanding Customer Service Programme Category

THE ASSET

- ⇒ Best Local Currency Structured Product, Malaysia – PB Asian ACES 2009
- ⇒ Asia's Best Bank Capital Issue for PBB's USD200 Million Hybrid Tier-1 Offering 2007
- ⇒ Best Company in Malaysia for Corporate Governance 2007
- ⇒ A Leader in Corporate Governance in Malaysia 2003

THE BANKER

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

THE EDGE BILLION RINGGIT CLUB CORPORATE AWARDS

- ⇒ Most Profitable Company in the Finance Sector
2013, 2011
- ⇒ Highest Returns to Shareholders Over Three Years 2010
- ⇒ Highest Returns on Equity Over Three Years 2010

THE MALAYSIAN BOOK OF RECORDS

- ⇒ Most Award-Winning Bank Certification 2010

THE WALL STREET JOURNAL

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

WORLD FINANCE

- ⇒ Best Banking Group in Malaysia *2012, 2011, 2010, 2009*

YAZHOU ZHOUKAN

- ⇒ Top 20 Chinese Businesses in Malaysia 2009

CHAIRMAN'S PAST AWARDS

- ⇒ Asia's Best CEO (Investor Relations) 2013 for Malaysia by Corporate Governance Asia
- ⇒ Asian Corporate Director Recognition Award 2013 for Malaysia by Corporate Governance Asia
- ⇒ The BrandLaureate Banker of the Year Award 2012-2013 by Asia Pacific Brands Foundation
- ⇒ Best CEO (Investor Relations) 2012 for Malaysia by Corporate Governance Asia
- ⇒ Asian Corporate Director Recognition Award 2012 for Malaysia by Corporate Governance Asia
- ⇒ The BrandLaureate Premier Brand Icon Leadership Award 2011 by Asia Pacific Brands Foundation
- ⇒ The BrandLaureate – Tun Dr. Mahathir Mohamad Man of the Year 2010-2011 by Asia Pacific Brands Foundation
- ⇒ Asia's Best CEO (Investor Relations) in the 1st Asian Excellence Recognition Awards 2011 by Corporate Governance Asia
- ⇒ 2nd Asian Corporate Director Recognition Award 2011 by Corporate Governance Asia
- ⇒ Value Creator: Malaysia's Outstanding CEO in the Inaugural The Edge Billion Ringgit Club Corporate Awards 2010
- ⇒ Asian Corporate Director Recognition Award 2010 by Corporate Governance Asia
- ⇒ Asia's Banking Grandmaster 2010 by The Asset
- ⇒ Best CEO in Malaysia 2009 by FinanceAsia
- ⇒ Best Strategist Award in the Malaysia Independence Award 1957 by Selangor Petaling Business & Industry Association
- ⇒ Honourable Medal for National Contribution to Education in Cambodia 2008 by the Government of Cambodia



CHAIRMAN'S PAST AWARDS

- ⇒ FinanceAsia Asian Banker Par Excellence 2008
- ⇒ The BrandLaureate Brand Personality Award 2007 by Asia Pacific Brands Foundation
- ⇒ ASEAN Most Astute Banker Award 2007 by The Asset
- ⇒ The Asia Pacific Lifetime Entrepreneurship Achievement Award 2007 by Enterprise Asia
- ⇒ The PILA Recognition Award 2007 by Institute of Public Relations Malaysia
- ⇒ Recognition Award 2007 by National Bank Of Cambodia
- ⇒ Euromoney Award For Outstanding Contribution To The Development Of Financial Services In Asia 2006
- ⇒ FinanceAsia Lifetime Achievement Award 2006
- ⇒ FinanceAsia Asia's 50 Most Influential 1996-2006
- ⇒ Malaysian Institute Of Management 'MIM Gold Medal Award Of The 'Confrere D'Honneur' (Honoured Companion) 2006
- ⇒ Technology Business Review Award For Lifetime Achievement In Corporate Excellence, Dedication & Industry 2006
- ⇒ The Asset Asia's Banker Of High Distinction Award 2006
- ⇒ Yazhou Zhoukan Top 500 International Chinese Entrepreneurs:
 - 33rd Amongst Top 500 International Chinese Entrepreneurs 2006
 - 1st Amongst Top 10 Malaysian Chinese Entrepreneurs 2006
 - 6th Amongst Top 10 Banking & Finance Entrepreneurs 2006
- ⇒ The Asian Banker Leadership Achievement Award For Malaysia 2005
- ⇒ The Most PR Savvy CEO 2004 by Institute of Public Relations Malaysia
- ⇒ Best CEO In Malaysia 2004 by Asiamoney
- ⇒ Malaysia's CEO Of The Year Award 1998 by Business Times and American Express
- ⇒ The Business Achiever Of The Year 1997 by Yazhou Zhoukan
- ⇒ ASEAN Businessman Of The Year Award 1994 by ASEAN Business Forum
- ⇒ Asia's Commercial Banker Of The Year 1991 by The Asia Money & Finance

Board of Directors



from right:

- Tan Sri Dato' Sri Dr. Teh Hong Piow
- Tan Sri Dato' Sri Tay Ah Lek
- Tang Wing Chew
- Lai Wai Keen



from left:

- Tan Sri Datuk Seri Utama Thong Yaw Hong
- Dato' Sri Lee Kong Lam
- Lai Wan
- Cheah Kim Ling
- Dato' Chia Lee Kee

Board of Directors' Profile

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 84, began his banking career in 1950 and has 65 years experience in the banking and finance industry. He founded Public Bank in 1965 at the age of 35. He was appointed as a Director of Public Bank on 30 December 1965 and had been the Chief Executive Officer of Public Bank since its commencement of business operations in August 1966. He was re-designated as Chairman of Public Bank and Chairman of Public Bank Group with effect from 1 July 2002. He serves as Chairman of the Board Executive Committee and the Group Human Resource Committee.

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

- Asia's Commercial Banker of the Year 1991
- The ASEAN Businessman of the Year 1994
- Malaysia's Business Achiever of the Year 1997
- Malaysia's CEO of the Year 1998
- Best CEO in Malaysia 2004
- The Most PR Savvy CEO 2004
- The Asian Banker Leadership Achievement Award 2005 for Malaysia
- Award for Outstanding Contribution to the Development of Financial Services in Asia 2006
- Lifetime Achievement Award 2006
- Award for Lifetime Achievement in Corporate Excellence, Dedication and Industry 2006
- Asia's Banker of High Distinction Award 2006
- The BrandLaureate Brand Personality Award 2007
- ASEAN Most Astute Banker Award 2007
- Lifetime Entrepreneurship Achievement Award 2007
- The Pila Recognition Award 2007
- Asian Banker Par Excellence Award 2008
- Best CEO in Malaysia 2009
- Asia's Banking Grandmaster 2010
- Asian Corporate Director Recognition Award 2010 for Malaysia
- Value Creator: Malaysia's Outstanding CEO 2010
- The BrandLaureate – Tun Dr. Mahathir Mohamad Man of the Year Award 2010 – 2011
- Best CEO (Investor Relations) 2011 for Malaysia
- Asian Corporate Director Recognition Award 2011 for Malaysia
- The BrandLaureate Premier Brand Icon Leadership Award 2011

- Best CEO (Investor Relations) 2012 for Malaysia
- Asian Corporate Director Recognition Award 2012 for Malaysia
- 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

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

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

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

He is an Emeritus Fellow of the Malaysian Institute of Management and is a Fellow of the Asian Institute of Chartered Bankers (formerly known as the Institute of Bankers Malaysia); the Chartered Institute of Bankers, United Kingdom; the Institute of Administrative Management, United Kingdom; and the Governance Institute of Australia.

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

Tan Sri Teh attended all the 21 Board meetings which were held in the financial year ended 31 December 2014.



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



TAN SRI DATUK SERI UTAMA THONG YAW HONG

Non-Independent Non-Executive Co-Chairman

Tan Sri Datuk Seri Utama Thong Yaw Hong, aged 84, was appointed as a Director of Public Bank on 23 June 1986 and was made its Chairman in October 1986. He was re-designated as Co-Chairman of Public Bank with effect from 1 July 2002. He was re-designated from Independent Non-Executive Director to Non-Independent Non-Executive Director with effect from 21 April 2014. He is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

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

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

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

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

Tan Sri Thong attended 16 Board meetings which were held in the financial year ended 31 December 2014.



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

Tan Sri Dato' Sri Tay Ah Lek, aged 72, has 54 years' experience in the banking and finance industry. He was appointed as an Executive Director of Public Bank on 18 June 1997 and was re-designated as Managing Director/Chief Executive Officer with effect from 1 July 2002. He joined the Public Bank Group as a pioneer staff in 1966. He was the Executive Vice-President of Public Bank from 1995 to 1997 and prior to this appointment, he was the Executive Vice-President of the former Public Finance Berhad. He is a member of the Board Executive Committee. He is the Chairman of the Credit Committee, the IT Steering Committee, the Assets & Liabilities Management Committee, the Share Investment Committee, the Operational Risk Management Committee, the Business Continuity Management Committee, and the Losses and Claims Committee, and is a member of the Group Human Resource Committee.

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

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

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

Tan Sri Tay attended 20 Board meetings which were held in the financial year ended 31 December 2014.

**DATO' SRI
LEE KONG LAM**

*Non-Independent
Non-Executive Director*

Dato' Sri Lee Kong Lam, aged 73, has 47 years' experience in the banking and finance industry. He joined Public Bank in November 1996 as General Manager and was subsequently appointed Senior General Manager in 1997 and Executive Vice-President in 1998. He was appointed as an Executive Director of Public Bank on 28 November 2001 and was re-designated as Executive Director/Deputy Chief Executive Officer with effect from 1 October 2013. He was re-designated from Executive Director/Deputy Chief Executive Officer to Non-Independent Non-Executive Director of Public Bank with effect from 28 November 2013, following his retirement as Deputy Chief Executive Officer of Public Bank with effect from 28 November 2013. He is the Chairman of the Credit Risk Management Committee, and is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

Prior to joining Public Bank, he was with Bank Negara Malaysia ("BNM") and was involved primarily in the supervision and examination of banking institutions. He retired in August 1996 as the Head of BNM's Examination Department and as a member of BNM's Management Committee.

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

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

Dato' Sri Lee attended all the 21 Board meetings which were held in the financial year ended 31 December 2014.



TANG WING CHEW

Independent Non-Executive Director

Tang Wing Chew, aged 70, was appointed as a Director of Public Bank on 29 March 2011. He serves as the Chairman of the Audit Committee and is a member of the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

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

He has 48 years' experience in the financial services industry, ranging from research, management and project studies, training, mergers and integration, and stewardship of financial institutions. He joined Bank Negara Malaysia ("BNM") in 1966 as an Assistant Economist in the Economic Research Department. During his 18 years of service with BNM, he also served as Manager (Penang Branch), Principal (BNM Staff Training Centre) and Manager (Operational Planning Division).

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

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

His directorships in other companies within the Public Bank Group are as Director of Public Investment Bank Bhd, Public Islamic Bank Bhd, Public Bank (L) Ltd, Public Financial Holdings Ltd and Public Bank (Hong Kong) Ltd. His directorship in other public company is in Cagamas Bhd.

Mr Tang attended all the 21 Board meetings which were held in the financial year ended 31 December 2014.

**LAI WAN**

*Independent
Non-Executive Director*

Lai Wan, aged 71, was appointed as a Director of Public Bank on 26 April 2012. He serves as the Chairman of the Nomination Committee and the Remuneration Committee. He is a member of the Audit Committee and the Risk Management Committee.

He graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya. He is a Member of the Asian Institute of Chartered Bankers (formerly known as the Institute of Bankers Malaysia).

Mr Lai has 41 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 companies within the Public Bank Group are as Director of Public Islamic Bank Bhd, Public Bank (L) Ltd, Public Financial Holdings Ltd and Public Bank (Hong Kong) Ltd.

Mr Lai attended all the 21 Board meetings which were held in the financial year ended 31 December 2014.



LAI WAI KEEN

Independent Non-Executive Director

Lai Wai Keen, aged 60, was appointed as a Director of Public Bank on 29 May 2012. She serves as the Chairman of the Risk Management Committee and is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

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

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

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

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

Her other directorship within the Public Bank Group is as Director of Public Investment Bank Bhd.

Ms Lai attended 20 Board meetings which were held in the financial year ended 31 December 2014.

**CHEAH KIM LING**

*Independent
Non-Executive Director*

Cheah Kim Ling, aged 57, was appointed as a Director of Public Bank on 29 April 2014. She is a member of the Audit Committee, the Risk Management Committee and the Credit Risk Management Committee.

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

She had served Bank Negara Malaysia ("BNM") 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 13 Board meetings held from April 2014 to December 2014, following her appointment as a Director on 29 April 2014.



DATO' CHIA LEE KEE
Company Secretary

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

She heads the Bank's Secretariat Division.

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

None of the Directors has:

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

All of the Directors are Malaysians.

Letter to Our Stakeholders

The recovery of the global economy in 2014 continued to be challenging with the growth in the advanced economies remaining relatively low and unsynchronised. In addition to the uncertainty over policy in key advanced economies and weakness in the euro area, the increased challenges were also associated with moderating growth in China, and geopolitical tension arising from the crises in the Middle East and eastern Ukraine.

On our home ground, growth sentiment moderated towards the third quarter of 2014 with increased concerns over the volatility in the equity market, weak Ringgit and decrease in oil prices. Nevertheless, the Malaysian economy is still expected to grow at a respectable rate of 5.5% to 6.0% in 2014, based on continued resilient domestic demand and significant improvement in net exports in the first half of 2014. The banking system continued to perform well in a stable environment, underpinned by healthy level of capital and liquidity, as well as well-controlled loan delinquency in the system.

“FROM A HUMBLE ONE-BRANCH BANK BACK IN 1966, THE PUBLIC BANK GROUP HAS EVOLVED LEAPS AND BOUNDS TO BE A RESPECTABLE LEADING FINANCIAL GROUP IN MALAYSIA TODAY. THE TRANSFORMATION JOURNEY IS MADE POSSIBLE DUE TO THE CONTINUOUS STRONG SUPPORT EXTENDED BY OUR STAKEHOLDERS. TO BRING THE GROUP TO A GREATER HEIGHT GOING FORWARD, WE WILL CONTINUE TO WORK CLOSELY WITH OUR STAKEHOLDERS TO FURTHER **ENHANCE THE STAKEHOLDERS’ VALUE.”**

TAN SRI DATO’ SRI DR. TEH HONG PIOW

Against this macro backdrop, the Public Bank Group once again demonstrated its resilience by delivering yet another commendable performance with a record net profit attributable to shareholders of RM4.52 billion in 2014. The Group continued to sustain its market share in the domestic core lending and deposit-taking businesses whilst maintaining superior asset quality. The Group’s key subsidiaries, including its regional operations in Hong Kong, Cambodia, Vietnam, Laos and Sri Lanka also demonstrated resilience despite the challenging operating environment and intense market competition.



TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman



TO OUR SHAREHOLDERS

Financial Performance

The Public Bank Group is pleased to be able to fulfill its commitment to its shareholders in delivering continuous and sustainable returns on their investments in the Group despite facing intense business competition and challenges due to changes in the operating environment and regulatory landscape.

For the year 2014, the Public Bank Group registered a pre-tax profit of RM5.81 billion, representing a growth of 9.5% as compared to 2013. Net profit attributable to shareholders recorded a double-digit increase of 11.2% to RM4.52 billion over the same period which translated to an earnings per share of 123.7 sen in 2014. With the favourable financial performance, not only did the Group continue to preserve its coveted track record of 48 straight years of unbroken profitability since commencement of operations, it also continued to stand out as having the highest net return on equity ("ROE") amongst its peer banking groups in Malaysia with ROE of 19.9% in 2014.

On net interest income, the Public Bank Group continued to experience compression in net interest margin as a result of intense competition from its banking peers in both the domestic and overseas markets for market share in loans and financing and customer deposits. Amid the challenges, the Group stayed focused in maintaining its market share by competing effectively through continued emphasis on fast and responsive service delivery. In 2014, the effects of margin compression on the net interest income were also partially allayed by higher business volume and the positive impact arising from the 25 basis points hike in the overnight policy rate in July 2014 and the income earned from the rights issue of RM4.8 billion completed in August 2014. In addition, the Group continued to actively pursue opportunities to cross sell to both its existing and new customers in order to further increase its revenue via a host of services and products. As a result, total net income of the Group in 2014 grew by 6.3% to RM8.67 billion as compared to 2013.



From cost management perspective, the Public Bank Group continued to be the most efficiently managed bank in Malaysia with a low cost to income ratio of 30.0% as compared to the banking industry's average cost to income ratio of 45.6%. The Group's consistent pursuit of high productivity and cost efficiency in all aspects of its operations had enabled the Group's operating costs to remain low and efficient. Noting that this is one of its key competitive advantages, the Group is mindful of the continuous need to manage cost prudently and drive higher productivity.

	Public Bank Group			Industry Average Growth*	Market share	
	2013 RM'Billion	2014 RM'Billion	Growth %		2013 %	2014 %
Gross loans and financing						
Group total	221.2	245.0	↑ 10.8	–	–	–
Domestic total	206.6	228.3	↑ 10.5	8.7	16.9	17.2

* Based on latest available industry data

The balance sheet of the Public Bank Group remained strong and healthy. In focusing on its proven strategy of concentrating in retail banking via organic growth, the Group recorded a healthy pace of loans and financing growth of 10.8% to achieve RM245.04 billion as at the end of 2014 despite a subdued operating environment. This was mainly supported by its domestic loans and financing growth of 10.5% which outpaced the domestic banking industry's loans and financing growth rate of 8.7%. The steady growth momentum had enabled the Group to gain market share in domestic loans and financing, achieving an improved market share of 17.2% as at the end of 2014, as compared to 16.9% a year ago.

The Public Bank Group's loans and financing growth was mainly attributed to the lending growth in its retail banking segment, comprising financing for the purchase of residential properties and passenger vehicles as well as extension of credits to small and medium enterprises ("SMEs") for the purchase of commercial properties and working capital. As at the end of 2014, the Group's retail consumer and commercial loans and financing portfolio collectively accounted for 86.2% of its total loans and financing. With the continuous support

of its valued customers, the Group was able to maintain its leading market share position in the domestic financing for residential properties, commercial properties and passenger vehicles, with respective market shares of 19.4%, 33.6% and 28.1%. The Group also achieved commendable growth of 19.5% in its lending to SMEs in 2014.

On the funding aspect, the Public Bank Group's total customer deposits grew by 10.2% in 2014 to RM276.54 billion as at the end of 2014, comprising mainly fixed deposits, savings and current accounts, which grew by 7.6%, 7.2% and 8.5% respectively. The growth in total customer deposits were mainly supported by domestic customer deposits which saw a favourable increase of 9.9% in 2014, outpacing the domestic banking industry's growth rate of 7.6%, leading to increased market share of 15.9% as at the end of 2014. The steady inflow of domestic customer deposits was attributed to the Group's strong retail deposit franchise of over five million supportive retail deposit customers that continue to place their trust and confidence in the Group in safeguarding their funds.

	Public Bank Group			Industry Average	Market share	
	2013 RM'Billion	2014 RM'Billion	Growth %	Growth* %	2013 %	2014 %
Customer deposits						
Group total	250.9	276.5	↑ 10.2	–	–	–
Domestic total	235.1	258.5	↑ 9.9	7.6	15.7	15.9

* Based on latest available industry data

The Public Bank Group remained prudent and disciplined in maintaining strong asset quality as the Group continued to pursue organic growth in its lending business. Relative to the banking industry's gross impaired loans ratio of 1.7%, the Group recorded a significantly lower gross impaired loans ratio of 0.6% as at the end of 2014. The Group also maintained a higher and more prudent loan loss coverage ratio of 122.4% as compared to the banking industry's coverage ratio of 106.3%.

Strategic Directions Ahead

1. Focus on Sustainable Organic Growth Momentum

The Public Bank Group will reinforce its strategy to pursue sustainable organic growth in its retail banking business.

For the lending business, the Public Bank Group will continue to concentrate on retail consumer financing of residential properties and passenger vehicles and commercial lending, supported by extension of credits to SMEs.

The growth in the property sector is expected to soften in the short term and consequently would result in moderating growth in financing for properties. This trend is mainly attributable to the various pre-emptive measures introduced in recent years by the Government of Malaysia and Bank Negara Malaysia ("BNM") in order to promote a more sustainable development of the property sector, as well as to address the excessive build up of unsustainable indebtedness by households, particularly the more vulnerable segment. However, the Public Bank Group views these measures positively and is supportive of them as the measures will promote the sustainability of the banking sector and the overall economy of Malaysia in the medium to long term.

Although operating in a more regulated and tepid environment but with the generally resilient economic condition, the Public Bank Group is confident that

there is still opportunity for the Group to pursue its organic growth strategy in its lending business, focusing on the retail segment. The Group will continue with its prudent and responsible lending practices in managing asset quality, which it has implemented for years to ensure the continuing success in its core businesses.

The Public Bank Group will concentrate on further deepening its relationships with its existing valued customers and on acquiring new customers to increase the market share as well as leverage on its strong PB brand, which represents excellent customer services and effective delivery channels. Complementing that would be the continuous rolling out of various initiatives, such as introduction of new products, enhancement of existing products based on customers' needs and market trend, competitive pricing, target-based marketing and cross-selling initiatives.

In addition, the Public Bank Group will continue to be supportive of the Government's efforts to develop and promote domestic economic activities in Malaysia by providing financing to SMEs. In 2014, a total of RM19.55 billion was approved for loans and financing to domestic SMEs and this accounted for 32.7% of the Group's total domestic loans and financing approved during the year. Moving ahead, the Group intends to further expand and diversify its SME base through broadening and deepening its relationship with its customers by offering better packaged products and



services that not only include property financing but also working capital, trade financing and cash management services.

On the funding side, the competition for customer deposits, particularly from individuals and SMEs is expected to increase even though industry deposit growth is expected to moderate. Banks will continue to compete for these cheaper sources of funding as part of efforts to optimise their funding cost under the Basel III liquidity standards. The strong competition coupled with expectation of future interest rate hikes will add more pressure to the already escalating cost of funds. Fortunately, for the Public Bank Group, it has thus far enjoyed strong support from its solid depositor base of over five million, many of whom have been banking with the Group for a long time. In order to enhance differentiation from its competitors, the Group will continue to focus on ensuring quality customer service in terms of fast delivery and convenience as well as rolling out attractive campaigns to grow its deposit-taking business.

2. Improve Fee-Based Revenue

Growing fee-based revenue remains as a key strategic focus of the Public Bank Group. As fee-based revenue attracts low or zero capital cost, increasing fee-based revenue will enhance the ROE of the Group, and at the same time promotes greater efficiency in deployment of capital in view of the higher capital requirements on banks under the more stringent Basel III capital framework.

In 2014, the Public Bank Group's fee-based revenue increased steadily by 8.3% as compared to the prior year, mainly from higher income from its unit trust business and fee income from banking operations.

The Public Bank Group's unit trust management business undertaken by its wholly-owned subsidiary, Public Mutual Berhad ("Public Mutual"), will continue to be a key contributor of the Group's fee-based revenue. For the year 2014, Public Mutual contributed favourably to the Group's overall profit by registering a consistent double-digit pre-tax profit growth of 14.9%. It launched nine new funds during the year, bringing the total funds under management to 113

funds with a total net asset value of RM63.03 billion and remained as the market leader with an overall market share of 39.4% in the private unit trust business. Public Mutual also commands market leader position in the equity and Islamic unit trust fund sectors with 58.8% and 50.4% market share respectively as at the end of 2014. The Group will continue to invest and enhance the infrastructure and the wide distribution network of Public Mutual, while ensuring appropriate risk management processes are in place to safeguard the investment of funds of its customers.

The Public Bank Group's strategic bancassurance partnership with AIA Group Ltd ("AIA") has proven to be successful as it enables the Group to provide life, health and investment-linked insurance products to its pool of customers in Malaysia and Hong Kong. The Group will continue to work closely with AIA to further roll out new and enhanced products and to intensify cross-selling of the bancassurance products to its customers.

In addition, the Public Bank Group also actively offers alternative deposit products, such as foreign currency deposit accounts, gold investment accounts and dual-currency investments which also contribute to the fee-based revenue of the Group.

Going forward, the Public Bank Group will continue to mobilise its resources to focus on enhancing its cross-selling initiatives to both existing and new customers, and strengthening the infrastructure to increase fee-based revenue contribution to the Group.

3. Sustain Cost Efficiency

The Public Bank Group continued to be the most efficient banking group in Malaysia with its low cost to income ratio of 30.0% in 2014. The Group's cost to income ratio also stands out as one of the lowest when benchmarked against other leading banks in the Asia Pacific region.

The Public Bank Group's efficient cost structure is admired by many, especially in the current challenging and competitive environment where many leading banks around the world and region are forced to make difficult decisions to trim down their costs via winding

down of business or rationalising their staff force in order to stay competitive. The key to this success is the Group's observation of prudent cost discipline as well as promotion of high productivity amongst staff. Riding on this competitive thrust which is key to driving shareholder value, the Group is committed to continue with the discipline at all times. The Group will continue to prioritise the investment and deployment of resources and technology to where they are most effective, including placing the right people to do the right job, providing effective training and coaching to up-skill staff competency and productivity, enhancing business processes and infrastructure by emphasising on simple straight through processing while observing strict compliance with internal policies and procedures.

4. Preserve Asset Quality

The Public Bank Group takes pride in being the leading Malaysian banking group with the lowest gross impaired loans ratio. The Group's ability to safeguard its asset quality despite years of above-industry growth in its lending business validates the success of its prudent approach and practices in managing the quality of its loans and financing portfolio right from origination to the recovery of impaired loans. As at the end of 2014, the Group's gross impaired loans ratio stood at 0.6%, significantly lower than the industry's ratio of 1.7%. The Group's loan loss coverage ratio of 122.4% as at the end of 2014 is also higher and more prudent as compared to the Malaysian banking industry's loan loss coverage ratio of 106.3%.

Taking heed from the lessons learnt from past financial crises and from both its own positive and negative experiences, the Public Bank Group will continuously be mindful of the need to always maintain and preserve the superior quality of its loan portfolio as the Group seeks to grow its lending business. This will be applied by consistently adopting a combination of both preventive and proactive measures in its lending activities such as setting strict and prudent credit policies, undertaking responsible lending practices, advocating strong discipline and "know your customer" principles in the credit assessment and approval processes, and ensuring timely and efficient collection and recovery of loans and financing.

5. Maintain Healthy Liquidity Position

The Public Bank Group remains well and self-funded, recording a stable net loan to deposit ratio of 88.0% as at the end of 2014. The Group has been successful in growing its customer deposits through its strong and diversified retail deposit franchise, partially supplemented by wholesale deposits and periodic issuance of medium term notes.

The Public Bank Group's practice of self-sufficiency in funding its lending business is also applicable to its overseas operations, where all the overseas units are required to consistently build and maintain a stable customer deposit base over the longer term to fund their lending activities.

As the Public Bank Group continues to expand its lending business organically, the Group will continue to maintain the self-funding strategy, meeting the Basel III liquidity standards and strive to maintain a strong customer deposit base.

Shareholder Value

The Public Bank Group is committed to preserving the long-term intrinsic value of its shareholders' investment in the Group by implementing strategies that deliver sustainable profitability and ROE while balancing its responsibility to its other key stakeholders – customers, employees and community.

1. Manage Capital Effectively And Efficiently

Effective and efficient capital management, which includes the efficient allocation and utilisation of capital in generating returns for a company, is crucial to preserving and enhancing shareholder value. The task of proactively managing capital is even more important for banks going forward due to the more stringent capital requirement under the Basel III capital framework.

The Public Bank Group plans and monitors its capital positions and requirements closely. As part of the capital management strategy to further strengthen its capital position to support the continuous business growth of the Group as well as to prepare for the continuing regulatory requirements under the Basel III



capital framework, Public Bank, had in August 2014, successfully raised a total of RM4.8 billion in equity capital for Public Bank via the renounceable rights issue to its shareholders. The renounceable rights issue involved the issuance of 350.2 million new shares on the basis of one new share for every ten existing shares held. The issue price of the rights shares was RM13.80 per share which represented approximately 33% discount to the theoretical ex-rights price. The renounceable rights issue was over subscribed by 30.5%, demonstrating the shareholders' confidence in the future prospects of the Group.

During the year ended 2014, Public Bank also disposed of a total of 9.2 million of its issued ordinary shares held as treasury shares in the open market for a total consideration of RM175.6 million.

In addition, the Public Bank Group, through its subsidiary Public Islamic Bank Berhad, had in 2014 successfully issued RM500 million of Basel III-compliant Subordinated Sukuk Murabahah which qualify as Tier II capital for the computation of the regulatory capital in accordance with the Capital Adequacy Framework (Capital Components) issued by BNM.

With the completion of the above exercises, the Public Bank Group's capital position was further strengthened, with its common equity Tier I capital ratio, Tier I capital ratio and total capital ratio standing at 10.8%, 12.2% and 15.8% respectively as at the end of 2014, after taking into account the provision for second interim dividend. The Group is currently the second highest capitalised banking group in Malaysia in terms of Tier I capital ratio.

Thus, the Public Bank Group is well-positioned to ensure compliance with the requirements of the Basel III capital framework, including any additional capital buffer to be introduced by BNM, without restraining the Group's organic business growth strategy.

2. Pay Consistent Dividend

For the financial year 2014, Public Bank paid a first interim dividend of 23 sen in August 2014. The new shares issued under the RM4.8 billion rights issue exercise were entitled to the first interim dividend.

Public Bank will pay a second interim dividend of 31 sen per share. The Board of Directors does not propose the payment of any final dividend.

In total, the shareholders would receive a total net dividend of 54 sen per share for 2014. The total dividends paid and to be paid to shareholders for 2014 would amount to RM2.08 billion, representing 46.1% of the Public Bank Group's net earnings for 2014. This translates into a net dividend yield of 3.0% based on the share price of RM18.30 per Public Bank share as at the end of 2014.

Taking into consideration the required capital resources to support its continuous business growth and to fulfill the requirements under the Basel III capital framework, the Public Bank Group endeavours to maintain a consistent and regular dividend payment policy that promotes a stable stream of return to its shareholders, subject to the approval of BNM as required by the Financial Services Act, 2013.

3. Deliver Sustainable Returns to Shareholders

The Public Bank Group's ability to deliver consistent and excellent returns to its shareholders, even during challenging times, clearly demonstrates the defensive quality of the investment made in Public Bank.

Taking a five-year medium term period, a shareholder of Public Bank who purchased 1,000 Public Bank shares at a price of RM11.30 per Public Bank share at the end of 2009 with an initial investment outlay of RM11,300 coupled with the rights subscription of RM13.80 per share for the one for ten rights issue in August 2014, the shareholder would have invested a total of RM12,708. As at the end of 2014, he would have also received gross dividends totalling RM2,714 and have 1,117 Public Bank shares worth RM20,441 based on the closing share price of RM18.30 per share. Together with the dividends received, this investment would have given the shareholder a compounded annual rate of return on investment of 14.0% for the five-year period.

If a shareholder of Public Bank had bought 1,000 shares in Public Bank when it was listed in 1967, and assuming the shareholder had subscribed for all rights issues to

date and had not sold any of the Public Bank shares, he would have, at the end of 2014, 148,938 Public Bank shares worth RM2.7 million based on the share price of Public Bank shares of RM18.30 at the end of 2014. In addition, he would have received a total gross dividend of RM994,669 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 19.3% for each of the 47 years that this shareholder has held the shares in Public Bank since it was listed in 1967.

Strong Corporate Governance

The Public Bank Group's pursuit of excellence in corporate governance, accountability and corporate conduct has long been a key contributing factor to the long-term success of the Group and the Group continues to receive external recognition on this. In 2014, the notable awards in relation to corporate governance that were received by the Group included the following:

- ⇒ The 4th Asian Excellence Recognition Awards 2014 for Best Corporate Social Responsibility for Malaysia, Best Investor Relations Company for Malaysia, and Best Corporate Communications Team for Malaysia by *Corporate Governance Asia*
- ⇒ Corporate Governance Asia Recognition Award 2014 for Malaysia (Icon on Corporate Governance) by *Corporate Governance Asia*
- ⇒ Asiamoney 25th Anniversary Corporate Governance Poll of Polls for Best Overall for Corporate Governance in Malaysia 2004-2013 (except for 2005) by *Asiamoney*
- ⇒ The Asset Platinum Corporate Award 2014 for All-Round Excellence in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations by *The Asset*

The Public Bank Group recognises the importance of practising good corporate governance and accountability to the highest level. The Group will continue to strengthen its governance level and to ensure that good governance practices are embedded in every aspect of its operations.

In addition, the Public Bank Group will proactively monitor and identify emerging risks arising from the business decisions undertaken by the Group or due to changes in the operating environment in a timely manner. The Group will also continue to strengthen its risk management resources in order to be better equipped and effective in responding to the increasingly complex and sophisticated business environment.

TO OUR VALUED CUSTOMERS

The banking industry in Malaysia and in the countries where the Public Bank Group operates, remain highly competitive as banks push aggressively for higher market share. Banks will not hesitate to pursue customers relentlessly, both individual and business, by offering customers attractive products and services from better pricing to more favourable terms and conditions. For the Group, what differentiated the Group from its competitors are not only its offerings of a variety of products and services alone, but the service quality that its staff deliver – starting from the first touch point that connects our customers with the Group at the beginning of the service value chain.

Uphold Consistent Service Quality – Our Competitive Edge

The Public Bank Group always pride itself for putting its customers' needs first. To ensure that, the Group sets high levels of compliance targets on its stringent loan service delivery standards and its quantitative customer service delivery standards at the frontline of branches. The Group is a certified financial provider under the ISO 9001:2008 standards for the "Provision of Customer Service in Loan Delivery" and "Provision of Customer Service at the Front Office". The ISO certification of customer service delivery standards demonstrates the Group's ability to achieve consistently high customer service delivery standards across its entire branch network, providing assurance to its customers that they can expect to enjoy the consistent high level of customer experience, which include a 2-minute standard waiting time to serve customers at teller counters, wherever the branch is located.



The Public Bank Group has also put in place an extensive monitoring system to evaluate the delivery of the quantitative customer service delivery standards for every customer served. This include processes for the rapid detection of operational lapses in meeting these standards and for proactive steps to be taken to help the Public Bank's service providers to meet these standards. Continuous up-skilling of staff, redeployment of resources and increasing the availability of various delivery channels are part of the proactive initiatives taken to continuously meet the high customer service delivery standards of the Group.

Invest In Customer Service Delivery Channel

As at the end of 2014, the Public Bank Group has a network of 415 domestic and overseas bank branches, all strategically located to reach out to its valued customers. The Group places great importance on its branches as it strongly believes that it is through the branch network that the Group is able to have the more localised face-to-face interaction with customers and the fostering of relationship on a personalised level to promote long-term customer loyalty, trust and value. In fact, it is through this personalised relationship that allows the Group to become its customers' preferred bank today. The Group also has five Red Carpet Banking Centres, located in certain branches to better service its preferred customers and there are plans to create more of such centres in strategically located branches.

Other delivery channels are also made available so that the customers can bank with the Public Bank Group at their own convenience and preference. For example, to further complement the branches, the Group continued to enhance its wide network of self service terminals by adding and replacing the automated teller machines, cash deposit terminals, cash recycling machines, cheque deposit machines and coin collection machines, bringing the Group's total domestic network of self service terminals to 1,801 units.

In addition, through BNM's initiative in accelerating Malaysia's migration to electronic payments in order to increase the efficiency of the nation's payment systems, the Public Bank Group is stepping up its effort in promoting its e-banking channel by rolling out various initiatives during the year, including initiatives relating to the reduction in cheque usage, the introduction of the newly revamped PBe internet banking website and "PB engage" mobile banking platform. The

Group is also the first financial institution to provide its customers with the convenience of electronic subscription and payment of rights issues via the Bank's ATM and internet banking facilities. Although this service is still new, many of our customers had first-hand experience of the convenience of this service during their applications for Public Bank's rights issue that was undertaken in August 2014.

The Public Bank Group will continue to invest in improving its multi-channel customer service delivery infrastructure to enable more practical, convenient and seamless customer experience. The Group will also continue to upgrade the self service terminal lobbies in its branches to house more self service terminals with improvement on the layout and security features as well as enhancing its e-banking capabilities.

Respond To Customers' Needs And Expectations

With the rapid advancement of information and communication technology where information is merely a click away, customers are now well-informed about the products and services offered by banks in the market. In order to compete effectively, the Public Bank Group must respond to its customers' expectations by proactively identifying and fulfilling their needs with effective and responsive banking solutions that offer them choices that suit their needs.

For instance in its lending business, the Public Bank Group continued to support businesses, particularly SMEs by providing them with access to credits on competitive terms, including supporting those schemes covered by the Credit Guarantee Corporation or initiated by the Government. In the domestic retail consumer segment, the Group had, in 2014, approved more than RM30.69 billion new loans and financing for the purchase of residential properties and passenger vehicles. The above-industry growth of the Group's lending business of 10.8% in 2014, which was primarily focused on retail consumers and SMEs, was a clear demonstration of the Group's commitment to support the needs of its loans and financing customers.

On the deposit-taking business, the Public Bank Group, together with the deposit insurance coverage by Perbadanan Insurans Deposit Malaysia, continues to provide the assurance and comfort that their hard earned savings are in the safe protection of a strong and sound repository.



In the sales and marketing of wealth products, instead of adopting a product push strategy, the Public Bank Group is committed to ensure that product suitability assessment for its potential customers is carried out together with the staff at initiation stage, to ensure that the customers only subscribe to those products and services based on need basis. Lastly, in the midst of focusing on business growth, the Public Bank Group is also committed to ensure that there are adequate policies and procedures in place to protect its customers' data at all times.

TO OUR DEDICATED STAFF

Our People – Our Key Asset

"Right people deliver great results." At the Public Bank Group, we echo the motto as much of the Group's success today is attributable to the ability of our over 18,000 strong and focused workforce to work seamlessly with the Group's key stakeholders – our shareholders, customers, communities and regulators – in the constantly evolving operating environment to deliver continuous sustainable performance for the Group.

Recruit And Nurture The Right Talent

Throughout 2014, the Public Bank Group continued to refine and enhance its human capital planning and implementation process, covering aspects relating to policy setting, recruitment and capacity development to ensure that the Group always has the right people, with the right calibre, knowledge, skill sets, attitude and value in the right place to execute the right actions. The commitment, diligence and professionalism of our people are essential to the continued success of the Group.

In its strong commitment to enhance the value of its people, the Public Bank Group continues to invest significant management and financial resources in nurturing its talent by providing ample opportunities and space for their professional and personal development.

The Public Bank Group has long adopted a policy of mandatory training for all levels of staff, together with the building of special skills and expertise to meet the business needs of the Group. In 2014, a total of RM39.6 million training expenditure was incurred. A wide variety of training programmes were organised throughout the year where over



34,000 participants attended classroom courses while e-learning courses were duly completed by 38,000 participants. The training programmes organised included structured in-house and externally conducted classroom training, seminars, workshops and talks covering various topics from industry updates, product knowledge, management and leadership skills as well as updates of relevant laws and regulations. Where applicable, staff are strongly encouraged to pursue professional accreditation to further enhance their knowledge and professional development.

The Public Bank Group also places great importance in on-the-job training, coaching and mentoring in delivering the highest possible standards of performance. A well-trained and skilled workforce with the right value can adapt quickly to the changing needs of the Group in its quest for performance excellence, and provides the Group with the flexibility to redeploy its people without compromising on service delivery standards, thereby giving the Group a competitive advantage in today's challenging market place. While special attention is given to grooming our talent from within the organisation, the Group also capitalises on its strong brand name to attract new talent that complement the internal talent by bringing in fresh ideas, diversity and vibrancy to the Group. The Group is also paying special attention to nurturing and engaging the Generation-Y staff as they are the talent pipeline for future growth.

Plan for Smooth Succession in Key Management Roles

The continuity of its senior management team, many of whom have been with the Public Bank Group for many years is another plus point to the success of the Public Bank Group. The Group has established a structured succession planning process for senior management staff in all key business areas where candidates are identified for the roles. The potential candidates are nurtured with the relevant training and skill development programmes; as well as relevant job-related exposures to the relevant positions in preparation for such candidates to assume higher levels of responsibilities. Over the years, there had been retirements of key senior management personnel in the Group and the vacancies were filled by internal promotion of the earmarked candidates who have the requisite experience and skills, resulting in a smooth and uninterrupted transition.

Reward Based on Performance and Build Careers for Staff

Building on its high performance culture and always encouraging its people to bring out the best in them, the Public Bank Group engages its people through fair and transparent performance-based remuneration system and structured career progression path.

The principle of the Public Bank Group's performance-based remuneration system is based on the measurement of its people's contribution to the core business performance of the Group with reference to key performance indicators that are aligned with the Group's strategies and targets. The performance-based compensation system that is equitable and transparent provides strong motivational incentive to encourage its people to perform to the peak of their capabilities, exhibiting traits of high motivation, energy, productivity, teamwork and effective communication while always taking a holistic forward looking view when discharging their responsibilities. This promotes longer-term superior performance of the Group as the team pushes the boundaries of performance year after year in aspiring for higher achievement.

The Public Bank Group also created a strong workforce that is passionate and performance driven by advocating a meritocracy driven career progression system, where priority will be accorded to existing qualified and experienced staff in filling internal vacancies before seeking external candidates. This practice sets the correct tone in driving the desired performance from the staff and is well received, as is evident from its low staff attrition rate of 8.5% and high rate of managerial appointments of 93.7% which were filled by competent people within the Group in 2014.

Observe Strong Work Ethics

Operational efficiency is a key driver in delivering sustainable returns to shareholders. The Public Bank Group places great emphasis in driving operational efficiency by enhancing the productivity of the Group's entire staff force. This is done by putting the right people in the right place and continuously up-skilling its people with the right knowledge to do things right all the time in order to reap the benefits of an efficient platform. The staff in the Public Bank Group are also deeply rooted with a sense of commitment to serve with a spirit of camaraderie, respect and sociability.

The productivity of the Public Bank Group, as measured by standard industry indicators, has improved consistently over the years. In fact, it is well above the industry's benchmark as shown below:

	Public Bank Group			Industry Average* RM'000
	2010 RM'000	2014 RM'000	Variance %	
Gross loans per staff	9,013	13,465	↑ 49.4	9,712
Deposits per staff	10,183	15,196	↑ 49.2	12,086
Profit before tax per staff	235	320	↑ 36.2	236

* Based on latest available industry data

Value Trust, Honesty and Integrity

The Public Bank Group continues to uphold, and instil in its people, a culture of trust, honesty and integrity as well as to promote an environment of exemplary corporate conduct and strict regulatory compliance to which each and every staff is held accountable for. The Group practises zero tolerance for dishonesty and lack of integrity as the Group discharges its primary role as a custodian of public funds and maintains its reputation as a trusted and respected leading financial institution in Malaysia.

TO OUR COMMUNITY

The Public Bank Group, as a responsible banking group, seeks to conduct its business activities ethically, responsibly and transparently to all its stakeholders, including the community that the Group serves and where it operates.

Contribute to Nation Building

The Public Bank Group takes great passion in contributing to the development, growth and stability of the Malaysian financial system. The robustness of the Malaysian financial system, in turn, lays the strong foundation for the resilient economy which allows opportunities for the Government and BNM to focus their efforts on improving the socio-economic development of the country thus far.

Through the years, the Public Bank Group focuses on serving retail consumers and SMEs and plays an active role in promoting the domestic and international trade activities

through efficient credit extension and deployment of customer deposits. The Group has also long established stringent lending policies and practices which are in line with BNM's call for responsible lending against the backdrop of concern on the escalation of household debt that may distort the stability of the financial system.

With the largest market share in the domestic residential mortgage business, the Group is also supportive in promoting higher level of home ownership amongst Malaysians as it continues to grant financing for this purpose, including financing of affordable homes for low to medium income Malaysians. In 2014, the Group approved more than 50,100 loans and financing for home purchases in Malaysia, of which 67.2% were for financing of affordable properties ranging between RM100,000 to RM500,000.

The Public Bank Group also focuses on servicing the business community by providing the necessary funding and various types of banking services, which in return, enables the latter to expand their businesses and indirectly offering a whole range of employment opportunities to our community. The Group's microcredit product, PBMicro Finance, will assist the development and growth of the small businesses and micro enterprises. The Group also actively promotes the various loans and financing schemes of the Credit Guarantee Corporation in order to provide the less privileged SMEs with access to banking facilities and working capital, thereby helping these SMEs to sustain their business operations in the challenging operating environment.



As a tax payer, the Public Bank Group continues to be a major contributor to the fiscal revenue of the country with tax payments totaling RM5.24 billion for the past five years since the beginning of 2010, with RM1.21 billion of taxes paid in 2014 alone. The Group endeavours to continue to maintain its favourable financial performance so that it can contribute significantly and be supportive of the future development efforts of the nation over the longer term.

Give Back Meaningfully to the Local Community

The corporate responsibility of the Public Bank Group also extends to a wide range of corporate social responsibility ("CSR") initiatives where the Group, through staff engagement and volunteerism, strives to give back meaningfully to the local community that support its business and corporate activities.

In 2014, the key CSR initiatives undertaken included providing continued financial assistance to the IJN Foundation for the set up of a dormitory to house families of needy patients undergoing treatment in Institut Jantung Negara, and the continued support of the Universiti Tunku Abdul Rahman in its research studies in the field of banking and finance. The Public Bank Group also supports projects and events that promote healthcare, education, professional development and national pride.

To promote environment sustainability, the Public Bank Group has also adopted the "green" concept in the construction of Public Mutual's new head office building located in Kuala Lumpur. The design and layout of the building incorporates a host of green features and has been awarded the pre-certification "Gold" rating by both the US Green Building Council under the Leadership in Energy and Environmental Design Green Building Rating System; as well as by the Malaysia Green Building Index certification system. The building is expected to be completed by 2015.

During 2014, some of the Bank's customers and employees were badly affected by the seasonal monsoon flood in various parts of Malaysia. To ease the burden of the affected parties, the Bank activated its relief assistance programme which includes extending loan moratorium to

its affected customers as well as providing special cash relief assistance to its affected staff and their families and granting compassionate leave to the affected staff to attend to their domestic needs.

All these efforts reflect the integration of sustainability into our corporate culture, and the Public Bank Group's commitment to its corporate social responsibility.

RECOGNITION OF BANKING EXCELLENCE

Apart from the earlier mentioned recognition accorded to the Public Bank Group for its excellence in corporate governance, the Group and its management also received numerous awards in recognition of its banking excellence by reputable domestic and international publications and independent organisations. These include the following:

- ⇒ Best Bank in Malaysia 2014 by *Global Finance*
- ⇒ Best Bank in Malaysia 2014 by *FinanceAsia*
- ⇒ Best Domestic Bank in Malaysia 2014 by *Asiamoney*
- ⇒ Best Domestic Bank in Malaysia 2014 by *The Asset*
- ⇒ Best Managed Company in Malaysia – Large Cap 2014 by *Asiamoney*
- ⇒ Best Retail Bank Malaysia for 2014 by *Global Financial Market Review*
- ⇒ Domestic Retail Bank of the Year – Malaysia 2014 by *Asian Banking and Finance*
- ⇒ Best Bank in Malaysia 2014 and Best SME Bank in Malaysia 2014 by *Alpha Southeast Asia*
- ⇒ Trusted Brands Gold Award 2014 in Banks in Malaysia category, and Credit Card Issuing Bank Gold Award 2014 by *Reader's Digest*
- ⇒ The BrandLaureate Brand of the Year Award for Financial – Banking category 2013-2014 by *Asia Pacific Brands Foundation*
- ⇒ Frost & Sullivan Malaysia Best Customer Experience in Banking Award 2014 by *Frost & Sullivan*
- ⇒ Top SME Supporter Award 2013 by *Credit Guarantee Corporation*

The Public Bank Group is also delighted and honoured that Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder and Chairman of Public Bank, was again recognised for his sterling achievements and contribution to the banking industry with the Corporate Governance Asia's 4th Asian Excellence Recognition Awards 2014 for Best CEO (Investor Relations) for Malaysia and Asian Corporate Director Recognition Award 2014 for Malaysia.

These awards reaffirm the strong commitment of the Public Bank Group and its staff and will motivate them to continue their relentless pursuit of the delivery of excellence to all its stakeholders.

OUTLOOK

The steady but challenging Malaysian economic outlook, in which the Public Bank Group largely operates, is expected to remain supportive of the banking sector. Gross Domestic Product growth is expected to be between 4.5% and 5.5% in 2015.

Stiff competition in the banking industry for market share and the need for higher capital conservation due to the requirements of Basel III capital framework, will continue to put pressure on pricing of products and affect profitability and ROE of the banks.

Facing the challenges ahead, the Public Bank Group's key priorities are to accelerate business innovation and pursue operational efficiency more aggressively in order to deliver the Group's commitment to excellence to all its stakeholders. Apart from maintaining its prudent approach to risk and cost management, the Group will implement customer-focused initiatives in driving higher and sustainable fee-based income while upholding its superior customer service and delivery excellence.

With the Public Bank Group's strong financial track record, backed by solid asset quality, healthy capital structure, and most importantly, the firm commitment to excellence from all levels of its staff, the Group is well-positioned to face the challenges ahead and to seize the opportunities presented to further grow its business. To bring it to a greater height going forward, the Group will continue to work closely with all key stakeholders to further enhance stakeholders' value.

TARGETS FOR 2015

For 2015, the Public Bank Group's key performance targets are as follows:

Key Performance Benchmarks	2015 Targets
Net return on equity	>16%
Total capital ratio	>13%
Gross impaired loans ratio	<1%
Cost to income ratio	<32%
Gross loans growth	9% – 10%
Customer deposit growth	9% – 10%

The setting of the Public Bank Group's key performance targets for 2015 has taken into account the Group's achievements in 2014, together with the risk appetite of the Group, the regulatory requirements under the Basel III capital framework and the prevailing medium-term economic outlook.



OUR APPRECIATION

We would like to convey our sincere thank you to our shareholders and business partners for your trust, unwavering support and strong confidence in the Public Bank Group.

To our valued customers, we wish to express our deepest appreciation for continuing to choose the Public Bank Group as your preferred choice.

We also appreciate and acknowledge the management and staff of the Public Bank Group for always being loyal, dedicated and committed in enabling the Group to be well-positioned in facing the ever-changing environment and challenges to ensure the continuing success of the Group.

During the year, two of our Board members, Dato' Yeoh Chin Kee and Dato' Haji Abdul Aziz bin Dato' Dr. Omar, retired from the Board, having served over 35 years and 14 years, respectively. We wish them well and thank them for their invaluable contributions to the Group.

We extend our warm welcome to Ms. Cheah Kim Ling, who joined us as an Independent Non-Executive Director in April 2014 and we look forward to her invaluable experience and contribution to the Board.

We deeply express our gratitude to Bank Negara Malaysia and other relevant authorities for their continuous guidance, support and invaluable advice.

TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman

TAN SRI DATUK SERI UTAMA THONG YAW HONG
Co-Chairman

TAN SRI DATO' SRI TAY AH LEK
Managing Director

DATO' SRI LEE KONG LAM
Director

MR. TANG WING CHEW
Director

MR. LAI WAN
Director

MS. LAI WAI KEEN
Director

MS. CHEAH KIM LING
Director

HONESTY & INTEGRITY





We subscribe to the belief that “An exemplary reputation for ethical dealings is itself a priceless corporate asset” and we are committed to perpetuate the highest level of integrity and ethical practice in our corporate culture. The awards and recognition accorded to us are affirmation of our high degree of success in delivering our commitment to all our stakeholders. The strong corporate governance forms the foundation of a long-term relationship between the Bank and our stakeholders who include our customers, the community we serve, employees, shareholders and regulators.

Enhancing Integrity Value

Statement on Corporate Governance

The Board of Directors and Management of Public Bank remain steadfast in ensuring that Public Bank continues to uphold the highest standards of corporate governance, as a result of which Public Bank has in 2014 maintained its track record of delivering long-term and sustainable value to shareholders and ensuring that the interests of all its stakeholders are protected.

As a banking institution licensed under the Financial Services Act 2013 (FSA) and as a public company listed on Bursa Malaysia Securities Berhad (Bursa Malaysia), Public Bank conforms with the principles and requirements of corporate governance set out in the Bank Negara Malaysia (BNM) Guidelines on Corporate Governance for Licensed Institutions (BNM Guidelines on Corporate Governance); the Bursa Malaysia Main Market Listing Requirements, and the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012).

The numerous awards and accolades that Public Bank continued to receive in 2014 are testament to its sound corporate governance and achievement of excellent business and financial performance and its accountability to stakeholders. The significant awards received by Public Bank in 2014 included the following:

Corporate Governance Awards

- ⇒ Corporate Governance Asia Recognition Award 2014 for Malaysia (Icon on Corporate Governance) presented by Corporate Governance Asia
- ⇒ The Asset Corporate Platinum Award 2014 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations presented by The Asset
- ⇒ Best Overall for Corporate Governance in Malaysia 2004 – 2013 (except for 2005) presented by Asiamoney

Best Bank Awards

- ⇒ Best Bank in Malaysia 2014 presented by FinanceAsia
- ⇒ Best Bank in Malaysia 2014 presented by Global Finance
- ⇒ Best Bank in Malaysia 2014 presented by Alpha Southeast Asia
- ⇒ Domestic Retail Bank of the Year – Malaysia 2014 presented by Asian Banking & Finance
- ⇒ Best Domestic Bank in Malaysia 2014 presented by Asiamoney
- ⇒ Best Domestic Bank in Malaysia 2014 presented by The Asset
- ⇒ Best Managed Company in Malaysia – Large Cap 2014 presented by Asiamoney
- ⇒ Best Retail Bank in Malaysia 2014 presented by Global Financial Market Review
- ⇒ Best SME Bank in Malaysia 2014 presented by Alpha Southeast Asia

The full list of the awards and accolades received by the Public Bank Group in 2014 and to-date is on pages 38 to 51 of this annual report.



BOARD OF DIRECTORS

Size and Composition of Board

The Board currently comprises 8 Members. The size and composition of the Board remain adequate to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent directors. The Directors come from diverse backgrounds with expertise and skills in banking, finance, business, accounting, industry and legal.

The 8 Members of the Board are persons of high calibre and integrity, and they possess the appropriate skills, knowledge, experience and competencies to address key risks and major issues relating to the Bank's policies and strategies. The Directors more than adequately fulfill the fit and proper criteria as specified in the FSA and the BNM Policy Document on Fit and Proper Criteria.

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, is widely acclaimed both domestically and internationally as a banking grandmaster. He has received numerous awards for his par excellence achievements as a banker, Chief Executive Officer and transformational leader. Tan Sri Dato' Sri Dr. Teh Hong Piow has received countless prestigious awards in recognition of his significant contributions to the banking and finance industries, and for his socio-economic development initiatives, both locally and abroad.

Tan Sri Dato' Sri Tay Ah Lek, the Managing Director/Chief Executive Officer, is a pioneer staff of Public Bank; his wide experience and knowledge of the financial industry is recognised by his appointment as the Chairman of the Association of Hire Purchase Companies Malaysia, and his appointment as a Member/Director of several organisations/companies of the banking industry.

Tan Sri Datuk Seri Utama Thong Yaw Hong, the Co-Chairman, had served the Government for 32 years, during which time he had held various prominent and senior positions. Upon retiring from civil service, he joined the private sector and was appointed as Chairman/Director of several large public listed corporations. Tan Sri Datuk Seri Utama Thong Yaw Hong's distinguished background

and outstanding calibre had led to his former appointments as a Member of the National Economic Council and as a Senior Member of the Working Group of the Executive Committee for the National Economic Council.

Dato' Sri Lee Kong Lam had served BNM for 29 years prior to joining the Bank in 1996; he had held several senior management positions while he was in BNM. He had acquired extensive experience and depth of knowledge relating to the banking and finance industry while serving BNM.

Tang Wing Chew has extensive skills and competency in banking and finance related industries, from his long service with BNM and from his tenure as a previous Chief Executive Officer of a finance company and as a previous Chief Executive Officer of an insurance company. Lai Wan gained wide experience in the banking and finance related industries from his long service with BNM and finance companies, and from his tenure as a previous President/CEO of a Malaysian bank. Lai Wai Keen possesses vast experience in banking regulations, corporate communications, deposit insurance systems and protection scheme for insurance policy holders, having served BNM for over 20 years and Perbadanan Insurans Deposit Malaysia (PIDM) for more than 6 years.

Following the approval received from BNM, Cheah Kim Ling was appointed as an Independent Non-Executive Director on 29 April 2014. Cheah Kim Ling has 32 years working experience in BNM during which she was involved in all aspects of banking regulation from formulation of policies/regulations/guidelines to the administration of different legislations governing the financial institutions. This latest appointment reflects the Board's endeavours to phase-in new Independent Non-Executive Directors for succession planning.

The appointment of the 2 lady members to the Board ie. Lai Wai Keen on 29 May 2012 and Cheah Kim Ling on 29 April 2014 reflects that the Board recognises the importance of female representation in the Boardroom.

The profile of each of the Member of the Board is as presented on pages 54 to 62 of this annual report.

Board Balance and Independence of Directors

The Board comprises only one Executive Director and a strong presence of 7 Non-Executive Directors, whereby 4 ie. more than one third are Independent Non-Executive Directors.

The 4 Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of Public Bank. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Bank's business and the reporting of monthly business performances.

The Nomination Committee and the Board have upon their annual assessment, concluded that each of the 4 Independent Non-Executive Directors continues to be independent-minded, and demonstrates conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out in BNM Guidelines on Corporate Governance and the Bursa Malaysia Main Market Listing Requirements.

Each of the 4 Independent Non-Executive Directors has provided an annual confirmation of his/her independence to the Nomination Committee and the Board.

Directors' Code of Ethics

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

Duties and Responsibilities of the Board

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

- ⇒ Approval of financial results
- ⇒ Declaration of dividends

- ⇒ Risk appetite setting
- ⇒ Short-term and medium-term business plans
- ⇒ Annual budget
- ⇒ Governance structure for implementation of Internal Capital Adequacy Assessment Process (ICAAP) and Public Bank Group ICAAP Framework
- ⇒ Capital management plan
- ⇒ Credit policy
- ⇒ Appointment of key responsible persons

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

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

The principal responsibilities of the Board include the following:

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



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

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

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

- ⇒ Providing independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board
- ⇒ Ensuring effective check and balance in the proceedings of the Board
- ⇒ Mitigating any possible conflict of interest between the policy-making process and day-to-day management of the Bank
- ⇒ Constructively challenging and contributing to the development of the business strategies and direction of the Bank
- ⇒ Ensuring that there are adequate systems and controls to safeguard the interests of the Bank and all stakeholders
- ⇒ Ensuring that the culture of accountability; transparency; integrity; professionalism and responsible conduct is consistently adhered to in the Bank

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

Board Charter

The Board had in 2012 formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set out in the policy documents and guidelines issued by the regulatory authorities. The Board Charter is available on Public Bank's corporate website at www.publicbank.com.my.

The Board Charter covers the following key areas:

- ⇒ Composition, Maximum Tenure for Directors and Age Limit for Directors
- ⇒ Annual Review of Directors
- ⇒ New Appointment/Re-appointment/Re-election of Directors
- ⇒ Principal Duties and Responsibilities of the Board
- ⇒ Power Delegation
- ⇒ Roles of Non-Executive Chairman
- ⇒ Roles of Non-Executive Co-Chairman
- ⇒ Roles of Managing Director/Chief Executive Officer
- ⇒ Roles of Non-Executive Directors

Board Meetings and Supply of Information

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

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

At the monthly Board meetings, the Board reviews management reports on the business performance of the Bank as well as the Group and major subsidiaries, and reviews, inter-alia, the results compared to the preceding

Statement on Corporate Governance

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 and main Working Committees through minutes of these committees. The Board Members deliberate, and in the process, assess the viability of business propositions and corporate proposals, and the principal risks that may have significant impact on the Bank's business or on its financial position, and the mitigating factors. The Board also assesses various types of credit propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the guidelines issued by BNM.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of salient views and conclusions of the Audit Committee upon its members' deliberations at Audit Committee meetings.

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

The Board meetings are chaired by the Non-Executive Co-Chairman, Tan Sri Datuk Seri Utama Thong Yaw Hong, who has the responsibility of ensuring that there is adequate and sufficient time for discussion of items on the agenda.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 7 days before the Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. There is a process in place for Non-Executive Directors to seek clarifications or obtain details concerning the Board agenda papers from the Management or the Company Secretary or if they deem necessary to take independent professional advice at the Company's expenses. Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

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

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

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

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

The Board has direct access to the Senior Management and has unrestricted and immediate access to any information relating to the Bank's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board. The Deputy Chief Executive Officer attends Board meetings by invitation and the Senior Chief Operating Officer, Chief Operating Officers and relevant Senior Management Officers are invited to attend the Board meetings to report to the Board on matters relating 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 requirements or new accounting standards, and in particular the implementation of Basel III.

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2014, as reflected below:

Name of Director	Number of Board Meetings	
	Held During Tenure in Office	Attended
Non-Independent		
Tan Sri Dato' Sri Dr. Teh Hong Piow <i>Non-Executive Chairman</i>	21	21
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Executive Co-Chairman</i>	21	16
Tan Sri Dato' Sri Tay Ah Lek <i>Managing Director/Chief Executive Officer</i>	21	20
Dato' Sri Lee Kong Lam <i>Non-Executive Director</i>	21	21
Dato' Yeoh Chin Kee ¹ <i>Non-Executive Director</i>	4	4
Dato' Haji Abdul Aziz bin Dato' Dr. Omar ² <i>Non-Executive Director</i>	16	16
Independent		
Tang Wing Chew <i>Non-Executive Director</i>	21	21
Lai Wan <i>Non-Executive Director</i>	21	21
Lai Wai Keen <i>Non-Executive Director</i>	21	20
Cheah Kim Ling ³ <i>Non-Executive Director</i>	15	13

Notes:

¹ Retired on 31 March 2014

² Retired on 1 October 2014

³ Appointed on 29 April 2014

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

Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary who is very experienced, competent and knowledgeable, on new statutes and directives issued by the regulatory authorities. She gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretary also serves notices to the Directors and Principal Officers on the closed periods for trading in Public Bank shares, in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia Main Market Listing Requirements.

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

Training and Development of Directors

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

During the financial year 2014, the Members of the Public Bank Board had attained training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated sessions and through reading materials. The Directors had attended the high level Financial Institutions Directors' Education (FIDE) Programme developed by BNM and PIDM in collaboration with the International Centre for Leadership in Finance (ICLIF). The FIDE Programme is designed with a specific focus on financial sector issues and challenges, and leverages on international and local experts in the field of corporate governance and financial services industry. The Directors also kept up-to-date with market developments and related issues through Board discussion meetings with the Deputy Chief Executive Officer, Senior Chief Operating Officer, Chief Operating Officers, Chief Financial Officer and other Senior Management Officers, and through the Bank's management seminars.

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

Cheah Kim Ling, who was appointed as a Director of Public Bank on 29 April 2014, has attended and successfully completed the MAP in May 2014.

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

Conferences, seminars and training programmes attended by Directors in 2014 included the following areas:

Corporate Governance/Risk Management

- ⇒ FIDE Core Programmes
- ⇒ BNM Dialogue Session with Financial Institutions' Board Nomination Committees
- ⇒ Workshops for Audit Committee Members: An Integrated Assurance on Risk Management & Internal Control – Is Our Line of Defence Adequate and Effective
- ⇒ Workshop on The Challenges of Corporate Governance in Financial Services Sector
- ⇒ FIDE Forum: Risk: From Whereof?

Board Leadership

- ⇒ Mandatory Accreditation Programme for Directors of Public Listed Companies
- ⇒ FIDE Forum: Focus Group Discussion on Building a Talent Pool of Directors: Directors Register
- ⇒ FIDE Forum: Recovery and Resolution Plan in Financial Institutions: Board Leading the Way
- ⇒ FIDE Forum: A Comprehensive Talent-Based Approach to Board Recruitment
- ⇒ FIDE Forum: Board Strategic Leadership in Managing Cybersecurity Risk in Financial Institutions
- ⇒ Asian Leadership Index – Defining Leadership in the Asian Century
- ⇒ Directors Breakfast Series: Great Companies Deserve Great Boards

Banking, Finance & Economy

- ⇒ BNM-FIDE Forum: Dialogue with the Governor "Economic & Financial Services Sector: Trends & Challenges Moving Forward"
- ⇒ Intellectual Property Financing Conference 2014
- ⇒ 2015 Budget Proposals
- ⇒ Goods and Services Tax

Human Capital Management

- ⇒ Too Many Bosses, Too Few Leaders
- ⇒ Managing Multi Generation Workforce



New Appointment and Re-Appointment of Director

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

The Nomination Committee considers and recommends to the Board, nominee(s) for directorships and Board Committee membership upon assessing the fitness and propriety of the nominee(s) to act as Director/Board Committee member.

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

The Nomination Committee is responsible for assessing the performance, commitment and ability of the Directors whose current term of appointment as approved by BNM is due to expire, to continue to contribute to the Board in terms of knowledge, skills and experience required, and submitting their recommendation to the Board for decision on the submission of application to BNM for the re-appointment of the Director concerned.

Re-Appointment and Re-Election of Directors

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

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

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

Directors' Remuneration

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

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

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

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

Statement on
Corporate Governance

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2014 are as follows:

RM'000	Salary	Fees	Bonus	Other Emoluments	Benefits-in-kind	Total
Executive Director						
Tan Sri Dato' Sri Tay Ah Lek	2,772	260	8,219	2,306	38	13,595
Non-Executive Directors						
Tan Sri Dato' Sri Dr. Teh Hong Piow	–	352	–	22,990	29	23,371
Tan Sri Datuk Seri Utama Thong Yaw Hong	–	352	–	411	–	763
Dato' Sri Lee Kong Lam	–	260	–	147	–	407
Dato' Yeoh Chin Kee ¹	–	65	–	35	–	100
Dato' Haji Abdul Aziz bin Dato' Dr. Omar ²	–	195	–	127	–	322
Tang Wing Chew	–	260	–	190	–	450
Lai Wan	–	260	–	156	–	416
Lai Wai Keen	–	260	–	134	–	394
Cheah Kim Ling ³	–	195	–	86	–	281
	–	2,199	–	24,276	29	26,504
Total	2,772	2,459	8,219	26,582	67	40,099

Notes:

¹ Retired on 31 March 2014

² Retired on 1 October 2014

³ Appointed on 29 April 2014

COMMITTEES ESTABLISHED BY THE BOARD

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

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

Board Committees

➔ Audit Committee

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

The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 120 to 122 of this annual report.

The Audit Committee meets at least once a month.



The attendance of Members at the Audit Committee meetings held in 2014 is reflected as follows:

Name of Committee Members	Number of Audit Committee Meetings	
	Held During Tenure in Office	Attended
Tang Wing Chew (Chairman) <i>Independent Non-Executive</i>	18	18
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Independent Non-Executive</i>	18	12
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	18	18
Dato' Yeoh Chin Kee ¹ <i>Non-Independent Non-Executive</i>	4	4
Dato' Haji Abdul Aziz bin Dato' Dr. Omar ² <i>Non-Independent Non-Executive</i>	14	14
Lai Wan <i>Independent Non-Executive</i>	18	18
Lai Wai Keen <i>Independent Non-Executive</i>	18	18
Cheah Kim Ling ³ <i>Independent Non-Executive</i>	12	11

Notes:

¹ Ceased to be member on 31 March 2014

² Ceased to be member on 1 October 2014

³ Appointed as member on 29 April 2014

➔ Nomination Committee

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

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

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

- ➔ To assess and recommend to the Board the nominees for appointment as Directors, Board Committee Members as well as CEO and Deputy CEO
- ➔ In the case of persons for the position of Independent Non-Executive Director, to evaluate the persons' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors
- ➔ To assess and recommend to the Board, the re-appointment of Directors/CEO upon the expiry of their respective terms of appointment as approved by BNM
- ➔ To oversee the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors through annual review
- ➔ To determine annually whether a Director is independent as may be defined in the guidelines issued by BNM and in the Bursa Malaysia Main Market Listing Requirements
- ➔ To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole; the effectiveness of each Director; and the performance of the CEO and Deputy CEO. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board
- ➔ To assess, on an annual basis, that the Directors/ CEO/Deputy CEO and key Senior Management Officers are not disqualified under Section 59 of the FSA and that the Directors/CEO/Deputy CEO continue to comply with the fit and proper criteria as approved by the Board
- ➔ To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements

Statement on
Corporate Governance

- ⇒ To recommend to the Board the removal of a Director/CEO/Deputy CEO if he/she is ineffective, errant or negligent in discharging his/her responsibilities
- ⇒ To oversee the appointment, succession planning and performance evaluation of the key Senior Management Officers
- ⇒ To recommend to the Board the removal of key Senior Management Officers if they are ineffective, errant or negligent in discharging their responsibilities
- ⇒ To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees
- ⇒ To carry out such other responsibilities as may be specified by BNM or delegated by the Board from time to time

The Nomination Committee upon its annual assessment carried out for financial year 2014, was satisfied that:

- ⇒ The size and composition of the Public Bank Board is optimum with appropriate mix of knowledge, skills, attributes and core competencies
- ⇒ The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Bank's operations
- ⇒ All the Directors continue to uphold the highest governance standards in their conduct and that of the Board
- ⇒ All the Members of the Board are well qualified to hold their positions as Directors of Public Bank in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities
- ⇒ All the Directors comply with the fit and proper criteria approved by the Board which are consistent with the FSA and BNM Policy Document on Fit and Proper Criteria

- ⇒ The Independent Directors comply with the definition of Independent Director as defined in the BNM Guidelines on Corporate Governance and the Bursa Malaysia Main Market Listing Requirements
- ⇒ The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of Public Bank, as they hold either one or two directorships in public listed companies as described below:
 - Holding only one directorship: 6 directors
 - Holding two directorships: 2 directors

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

The attendance of Members at the Nomination Committee meetings held in 2014 is reflected as follows:

Name of Committee Members	Number of Nomination Committee Meetings	
	Held During Tenure in Office	Attended
Lai Wan (Chairman) <i>Independent Non-Executive</i>	3	3
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Independent Non-Executive</i>	3	2
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	3	3
Dato' Yeoh Chin Kee ¹ <i>Non-Independent Non-Executive</i>	1	1
Dato' Haji Abdul Aziz bin Dato' Dr. Omar ² <i>Non-Independent Non-Executive</i>	2	2
Tang Wing Chew <i>Independent Non-Executive</i>	3	3
Lai Wai Keen <i>Independent Non-Executive</i>	3	3

Notes:

¹ Ceased to be member on 31 March 2014

² Ceased to be member on 1 October 2014



➔ Remuneration Committee

The Remuneration Committee is made up exclusively of Non-Executive Directors.

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

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

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

The attendance of Members at the Remuneration Committee meetings held in 2014 is reflected as follows:

Name of Committee Members	Number of Remuneration Committee Meetings	
	Held During Tenure in Office	Attended
Lai Wan (Chairman) <i>Independent Non-Executive</i>	4	4
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Independent Non-Executive</i>	4	3
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	4	4
Dato' Yeoh Chin Kee ¹ <i>Non-Independent Non-Executive</i>	1	1
Dato' Haji Abdul Aziz bin Dato' Dr. Omar ² <i>Non-Independent Non-Executive</i>	3	3
Tang Wing Chew <i>Independent Non-Executive</i>	4	4
Lai Wai Keen <i>Independent Non-Executive</i>	4	4

Notes:

¹ Ceased to be member on 31 March 2014

² Ceased to be member on 1 October 2014

➔ Risk Management Committee

The Risk Management Committee is made up exclusively of Non-Executive Directors.

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

- ⇒ Oversees the identification and management of all applicable risks such as market risk, liquidity risk, credit risk and operational risk and the risks identified under the Internal Capital Adequacy Assessment Process, and that capital is adequately set aside to support the risk taking activities of the group
- ⇒ Reviews and approves risk management policies and risk tolerance limits
- ⇒ Ensures infrastructure, resources, processes and systems are in place for risk management

The Risk Management Committee holds monthly meetings.

The attendance of Members at the Risk Management Committee meetings held in 2014 is reflected as follows:

Name of Committee Members	Number of Risk Management Committee Meetings	
	Held During Tenure in Office	Attended
Lai Wai Keen (Chairperson) <i>Independent Non-Executive</i>	13	13
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Independent Non-Executive</i>	13	8
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	13	13
Dato' Yeoh Chin Kee ¹ <i>Non-Independent Non-Executive</i>	3	3
Dato' Haji Abdul Aziz bin Dato' Dr. Omar ² <i>Non-Independent Non-Executive</i>	10	10
Tang Wing Chew <i>Independent Non-Executive</i>	13	13
Lai Wan <i>Independent Non-Executive</i>	13	13
Cheah Kim Ling ³ <i>Independent Non-Executive</i>	9	8

Notes:

¹ Ceased to be member on 31 March 2014

² Ceased to be member on 1 October 2014

³ Appointed as member on 29 April 2014

➔ Credit Risk Management Committee

The salient terms of reference of the Credit Risk Management Committee and frequency of meetings are as follows:

- ⇒ Evaluates and assesses the adequacy of strategies to manage the overall credit risk associated with the Bank's activities
- ⇒ Evaluates risks under stress scenarios and the capacity of the capital to sustain such risk

The Credit Risk Management Committee holds monthly meetings

Board Executive Committee

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

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

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

The Board Executive Committee holds weekly meetings with the Senior Chief Operating Officer and Chief Operating Officers.

Management Committee and Main Working Committees

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

➔ Management Committee

- ⇒ Strategises the business of the Bank
- ⇒ Proposes strategic business plans and policies to the Board Executive Committee for consideration to recommend to the Board
- ⇒ Monitors the business operations of the Bank
- ⇒ Responds to issues through the establishment of action-oriented task force/working groups and keeps in tandem with changes in the banking environment, both external and domestic, through recommendation and proposals
- ⇒ The Management Committee holds meetings twice a week



➔ **Group Human Resource Committee**

- ⇒ Formulates human resource policies and practices for the Bank and wholly-owned subsidiaries of the Bank
- ⇒ Deliberates and decides on human resource operational issues which do not fall within the ambit of authorised individual officers
- ⇒ The Group Human Resource Committee holds meetings twice a month

➔ **Credit Committee**

- ⇒ Approves loan applications which are beyond the individual discretionary powers of senior officers
- ⇒ Recommends the Bank's credit policy for the Board's endorsement
- ⇒ The Credit Committee holds meetings twice every week

➔ **Operational Risk Management Committee**

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

➔ **Assets & Liabilities Management Committee**

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

➔ **Share Investment Committee**

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

➔ **IT Steering Committee**

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

➔ **Business Continuity Management Committee**

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

Indemnification of Directors and Officers

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

Whistle-Blowing

Public Bank is committed to ensuring that its business and operations are conducted in an ethical, moral and legal manner. In line with this commitment, Public Bank has implemented the Whistleblowing Policy and Procedure to provide an avenue for all employees to disclose any improper conduct within the Bank.

The Whistleblowing Policy and Procedure sets out the internal channel/procedures for all employees of the Bank to disclose any irregularities and the protection accorded to employees who disclose such allegations.

In addition to the Whistleblowing Policy and Procedure, Public Bank has also in place an Anti-Fraud Policy.

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

Further details of the Anti-Fraud Policy are as set out on page 115 of this annual report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

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

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

Related Party Transactions

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

Details of these transactions are set out under Note 42 to the Financial Statements on pages 150 to 157 in the Financial Statements section of this annual report.

Internal Controls

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



The size and complexity of the operations of Public Bank and the Public Bank Group involve the management of a wide variety of risks. The nature of these risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Bank's and the Group's systems of internal controls are designed to provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring.

The Board is assisted by the Risk Management Committee (RMC) to oversee the management of all identified risks. RMC meets monthly to ensure that the accountability for managing the significant risks identified is clearly assigned and that identified risks affecting the Bank and the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of Public Bank and the Public Bank Group is reviewed by the Audit Committee during its periodic meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Bank and the Group. Internal Audit Divisions of the Bank and the Group checks for compliance with statutory/regulatory requirements, internal policies and procedures and review the work processes/procedures for efficiency and effectiveness. Internal Audit Divisions also assess the operating effectiveness of the risk management and internal control system during their course of audits.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Bank and the Group, is set out on pages 117 to 119 of this annual report.

Audit Committee

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

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

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 123 and 124 of this annual report.

Relationship With External Auditors

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

The Audit Committee is responsible for reviewing audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services. The Audit Committee also reviews all adhoc non-audit services. In reviewing such cases, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised in accordance with the assessment criteria set out in the Policies and Procedures for Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

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

Statement on
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The details of the statutory audit, audit-related and non-audit fees paid/payable in 2014 to the external auditors are set out below:

	Bank RM'000	Group RM'000
Fees paid/payable to KPMG		
⇒ Audit	1,121	1,718
⇒ Audit-Related	411	772
– International Financial Reporting Standard (IFRS) Conversion services (Overseas)	–	276
– Validation of Perbadanan Insurans Deposit Malaysia Returns	150	205
– Half-year Limited Review	155	185
– Review of Institutional Unit Trust Advisor operations	75	75
– Statement of Risk Management and Internal Control		
• Domestic	15	15
• Overseas	9	9
– Corporate Governance (Overseas)	7	7
⇒ Non-Audit	243	383
– GST Implementation Project	108	200
– Tax		
• Domestic	61	99
• Overseas	14	14
– Review of Pro Forma Consolidated Statement of Financial Position in connection with Issuance of Right Issue	60	60
– Provision of confirmation/concurrence on the issuance of Subordinated Sukuk Mudharabah	–	10
	1,775	2,873
Fees paid/payable to other auditors		
⇒ Audit	197	1,744
⇒ Audit-Related	–	262
– Review of Banking Return (Overseas)	–	107
– Half-year Limited Review (Overseas)	–	68
– Independent Assessment of New Stock Trading System (Overseas)	–	62
– Statement of Internal Control (Overseas)	–	25
⇒ Non-Audit	–	59
– Tax (Overseas)	–	48
– Consultancy on Master Prospectus Investment (Domestic)	–	11
	197	2,065
Total	1,972	4,938



STRENGTHENING RELATIONSHIP WITH SHAREHOLDERS

One of the key components in upholding the principles and best practices of corporate governance is to continuously strengthen the relationship between the Public Bank Group and its shareholders. The Group believes that maintaining effective and timely communication with its shareholders will lead to a more productive and collaborative engagement and helps to strengthen the mutual relationship between the Group and its shareholders. This will enhance the shareholders' understanding of the Group, in terms of their appreciation of the business strategies, performance and challenges of the Group. It also enables the Group to be aware of the shareholders' expectations and concerns. Ultimately, the relationship facilitates the ability of the shareholders in making informed investment decisions and in exercising their rights as shareholders.

As an ongoing effort for the Group to strengthen its relationship with the shareholders, the Group continuously discloses and disseminates relevant and comprehensive information in a timely manner to its shareholders as well as to the general investing public. This practice of disclosure of information is not just to comply with the requirements of Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, it also adopts the best practices as recommended in the MCCG 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis.

The annual report is the main channel of communication between the Public Bank Group and its stakeholders. The annual report communicates comprehensive information of the financial results, business performance and operations of the Group. As a listed corporation, the contents and disclosure requirements of the annual report are also governed by the Bursa Malaysia Main Market Listing Requirements. As a licensed financial institution, Public Bank is required to provide disclosures that are in compliance with the BNM Policy on Financial Reporting for Financial Institutions in respect of the contents and format of financial statements which mandate significantly higher levels of disclosure of financial and risk management information than that of a non-financial corporation.

The Public Bank Group always strives to enrich the information and disclosures to be included in the Public Bank's annual report and financial statements that extend beyond the regulatory requirements in order to provide more extensive information which enable various stakeholders to have better appreciation of the Group's business strategies, operations, performance, challenges, quality of management and financial information.

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

The annual general meeting of Public Bank provides a useful forum for shareholders to engage directly with the Bank's Directors and Senior Management. At the annual general meeting of Public Bank, the Chairman of the meeting presents a comprehensive and concise review of the Public Bank Group's financial performance and value created for shareholders. This review is supported by visual and graphical presentation of key points and key financial figures. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Bank's Directors and Senior Management Officers. The turnout of shareholders at the general meetings of Public Bank has always been high and this is a clear indication of the extensive engagement with shareholders. A summary of the proceedings of the annual general meetings is also made available at the corporate website of Public Bank.

Apart from the above engagement with stakeholders through annual reports and general meetings, Public Bank also makes quarterly announcements of financial results and other announcements to Bursa Malaysia to provide stakeholders with key information regarding the Group. Public Bank also issues press releases to the media on the quarterly results and significant corporate developments and business initiatives to keep the investment community and shareholders informed on the progress and strategic development of the business of the Public Bank Group.

Public Bank conducts briefings in conjunction with the release of its half-year and annual results announcements. These briefings provide opportunity for dialogue between the fund managers and research analysts with the Bank's Senior Management Officers. The briefings are also intended to provide timely dissemination of the financial results of the Public Bank Group and to facilitate the research analysts to produce their analyses and reports so that these may be made available to investors and the media in a timely manner. Public Bank acknowledges the importance of the need to treat all shareholders fairly, thus, the presentation slides for the research analyst briefings and the press releases are also made available to the public via the Group's corporate website.

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

The Public Bank Group continues to emphasise on the importance of prompt and timely dissemination of information to shareholders and investors. The Group is of the view that information that is not released in a timely manner, albeit comprehensive and accurate, would be less relevant to the shareholders and investors in making informed investment decisions. As such, Public Bank accords a high priority in ensuring that information is made available and disseminated as early as possible. The releases of Public Bank's annual report and the Group's quarterly financial results are generally the earliest amongst the large listed companies and financial institutions in Malaysia, and are always well ahead of the announcement deadlines specified in the Bursa Malaysia Main Market Listing Requirements. The Public Bank Group has consistently been able to achieve early issuance of annual reports and releases of quarterly financial results, even though BNM's approval is needed prior to the issuance of these reports.

Release of Annual Report and Quarterly Financial Results

	Date of Issue/ Release	Number of Days after end of Year/Quarter	Bursa Malaysia Deadline
Annual Report 2014	5 March 2015	64	30 June 2015
Annual Report 2013	6 March 2014	65	30 June 2014
2014 Quarterly Results			
1st Quarter	21 April 2014	21	31 May 2014
2nd Quarter	24 July 2014	24	31 August 2014
3rd Quarter	23 October 2014	23	30 November 2014
4th Quarter	5 February 2015	36	28 February 2015



INVESTOR RELATIONS

The Public Bank Group has a strong following and coverage amongst domestic and international institutional investors, fund managers and equity and fixed-income securities research analysts. Thus, in addition to communicating and engaging shareholders through annual reports, annual general meeting, continuing and timely disclosures and announcement of information, the Group's Investor Relations function provides an additional channel in managing the Group's relationship with the investment community through communicating and engaging directly with the relevant investors and the investment community broadly, both in Malaysia and internationally.

The investor relations function enables the Public Bank Group to maintain its on-going engagement with the investing community and research analysts through active dialogue and effective communication, which provides comprehensive insights about the Group's business strategies, financial performance and current business initiatives. The regular dialogues provide comprehensive, transparent and timely information that helps the investing community and research analysts to better understand their investment position in Public Bank and become cognisant with the Group's performance, business strategies and prospects. This creates favourable investor support and opinion on the Group which eventually contributes towards enhancing the corporate value of the Group.

As part of the Group's commitment towards this objective, experienced Senior Management personnel are directly involved in the Group's investor relations activities. With the active involvement of Senior Management personnel, the investing community is assured of views and information on the Group that is appropriate, accurate and timely.

Senior Management Personnel in Investor Relations Activities

Public Bank

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

Chang Siew Yen
Chief Operating Officer

Yik Sook Ling
Chief Financial Officer

Ng Seiw Kuan
Director of Corporate Planning & Strategy

Public Financial Holdings Limited

Tan Yoke Kong
Executive Director

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

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

Public Bank Group's continuous effort in cementing effective and transparent communication with the investing community has been well recognised through various Investor Relations awards received over the years.

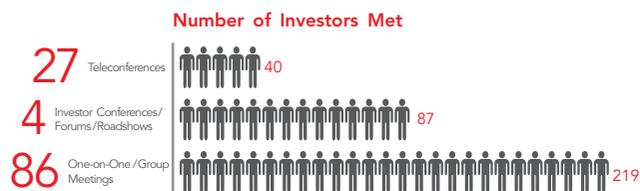
Public Bank Group maintains a close connection with its institutional investor, fund manager and analyst networks. In 2014, Public Bank participated in four regional and local investors conferences, where the designated Senior Management Officers conducted meetings with 87 investors and fund managers.

Investors Conferences Attended

Date	Event	Location	Organiser
19 – 23 May 2014	5th Annual DB Access Asia Conference 2014	Singapore	Deutsche Bank
9 – 10 June 2014	Invest Malaysia 2014	Kuala Lumpur	Bursa Malaysia & CIMB Investment Bank
12 – 13 June 2014	Citi ASEAN Investor Conference 2014	Singapore	Citigroup
15 – 19 September 2014	21st CLSA Investors' Forum	Hong Kong	CLSA

In addition, a total of 219 investors, fund managers and research analysts, both local and foreign, had visited Public Bank and held one-on-one/group meetings with designated Senior Management Officers. Further, the Senior Management Officers also attended to 27 teleconference calls involving 40 foreign investors and fund managers.

Summary of Investor Relations Activities in 2014



The extensive investor relations activities of the Public Bank Group and the high level of investor interest in Public Bank have led to a wide coverage of the Group by stock brokerage and equity research firms. This is reflected in a total of 26 contributors to the earnings estimates for Public Bank.

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



Primary Contacts for Investor Relations Matters

PUBLIC BANK

Chang Siew Yen

Chief Operating Officer

Chang Siew Yen is a qualified accountant. She joined Public Bank in 2005 as Deputy Director of Finance Division. She was subsequently appointed Head of Finance Division and Chief Financial Officer in 2006. She was promoted to General Manager in 2009 and Senior General Manager in July 2012. She was redesignated Chief Operating Officer in October 2013 to oversee the Bank's Finance, Corporate Planning & Strategy, Information Technology and Property Division.

Contact Details

Telephone number: +603-21767460

E-mail: changsiewyen@publicbank.com.my

Yik Sook Ling

Chief Financial Officer

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

Contact Details

Telephone number: +603-21773310

E-mail: yiksookling@publicbank.com.my

Ng Seiw Kuan

Director, Corporate Planning and Strategy

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

Contact Details

Telephone number: +603-21773170

E-mail: ngseiwkuan@publicbank.com.my

PUBLIC FINANCIAL HOLDINGS LIMITED

Tan Yoke Kong

Executive Director

Tan Yoke Kong is a qualified accountant. He has over 33 years of experience in the banking and finance industry, all of which were with the Public Bank Group since 1981. He was seconded from Public Bank to Public Finance Ltd in Hong Kong in 1991 and was appointed Executive Director of Public Financial Holdings Limited in 1992. He was appointed to his current position as Chief Executive and Executive Director of Public Bank (Hong Kong) Limited in 2006.

Contact Details

Telephone number: +852-25419228

E-mail: yktan@publicbank.com.hk

INVESTOR RELATIONS UNIT

Denise Fong Po Yen

Corporate Planning & Strategy Department

Contact Details

Telephone number: +603-21766293

E-mail: ir@publicbank.com.my

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 13 January 2015.

Risk Management

In 2014, the Malaysian economy registered a stronger-than-expected growth of 6.1% and the robust growth was primarily supported by resilient domestic demand. The favourable performance was underpinned by strong macroeconomic fundamentals and a diversified economic structure as well as a sound financial system. Whilst the domestic economy is expected to remain on a steady growth path, there are challenges that need to be addressed arising from uncertainties in the global economic environment, moderating commodity prices and increasing cost of living. In addition, the rapid advancements in the technology space had also introduced new opportunities and threats to the banking business.

Amidst such developments, Public Bank Group remains focused in its business model of pursuing organic growth in its retail operations and in strengthening its asset quality. The Group understands that the operating environment will continuously experience changes from both internal and external sources and a robust risk infrastructure is necessary in order to capitalise on the opportunities and to manage the risks arising. To this end, apart from enhancing and implementing risk initiatives which involve risk system solutions and ensuring the soundness of its risk frameworks and policies, the Group is mindful that effective communication and strong risk culture is fundamental in managing risk at all levels and across all entities within the Group. Various initiatives are implemented to achieve this including but not limited to clear communication of the Group's risk appetite and risk policies, well defined governance, clear roles and responsibilities of those involved in on-boarding risk and continuous training and knowledge transfer.

RISK MANAGEMENT FRAMEWORK

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

- ⇒ Risk Governance
- ⇒ Risk Appetite
- ⇒ Risk Management Processes
- ⇒ Risk Culture





Risk Governance

The Public Bank Group’s risk governance sets out the respective parties’ roles and responsibilities for the Group’s risk management and system of internal control based on the following seven fundamental principles which outline the principal risk management and control responsibilities:

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

Board of Directors

The Board of Directors ("Board") is ultimately responsible for the adequacy and effectiveness of risk management and system of internal control. The Board, through the Risk Management Committee ("RMC"), maintains overall responsibility for risk oversight within the Public Bank Group.

Risk Management Committee

The RMC is responsible for overall risk oversight which includes inter-alia reviewing and approving risk management policies and limits, reviewing risk exposures and portfolio composition, and ensuring that infrastructure, resources and systems are put in place for effective risk management oversight. The RMC assists the Board in overseeing the effectiveness of the Public Bank Group's Internal Capital Adequacy Assessment Process ("ICAAP") and approving risk policies and frameworks relating to ICAAP.

Dedicated Risk Committees

The dedicated risk committees established to assist the RMC in the management of market and liquidity risk, credit risk and operational risk are the Assets & Liabilities Management Committee, the Credit Risk Management Committee and the Operational Risk Management Committee respectively. These committees are responsible for overseeing the development and assessing the effectiveness of risk management policies, reviewing risk exposures and portfolio composition, and ensuring that infrastructure, resources and systems are put in place to manage and control the Public Bank Group's risk taking activities.

Shariah Committee

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

Independent Risk Management and Control Units

The independent risk management and control units provide crucial support to the dedicated risk committees. They have the right to obtain information necessary to carry out their responsibilities and work closely among themselves to ensure the approved risk policies are implemented and complied with. They are also responsible for the identification, measurement, monitoring and reporting of risk exposures.

Business Units

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

Audit Committee

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



Risk Appetite

The Public Bank Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also 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. The risk appetite statement of the Group is as follows:

"The Public Bank Group shall remain focused on retail operations. Its strategic direction is to pursue organic growth in its lending and deposit-taking businesses, accelerate its fee-based revenue and sustain its superior asset quality with impaired loans ratio of below 1%, to enhance shareholder value. The Group shall maintain an optimal level of capital with capital ratios above the minimum regulatory capital requirements. The Group shall maintain adequate liquid resources, in terms of amount and quality, to meet its obligations when they fall due."

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

Risk Management Processes

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

Principal Risks	Definition	Risk Management Processes
Credit Risk (including credit concentration risk, counterparty credit risk and country risk)	Credit risk is the potential loss of revenue as a result of defaults by the borrowers/customers or counterparties through lending/financing, hedging, trading and investing activities	<ul style="list-style-type: none">⇒ Credit policy incorporating prudent lending criteria to manage credit risk⇒ Clearly defined levels of authority to ensure the role of approving authorities commensurate with the level of credit experience and clear segregation of duties between parties originating and approving credits⇒ Periodic review and validation of the credit risk rating scoresheets to ensure their relevance⇒ Strong credit controls are in place to identify potential distressed and impaired loans followed by prompt actions⇒ Independent credit review by Risk Management Division prior to the approval of large credits apart from post credit reviews which are performed to assess the quality of the loans approved

Principal Risks	Definition	Risk Management Processes
Market Risk	Market risk is the risk of loss arising from movements in market variables, such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates	<ul style="list-style-type: none"> ⇒ Regular review of the market and economic conditions to identify areas which may give rise to market risk ⇒ Established market risk policies and limits and such limits are periodically reviewed to ensure their relevance in managing market risk ⇒ Derivative trading activities are strictly prohibited. Approval from the Board is required ⇒ Processes are in place to hedge interest rate/rate of return risk and foreign exchange risk in the event the exposures exceed the risk appetite
Liquidity and Funding Risk	Liquidity risk is the risk that the Public Bank Group is unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due or securing the funding requirements at excessive cost. Funding risk is the risk that the Group does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient	<ul style="list-style-type: none"> ⇒ Pursuing growth in stable customer deposits is core ⇒ Holds a large pool of high quality liquid assets comprising of primarily government securities ⇒ Debt issuance programme is in place to facilitate immediate access to wholesale funding ⇒ As a policy, subsidiaries are required to attain self-funding position ⇒ Conduct periodic liquidity stress test to identify areas which are vulnerable to liquidity stress including contagion risk assessment that may arise from large depositors
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events	<ul style="list-style-type: none"> ⇒ Day-to-day management of operational risk through established system of internal controls and processes to ensure compliance with internal policies, guidelines, controls and procedures ⇒ Use of operational risk management tools such as loss incident management, control self assessment and Key Risk Indicators for monitoring of operational risk exposures and effectiveness of the controls ⇒ New product or service introduced as well as variations are subject to a vigorous product evaluation process which assesses the potential risk as well as the readiness to introduce the said products or services ⇒ Conduct regular Information Technology ("IT") risk assessment to ensure IT systems are resilient, readily available for the customers and secure from cyber attack



Principal Risks	Definition	Risk Management Processes
Capital Risk	Risk that the Public Bank Group has insufficient capital resources to meet regulatory requirements and to support business growth and strategic objectives	<ul style="list-style-type: none"> ⇒ Close monitoring of capital positions to ensure the Public Bank Group complies with current regulatory requirements and is well positioned to meet future requirements ⇒ Conduct bi-annual enterprise stress test to examine the adequacy of capital levels under various stress scenarios ⇒ Ability to accumulate additional capital in a variety of ways including raising equity via rights issue or debt instruments
Reputation Risk	Reputation risk is the risk that negative publicity about the Public Bank Group's business practices, whether genuine or not, 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	<ul style="list-style-type: none"> ⇒ Periodic identification, assessment and monitoring of key risk factors associated with reputation risk through a set of Key Risk Indicators and ongoing enhancement of the control measures implemented to manage reputation risk ⇒ Processes and procedures for reporting of threats on reputation risk are put in place
Strategic Risk	Strategic risk is the risk of current or prospective impact on the Public Bank Group's 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	<ul style="list-style-type: none"> ⇒ Business plans and targets are aligned to the Board approved risk appetite and Board approved strategic directions ⇒ Close monitoring of the achievements against the business targets and prompt actions are instituted to arrest any variances identified and are periodically escalated to the respective Board ⇒ Regular review of the Public Bank Group's business strategies taking into account the latest market conditions and developments

Principal Risks	Definition	Risk Management Processes
Shariah Non-Compliance Risk	Shariah non-compliance risk is the risk of failure to comply with the Shariah rules and principles as determined by the respective entities' Shariah Committee/Advisor or the relevant bodies, such as the Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM") and the SAC of Securities Commission	<ul style="list-style-type: none"> ⇒ On-going identification, assessment, monitoring and controlling of Shariah non-compliance risk as set out in the Shariah Governance Framework to ensure the entities' operations and business activities are in compliance with Shariah requirements ⇒ Periodic review of the potential risks and issues relating to the Islamic concepts of the Group's Islamic products and services to ensure the potential issues are managed and the products and services are Shariah compliant ⇒ Sponsoring staff to acquire Shariah certification to enhance knowledge and upgrade skills on Shariah matters
Residual Credit Risk	Residual credit risk is the risk of loss or increase of other risk such as legal, operational, liquidity and market risk as a result of the acceptance of collateral and guarantees which are not properly executed and managed	<ul style="list-style-type: none"> ⇒ Policies are in place to determine the eligibility of collateral for credit risk mitigation ⇒ Depending on the type of collateral, the valuation of collateral is carried out regularly based on the Public Bank Group's valuation and review guidelines ⇒ Processes are in place to ensure proper documentation of the collateral and guarantee accepted



Principal Risks	Definition	Risk Management Processes
Compliance Risk	Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or reputation loss that may be suffered as a result of failure to comply with the laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct	<ul style="list-style-type: none">⇒ 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 Division identifies key compliance risk areas, provides ongoing compliance checks and reports on compliance issues and compliance status of the business and control units to the Audit Committee⇒ Full time compliance officers are deployed and stationed at branches and operations which are deemed to have high level of risk to perform daily compliance check⇒ A team of mobile compliance officers is also set-up to conduct visitations to branches where no compliance officers are deployed for on-site compliance checks

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 44 to the financial statements (pages 159 to 206 of the Annual Report 2014)
- ii. Pillar 3 Disclosure (pages 255 to 318 of the Annual Report 2014)

Risk Culture

The inculcation of a risk awareness culture is a key aspect of an effective enterprise-wide risk management framework. The key elements of the Public Bank Group's risk culture are as follows:

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

TOP AND EMERGING RISKS

Identifying and monitoring of emerging risks are integral to the Public Bank Group's risk management approach. The emerging risks are identified through a top-down and bottom-up approach involving members of the RMC, Senior Management and business units. This is followed by a comprehensive risk assessment to assess the size of the risk exposures and the impact of the risk on business activities and business strategies. In addition, it serves to identify the appropriate risk mitigating initiatives to manage the emerging risks.

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

Credit Risk

Credit risk remains Public Bank Group's most material risk to its capital and earnings. The moderate global growth outlook as well as the outlook in the domestic operating environment with subsidy cuts and implementation of the Goods and Services Tax in April 2015 may reduce the disposal income particularly the medium-to-lower income group and this may affect the quality of the credit portfolios. Recent years saw BNM implementing various macro-prudential measures, including stricter loan guidelines to control the household debts and financial imbalances.

Prudent and responsible lending has always been Public Bank Group's hallmark. The Group's gross impaired loans ratio as at the end of 2014 of 0.60% is consistently well below the banking industry's gross impaired loans ratio. The on-boarding of the Group's credit exposures have always been subjected to thorough credit evaluation and prudent underwriting standards. Notwithstanding this, the Group is not resting on its laurels but continuously reviews its credit practices to adapt to the developments in the market place and tightens its lending practices if necessary. The Credit Committee of the Group which meets twice weekly played a pivotal role in managing credit risk through its role in approving credit exposures of certain size, deliberating on credit issues and in formulating credit practices for immediate implementation to arrest any potential credit deterioration.

Interest Rate Risk

The normalisation of the monetary policy in the United States with possibility of the increase in US Federal Reserve Rate in 2015 and 2016 has started the process of interest-rate normalisation with BNM raising the Overnight Policy Rate by 25 basis points to 3.25% in July 2014. Rising interest rates will have an unfavourable impact on the margins of the fixed rate portfolio due to its inability to reprice. Consistent with the banking peers, the Public Bank Group has a portfolio of fixed rate loans which originate from its hire purchase financing that is susceptible to interest rate risk. The interest rate risk arising is managed within the risk appetite of the Group and any excessive interest rate risk will be considered for hedging via interest rate swaps or matched funding. Hedging infrastructures are in place to facilitate prompt execution of the hedge.

Operational Risk

Financial Crime and Information Security

The evolving proliferation of new technologies and the embracing of technologies to conduct financial transactions have resulted in increasing risk of cyber attacks and other technology threats for all major financial institutions and to this end, the Public Bank Group is not spared.

The Public Bank Group takes this threat seriously and has implemented a range of controls to identify and mitigate risk to customers and businesses. These risks are mitigated mainly through the following:

- ⇒ Europay, MasterCard and Visa (EMV) technology for card payments
- ⇒ Multi factor authentication for online payments along with increased level of transaction monitoring
- ⇒ Physical security enhancements at point-of-sale terminals and self-service banking facilities are also acting as deterrent to skimming attacks
- ⇒ Instituting additional data protection and engaging international security consultants to carry out regular security assessments



- ⇒ Continuous assessment of the susceptibility of its systems to cyber attacks and other information security threats and strengthening the information security including enhancing the security controls of the internet and mobile banking systems
- ⇒ Periodic risk and control assessment to address the plausible issues relating to the threat of IT system failures that could disrupt the Public Bank Group's business operations, to ensure the resilience of its IT infrastructure and technology

Money Laundering and Terrorist Financing Risks

Regulators continue to focus on anti-money laundering ("AML") and counter terrorism financing to safeguard the financial system. The range of threats arising from this continues to grow and further exacerbated with the use of new technologies for illicit purposes. To be effective in combating these risks, implementation of robust measures is critical to prevent, detect and disrupt these threats.

The Public Bank Group has reinforced its group wide AML policies and internal controls to mitigate Money Laundering/ Terrorist Financing risks which included the following:

- ⇒ Enhancing its management information system and work processes to strengthen transaction monitoring and detection of suspicious transactions
- ⇒ Implemented risk-based approach in conducting customer due diligence
- ⇒ Strengthening the staff force of the three lines of defence i.e. branches, compliance and internal audit as well as improving their knowledge and analytical skills in identifying, assessing and understanding money laundering/terrorist financing threats with enhanced training programs

Regulatory Developments

The global regulatory landscape is evolving continuously. It is observed that regulatory bodies, both globally and locally are issuing guidance with additional requirements covering a wide spectrum ranging from risk pricing and transparency, risk practices, to liquidity and capital requirements. The Public Bank Group acknowledges that the issuance of the regulatory guidance is necessary to maintain an orderly conduct in the financial intermediation and a sound banking system. However, it is unavoidable that certain regulatory requirements such as liquidity and capital requirements will result in increasing cost of doing business. To this end, the Group remains vigilant to the regulatory developments and ensures proper planning in formulating viable and effective plans in meeting the new regulatory requirements. The Group also recognises the importance of proactive engagement with regulators to facilitate early understanding and expeditious implementation of the regulatory requirements. Towards this end, the Group strives to build and maintain positive relationships with regulators that have oversight responsibilities in the locations where the Group operates.

Ethics, Integrity and Trust

AS A LEADING FINANCIAL SERVICES PROVIDER IN MALAYSIA, THE PUBLIC BANK GROUP IS MINDFUL THAT INTEGRITY AND ETHICAL PRACTICES ARE CRITICAL TO THE SUSTAINABILITY AND WELLBEING OF AN ORGANISATION. THROUGH THE YEARS, THIS HAS BEEN INSTILLED IN THE GROUP'S CORPORATE CULTURE THROUGH THE FOUNDER AND CHAIRMAN OF THE GROUP, TAN SRI DATO' SRI DR. TEH HONG PIOW'S TIME-HONOURED ASSERTION THAT THERE SHOULD BE NO COMPROMISE ON INTEGRITY AND HONESTY AS THE SUCCESS OF ANY BUSINESS DEPENDS LARGELY ON PUBLIC CONFIDENCE AND TRUST. THIS HAS SET THE TONE FOR THE GROUP TO CONDUCT ITS DAY TO DAY BUSINESS SCRUPULOUSLY, WITH INTEGRITY, HONESTY AND ACCOUNTABILITY.

Some of the key measures deployed to enhance the fiduciary standards in its corporate culture include:

FIT AND PROPER POLICY FOR KEY RESPONSIBLE PERSONS

In conjunction with the issuance of a policy document on Fit and Proper criteria by Bank Negara Malaysia ("BNM") in 2013, the Public Bank Group took affirmative steps to ensure key positions in the Group are led by personnel who fulfill the following criteria:

- ⇒ Probity, personal integrity and reputation – possesses the personal quality such as honesty, integrity, diligence, independence of mind and fairness
- ⇒ Competence and capability – have the 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

INVESTOR PROTECTION POLICY

The Public Bank Group continues to review and draw up appropriate policies, systems and controls to ensure due compliance with the provisions of the Capital Markets and Services Act 2007 as follows:

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



CODE OF ETHICS

The Public Bank Group has adopted the Code of Ethics under BNM guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry ("BNM/GP7") as part of Public Bank's Rules and Regulations to guide its employees based on the following principles:

- ⇒ Avoid conflict of interest
- ⇒ Avoid misuse of position
- ⇒ Prevent misuse of information
- ⇒ Ensure integrity and completeness of records
- ⇒ Ensure confidentiality of communication and transactions with customers
- ⇒ Fair and equitable treatment of customers

ANTI-FRAUD POLICY

The Anti-Fraud Policy spells out the roles and responsibilities of each employee in the Public Bank Group in preventing, detecting and reporting any fraudulent activities, improprieties or irregularities, including any attempted fraud. As a whistleblowing instrument, the policy also provides the channels of escalation to guide employees in directing their reports to the designated authorities as well as the disciplinary actions on employees involved in fraudulent acts.

The Anti-Fraud Policy's objectives are set out to:

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

ANTI-MONEY LAUNDERING POLICY

In support of the Government's and BNM's efforts to fight the use of the banking system for illicit and money laundering activities as well as the financing of terrorist activities, the Public Bank Group has put in place the Anti-Money Laundering Policy which sets out the following:

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

WHISTLEBLOWING POLICY AND PROCEDURE

As an enhancement to its check and balance system, the Public Bank Group has introduced the Whistleblowing Policy and Procedure which provides an avenue for all employees to disclose any irregularities or suspected irregularities within Public Bank. To facilitate such disclosures, the policy also sets out the protection accorded to the whistleblowers who disclose such irregularities in good faith.

SOCIAL MEDIA POLICY

The Public Bank Group continuously observe social media trend affecting the business environment. The Group strives to integrate awareness of governance issues into corporate mindset and proactively address possible ethical risk arising from the social media usage. In line with this commitment, the Group has implemented the Social Media Policy with the following objectives:

- ⇒ To ensure its employees observe the expected standard of protocols when engaging in social media
- ⇒ To provide guidance on the usage of social media by all employees of the Bank
- ⇒ To set out the possible consequences of policy violation by employees

BUILDING AN ETHICAL CORPORATE CULTURE

The Public Bank Group has taken the initiative to engage its employees to continuously practice, internalise and adhere to the various policies, guidelines and codes of conduct, specifically with the following:

- ⇒ Incorporation of applicable guidelines and policies in the offer letters and service undertakings to be read, understood and acknowledged by all employees upon their appointment
- ⇒ Reiteration of the guidelines and policies during their induction programmes
- ⇒ Reminders via staff circulars from time to time
- ⇒ Extensive training on the standards of conduct expected of Public Bank Group's employees to:
 - Enhance staff knowledge on regulatory requirements
 - Enable staff to understand and realise the ethical standards set by the Group
 - Equip staff with skills to handle ethical dilemmas with integrity
 - Equip staff with skills to detect early warning signs of fraud and malpractices
 - Ensure staff comply with the Group's codes of conduct
- ⇒ Extensive supervisory control and procedures in the Group's daily operations to ensure scrupulous dealings 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 of such guidelines or policies by the internal Audit Team on a regular basis
- ⇒ Adopting strategic risk governance on employees' remuneration to enable "claw-back" in the event of fraud and misconduct

ZERO TOLERANCE FOR UNETHICAL PRACTICES

To prevent employees from committing unethical practices, the Public Bank Group has also established appropriate disciplinary procedures to deal with employees who have infringed or breached the Group's rules, regulations or policies.

SAFE-GUARDING THE PB BRAND

As the Public Bank Group poises to meet the challenges of an evolving business environment, it will remain guided by its time-tested practices of ethical banking and good corporate governance; never allowing its commercial ambitions to take precedence over professional and ethical responsibilities. This core value has contributed significantly in building the Group's brand equity and will remain a dynamic attribute of the PB Brand.



Statement on Risk Management and Internal Control

RESPONSIBILITY

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the Public Bank Group's ("the Group") risk management and internal control system. The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's policies and business objectives will be achieved. The Board continually reviews the system to ensure that the risk management and internal control system provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system from time to time in response to the changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and is guided by the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* endorsed by Bursa Malaysia Securities Berhad.

Management assists the Board in the implementation of the Group's policies, procedures and limits within the Board approved risk appetite by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

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

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

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The main features of the Group's risk management and internal control system and the key processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

➔ Group Risk Management Governance and Framework

The Board established a governance structure that is designed to govern the PBB Group's business activities to be:

- ➔ consistent with the Group's overall business objectives and risk appetite
- ➔ conducted within clearly defined lines of responsibility, authority limits, and accountability aligned to risk management and control responsibilities
- ➔ subjected to adequate risk management and internal controls

The Board is assisted by the Risk Management Committee ("the RMC") to oversee the management of all identified risks. The core committees and working groups set up to assist the RMC in managing specific risk areas include the Credit Risk Management Committee, the Assets & Liabilities Management Committee, the Operational Risk Management Committee and the Internal Capital Adequacy Assessment Process ("ICAAP") Working Group.

The RMC reviews the Group's risk appetite which defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. The Group's risk appetite 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 required to be aligned with the risk appetite. The setting, cascading, monitoring and review of the Group's risk appetite are governed by the processes as set out in the Group Risk Appetite Framework.

The Group's ICAAP is in place to assess the adequacy of capital to support the risk taking activities of the Group. It involves the identifying and assessment of risk areas that are applicable to the Group and that adequate capital is set aside to support the risk taking activities. The Group Risk Management Framework which sets out the fundamental principles on risk governance, is to drive the development of risk management practices and tools which enable the identification, measurement and continuous monitoring of all applicable risks of the Group including the identification of emerging risks.

Risk Management Division of Public Bank ("the Bank") provides main support to the RMC and the other risk management committees and is responsible to develop and maintain risk management policies and procedures in respect of market and liquidity risk, credit risk, operational risk and risks specifically related to ICAAP.

➔ Internal Audit and Compliance Functions

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

The Compliance Divisions of the Bank and its major subsidiaries identify key compliance risk areas as guided by the Group Compliance Framework and conduct ongoing compliance checks. Reports on the compliance status of the entities are submitted to the

Bank's Audit Committee for review. The Group Compliance Framework is established to outline the governance structure on compliance risk management functions and control responsibilities.

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

➔ Other Key Elements of Risk Management and Internal Control

The Board Executive Committee was established by the Board to manage the business of the Bank and to ensure that the Bank's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved by the Board. The Board Executive Committee implements strategies approved by the Board and addresses issues arising from changes in both the external business environment and internal operating conditions. Management committees of the Bank and its major operating subsidiaries are established by the respective Boards to manage, strategise and monitor their respective business operations.

Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Group's core areas of business operations. These committees include the Group Human Resource Committee, the Credit Committee, the Share Investment Committee, the Business Continuity Management Committee and the IT Steering Committee.



Annual business plans and annual budgets of the Bank and its major operating subsidiaries are reviewed and approved by their respective Boards. The performance of the Bank's and operating subsidiaries' business units is assessed against the approved budgets and actions are taken to address variances identified and are escalated to the respective Boards periodically.

There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual or semi-annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities.

There are policy guidelines and authority limits imposed on executive directors and management within the Group in respect of the day-to-day banking and financing operations, extension of credits, investments, acquisitions and disposal of assets.

Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines and directives issued by the Bank and its major subsidiaries which are updated from time to time.

Procedural guidelines are established to set out a systematic process and procedure in the review of the adequacy and effectiveness of the risk management and internal control system. Half yearly assessments are conducted by the Bank and its major subsidiaries to assess the adequacy and effectiveness of their respective risk management and internal control systems. The assessment results are reviewed by Internal Audit Division and Risk Management Division of the Bank.

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 Recommended Practice Guide ("RPG") 5 (Revised), 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 ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2014, 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.

RPG 5 (Revised) 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

1. ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee ("Committee") meetings held during 2014 are as follows:

Name of Committee Members	Attendance at Committee Meetings
Tang Wing Chew* <i>Chairman/Independent Non-Executive Director</i>	18/18
Tan Sri Datuk Seri Utama Thong Yaw Hong** <i>Member/Non-Independent Non-Executive Director</i>	12/18
Dato' Haji Abdul Aziz bin Dato' Dr. Omar*** <i>Member/Non-Independent Non-Executive Director</i>	14/14
Dato' Sri Lee Kong Lam <i>Member/Non-Independent Non-Executive Director</i>	18/18
Dato' Yeoh Chin Kee**** <i>Member/Non-Independent Non-Executive Director</i>	4/4
Lai Wan <i>Member/Independent Non-Executive Director</i>	18/18
Lai Wai Keen <i>Member/Independent Non-Executive Director</i>	18/18
Cheah Kim Ling***** <i>Member/Independent Non-Executive Director</i>	11/12

* Appointed as Chairman with effect from 21 April 2014

** Redesignated as a Member with effect from 21 April 2014

*** Redesignated as a Member with effect from 5 January 2014 and ceased to be a Member with effect from 1 October 2014

**** Ceased to be a Member with effect from 31 March 2014

***** Appointed as a Member with effect from 29 April 2014

2. COMPOSITION AND TERMS OF REFERENCE

2.1 Composition

- a. The Committee shall be appointed by the Board of Directors and shall consist of not less than three members, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors.

- b. **Chairman**

The Chairman of the Committee shall be approved by the Board of Directors and shall be an independent non-executive director.

- c. At least one member of the Committee:

- i. must be a member of the Malaysian Institute of Accountants ("MIA"); or
- ii. if he/she is not a member of the MIA, he/she must have at least three years working experience and:
 - ⇒ he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ⇒ he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- iii. fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.



from left:

LAI WAN

Member/Independent Non-Executive Director
BA (Econs Hons), MIBM (M'sia)

TANG WING CHEW

Chairman/Independent Non-Executive Director
BA (Hons)

TAN SRI DATUK SERI UTAMA THONG YAW HONG

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

DATO' SRI LEE KONG LAM

Member/Non-Independent Non-Executive Director
SSAP, DIMP CA (M'sia), FCPA (Aust), FCIB (UK)

LAI WAI KEEN

Member/Independent Non-Executive Director
BEc (Hons), LLB

CHEAH KIM LING

Member/Independent Non-Executive Director
BA (Hons), CA (M'sia)

2.2 Frequency of Meetings

Meetings shall be held not less than twelve (12) times a year.

2.3 Quorum

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

2.4 Secretary

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

2.5 Authority

The Committee shall have the authority to:

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

2.6 Responsibilities and Duties

The responsibilities and duties of the Committee shall be:

a. Risk Management

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

b. Internal Audit

- ⇒ To approve the appointment, replacement and dismissal of the Group Chief Internal Auditor.
- ⇒ To review the adequacy of the scope, functions, competency and resources of Internal Audit Division and that it has the necessary authority to carry out its work.

- ⇒ To evaluate the performance and decide on the remuneration of the Group Chief Internal Auditor and the Senior Management Staff of the Internal Audit Division.

c. External Audit

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

d. Audit Reports

To review the:

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

e. Financial Reporting

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

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

f. Related Party Transactions

To monitor and review any related party transactions that may arise within Public Bank and the Public Bank Group.

g. Other Matters

To consider such other matters as the Committee considers appropriate or as authorised by the Board of Directors.



3. SUMMARY OF ACTIVITIES

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

3.1 Financial Reporting

- a. Reviewed the quarterly, half-yearly and annual unaudited financial results of Public Bank and the Public Bank Group before recommending them for approval by the Board of Directors with particular focus on the main factors contributing to the financial performance of the Bank and the Group in terms of revenue and operating expenses.
- b. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as the accounting treatments used in the financial statements.
- c. Reviewed the half-yearly and annual audited financial statements of Public Bank and the Public Bank Group, and discussed with Management and the external auditors prior to submission to the Board of Directors for their approval.

The review was to ensure that the accounting treatment, financial reporting and disclosures are in compliance with:

- ⇒ Provisions of the Companies Act, 1965 and Financial Services Act, 2013;
- ⇒ Listing Requirements of Bursa Malaysia Securities Berhad;
- ⇒ Applicable accounting standards in Malaysia;
- ⇒ Guidelines/Policy Documents issued by Bank Negara Malaysia; and
- ⇒ Other legal and regulatory requirements.

3.2 Internal Audit

- a. Reviewed the annual audit plan to ensure adequate scope and comprehensive coverage over the activities of Public Bank and the Public Bank Group and ensured that all high risk areas are audited annually.

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

3.3 External Audit

- a. Reviewed with the external auditors:
 - ⇒ their audit plan, audit strategy and scope of work for the year.
 - ⇒ the results of their annual audit, audit report and management letter together with Management's response to their findings.

- b. Assessed the independence and objectivity of the external auditors during the year and prior to the appointment of the external auditors for adhoc non-audit services. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work.
- c. Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.
- d. Reviewed the appropriateness of the assessment criteria and the weightages assigned for the selection and appointment of new external auditor proposed by the Evaluation Committee headed by the Managing Director/Chief Executive Officer.
- e. Reviewed the inspection and examination reports issued by Bank Negara Malaysia and other regulatory authorities and the remedial actions taken in respect of the issues raised by them.

3.4 Related Party Transactions

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

4. TRAINING

Conferences, seminars and training programmes attended by the Committee members in 2014 included the following areas:

a. Corporate Governance/Risk Management

- ⇒ Bank Negara Malaysia ("BNM") Dialogue Session with Financial Institutions' Board Nomination Committees
- ⇒ Workshops for Audit Committee Members: An Integrated Assurance on Risk Management & Internal Control – Is Our Line of Defence Adequate and Effective

- ⇒ Workshop on The Challenges of Corporate Governance in Financial Services Sector
- ⇒ Financial Institutions Directors' Education ("FIDE") Forum: Risk: From Whereof?
- ⇒ FIDE Core Programmes

b. Board Leadership

- ⇒ FIDE Forum Focus Group Discussion on Building a Talent Pool of Directors: Directors Register
- ⇒ Mandatory Accreditation Programme for Directors of Public Listed Companies
- ⇒ FIDE Forum: Recovery and Resolution Plan in Financial Institution: Board Leading the Way
- ⇒ FIDE Forum: A Comprehensive Talent-Based Approach to Board Recruitment
- ⇒ FIDE Forum: Board Strategic Leadership in Managing Cybersecurity Risk in Financial Institutions
- ⇒ Directors Breakfast Series: Great Companies Deserve Great Boards

c. Banking, Finance & Economy

- ⇒ FIDE Forum: BNM-FIDE FORUM Dialogue with the Governor "Economic & Financial Services Sector: Trends & Challenges Moving Forward"
- ⇒ Briefing Session on BNM Annual Report 2013/Financial Stability and Payment System Report 2013
- ⇒ Intellectual Property Financing Conference 2014
- ⇒ PBB In House Training: 2015 Budget Proposals



5. INTERNAL AUDIT FUNCTION

The Committee is supported by the Internal Audit Division in the discharge of its duties and responsibilities. Internal Audit Division, as the third line of defence, checks for compliance with statutory/regulatory requirements, internal policies and procedures and review the work processes/procedures for efficiency and effectiveness. In addition, Internal Audit Division assess the operating effectiveness of the risk management and internal control systems. Internal Audit Division also carries out investigative audits where there are improper, illegal and dishonest acts reported.

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

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

Internal Audit Division also conducts audits on the information systems of Public Bank and the Public Bank Group to ensure that the computing resources are adequately secured to protect the data integrity and confidentiality, and there are adequate measures to safeguard and provide for the continued availability of the system to support business operational needs.

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

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

The total costs incurred for the internal audit function of the Bank and the Public Bank Group for 2014 are as follows:

	RM'000
Bank	22,037
Group	30,871

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

Board Executive Committee



TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman

A respected banking entrepreneur with a banking career spanning more than 63 years. Commencing his banking career in Singapore, he founded Public Bank in 1965 after spending 6 years in a senior management position in another prominent local bank. Since inception Tan Sri Teh has been at the helm of Public Bank and personally steered its growth till today.



from left:

Tan Sri Dato' Sri Tay Ah Lek
Quah Poh Keat

TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

Holder of a Masters degree in Business Administration, Tan Sri Tay is a veteran in the financial services industry with 54 years experience. A pioneer staff of Public Bank in 1966, he held several portfolios over the years including the Executive Vice President position in Public Finance and Public Bank. He was appointed Executive Director of Public Bank in 1997 and Managing Director/Chief Executive Officer in 2002. He sits on the Board of Directors of several subsidiary companies in the Public Bank Group.

QUAH POH KEAT

Deputy Chief Executive Officer

Mr Quah, a qualified accountant, has a total of more than 30 years of work experience of which he was a partner/senior partner for 25 years in an established accounting firm. He was an Independent Non-Executive Director of Public Bank from July 2008 until his appointment on 1 October 2013 as Deputy Chief Executive Officer II. Mr Quah was redesignated to his present position on 28 November 2013. He is a member on the Board of Directors of several subsidiary companies in the Public Bank Group.

Group Management Profile

DATO' CHANG KAT KIAM

Senior Chief Operating Officer
Public Bank Berhad

Holder of Masters degree in Business Administration, Dato' Chang has been with Public Bank since 1975. He is experienced in all aspects of banking having managed branches and banking business portfolios in Head Office. Appointed Senior General Manager in 2001, Chief Operating Officer in 2006 and redesignated Senior Chief Operating Officer in October 2013. He oversees the Bank's Treasury, Overseas Operations, Share Investment Services, Retail Lending Operations, Retail Financial Services, Branch Business Review & Support, Loan Product Development & Trade Finance, PB Card Services & Support and Corporate Banking.

CHANG SIEW YEN

Chief Operating Officer
Public Bank Berhad

Ms Chang, a qualified accountant, joined Public Bank in 2005 as Deputy Director of Finance and subsequently appointed Head of Finance and Chief Financial Officer in 2006. She was promoted to General Manager in 2009 and Senior General Manager in July 2012 and was redesignated Chief Operating Officer in October 2013. She oversees the Bank's Finance, Corporate Planning & Strategy, Information Technology and Property.

from left:

Dato' Chang Kat Kiam
Chang Siew Yen





SULAIMAN BIN ABD MANAP

*Chief Operating Officer
Public Bank Berhad*

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



FONG LOONG SENG

*Chief Executive Officer
Public Investment Bank Berhad*

Holder of Masters degree in Business Administration (Finance). Mr Fong started his career in 1984 and has more than 30 years experience in the financial services and capital markets sector of which 25 years were with investment banks. He has served as a Group Chief Executive before joining Public Investment Bank in March 2013 initially as the Head of Debt Capital Markets and appointed Chief Executive Officer in January 2015.

ABU HASSAN ASSARI BIN IBRAHIM

*Chief Executive Officer
Public Islamic Bank Berhad*

Holder of a Bachelor of Arts degree. En. Abu Hassan has more than 34 years experience in the banking industry. He joined the Public Bank Group in 1989. Has held several managerial positions at Head Office attached to Credit Operations, Retail Banking with his last position being Director of Credit Operations. En. Abu Hassan was transferred to Public Islamic Bank in 2010 as General Manager and appointed to his current position in early 2011.

from left:

Fong Loong Seng
Abu Hassan Assari Bin Ibrahim





YEOH KIM HONG

*Chief Executive Officer
Public Mutual Berhad*

Ms Yeoh, a qualified accountant and certified financial planner, has more than 19 years experience in the unit trust industry. She is the Chief Executive Officer of Public Mutual since July 2007. She is also a member of the Board of Directors and the Investment Committees of Public Mutual. Ms Yeoh has played an active role in the development of the unit trust industry. She sits in the Board of the Federation of Investment Managers Malaysia (FIMM) and is a member of the Industry Development Committee, Regulatory Committee, Governance Committee, Disciplinary Committee and Audit Committee. Prior to joining Public Mutual, Ms Yeoh was with an international public accounting firm for more than 12 years during which she gained exposures in auditing and management consultancy and advisory, both locally and in the United States.



TAN YOKE KONG

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

Mr Tan, a qualified accountant, has over 33 years experience in the banking and finance industry. He was seconded from Public Bank to Hong Kong in 1991 and was appointed Executive Director of Public Financial Holdings Limited, a company listed on the Stock Exchange of Hong Kong, in 1992. Mr Tan was appointed to his current position as Executive Director & Chief Executive of Public Bank (Hong Kong) Limited after its acquisition by the Group in 2006. Prior to this, he was the General Manager & Chief Executive of Public Finance Limited. Mr Tan had served as the Vice Chairman of The Deposit Taking Companies Association and as a member of The Deposit-Taking Companies Advisory Committee in Hong Kong for several years prior to his appointment in Public Bank (Hong Kong). Mr Tan is a Fellow member of the Association of Chartered Certified Accountants, UK and an Associate member of the Institute of Chartered Secretaries and Administrators, UK.

LEE HUAT OON

*General Manager/Chief Executive
Public Finance Limited*

Mr Lee, a qualified accountant, has more than 27 years experience in the banking and finance industry. He joined the Public Bank Group's Hong Kong operations in 1995 and was appointed Chief Executive of Public Finance Limited in 2006. Mr Lee is also an Executive Director of Public Finance Limited and Public Financial Holdings Limited, a company listed on the Hong Kong Stock Exchange. He is currently the Acting Chairman of The Deposit Taking Companies Association, a member of The Deposit-Taking Companies Advisory Committee, a member of the Banking and Finance Industry Training Board in Hong Kong and a director of The Hong Kong Mortgage Corporation Limited.

from left:

Tan Yoke Kong
Lee Huat Oon





PHAN YING TONG

*Regional Head
Indo-China Operations*

Holder of Masters degree in Business Administration, Mr Phan has a total of 33 years service with the Public Bank Group. He was a Branch Manager of several branches in Public Bank before his appointment as General Manager of Cambodian Public Bank Plc in 2002. He was appointed Country Head of Cambodian Public Bank Plc in 2007 before his current appointment as Regional Head of Indo-China Operations in March 2014.



Heads of Division

from left:

Ab. Razak Bin Md Dali
Chan Chew Fung



from left:

Dato' Chia Lee Kee
Koay Seok Khim

from left:

Lim Then Fui
Yik Sook Ling





AB. RAZAK BIN MD DALI

*Senior General Manager
Public Affairs*

Holder of Masters degree in Science (Corporate Communication). 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.

CHAN CHEW FUNG

*Senior General Manager
Corporate Banking*

Holder of Bachelor of Arts (Economics) degree. Joined Public Bank in 1982 and appointed Head of Corporate Banking & Trade Finance in 1995. Ms Chan was promoted to General Manager in 2009 and Senior General Manager in July 2012 overseeing Corporate Banking.

DATO' CHIA LEE KEE

*Senior General Manager
Secretariat*

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

KOAY SEOK KHIM

*Senior General Manager
Knowledge & Learning*

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

LIM THEN FUI

Group Chief Internal Auditor

Mr Lim, a qualified accountant, has a total of 35 years experience in Bank Negara Malaysia and commercial banking. Joined Public Bank in 2001 and held the positions of Head of Risk Management and Head of Compliance in 2007 and 2013 respectively. Appointed Group Chief Internal Auditor in October 2013 to oversee the Group's Internal Audit portfolio.

YIK SOOK LING

Chief Financial Officer

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

from left:
Chan Chiew Peng
Eddie Chan Kok Kwai



from left:
Marlene Goh
Patrick Lim Yoong Leng



from left:
Tan Teck Kong
Tuan Haji A Wahab Bin A Raman





CHAN CHIEW PENG

*General Manager
Retail Financial Services*

Holder of Bachelor of Economics degree. Joined Public Bank Group in 1986. Held several managerial portfolios at Head Office before her appointment as Head of Retail Financial Services in September 2012. Ms Chan was promoted to General Manager in October 2014 to oversee both PB Card Services & Support and Wealth Management & Transaction Banking.

EDDIE CHAN KOK KWAI

*General Manager
Credit Administration & Supervision*

Holder of Bachelor of Economics degree, FSD and AIBM. 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. Mr Chan was promoted to General Manager in 2011.

MARLENE GOH

*General Manager
Human Capital Management*

Holder of Bachelor of Social Science degree and has been in the HR field for the past 32 years. Has been with Public Bank since 1983. Appointed Director of Human Resource in 2011 and oversees the Group's Human Resource portfolio. Promoted to General Manager in July 2012.

PATRICK LIM YOONG LENG

*General Manager
Compliance*

Holder of Diploma in Management. Has a total of 33 years experience in auditing and banking systems and processes. Appointed Head of Banking Operations in 2010 before his current appointment as Head of Compliance in October 2013.

TAN TECK KONG

*General Manager
Information Technology*

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

TUAN HAJI A WAHAB BIN A RAMAN

*Director
Security*

Holder of Diploma in Police Science. Tuan Haji 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.

from left:

Kevin Choo Yew Ching
Carene Khoo Geok Kheng



from left:

Lim Lye Ping
Jasmine Loh Sook Ling
Quah Ewe Lee



from left:

Sim Goay Chye
Tee Chui Chee
Wong Man Hoe





KEVIN CHOO YEW CHING

*Director
Credit Operations*

Holder of Bachelor of Science (Agribusiness) degree with 16 years banking/finance experience prior to joining the Public Bank Group in 2002. Held several managerial portfolios at Head Office before his appointment as Head of Credit Operations in October 2013.

CARENE KHOO GEOK KHENG

*Director
Wealth Management & Transaction Banking*

Holder of Masters degree in Business Administration (Finance). 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.

LIM LYE PING

*Director
Treasury*

Holder of Bachelor of Economics degree. Joined Public Bank in 1994 and has more than 20 years experience in treasury operations. Appointed Head of Treasury in May 2012.

JASMINE LOH SOOK LING

*Director
Risk Management*

Ms Jasmine Loh, a qualified accountant, has a total of 24 years experience in auditing, finance and risk management. Joined Public Bank in 1999 and has held several managerial portfolios at Head Office before her appointment as Head of Risk Management in January 2013.

QUAH EWE LEE

*Director
Banking Operations*

Holder of Bachelor of Social Science degree. Joined Public Bank in 1980 and experienced in both branch banking and Head Office credit. Appointed Head of Credit Operations in July 2012 before his current appointment as Head of Banking Operations in October 2013.

SIM GOAY CHYE

*Director
Property*

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

TEE CHUI CHEE

*Director
PB Card Services & Support*

Holder of Bachelor of Science (Computer Science) degree. Joined Public Bank in 1991 and has more than 28 years experience in the card industry. Appointed Head of Division in January 2014.

WONG MAN HOE

*Director
HP Operations*

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

HIGH PERFORMANCE CULTURE





Our success today is attributed to our diverse team of committed, dedicated and competent employees who are focussed on a common goal of performance excellence. We view our employees as the pillar of Public Bank's business. It is our people who build relationships and brand our Bank. As such, we consistently invest in our employees; equipping them with the necessary skills and capabilities to deliver the highest possible standards of performance. We instil in all our employees a culture based on the values of trust, honesty, integrity and professionalism to promote an environment of exemplary corporate conduct and meticulous regulatory compliance to which each and every staff is held accountable.

Enhancing Employee Value

Chairman's Review

DESPITE OPERATING IN A CHALLENGING BUSINESS ENVIRONMENT, THE PUBLIC BANK GROUP REGISTERED ANOTHER SET OF FAVOURABLE RESULTS IN 2014.

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TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman

OVERVIEW

HIGHLIGHTS OF 2014

<p>NET PROFIT</p> <p>RM4.52 bil</p> <p>2013: RM4.06 bil</p> <p> 11.2%</p>	<p>PRE-TAX PROFIT</p> <p>RM5.81 bil</p> <p>2013: RM5.31 bil</p> <p> 9.5%</p>	<p>EARNINGS PER SHARE</p> <p>123.7 sen</p> <p>2013: 116.1 sen</p> <p> 6.5%</p>
<p>LOAN GROWTH</p> <p>10.8%</p> <p>2014: RM245.04 bil 2013: RM221.18 bil</p>	<p>DEPOSIT GROWTH</p> <p>10.2%</p> <p>2014: RM276.54 bil 2013: RM250.87 bil</p>	<p>TOTAL ASSETS</p> <p>13.1%</p> <p>2014: RM345.72 bil 2013: RM305.73 bil</p>

<p>NET RETURN ON EQUITY</p> <p>19.9%</p> <p>2013: 22.4%</p>	<p>COST TO INCOME RATIO</p> <p>30.0%</p> <p>2013: 30.7%</p>	<p>GROSS IMPAIRED LOANS RATIO</p> <p>0.6%</p> <p>2013: 0.7%</p>
<p>COMMON EQUITY TIER I CAPITAL RATIO[#]</p> <p>10.8%</p> <p>2013: 8.8%</p>	<p>TOTAL CAPITAL RATIO[#]</p> <p>15.8%</p> <p>2013: 13.8%</p>	

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



OVERALL BUSINESS ENVIRONMENT

The global economic environment expanded at a moderate and uneven pace in 2014. Even though the United States economy strengthened, the euro area struggled with stagnation and increased deflation risk. In Asia, the economic slowdown in China continued as exports and property markets slowed while other Asian countries registered modest economic growth. Looking ahead, although the pace of growth is expected to be less robust as compared to previous years, the long-term prospects in Asia remain positive.

In 2014, the Malaysian economy maintained its resilience, underpinned by continued expansion in domestic demand and growing investments by the private sector as well as on-going progress under the Economic Transformation Programme (“ETP”). As a result, the Gross Domestic Product is projected to grow between 5.5% and 6.0% in 2014. Going forward, Malaysia’s economic environment will be more challenging following the slumping global crude oil prices. Domestic demand will continue to drive growth, but at a more moderate pace. Private consumption is expected to grow at a moderate pace due to rising costs of living and impact from the implementation of the Goods and Services Tax. Although investment activity, in particular investment in the oil and gas sector is expected to slow down, a number of measures announced in the revised 2015 Budget will continue to underpin investment growth. On the external front, while growth in oil export earnings is expected to ease, demand for manufactured goods will continue to grow amid the anticipated global economic recovery.

In 2014, monetary policies continued to remain supportive of economic activities. Amid firm growth prospects and with inflation expected to remain above its long-run average, the

Bank Negara Malaysia’s Overnight Policy Rate was increased by 25 basis points to 3.25% on 10 July 2014 whilst the Statutory Reserve Requirement remained unchanged at 4.00%. In the banking sector, household loans growth is expected to moderate partly impacted by on-going tightening lending measures and rising cost of living whilst business lending will continue to leverage on demand from projects under the ETP and 10th Malaysian Plan. A challenging operating and economic environment is anticipated to exert some pressure on asset quality whilst stiff price-based competition for loans and deposits is expected to impact margins. In addition, increased regulatory requirements will also require banks to adapt their business models and, in most instances, lead to increased costs and higher level of investments. Hence, the year ahead will continue to be challenging for the banking sector. Nevertheless, the banking system is anticipated to remain resilient supported by its sturdy fundamentals, with healthy capitalisation and stable asset quality as well as profitability.

Despite operating in a challenging business environment, the Public Bank Group registered another set of favourable results in 2014. Over the years, the Group has never lost sight of the fundamentals of banking and has remained disciplined and measured in its growth strategy. Going forward, the Group will continue to grow its core businesses of lending to retail customers and small and medium enterprises as well as in retail deposit-taking. As the banking landscape continues to evolve and change, the Group will continue to be steadfast in its focused approach to build a sustainable business that has the strength to support its customers through economic cycles and seize new opportunities when they arise.



SUMMARY OF GROUP FINANCIAL PERFORMANCE

AT A GLANCE

	2014	2013	Growth %
Profitability (RM'Million)			
Profit before tax expense and zakat	5,814	5,310	9.5
Net profit attributable to shareholders	4,519	4,065	11.2
Earnings per share (sen)	123.7	116.1	6.5
Balance Sheet (RM'Million)			
Total assets	345,722	305,725	13.1
Gross loans, advances and financing	245,044	221,176	10.8
Deposits from customers	276,540	250,873	10.2
Shareholders' equity	28,025	20,424	37.2
Financial Indicators			
Net return on equity	19.9%	22.4%	(2.5)
Cost to income ratio	30.0%	30.7%	(0.7)
Gross impaired loans ratio	0.6%	0.7%	(0.1)
Loan loss coverage	122.4%	118.5%	3.9
Net loan to deposit ratio	88.0%	87.5%	0.5
Common Equity Tier I capital ratio [#]	10.8%	8.8%	2.0
Tier I capital ratio [#]	12.2%	10.5%	1.7
Total capital ratio [#]	15.8%	13.8%	2.0

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



GROUP FINANCIAL SUMMARY

CONSISTENT PROFIT GROWTH	<ul style="list-style-type: none">⇒ Pre-tax profit grew by 9.5% to RM5.81 billion in 2014.⇒ Net profit attributable to shareholders increased by 11.2% to RM4.52 billion in 2014.⇒ Earnings per share rose from 116.1 sen in 2013 to 123.7 sen in 2014.⇒ Highest net return on equity of 19.9% amongst Malaysian banking groups.⇒ Top in terms of cost efficiency with the lowest cost to income ratio of 30.0% as compared to the Malaysian domestic banking groups.
STRONG BALANCE SHEET GROWTH	<ul style="list-style-type: none">⇒ Gross loans, advances and financing grew by 10.8% to RM245.04 billion as at the end of 2014 with domestic loans expanding by 10.5%.⇒ Customer deposits increased by 10.2% to RM276.54 billion as at the end of 2014, supported by 9.9% growth in domestic customer deposits.⇒ Total assets rose by 13.1% to RM345.72 billion as at the end of 2014 as a result of continued expansion in loans and deposits.⇒ Net loan to deposit ratio remained healthy at 88.0% as at the end of 2014.
SUPERIOR ASSET QUALITY	<ul style="list-style-type: none">⇒ Top amongst Malaysian banking groups in terms of asset quality with the lowest gross impaired loans ratio of 0.6% as at the end of 2014.⇒ High loan loss coverage of 122.4% as at the end of 2014.⇒ Inclusive of regulatory reserves set aside, loan loss coverage was significantly higher at 218.6%.
STRONGER CAPITAL POSITIONS	<ul style="list-style-type: none">⇒ Capital positions were further strengthened upon the completion of rights issue of RM4.8 billion during the year, with the Group's Common Equity Tier I capital ratio, Tier I capital ratio and Total capital ratio improving to 10.8%, 12.2% and 15.8% respectively as at the end of 2014.

The Board of Directors declared a second interim single tier dividend of 31 sen per ordinary share. Together with the first interim single tier dividend of 23 sen, the total dividend for 2014 would amount to 54 sen per ordinary share as compared to a total dividend of 52 sen per ordinary share in 2013. In 2014, the total dividend paid or payable amounted to RM2.08 billion, representing 46.1% of the Group's net profit.

Overview

– Summary of Group Financial Performance

SEGMENTAL PROFITABILITY

(i) Profit Before Tax By Business Segment

	2014		2013	
	RM'Million	% of Contribution	RM'Million	% of Contribution
Domestic Operations				
<i>comprise of:</i>				
Retail	3,494	60.1	3,287	61.9
Hire Purchase	449	7.7	495	9.3
Fund Management	490	8.4	426	8.0
Corporate Lending	371	6.4	339	6.4
Treasury and Capital Market	418	7.2	374	7.1
Investment Banking	68	1.2	49	0.9
Others*	92	1.6	(13)	(0.2)
Total domestic operations	5,382	92.6	4,957	93.4
Overseas Operations	432	7.4	353	6.6
Total overseas operations	432	7.4	353	6.6
Profit before taxation	5,814	100.0	5,310	100.0

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

- ⇒ Retail Operations continued to be the Public Bank Group's forte, contributing 60.1% to the Group's pre-tax profit in 2014, followed by Fund Management Operations and Hire Purchase Operations which contributed 8.4% and 7.7% respectively to the Group's pre-tax profits.
- ⇒ Retail Operations' pre-tax profit rose by 6.3% or RM207.1 million to RM3,493.8 million in 2014 from RM3,286.7 million in 2013. The growth in pre-tax profit was attributed to higher net interest and financing income due to healthy growth in loans and deposits as well as hike in overnight policy rate partially offset by higher operating expenses.
- ⇒ Hire Purchase Operations recorded a lower pre-tax profit of RM448.9 million in 2014 mainly due to lower lending margins resulting from competitive lending yield and higher funding cost as well as higher operating expenses.
- ⇒ Fund Management Operations' pre-tax profit increased by 14.9% or RM63.7 million to RM489.9 million in 2014 as a result of healthy growth in net asset value of funds under management.
- ⇒ Corporate Lending registered pre-tax profit of RM371.0 million in 2014, an increase of 9.3% from 2013 mainly due to higher net interest income and bad debt recoveries.
- ⇒ Treasury and Capital Market Operations' pre-tax profit grew by 11.8% from RM374.3 million in 2013 to RM418.6 million in 2014 mainly due to higher net interest income on treasury gapping, funding and liquidity management activities.
- ⇒ Investment Banking Operations reported a higher pre-tax profit of RM67.8 million in 2014, an increase of 39.4% from RM48.6 million in 2013, mainly contributed by higher brokerage income from stock broking activities and higher net interest income as well as investment income.



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

	2014		2013	
	RM'Million	% of Contribution	RM'Million	% of Contribution
In Malaysia	5,382	92.6	4,957	93.4
of which:				
Public Bank Berhad*	4,305	74.0	3,959	74.6
Public Islamic Bank Berhad	468	8.1	473	8.9
Public Mutual Berhad	490	8.4	426	8.0
Public Investment Bank Berhad	68	1.2	48	0.9
Outside Malaysia	432	7.4	353	6.6
of which:				
<u>Hong Kong operations</u>	198	3.4	184	3.5
– Public Finance Limited*	117	2.0	111	2.1
– Public Bank (Hong Kong) Limited*	64	1.1	60	1.1
<u>Cambodian operations</u>				
Cambodian Public Bank Plc	166	2.9	117	2.2
Profit before taxation	5,814	100.0	5,310	100.0

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

⇒ Domestic operations continued to be the main contributor to the Public Bank Group's pre-tax profit, accounting for 92.6% of the Group's pre-tax profit in 2014, while the remaining 7.4% was contributed by overseas operations.

⇒ Overseas operations' pre-tax profit grew from RM352.9 million in 2013 to RM431.9 million in 2014, an increase of 22.4%. This was mainly due to strong profit growth from Cambodian Public Bank Plc which registered an impressive double digit pre-tax profit growth of 36.5% in terms of USD.

Overview

– Summary of Group Financial
Performance

LOANS, ADVANCES AND FINANCING

Consistently Above – Industry Loans Growth

LOANS, ADVANCES AND FINANCING	Outstanding (Gross)		Growth Rate	
	2014	2013	2014 %	2013 %
Domestic (RM'Million)	228,338	206,635	10.5	12.0
of which:				
Public Bank Berhad (RM'Million)	203,134	183,555	10.7	11.8
Public Islamic Bank Berhad (RM'Million)	25,756	23,205	11.0	13.6
Overseas (RM'Million)	16,706	14,541	14.9	9.8
of which:				
Public Bank (Hong Kong) Limited (HKD'Million)	23,517	22,582	4.1	0.8
Public Finance Limited (HKD'Million)	5,021	4,586	9.5	(2.1)
Cambodian Public Bank Plc (USD'Million)	855	741	15.4	9.1
Group (RM'Million)	245,044	221,176	10.8	11.8

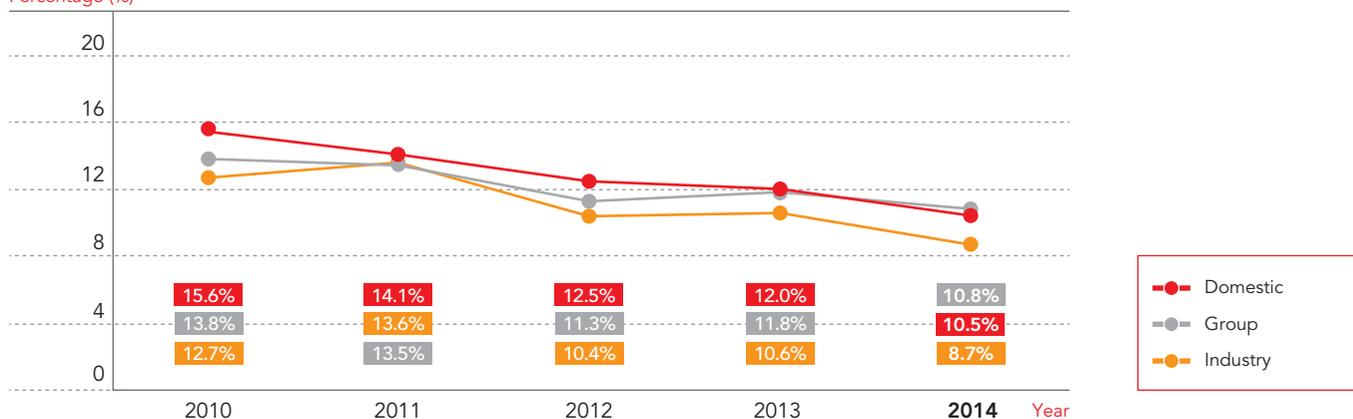
⇒ The Public Bank Group's gross loans, advances and financing expanded by 10.8% or RM23.87 billion from RM221.18 billion as at the end of 2013 to RM245.04 billion as at the end of 2014.

⇒ Domestic loans grew by 10.5% to RM228.34 billion as at the end of 2014, exceeding the Malaysian banking industry's growth rate of 8.7%.

⇒ Overseas loans growth expanded by 14.9% mainly due to the Group's Cambodian operations which achieved an impressive loans growth of 15.4% in 2014.

Loans Growth vs Industry

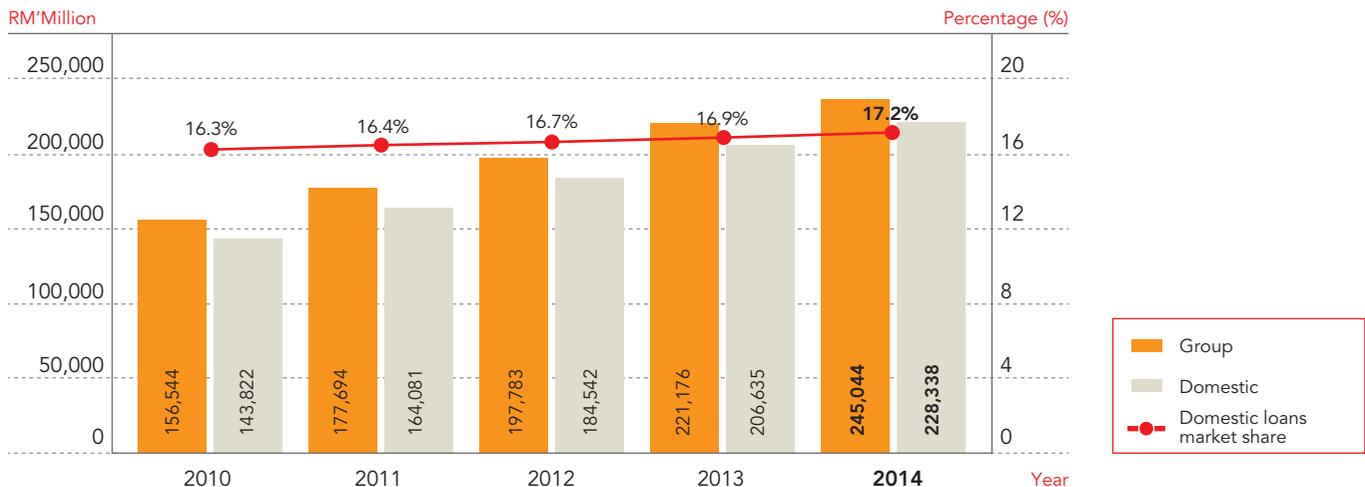
Percentage (%)



⇒ Over the last five years, the Group's domestic loans growth rates consistently surpassed the banking industry's loans growth rates.



Gross Loans and Domestic Loans Market Share



⇒ Despite intensifying competition for market share, the Public Bank Group's domestic loans market share continued to improve over the years, from 16.3% as at the end of 2010 to 16.9% as at the end of 2013, which further improved to 17.2% as at the end of 2014.

LOANS, ADVANCES AND FINANCING BY KEY RETAIL BANKING SEGMENT	Outstanding		Growth Rate		Market Share %
	2014 RM'Million	2013 RM'Million	2014 %	2013 %	
Residential Properties	79,379	70,928	11.9	16.0	
– Domestic	75,402	67,537	11.6	16.4	19.4
Passenger Vehicles	48,537	45,158	7.5	6.9	
– Domestic	46,401	43,179	7.5	6.8	28.1
SME	55,545	46,467	19.5	19.2	
– Domestic	52,432	43,891	19.5	20.0	NA

NA Not available

- ⇒ The Public Bank Group continued to focus its lending on the extension of financing for the purchase of residential properties, passenger vehicles and commercial lending to SMEs, which collectively accounted for 74.9% of the Group's total gross loans, advances and financing as at the end of 2014.
- ⇒ The Group's lending to SMEs expanded by 19.5% while financing of residential properties and passenger vehicles grew by 11.9% and 7.5% respectively in 2014.
- ⇒ The Group continued to lead in residential mortgages, passenger vehicle and commercial property financing in Malaysia, with market shares of 19.4%, 28.1% and 33.6% respectively as at the end of 2014.

Overview

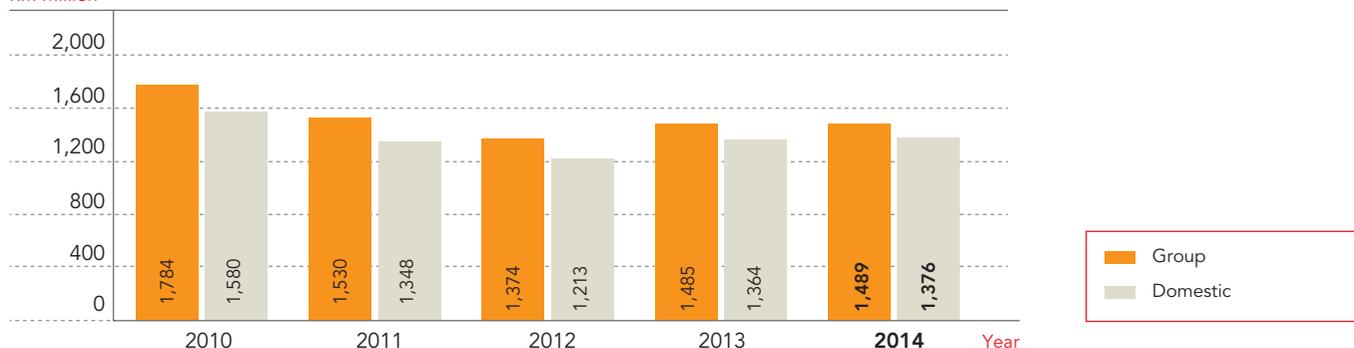
– Summary of Group Financial
Performance

ASSET QUALITY

Upholding Strong Asset Quality

Gross Impaired Loans

RM'Million



- ⇒ Although total gross loans, advances and financing expanded by RM23.87 billion during the year, the Group's gross impaired loans only increased by RM3.9 million. Hence, the Group's gross impaired loans ratio improved further to 0.6% as at the end of 2014, from 0.7% a year ago.
- ⇒ The Group continues to adopt a prudent approach in its credit risk management, through consistent and effective implementation of both preventive and proactive measures in its lending activities. The Group's sound asset quality has ensured the Group's competitive edge is well preserved over the years.

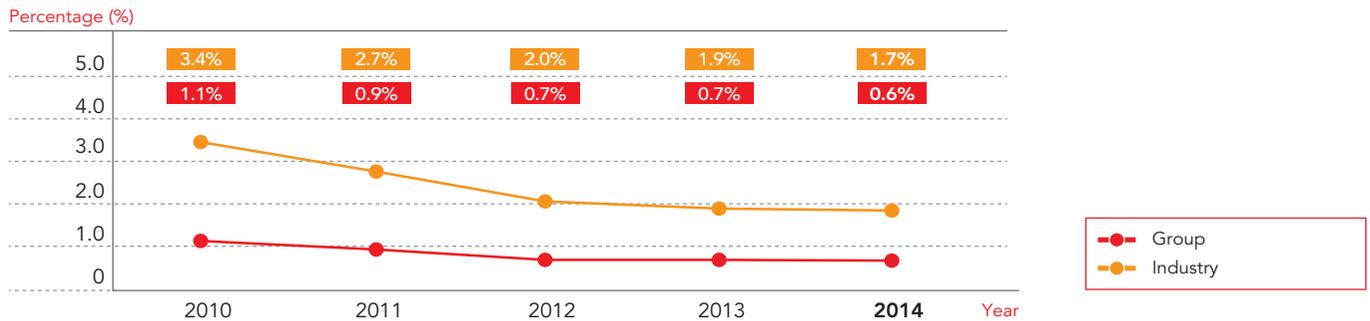
GROSS IMPAIRED LOANS RATIO

	2014 %	2013 %
Domestic	0.6	0.7
of which:		
Public Bank Berhad	0.6	0.6
Public Islamic Bank Berhad	0.9	0.9
Overseas	0.7	0.8
of which:		
Public Bank (Hong Kong) Limited	0.1	0.2
Public Finance Limited	2.1	2.7
Cambodian Public Bank Plc	1.3	1.8
Group	0.6	0.7

- ⇒ Despite domestic gross loans expanding by 10.5% in 2014, domestic asset quality continued to improve as reflected by gross impaired loans ratio which further dropped from 0.7% as at the end of 2013 to 0.6% as at the end of 2014.
- ⇒ The asset quality of the Group's overseas operations further improved with gross impaired loans and gross impaired loans ratio dropping from RM120.5 million and 0.8% as at the end of 2013 respectively to RM113.0 million and 0.7% respectively as at the end of 2014.



Gross Impaired Loans Ratio vs Industry

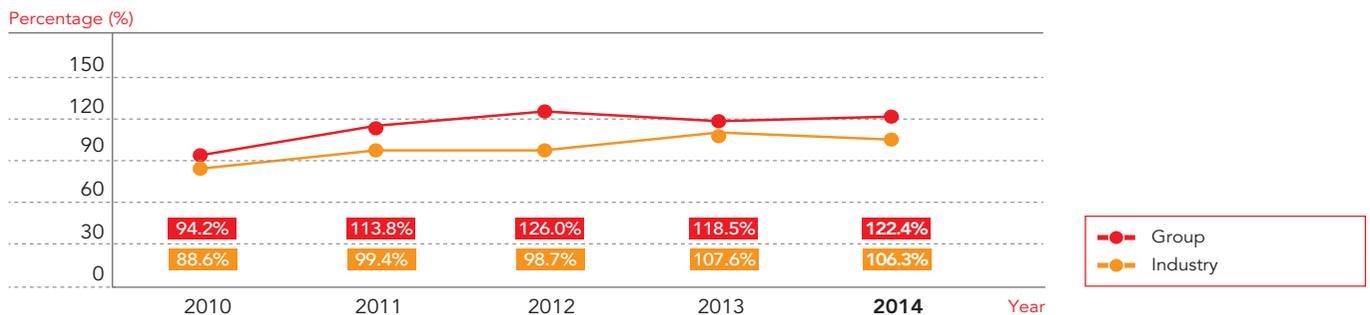


⇒ Over the past five years, the Group's gross impaired loans ratio continued to improve, from 1.1% as at the end of 2010 to 0.6% as at the end of 2014. The Group's gross impaired loans ratio have also consistently been well below the banking industry's gross impaired loans ratio.

GROSS IMPAIRED LOANS RATIO BY TYPE	Public Bank Group		Industry Average %
	2014 %	2013 %	
Consumer			
Housing Loans	0.6	0.7	1.3
Hire Purchase	0.8	0.8	1.3

⇒ The Group's gross impaired loans ratio for housing loans and hire purchase financing remained low at 0.6% and 0.8% respectively as at the end of 2014, well below the industry average of 1.3% and 1.3% respectively.

Loan Loss Coverage vs Industry



⇒ Apart from the excellent gross impaired loans ratio, the Public Bank Group also maintained a higher and more prudent loan loss coverage ratio of 122.4% as at the end of 2014, as compared to the banking industry's loan loss coverage ratio of 106.3%. This is notwithstanding that more than 90% of the impaired loans outstanding are secured.

⇒ In addition to the loan loss provisioning, the Group has also transferred regulatory reserves amounting to RM1.30 billion during the year in accordance to Bank Negara Malaysia's letter requiring banking institutions to maintain, in aggregate, collective impairment provisions and regulatory reserves of not less than 1.2% of total outstanding loans/financing, net of individual impairment provisions. Inclusive of the regulatory reserves, loan loss coverage of the Group would be 218.6%.

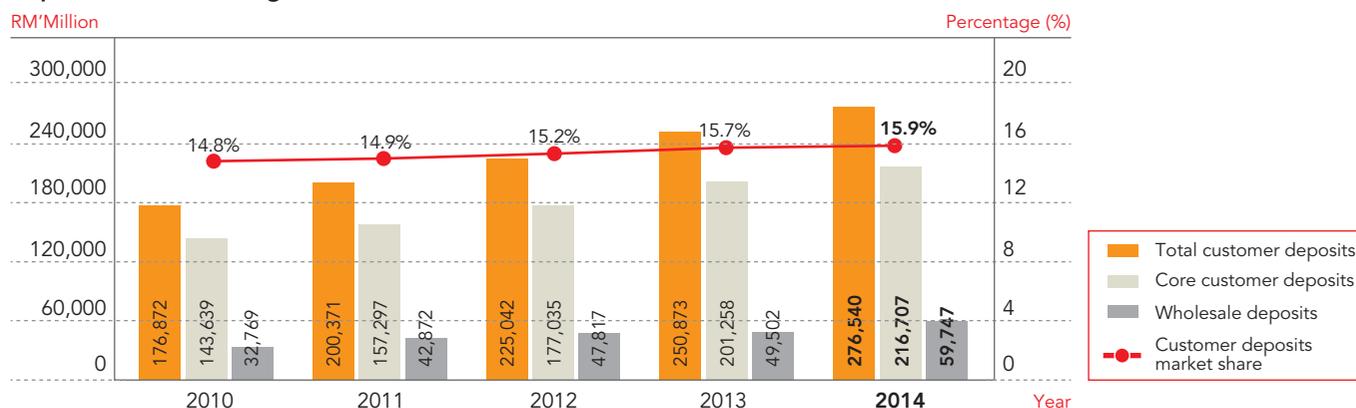
Overview

– Summary of Group Financial
Performance

CUSTOMER DEPOSITS

Steady Customer Deposits Growth

Deposits – Outstanding Balance and Market Share



⇒ The Public Bank Group's customer deposits expanded by 10.2% or RM25.67 billion to RM276.54 billion as at the end of 2014. Core customer deposits rose by 7.7% or RM15.45 billion to RM216.71 billion while wholesale deposits rose by 20.7% or RM10.25 billion to RM59.75 billion as at the end of 2014. Over the last five years, the Group's domestic market share of customer deposits has consistently improved, from 14.8% as at the end of 2010 to 15.7% as at the end of 2013, which further increased to 15.9% as at the end of 2014.

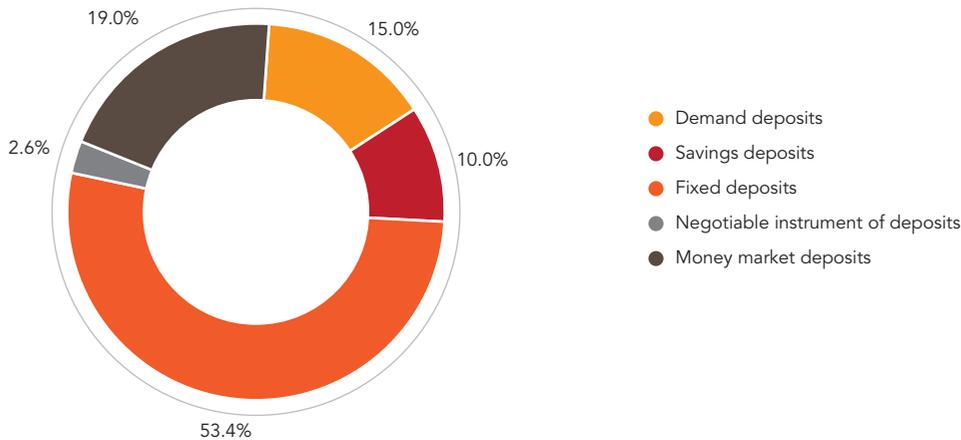
	Outstanding (Gross)		Growth Rate	
	2014	2013	2014 %	2013 %
TOTAL CUSTOMER DEPOSITS BY ENTITY				
Domestic (RM'Million)	258,472	235,142	9.9	11.6
of which:				
Public Bank Berhad (RM'Million)	226,217	201,872	12.1	11.1
Public Islamic Bank Berhad (RM'Million)	30,728	28,401	8.2	19.8
Overseas (RM'Million)	18,068	15,731	14.9	9.5
of which:				
Public Bank (Hong Kong) Limited (HKD'Million)	26,332	25,384	3.7	1.5
Public Finance Limited (HKD'Million)	4,325	4,050	6.8	5.7
Cambodian Public Bank Plc (USD'Million)	1,129	940	20.1	3.7
Group (RM'Million)	276,540	250,873	10.2	11.5

⇒ Domestic customer deposits grew by 9.9% or RM23.33 billion to RM258.47 billion as at the end of 2014, significantly surpassing the banking industry's deposit growth rate of 7.6%.

⇒ Despite stiff competition, total customer deposits of the Group's overseas operations grew by 14.9% or RM2.34 billion to RM18.07 billion as at the end of 2014. In particular, Cambodian Public Bank Plc achieved impressive deposit growth of 20.1% in terms of USD.

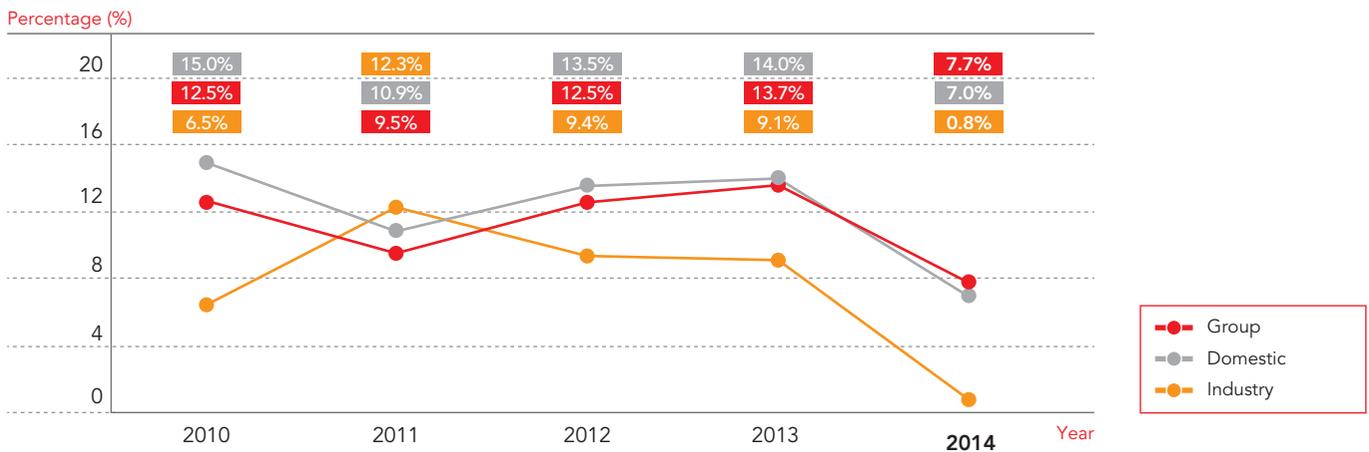


2014 Customer Deposits Mix



- ⇒ Core customer deposits which comprise demand deposits, savings deposits and fixed deposits, formed 78.4% of the Group's total customer deposits.
- ⇒ The Public Bank Group's healthy customer deposit growth continued to be supported by its strong retail deposit franchise and ongoing marketing initiatives to boost its deposit base, particularly low cost deposits comprising demand deposits and savings deposits ("CASA"). As at the end of 2014, CASA formed 25.0% of the Group's total deposits from customers.

Core Customer Deposits Growth vs Industry



- ⇒ In 2014, the Group's core customer deposits grew by 7.7%. Domestic core customer deposits grew at 7.0%, as compared to the domestic industry's growth rate of 0.8%. This has resulted in the Group's domestic market share of core customer deposits further improving to 18.7% as at the end of 2014 from 17.5% a year ago.

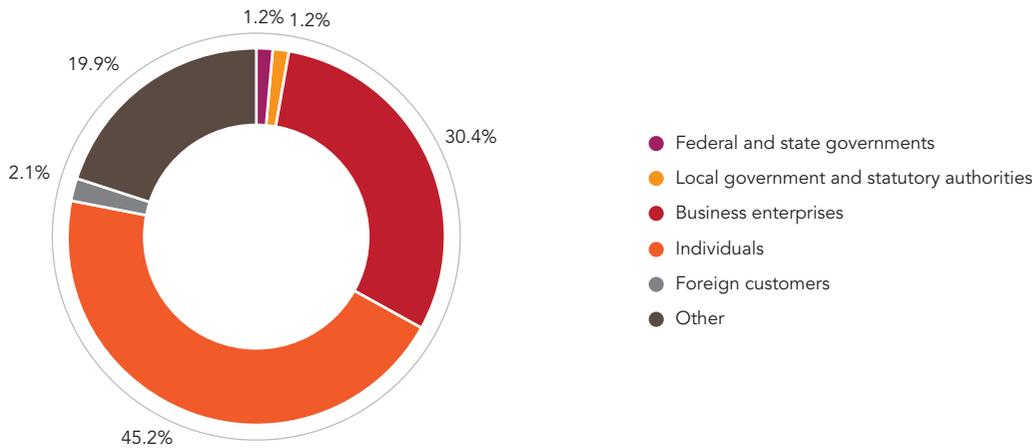
Overview

– Summary of Group Financial
Performance

DOMESTIC CORE CUSTOMER DEPOSITS	Outstanding		Growth Rate %	Industry Average %
	2014 RM'Million	2013 RM'Million		
Demand deposits	39,024	36,386	7.3	4.7
Savings deposits	24,054	23,054	4.3	2.4
Fixed deposits	135,563	126,255	7.4	(1.3)
	198,641	185,695	7.0	0.8
Market Share	18.7%	17.5%		

⇒ The domestic core customer deposits growth was mainly attributed to steady inflows of savings, demand deposits and fixed deposits, which grew by 4.3%, 7.3% and 7.4% respectively in 2014, as compared to the industry's savings and demand deposits growth rate of 2.4% and 4.7%, and a 1.3% contraction in fixed deposits.

2014 Customer Deposits By Type of Customers



⇒ Deposits from individuals represent 45.2% of the Group's customer deposits as at the end of 2014.



FUNDING AND LIQUIDITY

Diversified Funding in Support of Liquidity

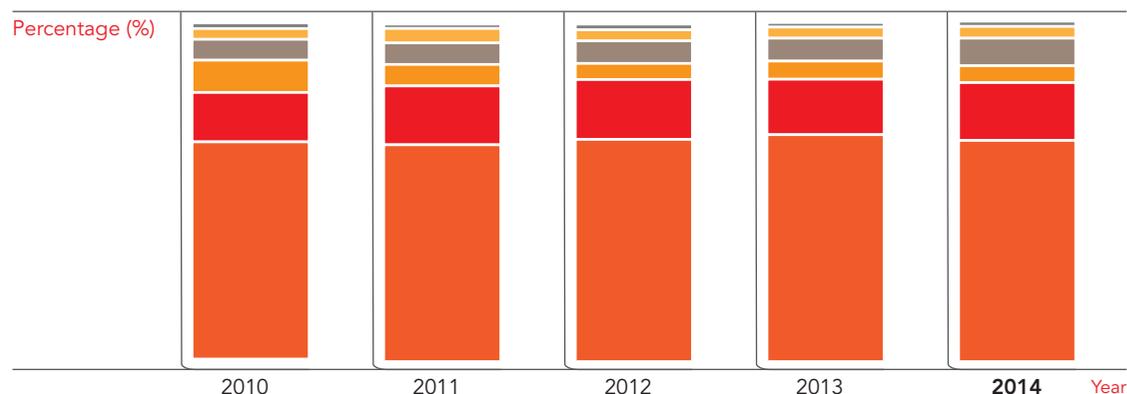
FUNDING PROFILE	Outstanding		Growth Rate %	Composition %
	2014 RM'Million	2013 RM'Million		
Deposits from Customers				
Core customer deposits	216,707	201,258	7.7	63.9
Wholesale deposits	59,747	49,502	20.7	17.6
Other deposits	86	113	(24.4)	0.0
Other Deposits and Borrowings				
Deposits from banks	20,670	16,176	27.8	6.1
Bills and acceptances payable	662	1,573	(57.9)	0.2
Borrowings	488	463	5.4	0.1
Recourse obligations on loans sold to Cagamas	1,922	500	>100	0.6
Debt Capital				
Senior Medium Term Notes	1,397	399	>100	0.4
Tier II Subordinated Notes	5,453	5,433	0.4	1.6
Innovative Tier I Capital Securities	1,964	1,958	0.3	0.6
Non-innovative Tier I Stapled Securities	2,125	2,117	0.4	0.6
Equity Capital				
Equity	28,025	20,424	37.2	8.3
	339,246	299,916	13.1	100.0

- ⇒ The Public Bank Group remains well funded with strong core customer deposits growth of 7.7% in 2014. As a result, the Group's total funding rose from RM299.92 billion as at the end of 2013 to RM339.25 billion as at the end of 2014.
- ⇒ The Group's main funding are core customer deposits followed by wholesale deposits which contributed 63.9% and 17.6% respectively to the Group's total funding.
- ⇒ The Group's long-term debt capital funding accounted for 3.2% of the total funding base of the Group. These debt capital comprise of Senior Medium Term Notes, Subordinated Notes, Subordinated Sukuk Murabahah, Innovative Tier I Capital Securities and Non-innovative Tier I Stapled Securities. During the year, the Group issued RM1 billion of Senior Medium Term Notes and RM500 million Subordinated Sukuk Murabahah to supplement the Group's funding requirements in 2014.
- ⇒ In August 2014, Public Bank raised RM4.8 billion equity capital through its rights issue exercise to further strengthen the Group's capital position. As at the end of 2014, equity capital represented 8.3% of the Group's total funding, up from 6.8% in the previous year.

Overview

– Summary of Group Financial
Performance

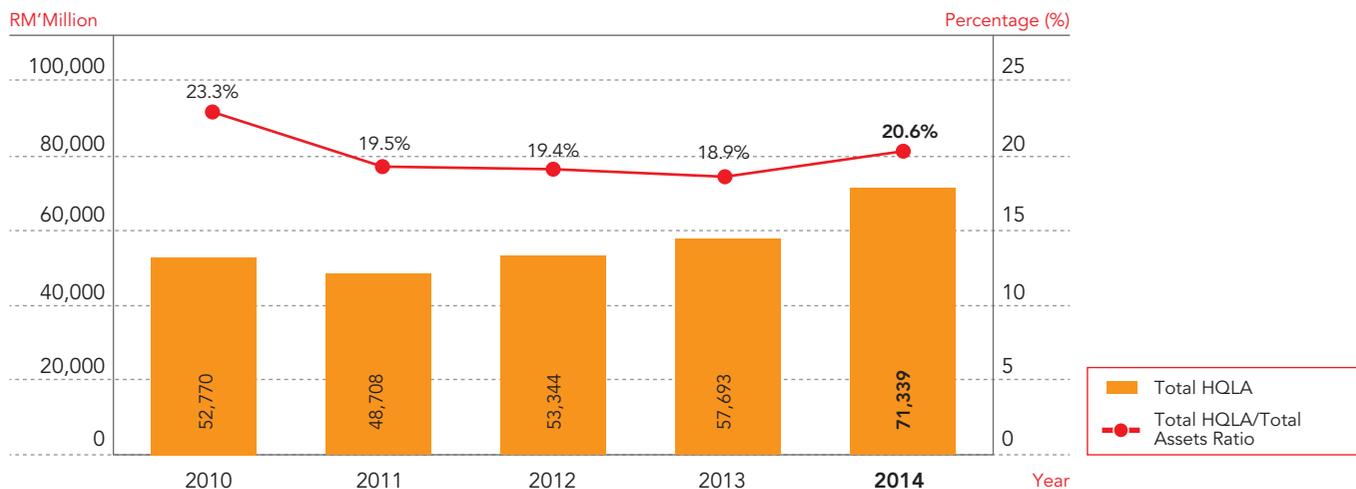
Group Funding Profile



YEAR	2010	2011	2012	2013	2014
Core customer deposits	64.6%	64.1%	65.7%	67.1%	63.9%
Wholesale deposits	14.7%	17.5%	17.8%	16.5%	17.6%
Deposits from banks	9.6%	6.4%	4.8%	5.4%	6.1%
Equity	6.2%	6.4%	6.7%	6.8%	8.3%
Debt capital funding	3.2%	4.3%	3.3%	3.3%	3.2%
Others	1.7%	1.3%	1.7%	0.9%	0.9%

⇒ The Group remains predominantly deposit funded. A significant portion of the Group's funding requirements are from customer deposits, particularly core customer deposits. These cost efficient long-term sources of funding ensures the strong liquidity level of the Group and underpins the Group's ability to grow volume and market share in its core lending business.

High Quality Liquid Assets ("HQLA") Profile



⇒ The Group's high quality liquid assets stood at RM71.34 billion as at the end of 2014 and formed 20.6% of the Group's total assets.



KEY PERFORMANCE INDICATORS

The table below summarises the key performance indicators of the Public Bank Group and targets for 2015 set by the Group:

KEY PERFORMANCE INDICATORS	2010	2011	2012	2013	2014	2015 Targets
Profitability (%)						
Net return on equity	27.1	26.8	24.1	22.4	19.9	> 16%*
Cost to income ratio	30.7	29.8	31.2	30.7	30.0	< 32%
Asset Quality (%)						
Gross impaired loans ratio	1.1	0.9	0.7	0.7	0.6	< 1%
Balance Sheet (RM'Billion)						
Assets	227.0	250.8	274.8	305.7	345.7	–
Gross loans	156.5	177.7	197.8	221.2	245.0	9% – 10% growth
Deposits	176.9	200.4	225.0	250.9	276.5	9% – 10% growth

* The lower net return on equity target set for 2015 is due to the full dilution impact of the RM4.8 billion rights issue completed in August 2014.

The macro key performance objectives of the Group remain unchanged. The Group will continue to sustain strong organic business growth, maintain its superior asset quality, high productivity and sustained profitability.

PROFITABILITY

The Public Bank Group's net return on equity remained strong at 19.9% in 2014, underpinned by sustained strong profitability, despite a partial dilution impact resulting from the RM4.8 billion rights issue during the year.

The Group continues to be the most efficiently managed bank in Malaysia with the lowest cost to income ratio of 30.0%, the lowest amongst the Malaysian banking groups.

ASSET QUALITY

The Public Bank Group's asset quality remained the best in the domestic banking industry, achieved as a result of its prudent credit risk management approach.

The Group's gross impaired loans ratio further improved to 0.6% as at the end of 2014.

BALANCE SHEET STRENGTH

The Public Bank Group's long-standing focus of pursuing strong organic growth has led to consistently healthy balance sheet growth. Since the end of 2010, the Group's total assets grew by 52.3% from RM226.99 billion as at the end of 2010 to RM345.72 billion as at the end of 2014. Total loans consistently achieved double digit growth over the last five years to RM245.04 billion as at the end of 2014 while total deposits increased by 56.4% from RM176.87 billion as at the end of 2010 to RM276.54 billion as at the end of 2014.

TARGETS FOR 2015

For 2015, the Group aims to sustain net return on equity of more than 16% (after including the effects of rights issue), cost to income ratio of below 32% whilst maintaining a low gross impaired loans ratio of below 1%.

The Group is also targeting to achieve between 9% and 10% growth in gross loans and deposits in 2015.

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 PERFORMANCE INDICATORS	2014			2013		
	Public Bank Group	Latest Industry Average	Rank	Public Bank Group	Latest Industry Average	Rank
Profitability (%)						
Pre-tax return on average equity	24.7	15.9	1	28.1	15.9	1
Pre-tax return on average assets	1.8	1.5	2	1.8	1.5	1
Cost to income ratio	30.0	45.6	1	30.7	45.6	1
Productivity (RM'000)						
Pre-tax profit/employee	320	236	1	296	236	1
Gross loans/employee	13,465	9,712	1	12,340	9,712	1
Deposits/employee	15,196	12,086	1	13,996	12,086	1
Asset Quality (%)						
Gross impaired loans ratio	0.6	1.7	1	0.7	1.9	1
Loan loss coverage	122.4	106.3	2	118.5	100.0	3
Growth Rate (%)						
Gross loans (domestic)	10.5	8.7	NA	12.0	10.6	NA
Customer deposits (domestic)	9.9	7.6	NA	11.6	8.3	NA

NA Not available

The Public Bank Group is the third largest banking group in Malaysia with total assets of RM345.72 billion as at the end of 2014 and accounted for 14.3% share of the domestic industry's total assets. The Group's domestic market share of gross loans and customer deposits further improved to 17.2% and 15.9% respectively as at the end of 2014, from 16.9% and 15.7% respectively as at the end of 2013.

PROFITABILITY

- ⇒ The Public Bank Group remains top amongst the domestic commercial banking groups in terms of pre-tax return on average equity and cost efficiency.
- ⇒ The Group's pre-tax return on average equity and pre-tax return on average assets stood at 24.7% and 1.8% respectively as at the end of 2014, well above the banking industry's average of 15.9% and 1.5% respectively.
- ⇒ The Group's cost to income ratio of 30.0% remained the lowest amongst Malaysian banking groups and was well below the industry's average of 45.6%.



PRODUCTIVITY

- ⇒ The Group continued to emphasise on high productivity and efficiency to ensure cost sustainability. The Group ranks No. 1 in terms of productivity with pre-tax profit per employee, gross loans per employee and deposits per employee further improving by 8.1%, 9.1% and 8.6% to RM320,000, RM13.5 million and RM15.2 million respectively as at the end of 2014.

ASSET QUALITY

- ⇒ The Public Bank Group's asset quality remained top in the domestic commercial banking sector with gross impaired loans ratio of 0.6% as at the end of 2014 and significantly lower than the banking industry's gross impaired loans ratio of 1.7%.
- ⇒ The Group's loan loss coverage of 122.4% as at the end of 2014 was also higher than the industry average of 106.3%.

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 ("AP") region.

COMPARISON AGAINST KEY DOMESTIC BANKS

BANKS	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	19.9	30.0	0.6
Malaysia			
Malayan Banking Berhad	13.4	48.3	1.6
CIMB Group Holdings Berhad	11.6	57.8	3.3
RHB Capital Berhad	11.8	53.2	2.3
Hong Leong Bank Berhad	14.8	42.3	1.1
AMMB Holdings Berhad	14.3	43.4	1.8
Affin Holdings Berhad	7.3	58.7	1.9
Alliance Financial Group Berhad	13.9	44.3	1.2

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

The Public Bank Group ranks No. 1 in terms of profitability, asset quality and cost efficiency amongst the domestic commercial banking groups in Malaysia, with the highest net return on equity of 19.9% and lowest cost to income ratio and gross impaired loans ratio of 30.0% and 0.6% respectively.

Overview

– Benchmarking Against Banking
Industry's Performance**COMPARISON AGAINST LEADING REGIONAL BANKS IN SINGAPORE, HONG KONG AND AUSTRALIA**

BANKS	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	19.9	30.0	0.6
Singapore			
DBS Group	11.5	44.0	0.9
UOB	12.6	41.8	1.2
OCBC	14.3	39.5	0.7
Hong Kong			
Hang Seng Bank	15.9	32.1	0.2
Hongkong and Shanghai Bank Corporation Limited of Hong Kong	19.5	40.3	0.3
Australia			
ANZ Bank	15.8	43.7	0.8
Commonwealth Bank of Australia	18.7	42.9	0.6
National Australia Bank	12.1	53.0	1.2

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

When benchmarked against the leading banks in the Asia Pacific region namely Singapore, Hong Kong and Australia, the Group's net return on equity and cost to income ratio of 19.9% and 30.0% ranked first. The Group's gross impaired loans ratio of 0.6% was amongst the top three when compared to the leading regional banking groups.



CAPITAL MANAGEMENT

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

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

Comprehensive risk assessment under ICAAP

The Public Bank Group achieves these objectives through a process articulated in the Group Internal Capital Adequacy Assessment Process ("ICAAP") Framework. The Group ICAAP Framework is approved by the Board of Directors and has been implemented within the organisation. This process involves a comprehensive assessment of all material risks that the Group is exposed to as well as an evaluation of the adequacy of the Group's capital to support its business activities in relation to those risks. A detailed capital plan is prepared over the medium term horizon of at least three years and includes consideration of the following factors:

- ⇒ internal capital targets for the Group and entities within the Group which consider future regulatory changes and stakeholder expectations;
- ⇒ forecasting capital demand for regulatory requirements, business strategy and material risks based on the Group's risk appetite; and
- ⇒ determining the availability and composition of different capital components.

The capital plan is prepared annually and approved by the Board of Directors for implementation at the beginning of each financial year. The annual capital plan is updated semi-annually to take into account the latest developments in capital management and also to ensure effective and timely execution of the capital initiatives planned.

In addition, capital stress tests are also conducted to understand the sensitivity of the key assumptions in the capital plan to the adverse effects of plausible stress scenarios and evaluate how the Group can continue to maintain adequate capital under such stress scenarios. The actual market stresses which occurred in recent years have been employed to enhance the stress scenarios used. Based on these assessments, the Group reviews its internal capital targets to ensure capital buffers are sufficient to withstand any unexpected economic shocks.

Regulatory Environment

Since 1 January 2013, the Public Bank Group has adopted 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. Under the BNM's Capital Adequacy Framework, banking institutions are required to maintain higher minimum quantity and quality of capital but the requirements will be phased-in over a period of time from 1 January 2013 to 1 January 2019. This includes the additional capital buffer requirements of a capital conservation buffer and countercyclical buffer. The capital conservation buffer of 2.5% and the countercyclical buffer which ranges from 0% to 2.5% will be phased-in from 1 January 2016 to 1 January 2019. The computation and operational approach of these capital buffers will be announced by BNM before 2016.

BNM has also introduced additional capital deductions from Common Equity Tier ("CET") I capital whereby new items such as intangible assets and investments in banking and insurance subsidiaries and associates are now deductible from CET I capital. Tighter requirements pertaining to write-off and/or conversion to equity have also been introduced for new Tier I and Tier II capital instruments. The Public Bank Group's previously issued Tier I and Tier II capital instruments which do not contain these stringent write-off or conversion features have been gradually phased-out from inclusion in regulatory capital since 1 January 2013.

Chairman's Review – Overview – Capital Management

Public Bank fixes rights issue at RM13.80 per share

Public Bank Bhd
(Issue @ RM13.80)

Maintain reduce with a target price (TP) of RM18. At an extraordinary general meeting on June 6, PBB shareholders approved a proposed renounceable rights issue to raise gross proceeds of up to RM5 billion. The issue price of the rights shares has been fixed at RM13.80 apiece, representing a 33% discount to the theoretical ex-rights price of RM20.64 per PBB share, the five-day volume weighted average price of PBB shares up to June 5, 2014.

Based on the outstanding shares of 3,502.1 million (excluding 29.8 million shares held as Treasury shares), a total of 350.2 million new shares will be raised (equivalent to a 1:10 rights issue), amounting to gross proceeds of RM4,832.9 million. The exercise is expected to be completed by the third quarter of financial year 2014 (3QFY14) and proceeds will be utilised primarily for working capital. The ex-date and entitlement date have yet to be announced.



With the rights exercise, our revised TP will be adjusted to RM15.40 (equivalent to a Gordon Growth Model-derived target price-to-book value (P/BV) of 1.95 times on post-rights FY15E ROE of 16.5%).

Currently, PBB's valuations remain lofty on a P/BV basis at 3.2 times FY14E and 2.8 times FY15E. Declining ROEs (from a high of 25% to 28% in 2006 to 2011) and a tightening dividend payout ratio — FY14E and FY15E net yields of 2.6% and 2.7% — do not justify, in our

Public Bank rights issue to improve CET1, book value

PUBLIC BANK BHD				
31 DECEMBER	2014	2014	2013	2012
PRE TAX PROFIT (RM mil)	3,310	5,799	6,156	6,999
NORM NET PROFIT (RM mil)	4,265	4,564	4,785	5,206
NORM EPS (sen)	126.3	129.6	136.6	148.4
PER (x)	12.9	16.7	15.2	14.0

Recommendation: Hold
by Ho Yee Ho, BMO

Pros/Cons:
We maintained our neutral to slightly positive stance about the rights issue. Despite the ROE and EPS dilution, its capital ratio (which is among lowest) vis-à-vis peers will be boosted to a level that is comparable to peers. More importantly, it will eliminate uncertainties about the timing of a cash call and its capital position. We also believe that this is an opportune time to undertake such exercise given that its share price is riding high which will help to minimise the EPS dilution impact.

Financial Impact:
The actual exercise price and entitlement ratio is largely in line with our previous estimate of RM13.20 and ratio of 1-for-10, respectively. CET1 of 8.5% as at March 14, will continue to decline to

Risks:
Unexpected jump in impaired loans, lower than expected loan growth and higher than expected erosion in NIM.

Forecasts:
Unchanged pending completion of the rights issue.

Rating: 'Hold'
Positives:
• Above industry asset quality and ROE.
• Excellent track record in delivering guidance and consistency in growth.
Negatives:
• Dividend payout ratio lower than previous years and asset liability about quarters of count for cyclical buffer.

Valuation:
Maintain target price of RM18.00 based on Gordon Growth with WACC of 5% and WACC of 8%

Capital Initiatives

The Public Bank Group manages its capital structure proactively in order to optimise the cost and flexibility offered by various capital resources as well as to ensure a healthy level of capital to meet minimum Basel III capital requirements. The capital planning process involves efficient balancing between the debt capital and equity capital components whilst assessing the need and the opportunity to raise capital from the financial markets. To achieve this objective, the following significant capital initiatives were undertaken by the Group:

(i) Equity Capital

During the year, Public Bank undertook a rights issue exercise to strengthen its equity capital in order to support its continuous business growth and to build up an adequate level of capital buffer in preparation for the forthcoming regulatory requirement by BNM under the Basel III capital framework. The rights issue was implemented through an issuance of rights shares whereby 350.2 million new ordinary shares of RM1.00 each in Public Bank ("PBB Shares") were issued on the basis of one rights share for every ten existing PBB Shares at an issue price of RM13.80 per rights share. The rights issue was successfully completed on 8 August 2014 with a high subscription rate of 130%. Through this capital management initiative, the Group and Bank have raised a total of RM4.8 billion of equity capital, hence increasing the CET I capital ratios of the Group and the Bank by 2.3% and 2.8% respectively.

(ii) Debt Capital

During the year, Public Bank also disposed a total of 9.2 million PBB Shares held as treasury shares for a total consideration of RM175.6 million in the open market at an average price of RM19.23 per share, which has further enhanced the equity capital of the Group and the Bank. As at the end of 2014, the Bank has 20.6 million remaining treasury shares held, being shares bought back previously. These shares are still available for sale which can further increase the Group's and Bank's common equity capital.

In April 2014, Public Islamic Bank established a RM5.0 billion Sukuk Murabahah Programme, and issued a total of RM500 million of Basel III – Compliant Subordinated Sukuk Murabahah from this Programme in June 2014. This has further strengthened the Group's Tier II capital following its first Basel III – Compliant subordinated debt issue of RM1.95 billion completed in 2013.

In November and December 2014, Public Bank fully redeemed RM473.0 million of Subordinated Notes which were due for call.

As at the end of 2014, the Public Bank Group has a total of RM9.53 billion debt capital outstanding comprising:



	RM'Billion
<u>Non-BaseI III (old-style)¹</u>	
Innovative Tier I Hybrid capital	1.96
Non-innovative Tier I stapled capital securities	2.12
Subordinated notes	3.00
<u>BaseI III compliant</u>	
Subordinated notes/Sukuk Murabahah	2.45
	9.53

¹ Debt capital instruments issued prior to 1 January 2013

The debt capital instruments which do not meet BaseI III standards will be gradually phased-out. However, this will not significantly impact the Group's capital position as the BNM's BaseI III transitional provisions allow these capital instruments to continue to be included as part of the total regulatory capital which will be gradually phased-out over a ten year transition period starting from 1 January 2013. The Group actively assesses market conditions in order to ensure the cost-efficiency of future issuances of debt capital instruments to replace the old-style debt securities and support business growth.

(iii) Healthy Dividend Payout

The Group aims to pay consistent and sustainable dividends to its shareholders over the long term by balancing growth with proactive capital management. Despite the more stringent capital requirements under BaseI III, dividend per share has increased from 52 sen in 2013 to 54 sen in 2014 and all rights shares issued had been entitled to both the first and second interim dividend during the year. As a result, the Group's dividend payout was higher at 46.1% in 2014 as compared to the payout of 44.8% in previous year. The Group remains committed to maintain a healthy level of dividend payout and aims to achieve this by continuing to pursue strong profit generation, maintain superior asset quality and proactively manage its capital position.

With the various capital initiatives undertaken in 2014, particularly the rights issue exercise of RM4.8 billion completed in August 2014, the capital position of the Group and the Bank have been further strengthened and Public Bank has become one of the highest capitalised banks in Malaysia.

Enhanced Capital Adequacy Ratios

The table below shows the capital composition and capital adequacy ratios of the Public Bank Group and Public Bank as at the end of 2013 and 2014:

	Public Bank Group		Public Bank	
	2014 RM'Million	2013 RM'Million	2014 RM'Million	2013 RM'Million
Equity Capital	24,775	18,527	23,133	18,296
Additional Tier I Capital Instruments	3,120	3,510	3,120	3,510
Regulatory adjustments	47	42	–	–
Tier I Capital	27,942	22,079	26,253	21,806
Tier II Capital	7,891	6,458	3,515	1,780
Total Capital	35,833	28,537	29,768	23,586
Risk-weighted assets	218,712	199,723	182,352	167,440

Chairman's Review – Overview – Capital Management

	Public Bank Group		Public Bank	
	2014 %	2013 %	2014 %	2013 %
BASED ON TRANSITIONAL ARRANGEMENT				
After Deducting Second Interim Dividends				
CET I capital ratio	10.8	8.8	12.0	10.3
Tier I capital ratio	12.2	10.5	13.7	12.4
Total capital ratio	15.8	13.8	15.7	13.5

	2014		
	Public Bank Group %	Public Bank %	Minimum Basel III Requirements* in 2019 %
BASEL III FULLY-LOADED			
After Deducting Second Interim Dividends			
Based on final rules with effect from 1 January 2019**			
CET I capital ratio	10.7	10.2	7.0
Tier I capital ratio	12.2	11.9	8.5
Total capital ratio	15.8	15.7	10.5

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

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

On Basel III fully-loaded basis, the Group's and the Bank's CET I, Tier I and Total capital ratio after deducting second interim dividends stood at 10.7%, 12.2% and 15.8% respectively and 10.2%, 11.9% and 15.7% respectively as at the end of 2014. These were well above the current minimum regulatory capital requirements, reflecting the level of capital buffer the Group has built up in preparation for the forthcoming capital buffer to be determined by BNM under the Basel III framework.

The Group is well-positioned to sustain its equity capital levels above BNM's Basel III requirements through its proactive capital management initiatives and organic growth strategies such as profit retention and disciplined management of credit and investment portfolios.



CREDIT RATINGS

PUBLIC BANK BERHAD	Long Term	Short Term
RAM Ratings	AAA	P1
Moody's Investors Service	A3	P-2
Standard & Poor's	A-	A-2
Standard & Poor's ASEAN Regional Scale Rating	axAA	axA-1

In April 2014, Public Bank's long-term and short-term general banking ratings of AAA and P1 respectively were reaffirmed by Rating Agency Malaysia ("RAM"). The AAA rating is the highest rating assigned by RAM and reflects the ability to offer the highest level of safety for timely payment of its financial obligations. The reaffirmation of the highest level ratings was based on Public Bank's entrenched franchise in the consumer and SME segments, along with its superior asset quality. Concurrently, RAM also reaffirmed the long-term ratings of the Bank's Subordinated Medium Term Notes Programme of up to RM5.0 billion, RM1.2 billion Innovative Tier I Capital Securities, Non-Cumulative Perpetual Capital Securities Programme of up to RM5.0 billion at AA1, AA2 and AA2 respectively. The long-term ratings of the Group's Senior Medium Term Notes Programme of up to RM5.0 billion and the Basel III – Compliant Tier II Subordinated Medium Term Notes Programme of up to RM10.0 billion were also reaffirmed at AAA and AA1 respectively.

In November 2014, Moody's Investors Service reaffirmed Public Bank's long-term deposit rating of A3 and short-term deposit rating of P-2.

In November 2014, Standard & Poor's ("S&P") reaffirmed Public Bank's long-term credit rating of A- and short-term credit rating of A-2 with a stable outlook. The reaffirmation of the ratings were based on Public Bank's strong market position, strong funding base and liquidity backed by ample deposits from the retail business as well as adequate capitalisation. S&P also reaffirmed Public Bank's long term credit rating of axAA and short-term credit rating of axA-1 under the ASEAN Regional Scale Rating.

BUSINESS OPERATIONS REVIEW

DOMESTIC CONSUMER CREDIT AND SME LENDING



At a Glance

	2014	2013	Growth %
Segment profit (RM'Million)	3,942.7	3,782.1	4.2
Retail operations	3,493.8	3,286.7	6.3
Hire purchase	448.9	495.4	(9.4)
Gross loans, advances and financing (RM'Billion)	199.62	180.65	10.5
Retail operations	153.22	137.47	11.5
of which:			
– Residential properties	75.40	67.54	11.6
– SME	52.43	43.89	19.5
– Personal loans	7.32	7.26	0.8
Hire purchase	46.40	43.18	7.5
Loans approval (RM'Billion)	50.31	51.73	(2.7)
Retail operations	34.35	36.91	(6.9)
of which:			
– Residential properties	14.73	16.00	(7.9)
– SME	19.55	20.07	(2.6)
Hire purchase	15.96	14.81	7.7
Gross impaired loans ratio (%)	0.7	0.7	–
Retail operations	0.6	0.7	(0.1)
of which:			
– Residential properties	0.6	0.7	(0.1)
– SME	0.5	0.7	(0.2)
Hire purchase	0.8	0.8	–



2014 HIGHLIGHTS

- Profit before tax of retail and hire purchase operations collectively increased by 4.2% and contributed 73.3% of the Group's total domestic operation profit.
- Market leader in residential property financing, commercial property financing and passenger vehicle hire purchase financing with market shares of 19.4%, 33.6% and 28.1% respectively.
- SME lending registered impressive growth of 19.5%.
- Residential property financing and passenger vehicle hire purchase financing grew by 11.6% and 7.5% respectively.
- Low gross impaired loans for residential properties, passenger vehicle hire purchase financing and SME lending of 0.6%, 0.8% and 0.5%.

The Public Bank Group's domestic retail banking comprise mainly of consumer credit and lending to small and medium enterprise ("SME"). Collectively, these two segments registered robust loans growth of 10.5% and accounted for 87.4% of the Group's total domestic lending portfolio as at the end of 2014.

DOMESTIC CONSUMER CREDIT

The Public Bank Group's domestic consumer credit comprise:

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

Residential Property Financing

The domestic banking industry loan growth for residential properties sustained at 13.0% in 2014 despite a softening property market due to the effects of various cooling measures and stricter lending guidelines implemented by Bank Negara Malaysia ("BNM").

Performance review

The Public Bank Group's domestic loan portfolio for residential properties increased by 11.6% or RM7.86 billion to RM75.40 billion as at the end of 2014, representing 33.0% of the Group's total domestic loan portfolio. The Group continued to be the No. 1 residential property financier in Malaysia with market share of 19.4% as at the end of 2014.

In 2014, the Public Bank Group approved residential property loans totalling RM14.73 billion which accounted for 24.7% of total domestic loans approved during the year. The Group remained focused in the mass market and owner occupied property segment with residential property financing predominantly given for residential properties costing between RM100,000 and RM500,000, which makes up 67.2% of the total residential property loans approved during the year.

As at the end of 2014, the gross impaired loans ratio of the Public Bank Group's domestic residential property loans remained low at 0.6% as compared to the industry's ratio of 1.3%. The sustained strong asset quality in residential property loans is attributable to the Group's prudent credit culture and stringent underwriting standards.

Chairman's Review – Business Operations Review – Domestic Consumer Credit and SME Lending



Products and Marketing Initiatives

5HOME Plan and MORE Plan

5HOME (“Home Ownership Made Easy”) Plan and MORE (“Mortgage Refinancing”) Plan are the Public Bank Group’s flagship residential property loan packages and main financing products for residential properties. In 2014, a total of RM14.66 billion financing were approved under 5HOME Plan and MORE Plan, which accounted for more than 99% of all loans approved for residential properties.

As a responsible corporate, the Public Bank Group is a strong supporter of the Government’s effort to provide financing for affordable homes. As at the end of 2014, total loans outstanding under the Bank Negara Malaysia’s priority sector lending amounted to RM2.06 billion.

The Public Bank Group’s marketing initiatives are largely supported by its wide domestic branch network as well as its strong sales and marketing team at these branches. To sustain its growth momentum, the Group will further leverage on its relationships with solicitors, property valuers, real estate agents and reputable property developers for business referrals and further strengthen its service delivery.

Prospects

While recent regulations and inflationary pressures will likely see softening demand for residential properties, the Group is cautiously optimistic of opportunities for growth. Demand for residential properties is expected to be well supported by steady economic prospects, growing household income, low unemployment, rising rate of urbanisation and resilient demand for affordable housing from genuine buyers for owner-occupation.

The Government’s introduction of various measures and incentives for the residential property sector to enable more Malaysians to buy their first home and the Government’s rapid infrastructure developments to improve connectivity and accessibility, particularly the Mass Rapid Transit and extended Light Rail Transit projects, are expected to boost take up rates of residential properties.



Passenger Vehicle Hire Purchase Financing

Performance Review

Passenger vehicle hire purchase financing remained one of the core retail lending business of the Public Bank Group, accounting for 20.3% of the Group's total domestic loan portfolio.

Despite stiff competition and nominal growth in the Malaysian automobile industry, the Public Bank Group's domestic vehicle hire purchase financing increased by 7.5% or RM3.22 billion to RM46.40 billion as at the end of 2014, outpacing the industry's growth rate of 1.3%. This has enabled the Group to further increase its a market share to 28.1% in this business segment, maintaining its No. 1 position in the auto financing industry. The Group maintained its market leading position without compromising its asset quality as reflected by its low gross impaired loans ratio of 0.8% as at the end of 2014, which was below the industry's ratio of 1.3%.

During the year, the Public Bank Group also implemented a new pricing structure as guided by BNM's Risk Informed Pricing Guidelines as part of the Group's strategy to sustain the profitability of its hire purchase portfolio.

Marketing Initiatives

The Public Bank Group continued to drive market expansion and penetration through its sales and marketing force, operating from the Group's 27 Hire Purchase Centres and 259 branches strategically located nationwide. The Group had also organised and participated in more than 1,000 joint sales promotions, car sales carnivals and roadshows nationwide with the Group's 9,000 car dealers. To keep its competitive edge, the Group continued to forge new business collaborations with established car distributors to widen its market reach.

Prospects

Moving forward, the automobile industry is expected to register moderate growth as a result of weaker consumer sentiment amid inflationary pressure from the implementation of Goods and Services Tax.

The Group will continue to leverage on its large network of Hire Purchase Centres and branches to achieve business expansion, supported by its rigorous marketing initiatives, comprehensive product packages, efficient loan delivery and excellent customer service.

Chairman's Review – Business Operations Review – Domestic Consumer Credit and SME Lending

Personal Consumer Financing

The Bai' Al-Inah ("BAE") Personal Financing-i product, offered by Public Islamic Bank, is the key driver for the Public Bank Group's domestic personal consumer financing business. BAE Personal Financing-i is a product tailored for staff of government agencies, statutory bodies, government linked corporations and large corporations. To date, Public Islamic Bank has established agency arrangements with more than 290 entities.

In 2014, Public Islamic Bank approved RM7.0 million of BAE Personal Financing-i. As at the end of 2014, total financing outstanding of BAE Personal Financing-i amounted to RM2.24 billion.

Credit and Debit Cards

Despite a challenging year for the card industry with stiff competition for market share, Public Bank's credit and debit card business achieved commendable results in 2014.

Performance Review

In 2014, Public Bank's credit card base grew by 2.7% as compared to a marginal growth in the credit card industry due to extensive marketing effort to acquire new customers and various initiatives to retain existing customers. Consequently, total credit card sales and credit card receivables also increased by 3.8% and 2.4% respectively in 2014.

The debit card segment continued to thrive, with debit card base and debit card sales registering commendable growth of 23.2% and 29.4% respectively.





On the merchant front, Public Bank continued to leverage on cross-selling of merchant facilities to existing retail client base and targeted marketing initiatives to acquire new merchants. This has yielded positive results with total merchant sales achieving a growth of 4.7% while merchant terminal rentals grew by 9.5% in 2014.

New Product and Marketing Initiatives

In May 2014, Public Bank launched the PB Visa Signature Credit Card, which offered attractive benefits such as cash rebate of 6% on selected categories of transactions and 1 VIP Point for every RM1 spent on other categories.

Throughout the year, attractive rewards and merchant privilege programmes were offered to cardholders to encourage card spending. Various campaigns were also initiated, offering cars, cash back and guaranteed gifts aimed at acquiring new customers. Some of the campaigns launched include "Go for PB, Get a MyVi" which gave away ten MyVi cars, "PB Easy Cash Back" which offered each new cardholder up to RM360 cash back from a total of RM1.8 million cash back allocation during the promotion period and "PB Cash Back Bonanza" which offered new cardholders up to RM1,320 cash back from a total allocation of RM1.8 million.

Prospects

Although tighter credit card lending guidelines remain an industry challenge, Public Bank is optimistic of improving the Bank's card market share as well as customer product holding ratio by tapping on the Bank's large retail customer base and co-brand strategic partners' base. The merchant acquiring business will also present opportunities for stronger growth in line with BNM's initiative to increase card acceptance outlets nationwide.

Share Margin Financing

The Public Bank Group's share trading and share margin business in Malaysia, PB Sharelink, registered a 24.9% growth in share trading volume to RM12.78 billion in 2014. Consequently, the Group's gross brokerage and interest income increased by 27.2% to RM69.3 million in 2014.

During the year, Public Bank continued to focus on increasing its presence in the digital space. The Bank enhanced its delivery channels over the internet and tablet devices to further improve customer experience trading online as well as promote cross border trading in Hong Kong and other foreign stock markets. The number of Share Investment Units at strategically located branches further increased to 51 units which provide convenient access to Public Bank's share trading services and share margin financing.

SME LENDING

The SME sector remains a key pillar of the Malaysian economic growth, making up a majority of the country's total business establishments. To promote the development and growth of this segment, the Government has raised the qualifying sales turnover threshold to be defined as a SME with effect from 1 January 2014, hence enabling more companies to be categorised as SME and gain access to SME support programmes.

Performance review

The Public Bank Group continued to provide strong support to SMEs as reflected by the Group's consistent strong SME lending growth. The Group's SME loans grew by an impressive 19.5% from RM43.89 billion as at the end of 2013 to RM52.43 billion as at the end of 2014, representing 23.0% of the Group's domestic loan portfolio. In 2014, the Group approved RM19.55 billion commercial loans to domestic SMEs.

Chairman's Review – Business Operations Review – Domestic Consumer Credit and SME Lending

Products

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

The Public Bank Group's flagship core product for SME lending, the SWIFT Plan, provides financing for assets acquisition, working capital and trade financing. In 2014, the Group approved a total of RM10.90 billion under the SWIFT Plan.

BNM Initiated Financing Schemes

The Public Bank Group has always been a strong supporter of BNM initiated financing schemes which assist SMEs to access cheaper loan financing. Amongst the schemes in which the Group is an active participant are:

- ⇒ BNM's priority sector lending to SMEs. The Public Bank Group has consistently exceeded the commitment set by BNM to extend financing to this sector. Under this scheme, the Group has approved total loans amounting to RM58.40 billion for the three-year period from 2012 to 2014.

- ⇒ The New Entrepreneurs Fund and the Fund for Small and Medium Industries which provide working capital financing at reasonable cost for eligible SMEs in both the export and domestic-oriented sectors.
- ⇒ The Micro Enterprise Fund to assist the varying needs of micro enterprises with viable businesses.

Credit Guarantee Corporation Guaranteed Schemes

The Public Bank Group is also an active participant in loan schemes which leverage on guarantees by Credit Guarantee Corporation Malaysia Berhad ("CGC"). The Group's loan portfolios under the various types of CGC guaranteed schemes amounted to RM104.6 million as at the end of 2014.

Amongst the CGC guaranteed schemes are:

- ⇒ SmallBiz Express Guarantee Scheme ("SBE"). Public Bank is the first financial institution in Malaysia which entered into a partnership with CGC to implement the SBE, which is a scheme targeted at micro enterprises with viable businesses that require financing but lack collateral.





- ⇒ Enhancer, a credit guarantee scheme which features a risk-adjusted pricing structure to enable more SMEs to benefit from CGC's guarantee services.
- ⇒ Enhancer Bumi, designed for Bumiputera SMEs to access financing from financial institutions through CGC's guarantee support.
- ⇒ Portfolio Guarantee Scheme. Under this scheme, CGC provides guarantee on a portfolio basis instead of individual basis to support the growth of targeted SMEs by facilitating their access to financing.

Green Technology Financing Scheme

The Green Technology Financing Scheme aims to promote greater green technology usage by providing loans or financing to companies that supply and utilise green technology.

Marketing Initiatives

The Public Bank Group leverages on its dedicated sales and marketing team as well as wide domestic branch network to widen its market reach and build relationships with its customers for stronger business support. Recognising that SMEs need both training and financing to grow their businesses, the Group had participated in various roadshows organised by BNM to create awareness amongst the SMEs of the various assistance and programmes available for SMEs.

Prospects

The SME sector is expected to achieve steady growth supported by the implementation of key government initiatives such as the Economic Transformation Programme and SME Masterplan (2012 to 2020). Moving forward, the Public Bank Group will continue to sustain its loans growth momentum to reinforce its presence in the SME sector.



WEALTH MANAGEMENT

CUSTOMER DEPOSITS

DOMESTIC CORE CUSTOMER DEPOSITS	2014 RM'Million	2013 RM'Million	Growth %	Market Share %
Demand Deposits	39.03	36.39	7.3	13.2
Savings Deposits	24.05	23.05	4.3	18.0
Fixed Deposits	135.56	126.26	7.4	21.4
Total Domestic Core Customer Deposits	198.64	185.70	7.0	18.7

Performance Review

Despite strong competition for customer deposits, the Public Bank Group's domestic core customer deposits registered healthy growth of 7.0% in 2014, as compared to the domestic banking industry's growth rate of 0.8%. This was achieved through various tactical campaigns launched during the year as well as effective marketing plans, and has led to an increased market share of core customer deposits of 18.7% as at the end of 2014, up from 17.5% a year ago. Total domestic core customer deposits stood at RM198.64 billion as at the end of 2014.

The domestic core customer deposit growth was due to the expansion of domestic fixed deposits and low cost demand and savings deposits ("CASA") of 7.4%, 7.3% and 4.3% respectively. The Public Bank Group's domestic CASA portfolio stood at RM63.08 billion as at the end of 2014 and accounted for 31.8% of the Group's domestic core customer deposit base.

Marketing Initiatives

In 2014, Public Bank rolled out nine deposit campaigns as part of its effort to grow its retail deposit base and increase its market share.

"PB Super FD Rates" Campaign

Following the encouraging performance of the first "PB Super FD Rates" Campaign in 2013, Public Bank reintroduced the campaign on 28 January 2014. This campaign offered step-up fixed deposit rates of up to 8.88% p.a. for individual customers who place 80% and 20% fresh funds proportionately into PLUS FD and PLUS SA. The campaign, which ended on 31 August 2014, successfully captured RM1.36 billion of PLUS FD and RM340.7 million of PLUS SA.

PB Super FD Gets Even Better

8.88% P.A. Month 12

Month 7	Month 8	Month 9	Month 10	Month 11	
3.68%	3.78%	3.88%	4.88%	6.88%	
Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
3.08%	3.18%	3.28%	3.38%	3.48%	3.58%

PLACEMENT (RM)	PLUS FD (80%) PLUS SA (20%)	TOTAL
Minimum	24,000 : 6,000	30,000
Maximum	2,400,000 : 600,000	3,000,000

Flexibility to withdraw at any time and still entitle to the Bank's prevailing FD counter rates



PB FD RUSH is back with higher rate

3.20% p.a. **PB FD RUSH**
3.68% p.a.
for 4 months tenure

CATEGORY	MINIMUM PLACEMENT (RM)	MAXIMUM PLACEMENT (RM)
Individuals	50,000	5,000,000
Non-Individuals	50,000	20,000,000

PB STEP UP FD
Earn higher interest / profit rates on the next 2 rollovers

4.28% p.a.
Next 3 months (2nd Rollover)

4.18% p.a.
Next 3 months (1st Rollover)

3.88% p.a.
First 3 months

Promotion Period: 24 December 2014 to 28 February 2015

Bonus interest rate with PB FCY FD

ADDITIONAL 1% p.a.
on the prevailing FCY FD interest rates

Terms: 1-month / 3-month / 6-month

Eligible Currencies: USD, GBP, AUD, NZD & CNY

“PB FD Rush” Campaign

In 2014, Public Bank launched two “PB FD Rush” Campaigns, which ran for two months each.

The first “PB FD Rush” Campaign, which was launched on 1 March 2014, offered individual and non-individual customers a high promotional rate of 3.33% p.a. for a four-month placement in PLUS FD. The second “PB FD Rush” Campaign was launched jointly by Public Bank and Public Islamic Bank Berhad on 1 October 2014. Under this campaign, customers were given the option to participate via PLUS FD (Conventional) or Term Deposit-i (Islamic) at a higher promotional interest or profit rate of 3.68% p.a. for a four-month tenure. The Public Bank Group successfully secured deposits of more than RM1.73 billion from both campaigns.

“PB Step Up FD” Campaign

Public Bank in collaboration with Public Islamic Bank Berhad launched the “PB Step Up FD” Campaign from 1 June to 30 September 2014. The “PB Step Up FD” Campaign offered customers promotional interest or expected profit rates when they place fixed deposits or investment placements for a three-month period. Customers may also rollover their fixed deposits or investment placements two more times in order to benefit from the higher interest or expected profit rates earned. Due to overwhelming response, the “PB Step Up FD” Campaign was re-launched on 1 November 2014 to 28 February 2015 with higher promotional interest or profit rates as compared to the first “PB Step Up FD” Campaign. Effective from 24 December 2014, the promotional interest or profit rates were increased to 3.88 p.a., 4.18% p.a. and 4.28% p.a. respectively for the first three months, first rollover and second rollover. As at the end of 2014, the Public Bank Group has successfully secured deposits of more than RM4.20 billion from both campaigns.

“PB FCY FD Top Up Rates” Campaign

On 1 June 2014, Public Bank launched the “PB FCY FD Top Up Rates” Campaign for foreign currency fixed deposits which targets customers who intend to invest abroad, send their children for overseas education or wish to diversify their investments for potentially higher returns. The campaign offered an additional interest rate of 1.00% p.a. on top of the Bank’s prevailing foreign currency fixed deposits interest rates for the five popular currencies namely US Dollar, British Pound, Australian Dollar, New Zealand Dollar and Chinese Renminbi. The campaign, which ended on 30 September 2014, successfully secured deposits amounting to RM46.4 million.

Business Operations Review
– Wealth Management**"Public Bank Welcome Offer" Campaign**

The "Public Bank Welcome Offer" Campaign, launched in collaboration with BonusKad Loyalty Sdn. Bhd. from 21 July to 31 October 2014, offered 200 BonusLink Points ("BLP") for new PB SaveLink ("SALink") or 300 BLP for new PB CurrentLink ("CALink") account opened during the offer period. In addition to the BLP, ten lucky customers also walked home with RM3,000 cash prize each during the campaign period. A minimum deposit of RM500 for SALink or RM3,000 for CALink is required to open the respective accounts. SALink and CALink are the only savings and current accounts in the country that offer BLP based on balances maintained in these accounts.

**"PB Bonus Fortune" Campaign**

The "PB Bonus Fortune" Campaign which was launched from 1 September to 30 November 2014 offered an additional interest of 1.00% p.a. on top of the prevailing interest rates of Basic Savings Account, PLUS Savings Account, 50 PLUS Savings Account and ACE Account.

**"PB FD Xtra" Campaign**

The "PB FD Xtra" Campaign, a joint campaign between Public Bank and Public Islamic Bank Berhad, was launched for a six-month period from 1 September 2014. Customers who participate in the campaign will earn promotional interest or profit rates of 3.68% p.a. for the first six months and a higher interest or profit rates of 4.08% p.a. if they rollover their placements for another six months. To remain competitive, the campaign promotional rates were further increased to 4.08% p.a. and 4.28% p.a. respectively with effect from 24 December 2014 for the first six months and subsequent rollover. The campaign has successfully brought in deposits amounting to RM6.91 billion as at the end of 2014.

Earn more interest / profit with **PB FD XTRA**

4.28%
p.a.

	4.08% p.a. First 6 months	4.28% p.a. Next 6 months (Rollover)
CATEGORY	MINIMUM PLACEMENT (RM)	MAXIMUM PLACEMENT (RM)
INDIVIDUAL	20,000	10,000,000
NON-INDIVIDUAL	50,000	20,000,000

Eligible Products : PLUS FD (Conventionally) / Term Deposit (Islamic)
Promotion Period : 24 December 2014 – 28 February 2015

"PB Golden Fortune" Campaign

In conjunction with the 2015 New Year and Chinese Lunar New Year Celebration, Public Bank launched the "PB Golden Fortune" Campaign from 1 December 2014 to 31 March 2015 to reward customers who invest in Unit Trust ("UT"), Gold Investment Account ("GIA"), PLUS Current or Savings Account ("PLUS CASA"). There are three Golden Plans offered under the campaign namely "UT Golden Plan", "GIA Golden Plan" and "PLUS CASA Golden Plan". Customers who participate during the campaign period will receive limited edition 24K gold-plated Majestic Golden Goat and/or Auspicious Koi Fish based on the plan chosen.



Red Carpet Banking

Given the growing affluent population in the country, Public Bank aims to leverage on its business capabilities and product expertise to grow its high net worth and affluent customer segment. In 2014, the Bank stepped up its efforts in the high net worth customer segment with the opening of two Red Carpet Banking (“RCB”) Centres at SS2, Petaling Jaya and Taman Johor Jaya branches, bringing the Bank’s total RCB Centres to five, including the three existing RCB Centres located at Kuala Lumpur City Main Office, Bukit Damansara and Taman Melaka Raya branches.

In conjunction with the opening of the two new centres, the “PB High Yield FD” Campaign was launched exclusively for RCB customers. Investment and property talks were held during the RCB Centres’ opening to provide insights and updates of the equity and property markets. Following the launch of the new centres, the total number of new RCB customers grew by 62% in 2014. To further scale opportunities in this segment, plans are in place to open more RCB Centres nationwide in 2015.

Chairman's Review – Business Operations Review – Wealth Management

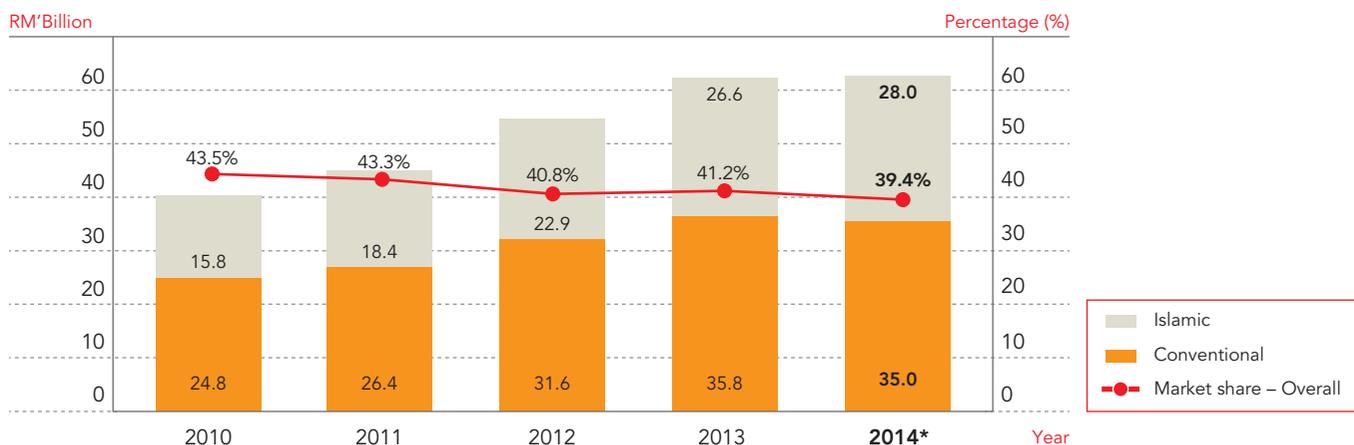
FUND MANAGEMENT

At a Glance

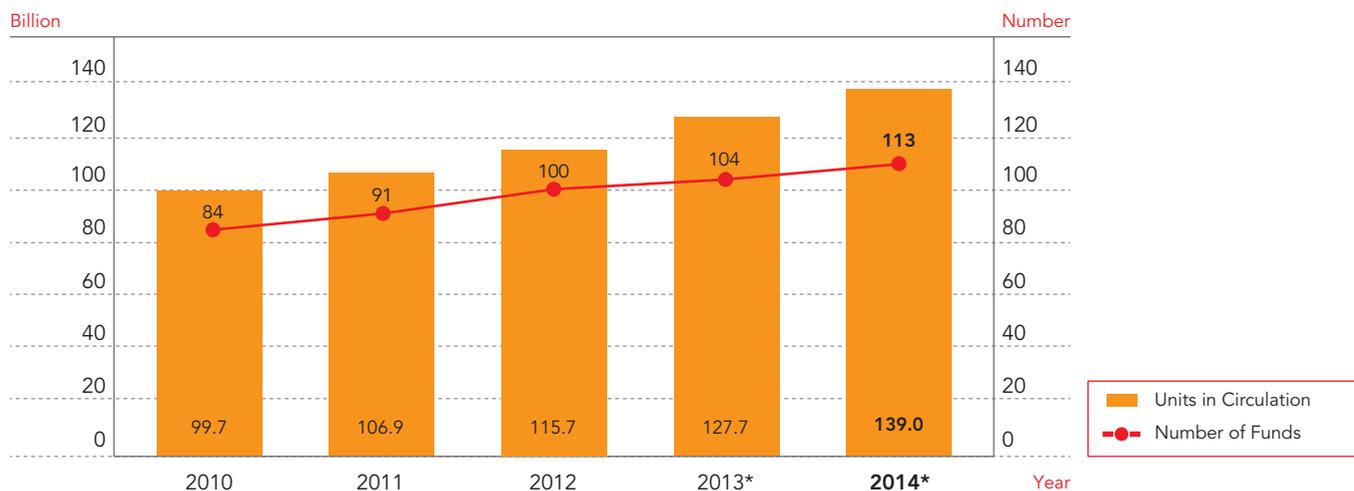
PUBLIC MUTUAL BERHAD	2014 RM'Million	2013 RM'Million	Growth %
Operating revenue*	870.8	774.6	12.4
Profit before tax	489.9	426.2	14.9
Total assets	957.7	864.6	10.8
Shareholders' funds	149.4	141.2	5.8

* After offsetting direct sales commission

Net Asset Value and Market Share



Units in Circulation and Number of Funds



* Inclusive of six Private Retirement Scheme Funds



Overview

Equity markets in the developed economies registered moderate gains in 2014 on the back of sustained growth in the United States economy and ample liquidity in the global financial markets. Regional markets experienced mixed performances with the China and selected South East Asia markets outperforming in 2014. The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI"), which represents the local equity market fell by 5.7% in 2014.

Performance Review

Public Mutual Berhad ("Public Mutual")'s profit before tax rose by 14.9% to RM489.9 million in 2014 as compared to RM426.2 million in 2013. Public Mutual's total operating revenue increased by 12.4% to RM870.8 million in 2014 from RM774.6 million in 2013.

Due to the challenging market conditions, the Malaysian private unit trust industry's total assets under management ("AUM") grew at a slower pace of 5.2% in 2014 as compared to 13.3% in 2013. Nevertheless, Public Mutual retained its leading position in the private unit trust industry with AUM of RM63.03 billion and an overall market share of 39.4% as at the end of 2014.

In the key unit trust fund sectors, Public Mutual remained the market leader for equity assets, Islamic assets, bond assets and foreign assets with market shares of 58.8%, 50.4%, 31.4% and 30.7% respectively as at the end of 2014.

In terms of fund performance, Public Mutual's domestic equity funds achieved returns of up to 5.7% while equity funds investing in small capitalisation stocks chalked up gains of up to 9.4% in 2014. Equity funds investing in selected regional markets registered returns of up to 30.5% in 2014.

After commencing the year on a quiet note, the domestic bond market firmed in tandem with the uptrend in global bond markets. In 2014, Public Mutual's bond funds recorded gains of up to 3.9%.

New Fund Launches and Services

A total of nine unit trust funds comprising equity, mixed asset and money market funds were launched during the year, as shown in the table below:

Fund	Launch date
Public Islamic Growth & Income Fund	7 January 2014
Public Cash Deposit Fund	25 August 2014
Public Islamic Cash Deposit Fund	25 August 2014
PB Global Equity Fund	7 October 2014
Public Select Mixed Asset Growth Fund	16 October 2014
Public Select Mixed Asset Conservative Fund	16 October 2014
Public Ehsan Mixed Asset Growth Fund	25 November 2014
Public Ehsan Mixed Asset Conservative Fund	25 November 2014
Public Strategic Growth Fund	8 December 2014

As at the end of 2014, the number of funds managed by Public Mutual rose to 113 funds comprising 107 unit trust funds and six Private Retirement Scheme ("PRS") funds.

The number of subscribers for Public Mutual's online service namely Public Mutual Online which was launched since January 2009, has increased to more than 200,000 as at the end of 2014.

Awards

With 235 awards received to date, Public Mutual reinforced its top position in the private unit trust industry.

In 2014, Public Mutual received 19 awards, including the KLIFF Islamic Finance Awards 2014 for Most Outstanding Islamic Fund Manager and The Asset Triple A Islamic Finance Awards 2014 for Best Islamic Retail Asset Management House, Malaysia category. This is the second and fourth consecutive year that Public Mutual has received the respective awards.

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Public Mutual won ten awards at The Edge-Lipper Malaysia Fund Awards 2014 and bagged two awards at the Asia Asset Management Awards 2013 for Best Retail House and Islamic Fund House of the Year, Malaysia, as well as the 2014 Morningstar Malaysia Fund awards for Best Islamic Malaysian Ringgit Bond Fund Category for Public Islamic Bond Fund.

Adding to its list of accolades, Public Mutual received the Reader's Digest Trusted Brand Platinum Award 2014 in the Investment Fund Company category, Malaysia for the fifth consecutive year, as well as The BrandLaureate President's Award 2013-2014 for Best Brands in Investment – Unit Trust Funds.

TYPE OF AWARDS	TOTAL AWARDS
FUND PERFORMANCE AWARDS	
The Edge-Lipper Malaysia Fund Awards 2014	
3-Year Category	10
5-Year Category	
10-Year Category	
LIPPER GLOBAL ISLAMIC FUND AWARDS 2014, DUBAI	
5-Year Category	1
10-Year Category	1
OTHERS	
2013 Asia Asset Management Best of the Best Country Awards – Malaysia	
1) Best Retail House 2) Islamic Fund House of the Year	2
The Asset Triple A Islamic Finance Awards 2014	
1) Best Islamic Retail Asset Management House in Malaysia	1
2014 Morningstar Malaysia Fund Awards	
1) Best Islamic MYR Bond Fund: Public Islamic Bond Fund	1
Reader's Digest Trusted Brand Platinum Award 2014	
1) Platinum Award for the Investment Fund Company category in Malaysia	1
The BrandLaureate President's Award 2013-2014	
1) Best Brands in Investments – Unit Trust Funds	1
Kuala Lumpur Islamic Finance Forum ("KLIFF") Islamic Finance Awards 2014	
1) Most Outstanding Islamic Fund Manager	1
Total	19



Marketing Initiatives

Public Mutual continued to roll out advertising and branding efforts in 2014, with strategic placements of 18 billboards nationwide, print advertisements in major newspapers and other marketing campaigns. During the year, Public Mutual organised various ground activities throughout Malaysia such as roadshows and investment or financial planning talks. In addition, to promote Public Mutual's PRS funds, a series of seminars on PRS were also organised.

In 2014, the number of Public Mutual's high net worth Mutual Gold Members continued to grow and exceeded 85,000 customers. Mutual Gold Members enjoy special benefits and privileges such as free insurance coverage, complimentary magazine, free Mutual Gold-PB Visa Platinum Credit Card, free Trust Nominations, free Will Writing Services and invitation to Mutual Gold Seminars.

Training, Branches Network and Support

In its efforts to increase the productivity, knowledge and skills of its unit trust consultants ("UTCs"), Public Mutual has continued to invest extensively in training courses via its classroom and e-learning facilities during the year.

Public Mutual has a total of 28 branch offices nationwide providing support and services to its investors and UTCs. In February 2014, the Johor Bahru Branch was relocated to a larger premise in Taman Johor Jaya while expansion projects took place at the Batu Pahat and Kota Kinabalu branch offices in June 2014 and July 2014 respectively.

Prospects

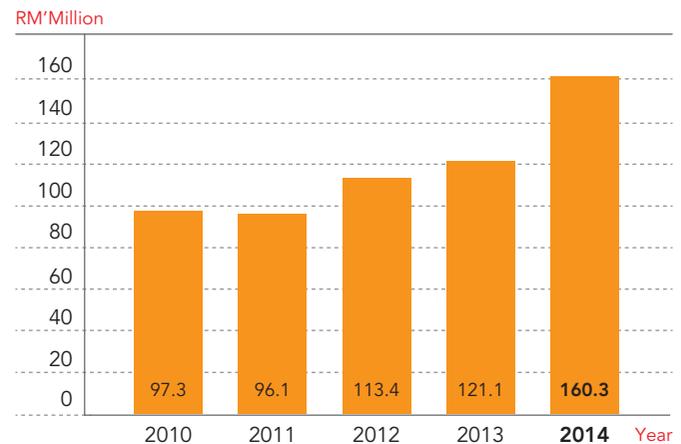
As the outlook for the local unit trust industry remains challenging, the industry is anticipated to expand at a moderate pace in 2015. Public Mutual will continue to maintain first class services and offer a diversified range of products to meet the investment needs of investors.

BANCASSURANCE

The bancassurance business of the Public Bank Group remains one of the Group's main fee income generating business and is driven by the strategic bancassurance partnership with AIA Group Ltd. ("AIA"). The Group's bancassurance distribution channel is well supported by the Group's domestic branch network with more than 500 licensed sales staff and more than 2,500 licensed staff for credit-related life insurance products. During the year, the Group's bancassurance business continued to grow with the launch of a wide array of insurance products which includes regular premium investment-linked, single premium investment-linked, endowment plan, child plan and employee benefit plan.

Performance Review

Domestic Annualised New Premium



The annualised new premium ("ANP") of the domestic bancassurance business increased by 32.4% or RM39.2 million from RM121.1 million in 2013 to RM160.3 million in 2014.

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New Initiatives and Products

PB SME Care

In March 2014, Public Bank unveiled the PB SME Care, the first ever employee benefit plan launched in collaboration with AIA.

Designed to provide flexibility and convenience for small and medium enterprises ("SME"), primarily for those with 5 to 150 employees, the PB SME Care is a non-participating, yearly renewable group term plan which provides insurance coverage for SMEs' employees. There are two basic plans which are provided under the PB SME Care namely the Group Health Plan and Group Term Life Plan. These plans provide SME employees with insurance protection upon death, total and permanent disability, partial and permanent disability, terminal illness and medical expenses. SMEs which purchase the plan for their employees may also add on the critical illness and executive screening riders for a more comprehensive healthcare coverage.

PB Income Plus Plan

Public Bank launched a single premium investment-linked bancassurance product, the PB Income Plus Plan ("PBIPP") over two tranches in 2014. The offer period for the first tranche was from 21 May to 30 June 2014 while the second tranche, known as PB Income Plus 2 Plan, was offered from 18 August to 30 September 2014. The PBIPP is targeted at investors who seek medium to long term investment returns. It is an eight-year close-ended single premium investment-linked plan which offers potential capital and income growth opportunity through its investments of a diversified portfolio of equity, fixed income securities and cash equivalent. The PBIPP also comes with death, total and permanent disability and accidental death insurance coverage.



PB Endowment Plus Plan

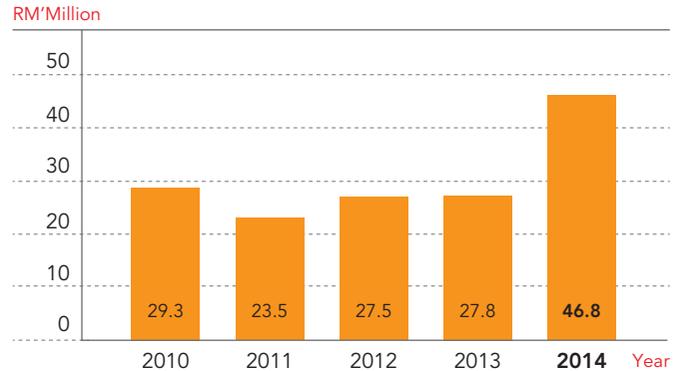
Public Bank offered its first ever non-participating endowment plan with limited payment term known as the PB Endowment Plus Plan ("PBEPP") during the year. The PBEPP was offered over two promotional periods from 1 July to 29 August 2014 and from 1 October 2014 to 28 February 2015. Depending on the plan options purchased, customers will receive a total premium return of up to 150% upon maturity. PBEPP also offers insurance coverage of up to 200% of initial sum assured upon death, total and permanent disability ("TPD") or terminal illness and up to 400% of initial sum assured upon accidental death and accidental TPD.

PB Junior Plus Plan

Recognising an opportunity to provide customers who are looking for an all-in-one insurance protection plan for their children, Public Bank introduced the PB Junior Plus Plan on 15 January 2015. The PB Junior Plus Plan is a comprehensive insurance protection plan which provides insurance coverage upon death, total and permanent disability ("TPD"), accidental death, accidental TPD, 36 critical illnesses and 12 juvenile critical illnesses. The eligible age of the insured is between 14 days old and 15 years old with coverage up to the age of 75. Under the plan, customers only need to make a limited premium payment of 20 years with 125% of the initial sum assured payable upon maturity. This plan also offers two optional riders which are the PB Payor Rider and PB Payor CI Rider that provides continuation of the child's policy in the event unforeseen events happen to the parent or guardian.

Telemarketing Insurance Products

Annualised New Premium from Telemarketing



The telemarketing channel for insurance products achieved an impressive growth of 68.3% in annualised new premium to RM46.8 million in 2014 from RM27.8 million in 2013 mainly due to sales of PB Care PA.

In January 2014, a new telemarketing insurance product, the PB Health Care was launched. The PB Health Care provides insurance protection upon death and coverage for the top five critical illnesses in Malaysia as well as hospitalisation benefits.

Public Bank continues to work closely with AIA Bhd. to develop new telemarketing products to complement the existing range of products. By tapping on analytical tools, the Bank will also identify opportunities to up-sell new plans to customers who have previously purchased protection plans.

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Marketing Initiatives

Sales Campaign

During the year, various marketing and promotional activities were launched by Public Bank. These include the 2014 Ang Pow Campaign, 2014 Empower Best of the Champions Challenge, 2014 Quarterly Empower Campaigns and Taylor Swift Red Tour Concert Campaign. In order to boost sales productivity amongst sales staff promoting bancassurance products, the Incentive Trip Challenge 2014 was launched to reward outstanding financial executives. The campaign offers foreign and local incentive trips to destinations such as South Africa, Hong Kong and Macau as well as Pangkor Island for achievement of sales target.

Public Bank has also carried out roadshows at branches during weekends to cater to customers who may not be able to visit the Bank's branches during working hours. Visits to kindergartens, schools and offices were also initiated to create awareness and promote the Bank's bancassurance products. As a token of appreciation for customers' support, complimentary Pathlab 18KS Health Screening vouchers were given out to customers during these roadshows and visits.

To further boost the sales of PB SME Care, a few campaigns were launched throughout the year namely the PB SME Kick-Start Challenge, PB SME Care Incentive Trip, PB SME Care Q3 Challenge and PB SME Care Q4 Challenge.

Training Initiatives

Training programmes are structured and conducted throughout the year to ensure financial executives have adequate knowledge of bancassurance products and the regulatory requirements governing the sales and distribution of such products. New financial executives are also provided with FASTRAC training to equip them with appropriate skills and knowledge whilst an incentive campaign known as the empower FASTRAC Sales Booster Challenge was rolled out to motivate these attendees. Senior financial executives are enrolled in competency training programmes such as Multi-Needs Selling, GROW, AIA Critical Illness Definition and Underwriting and Enhanced Sales Power to equip them with comprehensive product knowledge to understand customers' protection needs and enhance their selling skills.

Public Bank continues to adopt technology to enhance customers' experience. To promote digital marketing, the Bank has rolled out PB Direct 1.0 in 2013 whereby financial executives are equipped with Interactive-Point-of-Sale application built in iPads. In 2015, the PB Direct 2.0 will be rolled-out to include e-submission of proposals and improve processing turnaround time as well as sales tracking. Financial executives can now use their iPads to receive updated customer and product information, enabling them to evaluate customer requirements and propose solutions on the go.

Hong Kong Operations

2014 marked the second year of the strategic bancassurance partnership between Public Bank (Hong Kong) Limited ("PBHK") and AIA International Limited (Hong Kong) ("AIA").

In 2014, five new products were launched namely the Simply Love Encore 2, Forever Love Coupon Plan 3, RMB Spring Income Plan, Comfort Term Life Plan and Treasure Term Life Plan to complement the existing three products. To further boost sales, two Client Incentive Programmes were also launched in February 2014 and May 2014.

As a result of the various marketing initiatives, HKD36.8 million of annualised new premium have been generated in 2014. With more new product launches in the pipeline, the strategic bancassurance partnership between PBHK and AIA is poised for greater growth in the coming years.

Prospects

Going forward, the growth of the insurance sector is expected to remain stable and resilient due to the growing young population and the increasing awareness of the importance of insurance in Malaysia. Public Bank will continue to work closely with AIA to develop innovative products to meet customers' protection and savings needs.



STRUCTURED PRODUCT INVESTMENT

Public Bank launched the “PB Dual Currency Investment (“DCI”) Golden Horse” Campaign from 1 March to 31 December 2014 which offered a complimentary 24K Gold-plated horse gift for every RM250,000 of new DCI investment. This campaign targets customers who wish to enhance their return on placement of funds and are willing to take foreign exchange risk.

Under this campaign, there is no limit to the number of DCI investments that customers can invest and customers have the flexibility to invest in a currency pair for an investment tenure ranging from one week to three months. The currencies available for investments are Australian Dollar, Euro, British Pound, Japanese Yen, New Zealand Dollar, US Dollar and Malaysian Ringgit. Public Bank has successfully captured investments amounting to RM310.4 million from this campaign.

Marketing Initiatives

Product Promotional Event

As part of Public Bank’s marketing initiatives to promote its wide range of products, the Bank has organised various thematic Product Promotional Events (“PPEs”). In 2014, a total of more than 900 PPEs were held on a quarterly basis at branch premises as well as various locations outside branches. Each PPE carried a unique theme such as “PB Smart Banking”, “PB Happy Family”, “PB Great Health Great Life” and “PB Smart Saver”. During these events, gifts were given out and various activities such as health checks, financial planning talks and children activities were held in order to draw the interest of customers from diverse background and interest. The PPEs have successfully garnered total sales of RM278.6 million from various products, with more than 2,500 new deposit accounts generated and more than 800 new credit and debit card holders acquired.

Customer Relationship Management

Technology has transformed the way customers think about banking. As customer interaction shifts from physical branches to the online and mobile space, banks are increasingly developing new ways to engage customers which goes beyond products and services, to relationships and insights.

Public Bank continues to harness analytics and data to engage its customers. The Bank’s Analytical Customer Relationship Management performs customer trend analysis and categorises customers into smaller segments with similar characteristics. Customer demographics, account and product information as well as transaction patterns are identified in order to provide better insights into the Bank’s customers.

The Bank also leverages on its Customer Relationship Management Application (“CRMA”) to channel leads to its sales distribution channel. The CRMA provides comprehensive customer information obtained from all touch points to give a well-rounded view of the Bank’s customers, thus assisting sales personnel to engage customers and provide appropriate solutions. CRMA has also helped marketing campaigns to be carried out in a dynamic manner in order to address customers’ wide range of requirements. The use of these tools allows the Bank to provide customers with relevant products and services, thus improving customer satisfaction and enhancing customer experience across all touch points.

TRANSACTIONAL SERVICES

CASH MANAGEMENT SERVICES

Public Bank's cash management services comprise automated collections and payments with reconciliation information to fulfill customers' business need. In support of Bank Negara Malaysia's ("BNM") initiative to encourage and speed up migration to e-payments, Public Bank rolled out various Interbank Giro roadshows and workshops in 2014. The Bank offered fee and token waivers as well as preferential pricing to further encourage new sign ups. To assist customers who may face problems using the e-payment channel, the Bank provided free training and consultation for all the Bank's cash management customers. These promotional and educational activities carried out throughout the year aimed to create public awareness on the convenience and efficiency of e-payments as well as to facilitate the transition from paper-based payments to e-payments.

For improved security, Public Bank introduced a new generation of security token to replace the previous MSC token for authorisers of corporate clients during the year. The Bank continues to work closely with several government agencies to enable the public to make statutory payments via the e-payment channel to Employees Provident Fund, Social Security Organisation, Inland Revenue Department and Human Resource Development Fund. To facilitate the implementation of Goods and Services Tax ("GST"), Public Bank is also one of the appointed banks which provides e-payments services for GST payments once the consumption tax is rolled out in April 2015. As a result of such initiatives, the number of payee or payor corporations grew by 120.8% to 1,179 as at the end of 2014.

In December 2014, BNM initiated a National Bill Payment Service known as JomPAY, which aims to help businesses collect payments from their customers at a lower cost, hence improving cash flows of the businesses. This new service allows customers to pay bills and invoices via their bank accounts or credit cards at any of the 42 Interbank Giro member banks' electronic channels. As one of the pioneer banks involved in the JomPay project, Public Bank is currently working with MyClear and various payee corporations to enable this service to be available to customers and will actively engage customers to sign up for this user friendly bill payment method.

REMITTANCES

Public Bank's remittance services offer comprehensive money transfer services through the Public Bank Group's network of domestic branches. With continuous effort and effective collaboration with its banking and non-banking partners, Public Bank's remittance services achieved satisfactory performance in 2014, with more than 797,000 remittance transactions performed amounting to RM37.44 billion.

Marketing Initiatives

Western Union Campaigns

Western Union Money Transfer remains the popular platform for money transfer due to its broad remittance network worldwide. The most profitable destinations offered under the PB-Western Union ("WU") outbound money transfer services are Indonesia, Philippines and Vietnam, which collectively contributed more than 72% of the total PB-WU outbound revenue. To further encourage remittance transactions to these three countries, Public Bank in collaboration with WU, launched two remittance campaigns namely the "Western Union Indonesia Campaign 2014" and "Western Union Double Booster Campaign" during the year. The "Western Union Indonesia Campaign 2014" which ran from 27 October to 31 December 2014 offered free pre-paid International Direct Dialling ("IDD") card to customers who remit RM600 and above to Indonesia via Western Union Money Transfer. The campaign successfully garnered more than 14,000 transactions amounting to RM15.5 million. The "Western Union Double Booster Campaign" was launched on 15 December 2014 and is for a period until 28 February 2015. The campaign which is available at 107 Public Bank branches offers free pre-paid IDD card to customers who perform outbound remittance transaction to Indonesia, Philippines and Vietnam via Western Union Money Transfer of a minimum of RM600.

Public Bank also allocated RM600,000 to drive the "PB-WU Booster Campaign" to further promote the WU remittance services. Going forward, Public Bank plans to roll out more marketing initiatives and tactical campaigns to drive the remittance business.



PB Indonesia Money Transfer

Since July 2013, Public Bank launched a new remittance channel to Indonesia via a collaboration with Bank Central Asia of Indonesia. Public Bank continues to work closely with Bank Central Asia to offer and promote outward remittance services to Indonesia. To date, the Bank has successfully captured more than 9,500 transactions with RM14.5 million remittance sales via PB Indonesia Money Transfer remittance channel. The Bank hopes to leverage on this profitable business tie-up to increase remittance income by targeting the huge Indonesian population in Malaysia.

Overseas Education Campaign

Public Bank continues to support overseas education by providing discounted forex rates for education remittances via its "Overseas Education Campaign". The "Overseas

Education Campaign", which was due to end on 30 June 2014, has been extended to 31 March 2015 due to good response. Under the campaign, customers are offered 30% discount in forex rates for the four most popular currencies namely the Australian Dollar, British Pound, US Dollar and New Zealand Dollar.

PB Pre-Departure Student Account

Public Bank offers account opening services to students who seek to further their studies in Australia and New Zealand via its PB Pre-Departure Student Account. This value added service complements the Bank's existing remittance service for education purposes.



CAPITAL MARKET OPERATIONS

TREASURY

The Public Bank Group's treasury functions are conducted through the treasury offices of Public Bank, Public Investment Bank, Public Islamic Bank, Public Bank (Labuan) Limited and Public Bank (Hong Kong) Limited. The primary focus of the Group's treasury operations include offering foreign exchange related products and soliciting of deposits from both corporate and retail customers. Other key functions include management of liquidity risk and interest rate strategies in line with policies established by the Group's Assets and Liabilities Management Committee.

Performance Review

The Public Bank Group's treasury operations recorded a profit before tax of RM418.6 million in 2014, representing a 11.8% increase from 2013. Despite the global growth uncertainties and less favourable market conditions, Public Bank's income from foreign exchange business grew by 15.5% to RM268.9 million in 2014.





Marketing Initiatives

In 2014, Public Bank's treasury sales team made concerted effort to grow fee-based income by marketing foreign exchange and investment related services to the Group's retail and corporate customers. Intense marketing efforts and customer visits were conducted throughout the year to increase customers' awareness of the Bank's various treasury and structured investment products.

As part of the Public Bank Group's effort to manage liquidity to meet funding requirements, the treasury team actively tapped the wholesale funding market to grow its deposit base. Through consistent marketing efforts, total wholesale deposits of the Group and Public Bank grew by 20.7% and 16.8% respectively to RM59.75 billion and RM49.84 billion respectively as at the end of 2014. Public Islamic Bank, Public Bank (Labuan) Limited and Public Investment Bank continued to play important roles in supplementing the efforts of Public Bank in such wholesale deposit-taking activities.

As a Principal Dealer, Public Bank continued to contribute to the development of the primary and secondary public debt securities markets. In 2014, the volume of transactions traded by the Bank for specified securities accounted for 8.1% and 8.9% of the total volume traded in the primary and secondary market. Meanwhile, bond trading activities were also conducted through the treasury offices of Public Islamic Bank and Public Investment Bank which contributed to the higher Public Bank Group's trading gains and net interest income.

The Public Bank Group's foreign currency cash flow requirements are managed through the swap market, particularly in the United States Dollar and Hong Kong Dollar swap market. Apart from engaging in gapping activities to generate interest income, Public Bank also enters into arbitrage transactions via the swap market to capitalise on market mismatches for low risk returns.

During the year, the Public Bank Group set up the International Business Unit as a conduit to target specific market segments and support business alliances with various international banking partners. These business alliances include trade finance, treasury, cash management, corporate and retail banking. A team of staff were specially trained to handle the business needs and referrals from business partners. The partnerships with Resona Bank in Japan, Bank Central Asia in Indonesia as well as banks in other regions have helped the Group establish a stronger foothold in the international banking scene.

Prospects

Market conditions are likely to be challenging amid the downside risk emanating from the decline in global crude oil prices which may put pressure on Malaysia's fiscal consolidation effort. Meanwhile, any policy tightening in the United States will have an adverse impact on emerging markets. On the domestic front, demand for Ringgit debt securities could wane in response to a potential rise in domestic inflation following the implementation of Goods and Services Tax in April 2015. The banking industry is also likely to face net interest margin contraction arising from increased competition for stable deposits on the back of higher regulatory and compliance pressure.

Given these uncertainties, the Public Bank Group will leverage on its extensive network of branches to grow its foreign exchange business. The Group will continuously enhance its business model to maintain its competitive edge as well as enable the Group to react swiftly to cope with market shocks and rising market volatility. In addition, the Group will continue to maintain a liquid balance sheet whilst optimising regulatory investments to comply with the Basel III liquidity framework, of which the transitional requirements will come into effect in June 2015.

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DOMESTIC CORPORATE LENDING

At a Glance

	2014 RM'Million	2013 RM'Million	Growth %
Profit before tax	371.0	339.3	9.3
Gross loans, advances and financing	28,233.0	25,566.9	10.4
Gross impaired loans ratio (%)	0.3	0.4	(0.1)

The Public Bank Group's corporate lending operations registered loans growth of 10.4% from RM25.57 billion as at the end of 2013 to RM28.23 billion as at the end of 2014. The loans growth was primarily driven by demand from the property development and real estate sectors which include Real Estate Investment Trusts as well as financing for merger and acquisition exercises. The gross impaired loans ratio improved further from 0.4% as at the end of 2013 to 0.3% as at the end of 2014 mainly due to successful rehabilitation and recovery of impaired loans.

Profit before tax of the Public Bank Group's corporate lending operations expanded by 9.3% or RM31.7 million from RM339.3 million in 2013 to RM371.0 million in 2014 mainly due to higher net interest income and bad debt recoveries.

The Public Bank Group's corporate lending business will continue to be driven by clients involved in fundamentally-sound economic activities with focus on its existing corporate clients with good track record.



INVESTMENT BANKING

At a Glance

PUBLIC INVESTMENT BANK BERHAD	2014 RM'Million	2013 RM'Million	Growth %
Operating revenue	223.0	219.1	1.8
Profit before tax	67.6	48.4	39.5
Total assets	3,925.5	4,477.0	(12.3)
Shareholders' funds	385.9	347.2	11.2
Total capital ratio (%)	45.3	28.0	17.3

Public Investment Bank Berhad ("Public Investment Bank") offers an extensive range of investment banking services covering initial public offerings, takeovers and mergers, corporate advisory, privatisation, issuance of capital instruments, sukuk and private debt securities ("PDS"), placements and underwriting of equity and debt securities as well as treasury related services. Stock broking services provided by Public Investment Bank include share trading, nominees facilities and margin financing for both its retail and institutional customers.

In 2014, Public Investment Bank successfully completed 29 corporate exercise mandates via its corporate finance and advisory division which included amongst others, initial public offering, equity fund raising, transfer listing exercise and merger and acquisition exercises. In addition, the debt capital market division of Public Investment Bank raised an aggregate of RM6.39 billion for its corporate clients through 4 fund raising exercises via the sukuk, PDS and loan syndication markets. In terms of programme value, Public Investment Bank was ranked third in RAM Lead Managers' League Table for Sukuk Issues for the period ended 30 June 2014 and captured 14.8% of the market share.

Public Investment Bank continued to grow its retail customer base of its stock broking business by focusing on its internet share trading platform which offers greater flexibility and a wider reach of clients in share trading. Through its in-house research and institutional dealing teams, Public Investment Bank continued to build its institutional customer base, providing premium-level services to enable them to make well-informed investment decisions.

Despite the competitive environment, Public Investment Bank's operating revenue and profit before tax achieved impressive growth of 1.8% and 39.5% respectively to RM223.0 million and RM67.6 million respectively in 2014 mainly due to higher brokerage income from its stock broking activities, higher net interest income as well as higher investment income.

ISLAMIC BANKING

At a Glance

PUBLIC ISLAMIC BANK BERHAD	2014 RM'Million	2013 RM'Million	Growth %
Profit before tax	468.2	473.2	(1.1)
Gross financing	25,756.1	23,204.9	11.0
Deposits from customers	30,727.6	28,400.7	8.2
Gross impaired financing ratio (%)	0.9	0.9	–
Total capital ratio (%)	14.6	12.8	1.8

Public Islamic Bank Berhad ("Public Islamic") is a wholly-owned subsidiary of Public Bank and is the Islamic banking arm of the Public Bank Group. Leveraging on the Bank's extensive branch network, strong PB Brand, information and communication technology infrastructure and its prudent underwriting credit policies, Public Islamic offers a comprehensive range of Shariah-compliant products and services, managed under the guidance of the Public Islamic Shariah Committee.

To further penetrate the Islamic banking segment, Public Islamic opened its second full-fledged Islamic branch at Putrajaya on 1 January 2014.

Performance Review

Public Islamic reported a profit before tax of RM468.2 million in 2014 as compared to RM473.2 million in 2013. The marginally lower profit before tax was mainly due to lower net financing income as a result of tightening net profit margin and higher funding cost.

During the year, Public Islamic's financing portfolio grew by 11.0% or RM2.55 billion to RM25.76 billion as at the end of 2014. The growth was contributed by higher commercial financing to SME and residential properties financing of 63.4% and 19.3% respectively. The significant growth in commercial financing in particular, demonstrated Public Islamic's support of the Government's Shariah-Compliant

SME Financing Scheme. As at the end of 2014, Public Islamic's total financing accounted for 10.5% of the Public Bank Group's total loans, advances and financing.

Public Islamic's customer deposits grew by 8.2% or RM2.33 billion to RM30.73 billion as at the end of 2014, mainly driven by growth in term deposits of 9.1% or RM1.87 billion. Public Islamic's customer deposits accounted for 11.1% of the Public Bank Group's total deposits as at the end of 2014.

The quality of Public Islamic's asset remained healthy with gross impaired financing ratio of 0.9% as at the end of 2014 which was below the average Islamic banking industry ratio of 1.2%.

As part of Public Islamic's proactive capital management, Public Islamic established an Islamic medium term note programme under the Shariah principle of Murabahah to facilitate the issuance of Senior Sukuk Murabahah and/or Subordinated Sukuk Murabahah of up to RM5.0 billion. On 9 June 2014, Public Islamic issued the first tranche of RM500 million Subordinated Sukuk Murabahah under this Programme. The proceeds raised have been used for working capital, general banking and other corporate purposes. Public Islamic's capital position continued to be healthy as reflected by its Common Equity Tier I capital ratio, Tier I capital ratio and Total capital ratio of 11.7%, 11.7% and 14.6% respectively as at the end of 2014.



Products

Term Deposit-i

On 1 July 2014, a new deposit product, the Term Deposit-i ("TD-i") was launched. The TD-i or Commodity Murabahah is based on the Shariah concept of Murabahah and Tawarruq and provides customers with another deposit product option.

Credit Card-i

Public Islamic launched its pioneer Islamic credit cards namely Card-i Visa and Mastercard Gold and Platinum credit cards in January 2015.

Bancatakaful

Public Islamic continued to work closely with its strategic partner, AIA PUBLIC Takaful Berhad ("APTB"), to promote bancatakaful products which include Mortgage Reducing Term Takaful ("MRTT"), Hire Purchase Reducing Term Takaful ("HPRTT") and Employee Benefits SME/SMI Plan. In 2014, Public Islamic registered bancatakaful income of RM7.5 million. Public Islamic further enhanced its fee-based income with the launching of the following bancatakaful products in 2014:

Business Financing Term Takaful

A credit life takaful against commercial financing for existing and new customers of Term Financing-i and Cash Line Facility-i.

Takaful Family Care

A protection plan that provides an income to the family of the person covered upon his death due to natural causes or accident or total and permanent disability due to accidents. This product was offered to existing Public Islamic customers through the Telemarketing Unit of AIA Bhd.

RAM Ratings

In April 2014, RAM Ratings reaffirmed Public Islamic's AAA/Stable/P1 financial institution ratings. The financial institution ratings reflect Public Islamic's strategic importance as the Islamic banking arm of its parent, Public Bank Berhad.

Role and Authority of the Shariah Committee

Public Islamic's Shariah Committee ("SCOM") consists of five members appointed by the Board of Directors for a three-year term. The SCOM assists the Board of Directors to ensure that the execution of business and operations are conducted in accordance with Shariah principles.

Governed by Bank Negara Malaysia's Shariah Governance Framework for Islamic Financial Institutions, the roles and responsibilities of the SCOM are as follows:

1. Responsible and accountable for all Shariah decisions, opinions and views provided;
2. Advise the Board on Shariah matters;
3. Endorse Shariah policies and procedures;
4. Endorse and validate relevant documentations;
5. Assess work carried out by Shariah review and Shariah audit;
6. Assist related parties on Shariah matters;
7. Advise on matters to be referred to the Shariah Advisory Council; and
8. Provide written Shariah opinions.

Chairman's Review – Business Operations Review – Islamic Banking

Profile of Group Shariah Committee Members

Shariah Committee Members	Profile
<p>Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid (Chairman) Dean of International Institute of Islamic Thought and Civilisation, International Islamic University Malaysia ("IIUM")</p>	<p>Chairman of the Shariah Committee since 2004, Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid specialises in Administration of Islamic Criminal Law, History of Islamic Law and Principle of Islamic Jurisprudence. He is a well-known scholar in the Islamic field and a frequent contributor to academic journals and books in his related field, both locally and abroad. He is also the chairman of the Shariah Committee for AIA PUBLIC Takaful Berhad.</p>
<p>Tuan Haji Mohd Ridzuan Bin Awang (Member) Former Lecturer of Shariah Department, Faculty of Islamic Studies, Universiti Kebangsaan Malaysia ("UKM")</p>	<p>Member of the Shariah Committee since 2004, Tuan Haji Mohd Ridzuan Bin Awang is an expert in Comparative Land Law and Islamic Property Law and has vast experience in lecturing and supervising post-graduate courses. Tuan Haji Mohd Ridzuan currently serves as Shariah Advisor at several organisations which include Amanah Raya Berhad, Koperasi Permodalan FELDA Berhad, Wasiyyah Shoppe Sdn Bhd and AIA PUBLIC Takaful Berhad. He is also a frequent contributor to academic journals and books in his areas of expertise.</p>
<p>Associate Professor Datin Dr. Rusnah Binti Muhamad (Member) Associate Professor at the Department of Accounting, Faculty of Business and Accountancy, University of Malaya ("UM")</p>	<p>Member of the Shariah Committee since 2011, Associate Professor Datin Dr. Rusnah Binti Muhamad received her Doctorate specialising in accounting from UM in 2007 and has conducted various researches on Islamic audit and accounting as well as published several academic papers which were presented at both local and international conferences. Associate Professor Datin Dr. Rusnah has vast experience in teaching post-graduate and under-graduate courses, and is an internal examiner and supervisor for PhD thesis and Master Dissertation in various areas including Master in Business Administration and Master in Management. She is also a Shariah Advisor for AIA PUBLIC Takaful Berhad and a committee member of the Association of Shariah Advisors in Islamic Finance.</p>
<p>Assistant Professor Dr. Mohd Afandi Bin Awang Hamat (Member) Assistant Professor at the Department of Fiqh and Usul Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM</p>	<p>Member of the Shariah Committee since 2004, Assistant Professor Dr. Mohd Afandi Bin Awang Hamat specialises in Islamic Commercial Law which he obtained from IIUM in 2004. He has vast experience in lecturing and supervising post-graduate courses. Assistant Professor Dr. Mohd Afandi has conducted various researches and published several articles and academic papers. He is also a Shariah Advisor for AIA PUBLIC Takaful Berhad.</p>
<p>Assistant Professor Dr. Abdul Bari Bin Awang (Member) Assistant Professor at the Department of Fiqh and Usul Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM</p>	<p>Member of the Shariah Committee since 2011, Assistant Professor Dr. Abdul Bari Bin Awang received his Doctorate in Fiqh and Usul Fiqh from IIUM in 2005, specialising in Islamic Commercial Law and Islamic Wealth Management. Assistant Professor Dr. Abdul Bari has conducted several researches on Islamic endowment system in Malaysia and Islamic almsgiving ("zakat") as well as published several academic papers. He is also a Shariah Advisor for AIA PUBLIC Takaful Berhad.</p>



Shariah Committee Members and Details of Attendance of Each Member at Committee Meetings Held During 2014:

Shariah Committee Members	Number of Committee Meetings	
	Held	Attended
Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid (Chairman of Shariah Committee)	13	13
Tuan Haji Mohd Ridzuan Bin Awang	13	13
Associate Professor Datin Dr. Rusnah Binti Muhamad	13	13
Assistant Professor Dr. Mohd Afandi Bin Awang Hamat	13	13
Assistant Professor Dr. Abdul Bari Bin Awang	13	13

Zakat Obligations

Public Islamic paid a total of RM230,000 in zakat payments for its 2013 operations to 14 states' zakat centres and six orphanage homes.

The zakat assessment is calculated using the Profit and Loss method at a zakat rate of 2.5% and is based on the percentage of estimated Muslim individual shareholders of its holding company, Public Bank Berhad.

INTERNATIONAL OPERATIONS

At a Glance

	2014 RM'Million	2013 RM'Million	Growth %
Operating revenue	1,155.2	1,083.6	6.6
Profit before tax	431.9	352.9	22.4
Gross loans, advances and financing	16,706.2	14,540.9	14.9
Deposits from customers	18,068.4	15,731.5	14.9
Gross impaired loans ratio (%)	0.7	0.8	(0.1)

Branch Network	2014	2013
Hong Kong and People's Republic of China ("PRC") Operations		
Public Bank (Hong Kong) Limited		
– Hong Kong	32	32
– PRC	3	3
Public Finance Limited	42	42
Winton (B.V.I.) Group	9	9
Indo-China Operations		
Cambodian Public Bank Plc	27	25
VID Public Bank (Vietnam)	7	7
Public Bank branches		
Laos	4	4
Sri Lanka	3	2

The Public Bank Group has overseas operations in five countries, with branches in Laos and Sri Lanka, subsidiaries in Cambodia and Hong Kong and a joint venture bank in Vietnam.

The profit before tax of the Public Bank Group's international operations grew from RM352.9 million in 2013 to RM431.9 million in 2014 mainly due to strong profit growth from Cambodian Public Bank Plc which registered an impressive double digit profit before tax growth of 36.5%. The Group's profit before tax from international operations contributed 7.4% to the Group's profit before tax in 2014. The Group remains committed to expand its presence in the region through organic growth and will continue to transfer its best practices from its domestic operations to accelerate business growth in its international operations.

**HONG KONG****At a Glance**

	2014 HKD'Million	2013 HKD'Million	Growth %
Profit before tax			
Public Financial Holdings Group	468.9	451.4	3.9
<i>of which:</i>			
Public Bank (Hong Kong) Limited [^]	151.1	149.3	1.2
Public Finance Limited	276.9	270.2	2.5
Gross loans, advances and financing			
Public Bank (Hong Kong) Limited	23,517.2	22,581.6	4.1
Public Finance Limited	5,021.0	4,585.5	9.5
Deposits from customers			
Public Bank (Hong Kong) Limited	26,332.4	25,384.1	3.7
Public Finance Limited	4,325.4	4,050.3	6.8
Gross impaired loans ratio (%)			
Public Bank (Hong Kong) Limited	0.1	0.2	(0.1)
Public Finance Limited	2.1	2.7	(0.6)
Total capital ratio (%)			
Public Bank (Hong Kong) Limited*	15.1	15.1	–
Public Finance Limited*	27.4	28.4	(1.0)

[^] profit excluding dividends from subsidiaries

* presented in accordance with the Banking (Capital) Rules under Section 97C of the Banking Ordinance issued by the Hong Kong Monetary Authority

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

- i. Retail and commercial banking
- ii. Stock broking and wealth management services

The retail and commercial banking activities of the Public Bank Group in Hong Kong are driven by Public Bank (Hong Kong) Limited and Public Finance Limited.

Chairman's Review – Business Operations Review – International Operations

Performance Review

The operating environment for financial institutions in Hong Kong remained challenging with intensified competition for loans and deposits-taking leading to declining yield on new loans and rising funding cost on customer deposits. The slowdown in the economic growth momentum and tightening of monetary policies in Mainland China has impacted Hong Kong enterprises with business operations in Mainland China. The demand for mortgage loans in Hong Kong continued to be affected by the dampened property market as a result of prudential measures implemented by the Hong Kong Government and banking regulatory authority to address concerns over the risk of a property bubble burst. Despite the challenging operating conditions, the Public Financial Holdings Group's profit before tax grew marginally from HKD451.4 million in 2013 to HKD468.9 million in 2014.

Amid the challenging operating environment, Public Bank (Hong Kong) Limited achieved a loans growth of 4.1% or HKD935.6 million to HKD23.52 billion as at the end of 2014. Public Finance Limited which specialises in the personal loans business that serve the middle- to lower-income households and overseas contract workers recorded a higher loans growth of 9.5% or HKD435.5 million to HKD5.02 billion as at the end of 2014.

On the funding side, Public Bank (Hong Kong) Limited and Public Finance Limited achieved customer deposits growth of 3.7% and 6.8% respectively to HKD26.33 billion and HKD4.33 billion respectively as at the end of 2014.

The gross impaired loans ratio of Public Finance Limited improved to 2.1% as at the end of 2014 from 2.7% as at the end of 2013 as a result of vigilant and proactive measures taken to manage potential impaired loans. Public Bank (Hong Kong)'s gross impaired loans ratio remained low at 0.1% as at the end of 2014.



2014 marked the second year of the strategic bancassurance partnership between Public Bank (Hong Kong) Limited and AIA International Limited (Hong Kong) ("AIA") to market bancassurance products through the Public Bank Group's network in Hong Kong. As a result of new product launches and various marketing initiatives, HKD36.8 million bancassurance sales was generated in 2014. With the various innovative products launched and new products in the pipeline, the strategic partnership between Public Bank (Hong Kong) Limited and AIA is poised for greater growth in years to come.

Branch Network

As at the end of 2014, the Public Bank Group's branch network in Hong Kong and PRC stood at 86 branches, comprising 83 branches in Hong Kong and three branches in Shenzhen.



CAMBODIA

At a Glance

CAMBODIAN PUBLIC BANK PLC	2014 USD'Million	2013 USD'Million	Growth %
Profit before tax	50.6	37.1	36.5
Gross loans, advances and financing	854.9	741.0	15.4
Deposits from customers	1,129.2	940.4	20.1
Gross impaired loans ratio (%)	1.3	1.8	(0.5)
Total capital ratio (%)**	17.4	19.7	(2.3)

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

Since May 1992, Cambodian Public Bank Plc ("Campu Bank") has been driving the Public Bank Group's retail and commercial banking business in Cambodia. As one of the leading and reputable financial institutions in Cambodia, Campu Bank offers a wide range of banking products and services. Campu Bank's wholly-owned subsidiary, Campu Securities Plc offers stock broking services whilst its insurance subsidiary, Campu Lonpac Insurance Plc ("CLIP") which is 55% owned by the Group provides general insurance services.

Performance Review

Campu Bank achieved a new milestone in 2014 with a record profit before tax of USD50.6 million, surpassing the USD50 million mark for the first time. This represents an impressive double digit growth of 36.5% or USD13.5 million from USD37.1 million in 2013. The commendable growth was mainly due to strong loans and deposits growth. The double digit top-line growth reaffirmed Campu Bank's position as the top three largest banks in Cambodia.

Against the backdrop of improving economic conditions, Campu Bank achieved commendable growth in loans and advances of 15.4% to USD854.9 million as at the end of 2014 from USD741.0 million as at the end of 2013. Campu Bank's customer deposits grew strongly by 20.1%

to USD1,129.2 million as at the end of 2014 from USD940.4 million as at the end of 2013. As a result, the loan to deposit ratio of Campu Bank remained healthy at 74.0% as at the end of 2014.

As a result of proactive measures taken to monitor asset quality, Campu Bank's gross impaired loans ratio further improved to 1.3% as at the end of 2014 from 1.8% as at the end of 2013.

Campu Bank's impressive performance and operational excellence was once again recognised by international publications with the receipt of two banking awards for the third consecutive year, namely the "Domestic Retail Bank of the Year 2014 – Cambodia" by Asian Banking & Finance and the "Straight-Through-Processing USD 2013 Excellence Award" by Deutsche Bank.

Branch Network

Campu Bank continued to expand its branch network in 2014 with the opening of two branches, Boeng Trabek and Suong, bringing the total number of branches in Cambodia to 27. Moving forward, Campu Bank will identify new locations with good business potential to further expand Campu Bank's market reach in Cambodia.

Chairman's Review – Business Operations Review – International Operations

Subsidiaries

CLIP's gross premium grew by 0.7% to USD6.6 million in 2014. During the year, CLIP opened a branch in Siem Reap to tap into new business opportunities from the booming tourism industry in Siem Reap.

Despite the Cambodian Stock Exchange getting off to a slow start over the past few years, Campu Securities Plc is expected to contribute positively to the Group from its dealings and securities underwriting activities when the momentum of share trading improves.

VIETNAM

Notwithstanding the moderate economic growth and subdued demand for loans, the Public Bank Group's joint venture bank in Vietnam, VID Public Bank reported profit before tax of USD5.2 million in 2014. Total loans and customer deposits recorded a marginal decline to USD240.3 million and USD259.3 million respectively as at the end of 2014.

On 15 July 2014, the Public Bank Group entered into an agreement for the acquisition of the remaining 50% equity interest in VID Public Bank not held by the Group for a total cash consideration of USD76.6 million. Upon the completion of the proposed acquisition, which is currently pending approval from the State Bank of Vietnam, VID Public Bank will become a wholly-owned subsidiary of the Group. The Group has received approval from Bank Negara Malaysia for the proposed acquisition.

Vietnam is poised for stronger growth in 2015 on the back of various proactive measures undertaken by the Vietnamese Government and State Bank of Vietnam to stimulate the economy. Moving forward, VID Public Bank is expected to be in a good position to capitalise on the growth momentum of Vietnam and increase its contribution to the Group's pre-tax profits once it becomes a wholly-owned subsidiary of the Public Bank Group.

LAOS

Public Bank's Laos operations achieved double digit growth in profit before tax of 50.0% to USD15.0 million in 2014 as a result of the buoyant economic growth spurred by foreign direct investment activities in Laos. Total loans and customer deposits of Public Bank's Laos branches grew by an impressive 28.4% and 14.1% respectively to USD180.6 million and USD126.1 million respectively as at the end of 2014. Moving forward, the Group is committed to expand its banking operations in Laos to extend its market reach in this fast developing country.

SRI LANKA

Sri Lanka's economy continued to show resilience and improvements in 2014 as a result of various initiatives instituted by the Sri Lankan Government to strengthen the economy. Public Bank's Sri Lanka operations recorded satisfactory profit before tax of LKR324.7 million in 2014. The total loans of Public Bank Sri Lanka operations increased by 15.1% to LKR3,483.5 million as at the end of 2014. However, total deposits decreased by 3.5% or LKR47.5 million to LKR1,298.2 million as at the end of 2014. In order to capitalise on the growth opportunities in the country, Public Bank opened its third branch in Galle on 14 November 2014.



SERVING THE CUSTOMER

CUSTOMER SERVICE

The Public Bank Group has successfully built a profitable and sustainable business, which has been achieved not only by what the Group delivers, but also how it was delivered. The Group's unrelenting pursuit to deliver top-notch customer service has enabled the Group to differentiate itself from its peers. Today, technology is rapidly changing customer expectation and the banking landscape. The Group sees this development as an opportunity to leverage on technology and develop new ways to engage customers as well as improve the efficiency of services delivered. Over the years, the Group is well known for its delivery of superior services which helped built the PB Brand. The Group will continue to invest time and resources to provide the best service with the aim of deepening and building lasting relationships with its customers.

Preserving Our Service Culture Legacy

The Public Bank Group places great importance in providing quality customer service to its customers. The hallmark of Public Bank's customer service experience is the efficiency of services delivered at the branch counters. In line with the Group's corporate tagline – "Excellence is Our Commitment", various initiatives have been designed and carried out to instill a service oriented culture amongst the staff, empowering them to deliver on the PB Brand promise.



Standard Waiting Time

A "Standard Waiting Time" ("SWT") of 2 minutes for serving a customer is constantly monitored by Public Bank to ensure compliance. Sustaining the 2-minute SWT year on year is the result of an unwavering commitment to provide prompt and efficient services to the customers at the counters. In 2014, approximately 70% of customers were served within the 2-minute SWT.

Service Ambassadors and Customer Remittance Executive

Service Ambassadors are stationed at branches to assist customers on all inquiries on banking matters. They also attend to customers' complaints and gather feedback for continuous improvement of the Bank's customer service delivery. To further increase the Public Bank Group's efforts to humanise its delivery channels and complement the Service Ambassadors' role at the branches, Public Bank launched the Customer Remittance Executive ("CRE") service to increase the overall efficiency of its remittance services. The CREs are also trained to provide value added advisory services on exchange rates and currency risks to customers.

Uninterrupted Banking Services

To ensure that the Public Bank Group's customers are provided with uninterrupted banking services, the Group has put in place a Business Continuity Plan ("BCP") for effective management of operational risks. The BCP is periodically reviewed, enhanced and tested by the Group's critical business units to ensure delivery of essential banking services is not disrupted.

SIRIM Certification

SIRIM reaffirmed the Public Bank Group's ISO 9001:2008 certification for another three years effective 2015. This includes the SWT and Standard Turnaround Time of its "Provision of Customer Service at the Front Office" and "Provision of Customer Service in Loan Delivery". The successful renewal of the ISO certification demonstrates the Group's commitment to consistently deliver high quality customer service.

Chairman's Review – Business Operations Review – Serving The Customer

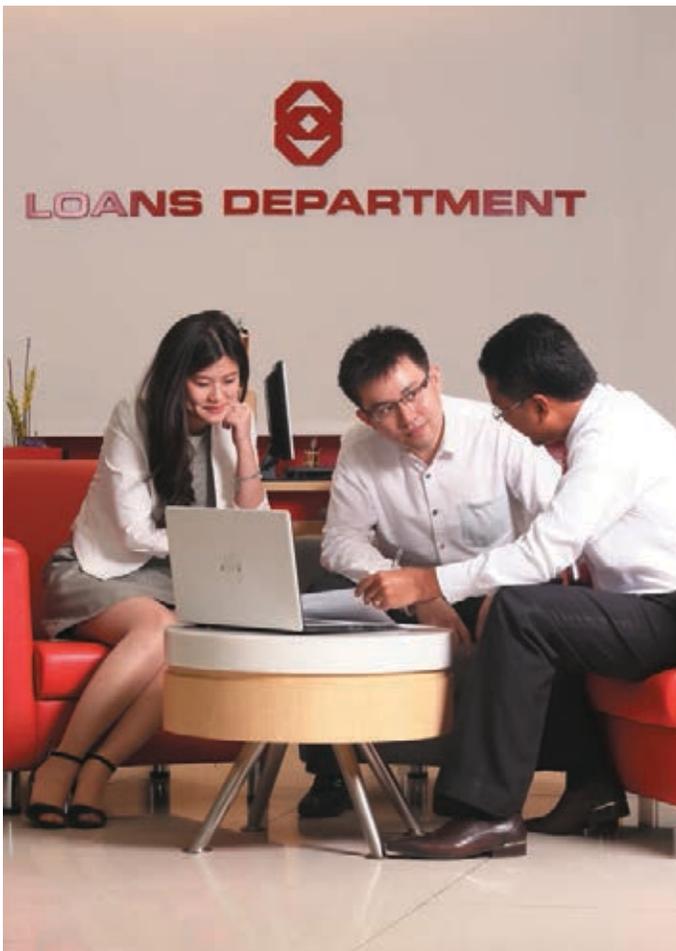
LOAN SERVICE DELIVERY

Standard Turnaround Time

Public Bank is committed to deliver fast response time to serve customers in their loan applications. The Public Bank's ISO 9001:2008 Certification for the "Provision of Customer Service in Loan Delivery" covers retail and corporate loans, securities documentation, credit cards and trade financing transactions. Under the scope of the ISO 9001:2008, the Bank has always strived to ensure compliance with the Standard Turnaround Time for processes in credit approval, loan documentation and processing of all trade finance transactions. The "Provision of Customer Service in Loan Delivery" is extensively supported by the Bank's in-house developed electronic Loan Delivery System.

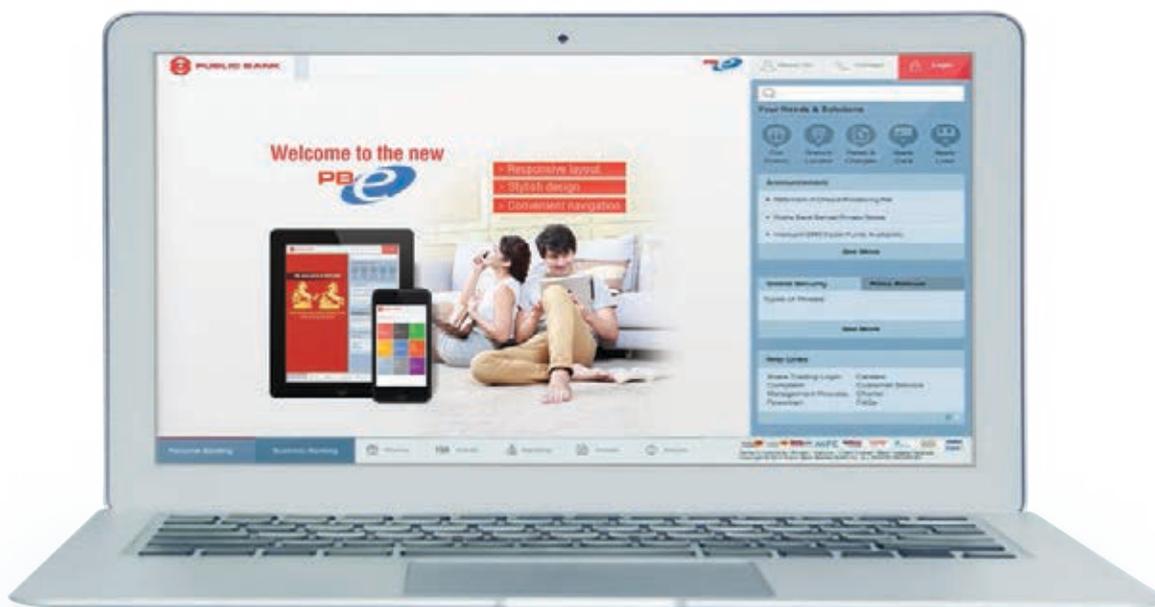
Customer Feedback Survey

Over the years, Public Bank has continuously sought to improve the efficiency of its service delivery. This is important as service excellence is crucial towards building brand loyalty and customer retention. In order to obtain customers' feedback on the Bank's service delivery for purposes of improvements and enhancements, the Bank conducts regular Customer Feedback surveys. In 2014, more than 90% of the Bank's customers surveyed were satisfied with the level of the Bank's loan delivery services.





CHANNEL MANAGEMENT



The Public Bank Group's network of self service delivery channels comprises:

- ⇒ Automatic Teller Machines ("ATMs")
- ⇒ Cheque Deposit Machines ("CDMs")
- ⇒ Cash Deposit Terminals ("CDTs")
- ⇒ Cash Recycling Machines ("CRMs")
- ⇒ Coin Collection Machines ("CCMs")
- ⇒ Internet banking
- ⇒ Mobile banking

SELF SERVICE BANKING

To provide greater access and convenience to the Public Bank Group's customers, the Group increased its fleet of self service terminals to 1,801 units as at the end of 2014. This comprised of 599 ATMs, 544 CDMs, 191 CDTs, 442 CRMs and 25 CCMs.

INTERNET BANKING

Public Bank officially launched and unveiled its all new and revamped website in May 2014. In conjunction with the launch of the revamped website, which featured a bright, bold and contemporary layout, 'PBeBank.com' was re-branded simply as 'PBe' to reflect the new look.

The new PBe incorporates the latest responsive web design technology, providing an optimal viewing experience and easy navigation on customers' devices, whether on desktop computer monitors or mobile devices. The refreshed layout, optimal viewing experience and re-grouping of services as well as functionalities of the Bank's internet banking platform has further improved and enhanced customers' experience.

In 2014, the newly registered users of Public Bank's internet banking channel, PBe, maintained a steady double digit growth trajectory of 29.1% and 19.6% respectively for both individual and corporate customers.

Chairman's Review – Business Operations Review – Channel Management

Promotional Campaigns

In its effort to promote online banking and grow PBe's customer base, Public Bank launched three main internet banking promotional campaigns in 2014.

The Bank launched the "Celcom Prepaid Top-up and Win" Campaign in January 2014 whereby a total of 100 Celcom Broadband USB modems were offered to customers who top up their Celcom prepaid cards online. During the one month campaign period, internet banking transactions value increased by 24.7%.

The "UMobile Prepaid" Campaign, which offered six Sony Xperia M Smartphones and 100MB free data credit for every top-up transaction above RM30 was launched from 1 June to 31 July 2014. The campaign successfully increased transactions value by 23.5% during the campaign period.

To raise awareness and promote Public Bank's new internet banking website, the Bank rolled out the "Experience PBe and Be Rewarded" Campaign in May 2014 for a period of three months. New and existing customers who performed Interbank GIRO, instant transfer, bill payments or prepaid top-ups with a minimum amount of RM30 during the campaign period received automatic participation in the campaign. During the campaign period, the volume of internet banking transactions rose by 12.3%.

In line with Bank Negara Malaysia's effort to increase e-payments, Public Bank introduced various initiatives to encourage customers to migrate to electronic payment channels. Amongst the initiatives undertaken were making prepaid top-up service available via MyMobile service, implementing the new SecureSign digital signing for improved security measures and introducing multiple bill payments for PBe's retail customers. To provide convenience for users, the daily fund transfer limits for instant transfers have also been increased for both individual and corporate customers since June 2014 whilst customers' accounts can now be linked to and made available on PBe at any Public Bank branch. To further promote the use of PBe to make payments, the number of payee corporations were also increased by 13.3% to 188 in 2014.

MOBILE BANKING

Public Bank launched its mobile banking application "PB engage" on 23 September 2014. The new application which is a seamless extension of PBe, is designed to provide an engaging, secure and fuss free banking on the go and is available in three languages namely Bahasa Malaysia, English and Simplified Chinese. PBe users can now log on to PB engage using their existing PBe User ID and Password, thus allowing users the convenience of conducting banking activities from their home, office or on the go via multiple devices.

The application is free for download on Apple's App Store and Google's Play Store, and is available on smartphones as well as tablets running on iOS's and Android's operating systems. Within three weeks of its soft launch on Apple's App Store and Google's Play Store, "PB engage" registered more than 10,000 downloads. The feedback received were also positive, garnering an average rating of 4.2 out of 5 from Android users, with many users commenting on its ease of use and fast response time. As part of Public Bank's continuous effort to improve customers' experience, the Bank will further enhance "PB engage" to include useful functions such as forex rates, branch locator, payment agent and promotion notifications.

Public Bank is mindful that cyber security has become an issue of global importance. Criminal activities are increasingly more sophisticated, and ranges from attacks targeting online and mobile devices to attacks on servers and databases. The Bank continues to work tirelessly to prevent online banking fraud whilst constantly educating its customers of such activities via educational alerts and advisories on PBe as well as sending out email blasts. Moving forward, the Bank will continue to be mindful and vigilant to ensure its online banking channel is safe and secure so as to give customers peace of mind. Achieving the balance between servicing the Bank's customers seamlessly, while keeping their information safe, remains the Bank's utmost priority.



INFORMATION & COMMUNICATION TECHNOLOGY

The Public Bank Group continues to leverage on Information and Communication Technology (“ICT”) to deliver higher levels of efficiency and service excellence in its business processes. To achieve this, the Group’s ICT infrastructure has continually undergone capacity upgrade to ensure it remains robust and scalable. The Group made effective use of technology to introduce new products and services, as well as harness analytics and big data to facilitate business decision. The Group has also taken efforts to ensure compliance with regulatory requirements, strengthen risk management capabilities and further tighten data security. In 2014, 30% of ICT investments were directed towards enhancement of systems to facilitate regulatory reporting and risk management as well as further strengthening the security of its ICT infrastructure.

ICT FOCUS AREAS IN 2014



Creating Capacity for Growth

- ⇒ Installation of new IBM Mainframe for Core Banking
- ⇒ Upgrading SAN Disk Storage
- ⇒ Upgrading Enterprise Network



New Products and Services

- ⇒ Internet and Mobile Banking Services
- ⇒ Collaboration with MyClear
- ⇒ Public Bank Credit Cards



Business Process Efficiency

- ⇒ Retail Banking Process Enhancements
- ⇒ Integrated Trade Finance Processes
- ⇒ Consolidation of Subsidiaries’ ICT



Statutory and Regulatory Compliance

- ⇒ Goods and Services Tax
- ⇒ BNM Regulatory Compliance
- ⇒ MEPS Malaysian Chip Card



Strengthening Governance and Risk Management Systems

- ⇒ Credit Risk Management Solution
- ⇒ Market Surveillance Management



Enhancing the Security Infrastructure

- ⇒ Security Device Upgrade
- ⇒ Advanced Malware Protection
- ⇒ Enhanced Authentication

Business Operations Review – Information & Communication Technology

CREATING CAPACITY FOR GROWTH

In 2014, more than RM200 million was invested to upgrade the Public Bank Group's ICT infrastructure to support increased business volume and cater for system enhancements. The key initiatives in this area include:

- ⇒ **Installation of new IBM Mainframe for Core Banking, featuring**
 - ➔ Latest IBM Enterprise Class mainframe model
 - ➔ More than 50% increase in processing capacity
 - ➔ Fastest processors from IBM
 - ➔ High availability and scalability both vertically and horizontally
- ⇒ **Upgrading SAN Disk Storage with**
 - ➔ Latest SAN storage from EMC
 - ➔ 75% capacity increase
 - ➔ High-speed solid state disk resulting in more than 50% improvement in speed
 - ➔ Real-time data backup for disaster recovery
- ⇒ **Upgrading Enterprise Network with**
 - ➔ 40% to 60% bandwidth increase for core network and internet link
 - ➔ Faster always-on backup link
 - ➔ Multiple telco service providers for link diversity

NEW PRODUCTS AND SERVICES

During the year, the Public Bank Group enhanced its application systems to support the delivery of new products and services and revamped its Internet and Mobile Banking platforms as well as improved the electronic payment channel.

Internet and Mobile Banking Services

The Public Bank Group revamped its internet banking website and launched the new "PBe" mobile banking application. The revamp features a refreshed look, an intuitive and responsive web design that allows server display to be optimised to customers' device.

Collaboration with MyClear

Public Bank, in collaboration with MyClear, expanded the online IBG Funds Transfer to support multiple settlement windows in order to enable funds to be transferred in a shorter period of time. In addition, customers will be able to make bill payments at self service terminals and internet as well as mobile banking channels using MyClear's JomPAY service when it is launched.

Public Bank Credit Cards

Public Bank's credit card systems were enhanced to facilitate the introduction of the PB Visa Signature Card that uses Visa PayWave contactless card technology, providing greater convenience for users to make payments. In addition, Public Islamic Bank also launched its pioneer Islamic credit cards namely Card-i Visa and Mastercard Gold and Platinum credit cards.

BUSINESS PROCESS EFFICIENCY

Business processes continued to be made more efficient through automation and straight-through-processing. Continuous efforts were made to further enhance the loan and credit card approval processes.

Retail Banking Process Enhancements

Business processes and workflows were streamlined to improve efficiency. Furthermore, data are shared between systems to ensure data consistency and better controls.

Integrated Trade Finance Processes

A new Trade Finance system was developed under the Microsoft.NET platform to enhance productivity through workflow automation and improved business communication tools as well as to provide support for Islamic Financing.

Consolidation of Subsidiaries' ICT

Subsidiaries that offer products with similar features as Head Office have aligned their ICT infrastructure with Head Office for better synergy.



STATUTORY AND REGULATORY COMPLIANCE

The Public Bank Group continued to enhance its ICT applications to comply with new statutory and regulatory requirements.

Goods and Services Tax

A new system was developed to cater for the implementation of Goods and Services Tax with effect from 1 April 2015.

Bank Negara Malaysia Regulatory Compliance

A project to upgrade and transform the statistical reporting framework and system for Bank Negara Malaysia ("BNM") started in 2011. Once completed, the New Statistical Reporting System will replace various statistical submission systems and streamline all data submission to BNM. Submission of operational-risk related data to BNM under the Operational Risk Integrated Online Network has also commenced.

MEPS Malaysian Chip Card

As the first bank in Malaysia to deploy EMV compliant automated teller machines, Public Bank is also on course to become the pioneer bank to implement EMV compliant MEPS Malaysian Chip Card.

STRENGTHENING GOVERNANCE AND RISK MANAGEMENT SYSTEMS

The Public Bank Group is further strengthening its risk management capability through the introduction of software procured from established solution providers.

Credit Risk Management Solution

The completion of the first phase of the credit risk management solution has provided a platform for data analytics to be performed for greater insight into the entire credit portfolio. In later phases, portfolio risk scoring using the credit risk rating models and stress testing are expected to be built on this foundation.

Market Surveillance Management

An Online Risk Management and Market Surveillance system was acquired for Public Investment Bank to detect suspicious orders and trades. This system facilitates the detection of potential money laundering activities as required by the guidelines from the Securities Commission, Bursa Malaysia and BNM.

ENHANCING THE SECURITY INFRASTRUCTURE

As the custodian of sensitive customer data, security remains a top priority for the Public Bank Group.

Security Device Upgrade

Reputable security experts are regularly engaged to assess the adequacy of the security infrastructure. The assessments extend to the availability, performance, scalability and recoverability of the ICT infrastructure and the risk mitigation procedures the Public Bank Group has in place.

Advanced Malware Protection

An advanced malware protection system was installed to provide protection against advanced persistent cyber threats and spear phishing. For additional protection, an international security provider also monitors and takes down phishing and malware websites.

Enhanced Authentication

Retail customers of PBe internet banking can opt for a stronger two-factor authentication using secure one-time-password PIN pads. To increase security for card transactions, self service terminals were upgraded to verify the smart chip in EMV compliant credit cards. During the year, the 3D Secure eCommerce system for electronic commerce was replaced with a new system with internet fraud monitoring capability.

BRANCH PERFORMANCE – KPIs AND AWARDS

BRANCH KEY PERFORMANCE INDICES

Public Bank evaluates the business performance and operational efficiency of branches with the use of Key Performance Indices ("KPIs"). The Bank's KPIs are quantifiable measurements which incorporate all key performance factors which are crucial in determining branch performance such as profitability, loans and deposits growth, asset quality, service delivery, controls and compliance as well as staff productivity and efficiency. These KPIs also provide a basis for appraising and rewarding branch managers and other key management and supervisory staff at branches.

Public Bank's Approach

Public Bank reviews the KPIs annually and appropriate changes are made to align the KPIs to the current operating environment and business strategies of the Bank. Throughout the year, the Bank monitors closely the performance of all branches to ensure that the KPIs are achieved. The performance of all branches are compiled and disseminated to the branches on a monthly basis to enable the branches to benchmark themselves against their peers and to take corrective actions to improve their performance in underperforming areas.

Public Bank's Measurement Criteria

The KPIs for the evaluation of branches, branch managers and supervisory staff are set out below:

KEY PERFORMANCE INDICATORS				
				
Profitability	Loans Performance	Deposits Performance	Asset Quality	Productivity/ Efficiency
<ul style="list-style-type: none"> Retail profit Return on equity Non-interest income 	<ul style="list-style-type: none"> Retail loans Hire purchase financing 	<ul style="list-style-type: none"> Demand, savings and fixed deposits Foreign currency deposits 	<ul style="list-style-type: none"> Credit control and operational lapses 	<ul style="list-style-type: none"> Customer service in frontline operations Loan service delivery Cost efficiency Controls and compliance
				
MEASUREMENT CRITERIA				



BRANCH PERFORMANCE AWARDS

Branch Performance Awards are granted annually to accord recognition and reward branches with outstanding performance in the various key business performance areas. These performance awards, which form an integral part of Public Bank's performance based reward structure, also inspire and motivate branches to strive for higher efficiency and productivity.

The Branch Performance Awards for 2014 comprised:

- ⇒ The Founder and Chairman Award for the overall Best Domestic Branch;
- ⇒ Best Branch Awards for domestic and overseas branches; and
- ⇒ Special Awards which cover specific areas of business performance, branch management and service quality.

The winners were assessed based on stringent criteria covering key areas of business performance, controls, compliance and risk management, loan asset quality and customer service delivery. To determine the winners for the Best Branch Awards and Special Awards, branches were segregated into six groups based on size of operations and business portfolios, with each branch rated against its peer group of branches in their respective group.

The Winners

A total of 102 awards with cash prizes close to RM1.0 million were awarded to the winners of the Branch Performance Awards for 2014.

The winners of the Best Branch Awards for 2014 were as follows:

Domestic Branches

Group 1	Johor Bahru Branch
Group 2	Taman Sri Muda Branch
Group 3	Taman Taming Jaya Branch
Group 4	Bandar Puteri Puchong Branch
Group 5	Stutong Branch
Group 6	Medan Sentral Branch

Overseas Business Units

Public Bank (Hong Kong) Limited	Kwun Tong Branch
Public Finance Limited	Shatin Branch
Cambodian Public Bank	Tek Thla Branch
VID Public Bank	Ho Chi Minh City Branch

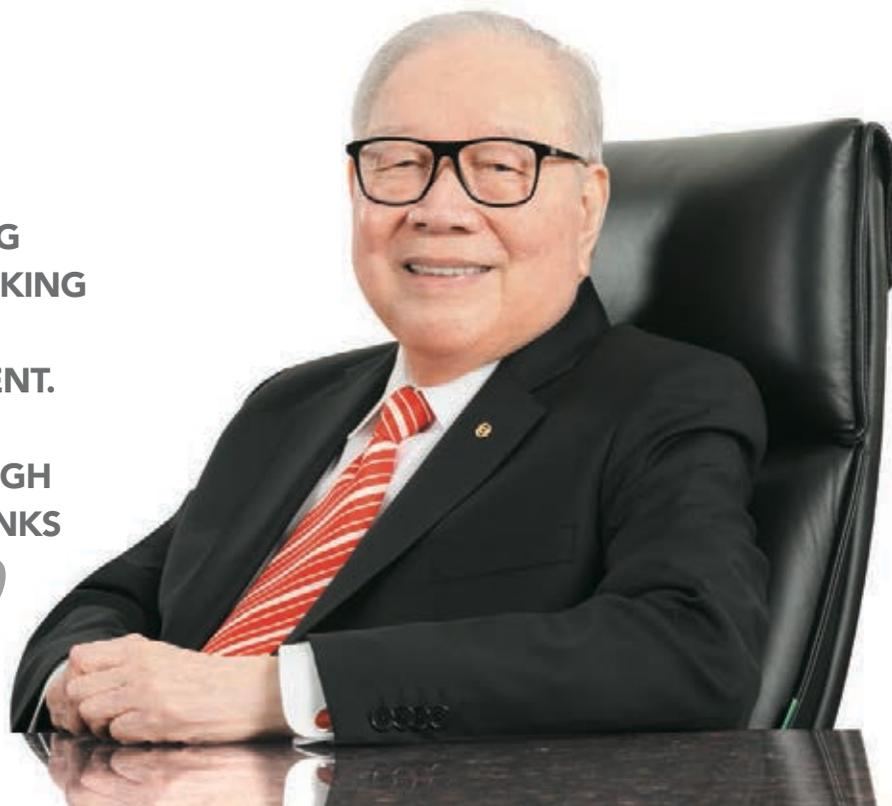
Founder and Chairman Award

Johor Bahru Branch

The prestigious Founder and Chairman's Award which carried a cash prize of RM50,000 and a gold plated challenge trophy was awarded to Johor Bahru Branch for the second consecutive year.

Outlook For 2015

“DIGITAL BANKING WILL BECOME MORE PRONOUNCED IN SHAPING THE DEVELOPMENT OF THE BANKING SECTOR AS MORE CONSUMERS MIGRATE TO ELECTRONIC PAYMENT. THE ELECTRONIC BANKING PLATFORM IS ALSO SEEN AS A HIGH GROWTH OPPORTUNITY FOR BANKS TO EXPAND THEIR BUSINESS.”



OUTLOOK FOR THE MALAYSIAN ECONOMY AND BANKING INDUSTRY

Outlook for the Malaysian economy is expected to remain steady, but there are challenges ahead. The country's resilient economic fundamentals and pro-active development policies being undertaken by the Government and the private sector should continue to support expansion of the economy. The progressive implementation of the Economic Transformation Programme as well as a number of measures announced in the revised 2015 Budget should continue to spur investment growth. On private consumption, consumers are expected to be more cautious on their spending due to the implementation of Goods and Services Tax ("GST"). However, the Government's measures such as the reduction in personal income tax will help to cushion the impact of GST on spending. Furthermore, stable labour market and income growth should support continued growth of private consumption. As the global oil prices have fallen significantly, Malaysia would need to manage the challenges posed by lower oil prices to export earnings and government's finances.

The Malaysian banking sector is expected to remain resilient with healthy capital, stable asset quality and continued profitability. The banking sector will continue to be an effective intermediary in financing the real economy and fostering economic growth. The banking industry will also continue to be the main source of financing for households and small and medium enterprises. On the funding side, competition will further intensify as banks step up efforts to mobilise deposits to enhance funding position and to strengthen their readiness for Basel III liquidity requirement. As banks compete aggressively for deposits and loans, net interest margins are expected to remain under pressure.

Risk from high household indebtedness is expected to remain well contained, supported by healthy aggregate household balance sheets and the high degree of vigilance by Bank Negara Malaysia in managing financial stability. On concern of the impact from the potential hike in the US federal funds rate in 2015, the domestic banking sector is expected to navigate well the potential volatility in the financial market, underpinned by the sound and solid financial system.



EXPECTATIONS AND OPPORTUNITIES

In spite of the challenges in the economy, Malaysia's solid economic fundamentals and growth policies are in place to prime the domestic banking industry for long-term growth, providing sustainable business opportunities for the banking sector. Increased competition, however, means banks will undertake more pro-active strategies such as competitive pricing strategies, enhanced customer relationship management and innovative financial solutions to gain competitive advantage. The impact of margin compression, regulatory costs and competitive pressures will drive banks to continue focus on improving efficiency.

The growing mass affluent segment and high gross national savings rate in the country provide great opportunities for banks to expand their fee-based activities. As Islamic financing is significantly gaining prominence and acceptance in the global market, Malaysia's Islamic financing industry is well positioned to thrive on the back of its in-depth knowledge and established reputation for Shariah compliant financial solutions. Banks are also expected to increase their focus on customer service and emphasise on service differentiation to enhance their brand value.

Digital banking will become more pronounced in shaping the development of the banking sector as more consumers migrate to electronic payment. The electronic banking platform is also seen as a high growth opportunity for banks to expand their business. To stay ahead of the competition, banks will further tap on technology to enhance their electronic banking infrastructures, while ensuring a safe and secure electronic payment ecosystem.

In tandem with the increased expectation for responsible business practices, prudent risk management and sound corporate governance will continue to be key priorities across all banks. Banks will also continue to enhance their ability to conform to new regulatory changes. Given the increased economic and financial integration in the region, particularly with the implementation of the ASEAN Economic Community, banks are likely to strengthen their capability in the region to facilitate the increase in trade and capital flows.

STRATEGIES AND DIRECTIONS

Building on its position of strength as a well-established retail banking operations in Malaysia, the Public Bank Group will continue to pursue organic growth strategy in the core retail banking business. In its lending business, the Group aims to maintain its market leader position in the financing for the purchase of residential properties, commercial properties and passenger vehicles. To sustain its high return on equity, the Group will also undertake more efforts in generating non-interest income focusing on its unit trust business, investment income and fee income from banking operations. To sustain a stable and efficient funding profile, the Group will intensify its initiatives to compete for deposits, particularly the lower-cost deposits. Public Islamic Bank, a wholly-owned subsidiary of Public Bank, will continue to grow its core business of retail-based consumer and business financing. The Group will also capture growth opportunities in the region to develop its overseas business.

The focus on customer-centric approach will remain as one of the Public Bank Group's key strategies. The Group aims to sustain its leading edge customer service through its ISO-certified service delivery processes and efficient banking experience for customers. In addition, the Group will leverage on its delivery platforms to widen its consumer base and to engage with customers. The Group's extensive branch networks, internet banking, mobile banking and self service machines will continue to be enhanced. The Group will also continue to empower its sales and marketing personnel with good knowledge and skills to meet the financing needs of customers.

The Public Bank Group continues to see strong corporate governance and sound risk management policies as imperative to long-term sustainable business. The Group will continue to undertake efficient utilisation of resources for sustained profitability while ensuring regulatory compliance. As a responsible corporate citizen, the Group will continue to implement Corporate Social Responsibility programmes.

TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman

5 February 2015

OUR COMMUNITY





We are committed to giving back to the community that supports our business and corporate activities through the conscientious discharge of our corporate responsibility initiatives. In fulfilling our commitment to the community, we participate in and contribute, financially or otherwise, to activities for the betterment of the society. Our initiatives and activities range from financial support towards health care and educational projects for the promotion of academic excellence, support for environmental conservation and events promoting national pride and unity such as sports, arts, culture and literature including direct charitable contributions to the welfare of the needy and less fortunate.

Enhancing Community Value

Corporate Responsibility

THE GROUP'S CORPORATE RESPONSIBILITY INITIATIVES ARE FOCUSED ON THE FOUR KEY AREAS OF COMMUNITY, MARKET PLACE, WORK PLACE DEVELOPMENT AND ENVIRONMENT SUSTAINABILITY, GUIDED BY THE PRINCIPLES AND VALUES AS ARTICULATED IN OUR CORPORATE PHILOSOPHY.

The Public Bank Group places great emphasis to conduct business in a responsible and ethical way, from ensuring the Group's products and services promote sustainable economic and social development, to contributing sustainably to the communities and environment. For the Group, sustainability means managing its business responsibly for long term success while creating enduring value for its customers, employees, shareholders, community and environment. The Group is committed to build a customer-focused, socially responsible bank which generates sustainable returns to its shareholders and other stakeholders over the long term.

In 2014, the Public Bank Group continued to build sustainable practices in every aspect of the Group's business. This commitment is clearly demonstrated in its support to its customers, its investments and services to the communities in which it operates, employees' development and contribution to the conservation of the environment.





The Public Bank Group's long-held Corporate Philosophy states that:

PUBLIC BANK CARES ...

For Its Customers

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

For Its Employees

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

For Its Shareholders

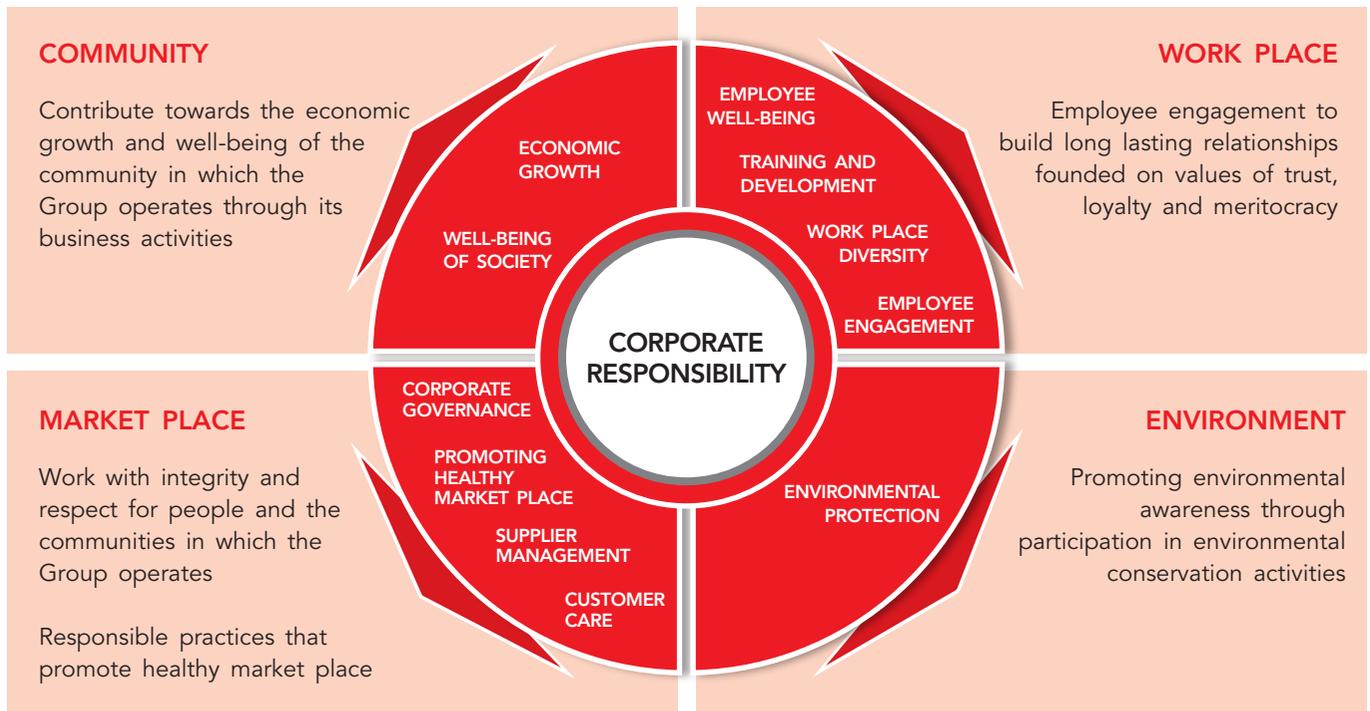
- ⇒ By forging ahead and consolidating its position as a stable and progressive financial institution
- ⇒ By generating profits and a fair return on their investments

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

The Group's corporate responsibility ("CR") initiatives are focused on the following four key areas of Community, Market Place, Work Place Development and Environment Sustainability, guided by the principles and values as articulated in our Corporate Philosophy.



CR IN THE COMMUNITY**Contributing to Economic Growth**

As the third largest banking group in Malaysia, the Public Bank Group plays an essential and immensely valuable role in fuelling the country's economic activities, creating jobs in the market and enabling people, businesses and communities to thrive. The Group's core banking business provides financing to key sectors, enabling trade, investment and job creation thereby forming the foundation for a vibrant Malaysian economy. As at the end of 2014, the Group has provided financing of RM155.72 billion to individuals, of which RM79.38 billion was for the purchase of residential properties. More than 20% of the Group's lending was for small and medium enterprises, amounting to RM55.54 billion as at the end of 2014.

Supporting Home Ownership and Affordable Housing

The Public Bank Group is a strong supporter of the Government's initiatives to enable home ownership for the lower and middle income households. In 2014, the Group has approved more than 50,100 housing loans, of which 67.2% was for the purchase of residential properties costing between RM100,000 and RM500,000. Among the Bank Negara Malaysia ("BNM")'s and Government's schemes in which the Group is an active participant are:

⇒ *Skim Rumah Pertamaku ("My First Home Scheme")*

Recognising the need for home ownership at affordable prices, the Public Bank Group continues to support the Government's effort to enable more Malaysians to own their first home via the Skim Rumah Pertamaku. Under this scheme, first time house buyers may obtain financing of up to 100%.

⇒ *BNM's Priority Sector Lending – Financing for low cost housing*

The Public Bank Group continued to support BNM's initiative to provide financing for low cost housing under the priority sector lending. The Group's total loans outstanding for this segment amounted to RM2.06 billion as at the end of 2014.

Firm Supporter of Small and Medium Enterprises ("SMEs") and Micro Enterprises

SME plays a vital role in the economic growth of a country as they provide a strong foundation for the growth of new industries whilst strengthening existing businesses. The Public Bank Group is committed to nurture these businesses to start

up and grow as well as support them with access to financing and expertise. This is well demonstrated in the Group's commercial lending business to the SMEs. In 2014, the Group approved RM19.55 billion loans to SMEs which accounted for 32.7% of the Group's total new domestic loans approved during the year. Total lending to SMEs also rose by an impressive 19.5% to RM55.54 billion as at the end of 2014.

The Public Bank Group has been supportive to BNM's initiatives and financing schemes to promote SME activities which include:

- i. BNM's priority sector lending to SMEs. The Group has consistently exceeded the commitment set by BNM to extend financing to this sector. Under this scheme, the Group has approved total loans amounting to RM58.40 billion for the three-year period from 2012 to 2014.
- ii. The New Entrepreneurs Fund and the Fund for Small and Medium Industries which provide working capital financing at reasonable cost for eligible SMEs in both the export and domestic-oriented sectors.

The Public Bank Group is also an active participant in loan schemes which leverage on guarantees by Credit Guarantee Corporation Malaysia Berhad ("CGC"). The Group's loan portfolios under the various types of CGC guaranteed schemes amounted to RM104.6 million as at the end of 2014.

In support of the microfinance sector, the Public Bank Group continues to provide various types of microfinance loans to small scale enterprises and micro businesses. These include:

- i. PBMicro Finance, a scheme to support and drive the growth of micro enterprises.
- ii. The Micro Enterprise Fund launch by BNM to assist the varying needs of micro enterprises with viable businesses.
- iii. SmallBiz Express Guarantee Scheme ("SBE") promoted by CGC whereby Public Bank is the first financial institution in Malaysia which entered into a partnership with CGC to implement the SBE. This scheme targeted micro enterprises with viable businesses that require financing but lack collateral.

For more information on the Public Bank Group's involvement in Government initiated and CGC guaranteed schemes in support of SMEs, please refer to pages 173 to 175 of this annual report.



Significant Tax Payer

The Public Bank Group, with its strong track record of profitability over the years, has been a significant contributor to the fiscal revenue and economy of the country. Over the last five years, the Group's tax payments to the Government amounted to RM5.24 billion, a significant contribution to the financial well-being and development of the country.

Tackling Financial Crime

The Public Bank Group takes the threat of financial crime seriously and has implemented various measures and controls in order to identify and mitigate risks to customers and businesses. The Group's comprehensive Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") compliance programme plays an important role to detect and prevent money laundering and terrorism financing activities as well as report on suspicious transactions. The Group has also established risk based customer selection procedures and due diligence processes as the first line of defence against all forms of financial crime. The Group takes the issue of financial system integrity most seriously and has robust policies and procedures in place to ensure the Group's infrastructure is used only for legitimate purposes.

Public Bank is committed to ensure its staff, especially the front-liners are well trained to implement the Bank's AML/CFT policies and procedures. The Group continuously strive to build capability, capacity and expertise in its financial crime compliance function. The Group also regularly enhances and updates its systems and controls in line with legal and regulatory developments as well as new products and delivery channels to ensure effective implementation of its AML/CFT compliance programme.

The Public Bank Group's Anti-Fraud Policy and Anti-Money Laundering Policy are set out in the "Ethics, Integrity and Trust" section.

Contributing to the Well-being of Society

In 2014, the Public Bank Group focused its corporate responsibility initiatives and activities in the following key areas of:

- ⇒ Education
- ⇒ Healthcare
- ⇒ Community Activities
- ⇒ Support of the Underprivileged

Education

The Public Bank Group believes education is important to engage and equip people for change. In support of education for the nation's youth, the RM2.0 million "UTAR-Tan Sri Dato' Sri Dr. Teh Hong Piow Student Loan Fund" and the RM1.5 million "TARC-Tan Sri Dato' Sri Dr. Teh Hong Piow Student Loan Fund" were established in 2007 and continued to benefit as well as support students who have the capacity and ambition but lack the means to pursue higher education at Universiti TAR and Tunku Abdul Rahman College.

During the year, Public Bank's Laos operations donated LAK2 million to the Lao Education for Development Fund 'Book To School' project which aims to provide textbooks, teaching manuals and research funding to develop and improve instructional materials.

In conjunction with Global Money Week 2014, Cambodian Public Bank Plc. hosted a study trip for 30 high school students from the American Intercon School to learn about financial education.

Healthcare

Public Bank presented RM100,000, being the final grant of a five-year grant which commenced in 2010, to IJN Foundation to defray the operational and management expenses for the running of Dormitori Yayasan IJN-Public Bank.

The Dormitori Yayasan IJN-Public Bank "Halfway House" provides free accommodation to families of needy patients undergoing treatment at IJN as the presence of family members are greatly needed to provide comfort and support in the recovery process of heart patients.

For the third consecutive year, Cambodian Public Bank Plc. donated USD1,000 to Nokor Tep Foundation which is raising funds to build a 220-bed women hospital in Phnom Penh, Cambodia, due to be completed by 2015.

In support of cancer awareness, Public Bank donated RM10,000 to the Pink Unity, National Cancer Society of Malaysia for its second Women Health Summit.

Community Activity

Public Bank organised a one-day charity sale to raise funds for the IJN Foundation which supports the needy seeking treatment and surgery at the Institut Jantung Negara. A total sum of RM6,616 was successfully raised from the sale of various IJN merchandise.

Support of the Underprivileged

In conjunction with Hari Raya celebration, the employees of Public Bank visited pediatric patients and their families at the Selayang Hospital and distributed goodie bags as well as 'duit raya' amounting to RM24,000 on behalf of the Bank. Electrical items totalling RM5,000 were also donated to the pediatric ward.

In conjunction with Christmas, the Public Bank Group's employees spread some Christmas cheer and fulfilled the wishes of underprivileged children from six institutions by donating a total of RM60,000 collected through a Christmas Wish Tree charity drive organised during the festive month. The Trinity Children's Home, Spastic Children's Association of Selangor & Federal Territory, Shelter Home for Children, Shepherd's Centre Foundation, Pusat Penjagaan Kanak-Kanak Cacat Taman Megah and Persatuan Rumah Kanak-Kanak Ini Disayangi received a contribution of RM10,000 each.

The Public Bank Group organised a one-day CSR 'Gotong-Royong' programme at the Persatuan Penjagaan Kanak-Kanak Cacat Klang, Selangor which is a home for 80 residents with down syndrome, cerebral palsy, autism and muscular dystrophy. 50 employees of the Group volunteered their time to spruce-up the home with a new coat of paint, organised a lunch treat and distributed 'Ang Pows' to the residents. In addition, the home also received electrical items and RM33,000 from Public Bank as well as RM13,000 which was donated by the Bank's employees.

During the year, Graduate Trainees currently serving under Public Bank's Executive Development Programme volunteered their time in various community development projects which included visits to Ti-Ratana Welfare Society, Rumah Charis, Shelter Home and Angels Children Home. Fund raising activities were carried out and the collections were used to purchase food items and daily essentials for the homes.

CR IN THE MARKET PLACE

Strong governance is essential to good corporate practice. The Public Bank Group is fully committed to effective governance to protect the interests of all its stakeholders and promote the long term sustainability of the Group. The Group has a strong corporate governance culture underpinned by sound management systems, responsible procurement and transparent reporting to its various stakeholders.

High Standards of Corporate Governance

During the year, the Public Bank Group's record of excellence in good corporate governance continued to be recognised with the receipt of several corporate governance awards from reputable international publications such as Corporate Governance Asia, The Asset and Asiamoney.

For the full list of awards received by Public Bank in the area of corporate governance and corporate social responsibility, please refer to page 230 of this annual report.

Promoting a Healthy Market Place

Ethical Business Culture

The Public Bank Group emphasises strong business ethics in all its business dealings. The Group continues to foster a culture of integrity, ethical behaviour and honesty as well as a zero tolerance for fraud and unethical conduct amongst its employees. The Group's commitment to a strong ethical business culture helps to promote a healthy market place.

Shareholders and Investors Engagement

In order to further strengthen the confidence of shareholders and investors in the Public Bank Group and to keep them updated with key information about the Group on a timely basis, the Group consistently engages its shareholders and investors through various channels and engagement activities. These include investor relation activities, general meetings of shareholders, regular briefings to the investment community in conjunction with the release of the Group's results and also issuance of press statements to the media on all significant corporate developments and business initiatives to keep the shareholders and investors updated on the Group's development.



Competition Act, 2010

The Competition Act, 2010 which came into force on 1 January 2012 highlights two main prohibitions, namely anti-competitive agreements and abuse of dominant position. The Act aims to promote a healthy and competitive market place by ensuring business operations are not anti-competitive. The Public Bank Group is fully committed to adhere to the requirements of the Act and has implemented various initiatives which include reviewing business processes to ensure full compliance with the Act and creating awareness amongst its employees on the elements of the Act. The Group has also taken initiatives to ensure agreements, forms and product disclosure information complies with the Act. To ensure product information is transparent and not ambiguous, information is provided in simple language, with key terms presented in a manner which is clear and easy to understand. In support of consumer empowerment, the Group meticulously strives to ensure customers enjoy the best value-for-money products and services at fair fees and charges.

Professional Development

Public Bank contributed RM8,000 to the Malaysian National Tax Conference organised by the Inland Revenue Board of Malaysia and the Chartered Tax Institute of Malaysia in support of professional development in the country.

Public Bank continued to support the National Award for Management Accounting ("NAfMA") with a renewal of sponsorship for another five years. A total amount of RM300,000 will be distributed over the next five years with an annual grant of RM60,000. The NAfMA Awards programme recognises outstanding management accounting practices amongst companies in Malaysia.



Supplier Management

The Public Bank Group aims to build strong collaborative relationships with its suppliers and engages in regular dialogues with them to ensure the Group's needs, and those of its customers, are effectively met. This enables the Group to drive continuous improvements and innovation in the Group's supply chain and to effectively manage risk.

Procurement Policy and Procedures

The Public Bank Group maintains strong governance in its procurement activities and this is demonstrated in its well defined procurement policy and procedures, which reflect transparency and accountability. The Group's procurement policy and procedures include:

- ⇒ adopting closed tender exercises for the procurement of all standard items. Panel vendors and service providers are invited to participate in the closed tender exercises and the entire process is administered by the Group's Tender Committee. Members of the Tender Committee comprise representatives from Internal Audit Division and the respective Divisions which request for the procurement.
- ⇒ centralising procurement functions at Head Office to ensure that the best and optimum value in terms of quality, quantity and pricing is obtained.
- ⇒ reviewing the pricing of standard items periodically to ensure that the best pricing is obtained for products purchased.
- ⇒ implementing an electronic requisition system which enables all procurement requests to be made online, hence facilitating efficient processing of purchases and reducing paper usage.
- ⇒ reviewing the Group's procurement procedures and practices periodically to identify areas for improvements in the procurement process.

Selection of Vendors and Service Providers

The Public Bank Group adopts stringent criteria in the selection of panel vendors and service providers such as:

- ⇒ sound management background with good business ethics;

- ⇒ capability and capacity to supply goods and services according to the Group's requirements and specifications;
- ⇒ competitive pricing;
- ⇒ reliability and quality of products and services;
- ⇒ speedy delivery with short lead or turnaround time;
- ⇒ technology and design of products; and
- ⇒ level of after sales support.

Support of Local Companies and SMEs

The Public Bank Group continues to accord priority to local companies and SMEs for the procurement of supplies as part of its support to promote the development of local business enterprises. Presently, local enterprises form the main bulk of the Group's panel vendors and service providers. As part of the Group's due diligence process, regular bilateral meetings and site visits are conducted to assess the administrative processes and production outputs of these local enterprises as well as to ensure products supplied and services provided meet the quality and specifications as required by the Group.

Prompt Payment to Vendors and Service Providers

The Public Bank Group prides itself as being one of the best pay-masters, as it adopts prompt payment turnaround time upon receipt of invoices from vendors and suppliers. The Group understands the importance of cash flows and endeavours to pay within the stipulated credit term, if not earlier. In 2014, a majority of invoices received were paid within two weeks, which were earlier than the stipulated credit terms.

In support of a green environment, the Public Bank Group will continue to migrate payments using cheques to electronic payment system. To date, more than 95% of Public Bank's bill payments are already made electronically. To facilitate prompt payments to suppliers, the Group will continue to educate and give clear guidance to suppliers in order to reduce mismatched invoices or incomplete documentation.



Customer Care

Responsible Financing

The Public Bank Group is committed to carry out its business dealings with integrity by making responsible decisions. As a responsible financier, the Group seeks to deliver the right products with good services at a fair price to all its customers. In addition, the Group continuously strives to leverage on technology to make banking simpler and more convenient as well as ensure its products and services are easy to understand. To achieve this, the Group has implemented various initiatives which include:

- ⇒ establishing responsible lending practices and credit assessment by providing financing based on borrowers' repayment capacity.
- ⇒ careful screening and evaluation of housing projects prior to approval of end financing and funding only viable housing projects.
- ⇒ providing comprehensive information on terms and conditions as well as applicable fees of its products and services.
- ⇒ establishing a broad multi-channel distribution network via branches, self service terminals, internet, telephone as well as mobile and smartphone applications for better access.
- ⇒ establishing an efficient system to resolve customer complaints.
- ⇒ extending assistance to borrowers facing financing difficulties.
- ⇒ providing commercially competitive products and services.
- ⇒ implementing delivery channels which are benchmarked to international ISO standards.

Socially Responsible Financial Products

As a socially responsible organisation and steward of public funds, the Public Bank Group has long practised product stewardship as the Group believes its products can encourage positive behaviour amongst the public. Public Bank introduced the 'Wisdom In Saving Early' ("WISE") Savings Account, an

account specially designed for children below 18 years old, which aims to inculcate the habit of saving amongst children. To further encourage this habit, the Bank rewards all WISE accountholders with a high interest rate that is on par with a one-month fixed deposits interest rate for the first RM50,000 balance and a bonus interest rate of 5% on interest earned for zero withdrawal within a month.

Product Responsibility

The Public Bank Group constantly strives to ensure all products and services are aligned to the Group's corporate mission and corporate philosophy. The Group has implemented stringent internal approval procedures and product evaluation processes for new product launches as well as enhancement of existing products. In addition, the Group's marketing policy also complies with the Product Transparency and Disclosure guidelines issued by BNM, which aims to ensure product information is made in a clear, concise and timely manner.

Customer Service

The Public Bank Group's corporate tagline – "Excellence is Our Commitment" – reflects the commitment and integrated effort by all levels of staff within the Group to proactively anticipate the Group customers' needs and exceeding their expectations.

The Public Bank Group continued to provide Special Care Counters at all its domestic branches for senior citizens, expectant mothers and the physically disabled. This is part of the Group's commitment to be a caring corporate citizen and to ensure that its customers' needs remain at the heart of its business.

Public Bank's commitment to consistently deliver high quality customer service is underpinned by benchmarks set for its service delivery standards such as its Standard Waiting Time for customers at the front office and Standard Turnaround Time to process and approve a loan. All domestic branches continue to be covered by the internationally recognised ISO 9001:2008 certification for the uniform and high standards of service across the Bank's entire branch network.

Responding to Complaints

The Public Bank Group values all feedbacks from its customers as they allow the Group to understand its customers' perception of the quality of its services. Feedbacks obtained are used to enhance and improve service efficiency and delivery quality. The Group always strives to ensure that all customer complaints are responded and addressed within the stipulated 10-day response period.

Extending Assistance to Borrowers

To assist customers to overcome their financial difficulties, the Public Bank Group actively engages with customers to reschedule or restructure their loans. These exercises seek to help customers match their commitments with their reduced capacity to service their loans. In 2014, the Group rescheduled and restructured more than 9,700 loans totalling RM353.4 million, of which RM119.8 million were in respect of residential mortgages.

Extending Loan Moratorium to Borrowers

To ease the burden of customers who experienced financial difficulties arising from natural disasters, the Public Bank Group granted loan repayment moratorium for a period up to six months. In 2014, the Group granted moratorium to more than 900 customers affected by flood with total loans of RM74.8 million.

Bantuan Rakyat 1 Malaysia 3.0 ("BR1M3.0")

This year, Public Bank was appointed again as a Bantuan Rakyat 1 Malaysia cash payout agent for the second consecutive year. To ensure efficient delivery to recipients, the Bank has set up dedicated counters at all branches nationwide to accommodate encashment of the BR1M3.0 vouchers. For the convenience of rural and sub-urban recipients, the Bank also operated mobile cash payout counters in several states nationwide. More than 420,000 BR1M3.0 vouchers totalling RM238.5 million were encashed at the Bank's mobile counters and off-branch counters during the year.

CR IN THE WORK PLACE

The Public Bank Group recognises that its team of dedicated employees are the faces behind the success of the PB Brand. To sustain such dedication, the Group continues to invest substantial resources to enhance its Employee Value Propositions ("EVPs") in order to build an engaged, talented and effective workforce. Amongst the various initiatives undertaken are the provision of:

- ⇒ various benefits and programmes to ensure that employees' wellbeing are well taken care of by:
 - i. providing a safe, secure, healthy and conducive work environment
 - ii. enhancing the quality of life of its employees
 - iii. providing fair and competitive remuneration to all employees
- ⇒ training and development programmes to enhance employees' skills and competencies
- ⇒ fair and equitable employment terms to a diverse workforce of various ethnicity regardless of gender or creed
- ⇒ a conducive working environment in order to build an engaged workforce that stay loyal and grow with the Group

Employee's Well-being**Health and Safety**

Guided by the provisions of the Occupational Safety and Health Act ("OSHA"), the Public Bank Group has undertaken the following initiatives to provide a safe and healthy working environment for its employees:

- ⇒ formulating a Safety and Health Policy to create awareness amongst its employees on their roles and responsibilities in respect of safety and health at the work place;
- ⇒ establishing the Safety and Health Committees for head office and branches to review safety and health issues at the work place on a quarterly basis;
- ⇒ conducting quarterly in-house safety and health inspections with reference to the Hazard Identification, Risk Assessment and Risk Control principles;



- ⇒ conducting annual fire drill and fire safety briefings to ensure compliance with Public Bank's Safety Rules and Regulations; and
- ⇒ reminding employees from time to time of the Group's Non-Smoking policy within the office premises to ensure the air quality of the working environment remains smoke-free and healthy.

The Public Bank Group provides comprehensive medical benefits scheme comprising specialist treatment and hospitalisation for staff and their immediate families. To facilitate early detection and treatment of any serious illness, the Group encourages employees to attend biennial medical examinations at the Group's panel of clinics. To promote the health and wellbeing of employees, the Group coordinates with health service providers including specialist hospitals and fitness centres to conduct regular health related talks and fitness programmes for employees' participation. Other initiatives carried out by the Group during the year include holding Healthy Lifestyle programmes and workshops on Stress Management to help employees better manage their commitments and busy lifestyle. In 2014, a total of 14 programmes and workshops were conducted for the benefit of the Group's employees.

Enhancing Quality of Life

As a caring employer, the Public Bank Group is committed to provide a long term stable employment for its employees. Besides a competitive remuneration package, the Group provides a sustainable quality of life to employees with a wide range of benefit programmes. These include the provision of low interest or interest-free loans for housing, vehicles and other forms of financial assistance to purchase computers or to seek further education.

The Public Bank Group's effort to promote a balanced lifestyle also includes a user friendly leave management system to facilitate better planning of leave and vacations. A relief pool is also available to provide operational assistance at branches and other business centres to ensure business continuity in the event employees are away on leave or vacation. In line with the objectives of the Group's EVPs, flexible working arrangements have also been incorporated in its employees schemes which include:

- ⇒ Compassionate leave for unforeseen events such as floods and critical illness or death of family members.
- ⇒ Extended maternity leave for all post natal mothers beyond the mandatory 60 days.
- ⇒ Paternity leave for fathers to take care of their newborn.
- ⇒ Sabbatical leave with duration ranging from a few months to a few years to enable employees to attend to family matters, pursue further studies or for self-rejuvenation purposes.
- ⇒ Examination leave for employees.
- ⇒ Child care allowance for eligible employees with young children to alleviate the cost of child care services.
- ⇒ Subsidy for purchase of medical insurance to cover employees' immediate family.
- ⇒ Option for Muslim staff to leave work early during the fasting month of Ramadhan to enable them to break fast on time.

To promote work-life balance for its employees, the Public Bank Group organises various sporting activities such as futsal and bowling competitions for employees to pursue recreation through exercise and sporting activities. Social gatherings and annual dinners which involve significant levels of employee participation in the organising committees and performances are also held to promote cohesiveness and team spirit amongst employees.

Public Bank's corporate libraries which are stocked with comprehensive and up-to-date reading materials serve as conducive resource centres to provide employees with current and informative references as well as self-help literature. For employees' convenience, the Bank has also set-up the PB e-Library to enable all employees access to virtual reference books relating to business and banking, management, computer and information technology.

The Public Bank Group's care for its employees extends beyond their tenure of employment. The Group's Defined Benefits Scheme accord employees additional coverage over and above the statutory Employees Provident Fund contribution scheme. This long term benefit provides a social safety net for employees to sustain a quality lifestyle after their retirement. In 2014, the amount paid under the Defined

Contribution Scheme and Defined Benefit Scheme amounted to RM170.5 million and RM12.7 million respectively. In addition, the Group provides insurance coverage for death and total permanent disability sustained while in service via its employee protection insurance policies. In 2014, a total of RM3.7 million has been paid to employees and their next-of-kin for such insurance claims.

Employee Benefits

The Public Bank Group's merit-based compensation policies are regularly bench-marked against industry through regular market intelligence and participation in relevant surveys on compensation and benefits to ensure its employees are remunerated competitively and equitably. In 2014, the Group continued to reward employees based on their contribution to the Group. Branches were also awarded with handsome cash rewards for outstanding performance in selected key performance indicators to encourage team spirits and promote employee engagement. To encourage employees to strive for career progression, the Group accords additional defined benefits and perks as they progress up the corporate ladder to assume bigger roles and responsibilities.

Employee loyalty enables business continuity and effective succession planning. In the Public Bank Group, loyal employees are much valued and rewarded tangibly with long service awards. In 2014, the Group rewarded more than 1,400 employees who have served for 10 years or more with a specially minted long service award medallion. Employees also enjoy offers or corporate discounts from the Group's corporate tie-ups with selected service providers or business partners such as:

- ⇒ Vacation in hotels at special corporate rates
- ⇒ Purchase of selected vehicles
- ⇒ Promotional packages by established telcos and computer vendors
- ⇒ Corporate membership at fitness centres
- ⇒ Festive promotions at selected dining outlets

Training and Development

The Public Bank Group recognises the importance of human capital development to sustain the Group's long term business success. The Group invests substantial resources to train its employees to deliver the highest performance standards and to prepare them for career progression. The purpose-built Knowledge & Learning Centre at Bangi serves as the hub to continuously upgrade employees' skills and competencies based on market demand.

Structured in-house classroom training, on the job mentoring as well as external courses continue to be the main thrust in developing employees' technical and leadership competencies whilst the Learning Management System accords employees the flexibility to login for e-learning sessions at their own convenience. In 2014, a total of 34,075 participants completed the classroom training while 38,592 participants completed a wide range of e-learning courses covering product knowledge, management and leadership skills as well as relevant laws and regulations.

Advocating "Learning as a Life-Long Commitment" and to promote professionalism amongst its workforce, the Public Bank Group sponsors employees for various certification programmes and award incentives to employees upon their attainment of work-related qualifications.

Harmonious Industrial Climate For A Diverse Workforce

The Public Bank Group is committed to permeate a conducive industrial climate in order to garner the strength of its diverse workforce. As part of this commitment, the Group has undertaken the following initiatives:

- ⇒ The provision of fair and equitable employment terms regardless of ethnicity, gender or creed.
- ⇒ According equal opportunities for career advancement based on merit. This is supported by a well-established quantitative performance appraisal system which serves as the fulcrum point for learning and development, talent management as well as compensation and benefits.



- ⇒ Increasing the representation of women in management as well as top management by continuously seeking to create a work place that attracts, retains and develops women. The representation of women in management and top management positions of the Group's domestic workforce has increased from 40.1% and 42.5% respectively as at the end of 2013 to 41.8% and 43.7% respectively as at the end of 2014.
- ⇒ Extending employment opportunities to people with disabilities such as the visually impaired and provide support as well as assistance to employees with disability.
- ⇒ Involving all level of employees in organising major events to inculcate a culture of inclusiveness which encourages employees to mingle freely and cohesively to nurture team synergy.

Public Bank continues to observe mutual respect and maintain a cordial relationship with the various bank employee unions to foster good employee relations in the organisation. Putting into practice the principles laid out in the Code of Conduct for Industrial Harmony, the Bank engages with relevant national unions from time to time to discuss operational and staff relations matters. In addition, its open door policy allows employees access to appropriate channels of communication for feedback and grievance resolution. With the good rapport established with the various unions over the years, the Bank has always been able to resolve all disputes amicably.

The Public Bank Group's policy on Staff Conduct and Discipline which includes provision on sexual harassment ensures individual employee, irrespective of status, position, religion or gender is treated with dignity and free from any form of harassment, humiliation or intimidation. In dealing with grievances and allegations of misconduct, all cases are given prompt attention and managed with sensitivity to ensure timely resolution.

Employee Engagement

The Public Bank Group has always prioritised promotion of employees from within and provided upward opportunities to performing employees. To date, more than 95% of the Group's managerial staff were promoted from within whilst 41.0% of the domestic workforce has served the Group for 15 years or more, reflecting the success of the Group's employee retention policies.

To keep pace with the dynamics and challenges in the Public Bank Group's workforce either from inter generational gaps, gender equality or multicultural diversity, the Group has, besides its comprehensive range of EVPs, instituted the following initiatives to ensure continuous employee engagement:

- ⇒ Onboarding of New Employees – on joining the Public Bank family, new employees undergo a series of induction programmes to familiarise themselves to the Public Bank culture. In order to minimise new employee turnover and to facilitate smooth assimilation and engagement of new recruits, periodic contacts by Human Capital Management ("HCM") with new graduate trainees during their first year with the Bank are carried out to strengthen the relationship and serve as a channel for the graduate trainees to provide feedback on the progress of their training or to highlight problems or issues they may be experiencing. This will enable HCM to provide the necessary counseling or resolve problems the graduate trainees may encounter.
- ⇒ Management Seminars and Sales Conventions – organised annually, such events provide a platform for employees' input in the formulation of the Public Bank Group's strategic business direction. In addition, the event also helps to improve top team dynamics and serves to align the delivery expectations from employees with the goals and strategies of the Group.
- ⇒ "Making A Difference" Campaign – engaged employees want to contribute positively for the betterment of their organisation. In 2014, Public Bank launched the "Making A Difference" campaign to tap employees for suggestions to increase productivity, elevate service standard and improve work-life balance without compromising the quality of work. The campaign was initiated to engage all employees to contribute towards a better work-life balance in the Bank.

⇒ “Chairman’s New Year Message” – a personalised new year message with a thematic focus from the Founder and Chairman of the Public Bank Group, Tan Sri Dato’ Sri Dr. Teh Hong Piow to all employees at the commencement of each new year serves as a morale booster and carries the purpose to engage as well as energise all employees towards the organisation’s thrust and goals for the year.

As the Public Bank Group moves forward with a multi-generation workforce, it will continue to innovate and strategise new rules of engagement to ensure its EVPs continue to resonate with the passions, goals and lifestyle of its diverse workforce.

ENVIRONMENTAL CSR

Green Building

In 2011, the Public Bank Group commenced the construction of a 40-storey Public Mutual’s Head Office building located at Jalan Raja Chulan, Kuala Lumpur. The building, which is still under construction, is expected to be completed by end of 2015. The US Green Building Council under the Leadership in Energy and Environmental Design (“LEED”) Green Building Rating System and the Malaysia Green Building Confederation under the Green Building Index (“GBI”) certification system have awarded the pre-certification “Gold” rating to the building based on its green building designs and features. Some of the green building designs include:

- ⇒ specially designed sunshades and setbacks as well as effective use of low-emissivity double glazing glass windows and reflector to allow more natural light but less heat into the building.
- ⇒ architectural efficiency by orientating the building’s longer facade to face North-South and the building cores such as lifts, staircase and toilets to face East-West to reduce solar heat migration into the office space.
- ⇒ rainwater harvesting system to reduce dependence on potable water. A large proportion of the roof area has been designed to maximise catchment of rainwater.
- ⇒ a combination of micro-sprinkler and drip irrigation for purposes of watering the landscaped area and minimise wastage of water.

- ⇒ roof and landscape garden on top of both the tower and podium block, as well as the creation of a 2-meter green wall along the perimeter of the building to reduce ambient temperature as well as heat transmission into the building.
- ⇒ the building is equipped with under-floor air displacement system whereby conditioned air will be supplied from bottom up to cool the office space in a more efficient manner.
- ⇒ a sky-light opening is provided at the roof level of the grand lobby area to allow natural lighting into the main lobby and concourse area to reduce usage of electrical lightings.
- ⇒ photovoltaic cell will be installed at roof level to harness solar energy for powering the external lightings of the building.
- ⇒ installation of water efficient sanitary fittings to reduce the consumption of potable water.
- ⇒ daylight sensors for activation of office lightings and installation of energy saving bulbs to minimise power consumption and dependency on electrical lightings.
- ⇒ re-generating useful electrical energy when the lifts are in motion.
- ⇒ designated parking areas will be provided in the building for bicycles and electric motorcycles to encourage environmentally friendly modes of transportation.

Strict screening process had been adopted for the selection of contractors whereby only contractors with good track record on Environmental, Health & Safety Policies & Practices were shortlisted to tender for the project. During the construction process, the Project Manager had also been tasked with the responsibility of ensuring that the selected contractors adhere to the green building construction principles and required safety measures are undertaken at the construction site at all times. Since the commencement of the construction, more than 85% of the waste products at the site have been recycled or reused to avoid disposal of waste to landfill sites. The contractors have also achieved more than two million construction man hours with zero injury time.



Sound Environmental Practices

The Public Bank Group recognises the importance of the life-supporting ecosystem and ongoing initiatives have been carried out in its business and operational activities to minimise the Group's carbon footprints. The Group encourages its employees, vendors and service providers to support the measures implemented which include:

- ⇒ promoting paperless transactions through the automation of business delivery processes such as electronic loan delivery system, electronic loan review system, electronic loan request system and electronic disbursement tracking system as well as administrative processes such as human resource management system, equipment service record system, stock requisition system and electronic payment.
- ⇒ reducing environmental degradation through recycling waste papers and paper products.
- ⇒ reducing energy consumption through energy audit of all buildings occupied by the Group on a regular basis. Continuous improvement measures are being adopted to manage the electrical energy more efficiently such as proper maintenance of the cooling tower, chiller and air-conditioning system, revising the air-conditioning operating hours and investing in energy saving lightings.
- ⇒ encouraging employees, vendors and service providers to work with electronic documents to reduce duplication of hard copy documents.
- ⇒ supporting and participating in environmental awareness activities such as the Earth Hour Event whereby non-essential lightings at all the Group's main buildings were switched off in support of the event.
- ⇒ promoting the use of electronic payment system whereby payments are made directly to vendors' and service providers' accounts.
- ⇒ promoting the recovery of end-of-life electronic products and supplies by collaborating with HP Planer Partner Recycle ("PPR") Programme tailored by the computer vendor for the Group. Under the PPR Programme, the life of the electronic products and supplies are extended through remanufacturing and refurbishment programmes and only items which cannot be reused, recycled or reclaimed will be responsibly disposed.

STATISTICS

Economic Indicators

		2014 RM'000	2013 RM'000
Economic value generated	Revenue	16,860,071	15,264,300
Economic value distributed	Operating cost	8,186,714	7,105,983
	Employee wages and benefits	1,878,614	1,744,608
	Other operating costs	727,251	759,028
	Dividend paid	1,957,883	1,840,970
	Taxes paid	1,287,197	1,386,021
Financial capacity support:	Credit creation	23,868,250	23,392,639
Capital & value formation	Wealth accumulation [^]	25,666,987	25,830,864

[^] Net annual increase in customer deposits

AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY**(i) Corporate Governance Asia****a) 4th Asian Excellence Recognition Awards 2014**

- ⇒ Best Corporate Social Responsibility for Malaysia
- ⇒ Best Investor Relations Company for Malaysia
- ⇒ Best Corporate Communications Team for Malaysia

b) Corporate Governance Asia Recognition Award 2014 for Malaysia (Icon on Corporate Governance)**(ii) The Asset****The Asset Platinum Corporate Award 2014 for All-Round Excellence in:**

- ⇒ Financial Performance
- ⇒ Corporate Governance
- ⇒ Social Responsibility
- ⇒ Environmental Responsibility
- ⇒ Investor Relations

(iii) Asiamoney**25th Anniversary Corporate Governance Poll of Polls:**

- ⇒ Best Overall for Corporate Governance in Malaysia 2004 – 2013 (except for 2005)

(iv) Alpha Southeast Asia**a) Alpha Southeast Asia Institutional Investor Corporate Awards 2014**

- ⇒ Ranked top 3 Companies for Most Consistent Dividend Policy

b) Best SME Bank in Malaysia 2014**(v) Frost & Sullivan**

Frost & Sullivan Malaysia Best Customer Experience in Banking Award 2014

(vi) Credit Guarantee Corporation

Top SME Supporter Award 2013



PERFORMANCE DATA

HUMAN RESOURCE – MALAYSIA			HUMAN RESOURCE – MALAYSIA		
	2014	2013		2014	2013
WORKPLACE			Employee turnover breakdown by non-supervisory age group (%)		
Supervisory (%)	65.3	63.4	< 30	80.2	82.4
Non-supervisory (%)	34.7	36.6	30 to < 40	13.0	14.4
Female (%)	60.0	60.2	40 to < 50	6.1	2.0
Male (%)	40.0	39.8	50 and above	0.7	1.2
Age group (%)			PERFORMANCE MANAGEMENT		
< 30	36.6	38.0	Total number of employees appraised (%)	95.7	95.1
30 to < 40	32.1	33.0	Total number of staff awarded bonus (%)	94.7	94.4
40 to < 50	22.8	21.4	STAFF DEVELOPMENT		
50 and above	8.5	7.6	Employee participation in training:		
Diversity (%)			Classroom (Headcount)	34,075	34,215
Malay	37.7	38.2	E-learning (Headcount)	38,592	46,683
Chinese	55.5	54.8	Average no. of participants per training programme	27	27
Indian	6.5	6.7	Average training budget per employee (RM)	2,579	2,360
Others	0.3	0.3	Total hours of training per employee	29	29
Service in the Group (%)			Percentage meeting statutory requirement of minimum 2.5%	3.32	3.08
< 1 year	7.8	8.5	EMPLOYEE WELFARE		
1 to < 5 years	18.6	20.0	Total amount of staff loans approved (RM'000)	344,264	315,931
5 to < 15 years	32.6	29.4	Total outstanding amount of staff loans (RM'000)	1,463,957	1,307,690
15 years and above	41.0	42.1	Benefits paid under the Group's protection insurance policies:		
Women in management (%)	41.8	40.1	(i) Personal Accident Insurance (RM'000)	0	451
Women in top management (%)	43.7	42.5	(ii) Group Term Life Insurance (RM'000)	3,670	1,009
Total no. of recruitment (Headcount)					
Supervisory	1,374	1,334			
Non-supervisory	205	335			
Total no. of promotion (Headcount)					
Supervisory	945	1,001			
Non-supervisory	216	347			
EMPLOYEE TURNOVER (%)					
Supervisory	10.2	10.8			
Non-supervisory	5.1	6.0			
Employee turnover breakdown by supervisory age group (%)					
< 30	80.0	74.4			
30 to < 40	13.4	16.2			
40 to < 50	4.9	6.1			
50 and above	1.7	3.3			

Human Capital Development

IN PUBLIC BANK, OUR LEADERS VALUE DIVERSITY OF THOUGHT. WE WANT TO DEVELOP DIFFERENT PERSPECTIVES SO THAT WE CAN ULTIMATELY ACHIEVE BETTER BUSINESS RESULTS. EACH EMPLOYEE BRINGS HIS OWN STRENGTH AND CAPABILITY INTO AN ORGANISATION AND THE ORGANISATION RELIES ON THIS POOL TO TAKE IT TO THE NEXT SPHERE OF SUCCESS.

INTRODUCTION

The journey to success is governed by increasingly complex and broadening regulatory requirements and stakeholder demands. How organisations manage their human capital today will define their competitive position tomorrow. It's not what you know, it's what you do with what you know that makes a difference.

The first thing we build is our PEOPLE. In Public Bank, we believe that we are in the business of building deep and lasting relationships with our customers, shareholders, stakeholders and the community. That, we can only do through our people. We view our employees as the pillar of the Bank's business. It is our people who build relationships and brand our Bank.





UNLOCKING AND MAXIMISING THE POTENTIAL OF OUR TALENT POOL

Based on our core belief that every employee is a partner of growth, we continuously capitalise in the advancement of expertise across various categories of people within the Public Bank Group in an effort to nurture talents as part of our corporate development strategy.

We are part of a fast-moving, knowledge-intensive industry and we see learning as a lifelong process to help our employees stay abreast of new skills and knowledge, embrace the inevitability of change as well as sustain its relevance. With a training budget for 2014 of more than RM38.9 million, we rolled out a slew of talent growth programmes across a wide range of disciplines and hierarchy levels.

On-going development of employees is key to current and future success. We have a constant finger on the pulse of the industry to ensure that our programmes are relevant and effective as well as reflect our passion for all-round excellence. We believe there is always more we can achieve and more potential to unleash. Public Bank encourages employees to go beyond their boundaries and enhance themselves through upgrading of skills, taking cross rotational roles and other value-added initiatives to create a high performance work culture.

To add value to their job performance and enhance their professionalism as well as for a holistic and solid foundation, staff are encouraged to pursue professional certification such as Chartered Banker Pathway, Professional Credit Certification, Certified Financial Planner, Certified Documentary Credit Specialist, Certification in Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") and Certification in Islamic Banking & Finance.

Employee placement is made to ensure that staff is put in positions where they can most effectively display their abilities and fulfill their potential. Clear career and development plans are also designed and made known to staff so that they are able to chart their future.

As the Public Bank Group's staff continue to progress in their career, the Group is also challenged to prioritise their individual ability and aspirations to move from one business line within the Group to another as well as to move up the corporate ladder. As support measures, specific training paths are drawn up for different job streams. An employee who started off his career in sales can opt to move on to the business stream through re-training and up-scaling which includes completion of identified mandatory programmes.



Nurturing Leadership Qualities Begins Right From The Day Our Employees Join The Company



CREATING A POOL OF FUTURE LEADERS

As part of our vision to create world-class managers, we have a robust Leadership Model built on the leadership philosophy and competencies that are required to support the Public Bank Group's aspirations. Public Bank's leadership philosophy describes the essence of a great leader guided by the corporate values of teamwork, integrity, competency, excellence, efficiency and relationship building. The leadership competencies serve as a guideline for assessment of leaders and reiterate the six core competencies that every Public Banker should have. These are strategic thinking, a spirit for achievement, ability to develop talent and cultivate relationships, being customer-centric and the desire to innovate and change.

Public Bank constantly looks out for strong performers to be groomed into future leaders. Our leadership development programmes are designed to ensure that we have the right calibre of leaders, in the right roles and the right time to meet current and future business needs.

We have a series of entry-level pipeline programmes aimed at developing skill sets and leadership capabilities in their areas of interests.

1. The PB TalentMax Programme for Graduate Trainees spans a one-year period, incorporating classroom training, on-the-job training, projects or learning assignments as well as mentoring and attachments at relevant Head Office divisions. This principle enables our talents to pick up essential technical skills, provides them with the opportunity to hone leadership competencies and business awareness; preparing them for the right job fit in the organisation. We have also enhanced and aligned existing PB TalentMax programmes with market trends to attract the best fresh graduates in the market. In 2014, we successfully recruited 726 fresh graduates within the Group.
2. Branch Management Entry Level Pipeline is designed to groom aspiring branch managers by providing them with targeted learning and skills sets through an intensive training experience in branch management. Potential managers undergo both formal and experiential learning; networking with professionals and enhancing their understanding in operations and controls, sales and marketing, customer service and staff management before they are accelerated into a managerial position within one of Public Bank's business lines.



A series of learning and development for senior leaders are also in place. To ensure that our senior leaders are upskilled in contemporary thinking on executive management, they are exposed to a series of leadership programmes via collaborations with institutions such as INSEAD, The ICLIF Leadership and Governance Centre, and Harvard Business School. Executive coaches also guide identified High Potentials to better performances.

To facilitate knowledge sharing, highly reputable speakers were also invited to share their experience and thoughts on global trends in Leadership as well as the Future of Banking. Public Bank leaders are given the opportunity to learn from industry heavy weights.



Nurturing Culture

SETTING THE CULTURE	ALIGNING THE CULTURE	FOSTERING CULTURE	INSPIRING CULTURE
Translate C-suite vision, mission and dreams.	Identify belief-experience gaps.	Develop leaders on taking personal ownership.	Identify individual strengths and assess job fit.
Clarify expectations of key changes.	Communicate expectations of key changes.	Develop champions who engage on strengths.	Develop personal responsibility and integrity.
Quantify the change management effort.	Create the "critical mass" for culture alignment.	Develop sense of accountability.	Resolve issues of conflict, ethics and morality.

NURTURING CULTURE AND ENGAGEMENT LEVEL

Public Bank believes that culture dictates results, and it is a culture of engagement excellence that creates breakthrough results.

The Public Bank's strategy involves the four elements of setting, aligning, fostering and inspiring culture.

An inspired and engaged workforce needs to be nurtured with the right environment which will enable us to drive the right behaviours across the organisation to achieve long term outcomes. We place emphasis on our culture, which guides how we do business, work together and collectively deliver value across the Group.



Learning is an irreplaceable component in defining an organisation's culture to support the innovation, market adaptation and employee engagement necessary for success. A learning effort that is integrated into an organisation's culture and strategy engages the hearts and minds of the employees. Companies with adaptive, performance-enhancing, or high-impact learning cultures win in the marketplace.

The success of our business depends on inspired and engaged people, where our staff have a profound sense of belonging and connection to the workplace – with colleagues, customers, stakeholders and communities across the regions where they are present. We nurture our people to fulfill their potential and achieve both personal and corporate goals, creating a workplace that offers more than just a career.

In Public Bank, we believe that employees must also understand and appreciate how they fit into the bigger picture. This will enable them to view themselves as worthy contributors towards the organisation's goals and mission. Our orientation material for new staff incorporates case studies that explore how we live our values. This ensures we attract people who have an affinity for our culture, and help them understand what our values mean to the way we work everyday.

Active communication also goes a long way to ensure that staff is well-informed about Public Bank's operations, business strategies and management decisions in order for them to carry out their duties effectively.

Engagement initiatives are driven via a top-down approach while ideas and actions are derived via a bottom-up approach. Staff are constantly challenged to contribute their creativity via many different mediums and avenues on various initiatives including campaigns, projects, corporate responsibility initiatives and service improvement.

In 2014, "Making A Difference" ("MAD") campaign was launched. This MAD campaign provides an avenue for all staff regardless of rank to participate and take ownership to contribute towards improving the quality of our work life. Throughout the organisation, staff is encouraged to unleash their creativity to improve work processes and cost savings as well as elevate our service delivery. This campaign promotes innovation that boosts productivity and provides the baseline for change.

In Public Bank, our leaders value diversity of thought. We want to develop different perspectives so that we can ultimately achieve better business results. Each employee brings his own strength and capability into an organisation and the organisation relies on this pool to take it to the next sphere of success.



VALUING AND MOTIVATING OUR PEOPLE

Our Employees Make a Difference In People's Lives. And We Are Committed To Making a Difference In Theirs.

Quality of Life

The Public Bank Group continues to support its aim of providing its employees with long-term stable employment with the Group. Besides a competitive salary structure, the Group seeks to provide a sustainable quality of life to its employee with a holistic and wide ranging benefit programmes. Included amongst these programmes are staff loan schemes providing low interest or interest-free loans for housing, vehicles, incentives for self-development and medical benefits for family members.

The health and well-being of our employees are important to us, and we encourage them to participate in the company's organised sports and recreation activities. Social gatherings and annual dinners which involved significant levels of staff participation in the organising committees and staff performance are also held to promote cohesiveness and team spirit amongst staff.

Leaders are required to spearhead the growth of the company while teamwork ensures that goals and objectives are met quickly and efficiently. Above all, the health of all team members is crucial to ensure minimum lost hours from sickness and absenteeism.

Stress management workshops are conducted for all levels of staff. This is to help them recognise stress and know how to prevent stress from becoming destructive by taking full control of their mind, body and work. The workshops incorporate a holistic view on stress management that includes linking stress with nutrition, physical fitness, mental health, emotional wellbeing and work life balance. Programmes on Healthy Lifestyles and Health Awareness Day are also organised.

The Public Bank Group's care for its employees extends beyond their tenure of employment. Over and above the statutory EPF contribution for all employees, the Group provides a defined benefit retirement scheme for eligible officers of Public Bank and certain subsidiary companies. This long-term benefit provides employees with a social safety net to sustain a quality lifestyle after they retire from the Group. In 2014, RM12.7 million was paid out under the defined benefit scheme.

Competitive Remuneration

The objective of the Group's remuneration policy is to specify frameworks that commensurate with employee's performance and contributions while serving as an employee attraction and retention tool. The remuneration policy further aims to align rewards with prudent risk-taking and balances short-term remuneration with longer-term performance; setting out a structure which governs fixed salaries and variable performance bonuses. The Group conducts comprehensive reviews on the remuneration policy periodically as well as benchmark it against the industry to ensure that the Bank's compensation practices and programmes remain relevant and stay abreast of market developments and regulatory requirements.

We have a robust performance management cycle which starts in January with business goals and key performance indices set by senior management. These are then cascaded through the Bank with individual goals and targets set. Throughout the year, our people are coached and given feedback on their performance and the outcome is used to determine remuneration, career development and performance improvement plan for the following year. This includes career pathing and a clear indication of the competencies needed for promotion.

CONCLUSION

Human capital sits at the core of our business strategy. Our long-term success depends on us having the right people, with the right skills, in the right roles, thriving in the right culture. The Public Bank Group is resolute in building a team of qualified, dependable and honourable bankers, able to foster long-term customer relationships built on trust, respect and doing what is right.

Calendar of Significant Events 2014

CORPORATE



3 January

Putrajaya Branch became the second Public Islamic Branch upon its successful conversion from a conventional 'deposit-taking' branch.



17 January

Campu Securities Plc. and Cambodian Public Bank Plc. jointly organised a seminar on Cambodia securities market for Cambodian Public Bank Gold card members at the Phnom Penh Hotel, Phnom Penh, Cambodia. The seminar was officiated by His Excellency Sok Dara, Deputy Director General of the Securities & Exchange Commission of Cambodia ("SECC") and also attended by Senior Officials from the SECC.



20 January

1,300 sales personnel of Public Bank Group attended the National Sales Convention 2014 with the theme 'Safeguarding Our Brand Value', held at the Sunway Resort Hotel & Spa, Selangor.

22 February

Public Bank opened its fourth Red Carpet Banking Centre at SS2 Branch, Petaling Jaya, Selangor.

28 February

Public Bank opened Taman Daya Branch in Johor Bahru, Johor. This is the Bank's 31st branch in Johor and the 259th branch in Malaysia.



2 March

A one-day Business Forum 2014 was organised by Public Bank (Hong Kong) for all levels of staff at the Auditorium of KITEC, Kowloon Bay, Hong Kong with 575 in attendance.



8 March

1,371 staff consisting of Managers and Officers from within Malaysia as well as abroad attended the 2014 Public Bank Management Seminar which was held at the Sunway Resort Hotel & Spa, Selangor.



20 March

Public Bank (Hong Kong) ("PBHK") and AIA jointly organised the first Sales Forum 2014 since the launching of the strategic bancassurance partnership in September 2013. The forum was held at AIA Tower in Central Hong Kong with the theme 'Partners in Excellence' and attended by PBHK and AIA Senior Management, Branch Managers, Bancassurance team and sales personnel of PBHK.



27 March

70 Senior Management staff attended a talk on 'Financial Modelling and Forecasting' presented by Mr. Harold Graycar from XL Numerics held in Menara Public Bank, Kuala Lumpur.



11 April

Managing Director, Tan Sri Dato' Sri Tay Ah Lek received the Certificate of Accreditation for the Bank's in-house training programme course on Financial Analysis for Credit from the CEO of Finance Accreditation Agency ("FAA"), Dr. Amat Taap Mansor at Menara Public Bank. The FAA is an international and independent quality assurance and accreditation agency supported by Bank Negara Malaysia and Securities Commission Malaysia.



17 May

More than 2,200 participants attended the Public Mutual 25th National Sales Convention held at the Sunway Grand Lagoon Ballroom, Sunway Resort Hotel & Spa, Selangor.



31 March

4,861 shareholders attended Public Bank's 48th Annual General Meeting ("AGM") held at Shangri-La Hotel, Kuala Lumpur. Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow welcomed all the shareholders and members of the press to the AGM and presented a review of the Public Bank Group's 2013 performance.



29 April

Public Bank appointed Ms. Cheah Kim Ling as an Independent Non-Executive Director of Public Bank.



18 May

More than 3,100 Unit Trust Consultants ("UTCs"), staff and guests gathered for the Public Mutual Annual Awards Nite 2014 at the Mines International Exhibition and Convention Centre to acknowledge top performing UTCs for 2013.

Calendar of
Significant Events 2014**6 June**

Public Bank shareholders approved the proposed Public Bank's Rights Issue at the Extraordinary General Meeting held at Shangri-La Hotel Kuala Lumpur.

**26 June**

Campu Securites Plc. and Cambodia Securities Exchange ("CSE") jointly organised a seminar on Equity Valuation for companies intended to be listed on CSE.

**28 June**

Public Bank opened its fifth Red Carpet Banking Centre at Taman Johor Jaya Branch, Johor.

**24 June**

Cambodian Public Bank Plc. entered into a Memorandum of Understanding with three Japanese banks namely Resona Bank Ltd., Saitama Resona Bank Ltd. and Kinki Osaka Bank Ltd. to strengthen business collaboration in various areas of cooperation on the basis of equality and mutual benefit.

**27 June**

Cambodian Public Bank Plc. appointed Dr. Ghanty Sam Abdoullah, as an Independent Non-Executive Director of the Bank.

**1 July**

A talk entitled 'Too Many Bosses, Too Few Leaders' was presented by Mr. Rajeev Peshawaria, CEO of ICLIF Leadership & Governance Centre in Malaysia to the Senior Management staff at Menara Public Bank, Kuala Lumpur.



15 July

Public Bank entered into an agreement with the Bank for Investment and Development of Vietnam ("BIDV") to acquire BIDV's 50% equity interest in VID Public Bank. Upon completion of the agreement, VID Public Bank will become a wholly-owned subsidiary of Public Bank.



20 August

Campu Lonpac Insurance Plc. expanded its presence in Cambodia with the opening of its first branch located in Siem Reap.



28 August, 4 & 5 September

A series of business meetings between the Senior Management of Public Bank and selected Branch Managers and HP Centre Heads were held in Menara Public Bank. A total of 161 Branch Managers, 27 HP Centre Heads and 20 selected HP Business Managers attended the business meetings.



25 July

Cambodian Public Bank Plc. opened its 26th branch in Boeung Trabek, Phnom Penh and its 27th branch in Krong Suong, Tboung Khmum respectively.



25 August

Mr. Kazuhiro Higashi, President of Resona Bank Ltd, paid a courtesy visit to Cambodian Public Bank Plc. after the signing of the Memorandum of Understanding between Resona Bank Ltd, Kinki Osaka Bank Ltd and Saitama Resona Bank Ltd with Cambodian Public Bank Plc.



4 September

Public Bank participated in the annual Malaysia My Second Home ("MM2H") Seminar organised by the Ministry of Tourism and Culture held at the Multipurpose Hall, Ministry of Tourism and Culture in Putrajaya. Approximately 40 affluent Japanese senior citizens attended the seminar which was part of a Visit Malaysia Year 2014 and MM2H fact-finding trip.

25 July

Campu Lonpac Insurance Plc. appointed Dr. Ghanty Sam Abdoullah to its Board as an Independent Non-Executive Director.

Calendar of
Significant Events 2014**6 October**

Winton Financial Limited's Causeway Bay Branch was relocated to a new premises in Wan Chai, Hong Kong.

**31 October**

Public Bank hosted a delegation from the State Bank of Vietnam who was on a one-week study tour to Malaysia to research on the establishment of a mortgage refinance agency aimed at developing the housing sector in Vietnam.

**18 November**

An investment seminar for high networth customers was held in Kota Kinabalu, Sabah in conjunction with the launching of PB Global Equity Fund.

**17 October**

Public Bank renewed its support of the National Awards for Management Accounting ("NAfMA") to promote professional development with a five-year sponsorship totalling RM300,000 based on an annual grant of RM60,000 per year.

**14 November**

Public Bank Sri Lanka Operations opened its 3rd branch at Galle in the southern part of Sri Lanka.

**24 November**

Public Bank and PT Bank Central Asia Tbk, Indonesia entered into a non-exclusive Memorandum of Understanding to further strengthen business collaboration between the two banks in various strategic areas of cooperation.



CORPORATE SOCIAL RESPONSIBILITY



28 January

A one-day charity sale was organised at the Grand Lobby of Menara Public Bank in aid of IJN Foundation's funds raising activities.



22 February

17 Public Bank Graduate Trainees carried out a 'gotong-royong' clean-up session at a community park located at SS23 Taman SEA, Petaling Jaya as part of their CSR activity of the PB TalentMax Frontline Graduate Trainee Programme.



1 – 2 March

Cambodian Public Bank Plc. sponsored USD1,500 for the annual BUAYA Club Golf Tournament held at the Garden City Golf Club, Phnom Penh organised for expatriates and professionals working and residing in Cambodia.



29 January

Cambodian Public Bank Plc. donated USD1,000 to the Nokor Tep Foundation, a Non-Government Organisation for the third consecutive year to help fund the building of the Nokortep Women's Hospital in Phnom Penh, targeted to be opened in 2015.



28 February

Public Bank hosted a visit by a group of 98 students on a study tour from Kelab Himpunan Mahasiswa Matematik, Universiti Malaysia Terengganu at Menara Public Bank, Kuala Lumpur.



14 March

In conjunction with Global Money Week 2014, Cambodian Public Bank Plc. hosted a study visit by 30 students from the American Intercon School to enable them to learn about savings, money and the financial systems.

Calendar of
Significant Events 2014**18 March**

Public Bank contributed RM5,000 to the IJN Foundation for its 'Mending Hearts & Saving Lives' Charity Dinner Concert held at the Shangri-La Hotel Kuala Lumpur aimed at raising funds for the needy.

**9 April**

A one-day Cancer Awareness Programme was organised by Majlis Kanser Nasional ("MAKNA") at the Grand Lobby of Menara Public Bank to create awareness of the disease.

12 June

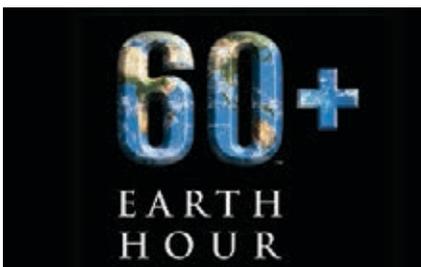
Public Bank Vientiane Branch donated a sum of LAK2 million to the Education for Development Fund, Lao ("EDF-Lao") 'Book To School' project to provide textbooks to primary schools, teaching manuals to teachers and research funding towards developing improved instructional materials.

22 March

Cambodian Public Bank Plc. donated USD1,000 to the Nodojiman Japanese Song Contest 2014 organised by the Japanese Embassy to promote and encourage the study of the Japanese language amongst the Cambodians.

22 April

Public Bank continued to sponsor the annual National Tax Conference organised by the Inland Revenue Board and Chartered Tax Institute of Malaysia with a contribution of RM8,000.

**29 March**

Public Bank joined businesses worldwide in the Earth Hour event by switching off lights at Menara Public Bank for an hour to promote environmental sustainability.

1 - 3 May

Public Bank sponsored RM6,000 towards the Annual Malaysia-Singapore Bench and Bar Games and Quadrangular Games 2014 which were participated by 700 law practitioners from both countries.

21 June

A one-day CSR 'Gotong Royong' Programme was organised at Persatuan Penjagaan Kanak-Kanak Cacat Klang, Selangor with 50 staff volunteering their time to clean and paint the home. Public Bank donated RM33,000 to the home whilst the staff of Public Bank contributed another RM13,000.



21 June

18 Graduate Trainees from the PB TalentMax Frontline Graduate Trainee Programme visited Rumah Charis and donated food items and monies totalling RM3,700 from contributions they have raised.



22 July

In conjunction with Hari Raya celebration, 100 paediatric patients of the Selayang Hospital received goodie bags and duit raya worth RM24,000 from Public Bank. The Bank also donated electrical items worth RM5,000 to the paediatric ward.



26 August

In support of Inland Revenue Board of Malaysia's initiative to create a tax savvy generation amongst the youth, Public Bank sponsored 200 units of backpack worth RM5,200 for students who attended the IRB's Tax Smart Camp held at the Malaysian Tax Academy in Bangi, Selangor.



10 July

The IJN Foundation received the final grant of RM100,000 from Public Bank for the operations and management of the Halfway House – Domitori Yayasan IJN-Public Bank. The grant was part of the RM500,000 contribution committed over a period of five years which began in 2010.



23 August

The eighth-batch of PB TalentMax Frontline Graduate Trainees visited Rumah Bakti Al Kausar, an orphanage located at Bandar Baru Bangi, Selangor. The Graduate Trainees presented a donation to the orphanage to help in their daily upkeep and carried out a 'gotong-royong' at a park near the orphanage.

STAFF RELATIONS



3 February

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, hosted a Chinese New Year Open House for Board of Directors and management staff of Public Bank Group held at the Sunway Resort Hotel & Spa, Selangor.



1 – 2 March

Public Bank participated in the Inter-Financial Institutions Futsal Tournament 2014 organised by the National Bank's Sports Council Malaysia at Sports Planet Subang Grand, Subang Jaya, Selangor.



8 March

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank presented the Branch Performance Awards to top performing branches. The prestigious Founder & Chairman Award for the overall Best Branch was awarded to Johor Bahru branch.



12 March

A total of 52 top Regional Sales and Support Unit Trust and Bancassurance sales staff who qualified for the 'Foreign Incentive Trip Challenge 2013' were rewarded with a trip to Switzerland and Austria for their outstanding achievement.



15 March

Public Bank Group, Hong Kong held its Annual Dinner 2014 at the Kowloon Bay International Trade & Exhibition Centre with more than 1,300 attendees.



15 April

Another team of 107 top Regional Sales and Support Unit Trust and Bancassurance sales staff who qualified for the 'Foreign Incentive Trip Challenge 2013' were rewarded with a holiday trip to Shanghai, Suzhou and Hangzhou, China.



14 June

Public Bank participated in the Inter-Financial Institutions Bowling League 2014 organised by the National Bank's Sports Council Malaysia at Mega Lanes, Endah Parade, Seri Petaling, Kuala Lumpur.



8 August

Public Bank Group, Hong Kong Sports Club organised a 4x4 Football Competition 2014 at the indoor sports venue at Kwun Tong, Kowloon with nine participating teams.



16 August

The Public Bank 48th Anniversary Banquet 2014 was held at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor with the theme 'Thoroughbred Galore'. About 3,100 staff from head office attended the event which was graced by Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.



22 August

Mr. Quah Poh Keat, Deputy CEO visited Graduate Trainees who were attending the PB TalentMax Frontline Graduate Trainee Programme at Public Bank's Knowledge & Learning Centre in Bangi, Selangor to share with them their banking knowledge, skills and abilities required to operate at the frontline.



1 September

'Making A Difference' or MAD Campaign was launched to encourage all level of staff to contribute ideas to improve the quality and productivity of work in the Bank; either work processes, elevating service delivery, providing cost savings and any other areas.



18 October

Public Bank Wilayah Persekutuan/ Selangor Regions celebrated the Bank's 48th Anniversary Dinner at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor with the theme 'Truly Asia' together with Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.



7 December

The Public Bank Group Sports Club organised a Bowling Tournament for the Group's staff at Pyramid Mega Lanes, Sunway Pyramid Shopping Centre, Bandar Sunway, Petaling Jaya. 41 teams participated and a total of RM4,740 in cash prizes were awarded to the winners of the tournament.



20 December

The Public Bank Group Sports Club held its annual Futsal Tournament at the Sports Planet, Ampang, Kuala Lumpur with 40 participating teams. A total of RM7,900 in cash prizes were awarded to the winners.



25 December

In the spirit of Christmas, the staff of Public Bank Group fulfilled the wishes of underprivileged children from the Spastic Children's Association of Selangor & Federal Territory, Trinity Children's Home, Shelter Home for Children, Shepherd's Centre Foundation, Pusat Penjagaan Kanak-Kanak Cacat Taman Megah and Persatuan Rumah Kanak-Kanak Ini Disayangi by donating RM60,000 collected through a Christmas Wish Tree charity drive conducted during the festive period.



PRODUCTS AND SERVICES

PB Super FD Gets Even Better

8.88%

Month 7	Month 8	Month 9	Month 10	Month 11
3.68%	3.78%	3.88%	4.88%	6.88%
3.00%	3.18%	3.28%	3.50%	3.46%
3.50%	3.50%	3.50%	3.50%	3.50%

PLACEMENT AMOUNT	PB SUPER FD RATES	PLUS SA RATES	TOTAL
Minimum	24,000 - 5,000		30,000
Maximum	2,400,000 - 9,000,000		3,000,000

Flexibility to withdraw at any time and still entitle to the Bank's prevailing FD counter rates.

28 January

The popular PB Super FD Rates was launched offering new and existing Public Bank customers step-up fixed deposit interest rate of up to 8.88% per annum with minimum placement of RM30,000 in fresh funds and up to a maximum of RM3 million.

PB SME CARE
INVEST IN YOUR MOST VALUABLE ASSETS

6 March

Public Bank introduced the PB SME Care, an employee benefit insurance underwritten by AIA Berhad. It is an insurance for small and medium enterprises and consists of two basic plans – Group Health Plan and Group Term Life.



15 May

Public Bank launched its new internet banking website 'PBe' which showcased a bright and bold contemporary design.

\$RM
£RM

COMPLIMENTARY GIFT

1 March

Public Bank launched PB Dual Currency Investment ("DCI") Golden Horse Campaign which offered an exquisite framed 24K Gold-plated Horse as a gift with every RM250,000 of new DCI investment. The Campaign is open to all new and existing individual customers and employees of the Public Bank Group.



8 May

The PB Visa Signature Credit Card was launched which targeted at the mid-affluent segment market with minimum income level of RM100,000 per annum. Card members enjoy double rewards of 6% cash rebate for grocery, dining and online transaction while every Ringgit charged on other retails transaction will be rewarded with one VIP point.

PB INCOME PLUS PLAN
MAXIMIZE YOUR WEALTH WITH ADDED PROTECTION

21 May

PB Income Plus Plan ("PBIPP"), a single premium investment-linked bancassurance product was launched. PBIPP is an eight year close-ended single premium investment-linked plan that offers potential capital and income growth opportunity from investments in ringgit denominated corporate bonds, debts securities issued or guaranteed by the Government of Malaysia and Malaysian equities and warrants.

Calendar of
Significant Events 2014

Bonus interest rate with PB FCY FD

PB FCY FD TOP UP RATES

ADDITIONAL 1% p.a. (on top of the respective base rate)

Term: 1-month / 3-month / 6-month

Eligible Currencies: USD, GBP, AUD, NZD & CNY

1 June

Public Bank launched the PB FCY FD Top Up Rates Campaign which was open to all new and existing, individual and non-individual Public Bank customers with minimum placement of RM10,000 equivalent in the respective participating foreign currency.

PB STEP UP FD

Earn higher interest / expected profit rates on your next 3 rollovers

3.80% p.a.
Months 1 - 3 (3-year maximum)

3.60% p.a.
Months 4 - 6 (3-year maximum)

3.40% p.a.
Months 7 - 36 (3-year maximum)

1 July

Public Bank and Public Islamic Bank jointly launched the PB Step Up FD Campaign which offered promotional interest/profit rates of up to 3.80% per annum. The minimum deposit was RM20,000 up to a maximum of RM10 million for individual customers and a minimum of RM50,000 and up to a maximum of RM20 million for non-individual customers. The campaign ran for a 3-month period from 1 July to 30 September 2014.

PB ENDOWMENT PLUS PLAN

YOUR SAVINGS AND PROTECTION NEEDS

1 July

The PB Endowment Plus Plan was launched from 1 July 2014 to 15 August 2014 and underwritten by AIA Berhad to cater to customers in different life stages.

PUBLIC BANK WELCOME OFFER
21 July - 31 October 2014

RM30,000

Months of cash prize awards when you open a PB SaveLink or PB CurrentLink account today!

RM5,000 x 10
Lucky Winners

Selected 200 BonusLink Privilege for PB SaveLink or PB CurrentLink account holders with Public Bank and stand a chance to win the cash prize.

21 July

Public Bank and BonusLink again collaborated to launch the Public Bank Welcome Offer campaign from 21 July 2014 to 31 October 2014 to reward loyal customers and encourage savings. It was open to new and existing Public Bank customers who do not own a PB SaveLINK or PB CurrentLINK account.

Earn more interest / profit with **PB FD XTRA**

4.08% p.a.

Category	Minimum Placement (RM)	Maximum Placement (RM)
Individual	50,000	10,000,000
Non-Individual	50,000	20,000,000

3.68% p.a. (First 6 months)
4.08% p.a. (Next 6 months rollover)

Eligible Products: PB FD Convertible Term Deposit (Islamic)
Promotional Period: 1 September - 31 December 2014.

1 September

Public Bank and Public Islamic Bank jointly launched the PB FD Xtra Campaign to reward customers with higher promotional interest or profit rates of up to 4.08% p.a.

PUBLIC BANK PUBLIC ISLAMIC BANK

PB engage
Public Bank Berhad

INSTALL

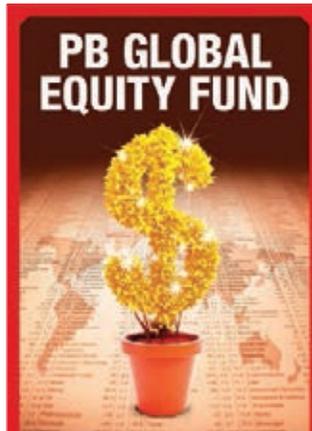
10 Downloads 5.0 7.4 Finance Similar

PBB's brand new multilingual mobile banking app for savvy consumers on-the-go.

READ MORE

23 September

Public Bank enhanced its mobile internet banking with the introduction of 'PB engage', a new mobile app which provides customers the flexibility and convenience of accessing their financial accounts and conduct banking transactions on the go.



7 October

Public Mutual launched PB Global Equity Fund ("PBGEF") under the PB Series of Funds. The fund sought to achieve capital growth over the medium to long-term period by investing in global markets. With PBGEF, investors are able to participate in the long-term growth potential of multinational companies in a variety of sectors such as financial, healthcare, services and consumer sectors.



16 October

Public Mutual launched two new mixed asset funds, Public Select Mixed Asset Growth Fund ("PSMAGF") and Public Select Mixed Asset Conservative Fund ("PSMACF"). PSMAGF sought to achieve capital growth by investing 40% to 70% of its net asset value (NAV) in equities. PSMACF would invest 60% to 75% of its NAV in fixed income securities to generate income and 35% in equities to achieve capital growth.



1 December

To celebrate the coming Chinese New Year, Public Bank launched the PB Golden Fortune campaign which offered exclusively designed 24K gold plated gifts to customers who deposit in the Unit Trust Golden Plan, Gold Investment Account Golden Plan and PLUS Current or Savings Accounts between 1 December 2014 to 31 March 2015.

AWARDS AND ACCOLADES

**23 January**

Winton Financial Limited won the 'Best Loved Brands Awards 2013 – Best Loved Finance and Credit Service' by RoadShow, a leading media sales and management and advertising agency in Hong Kong.

**18 February**

Public Mutual emerged as the biggest winner at The Edge-Lipper Malaysia Fund Awards 2014 sweeping a total of 10 awards. This is the 11th consecutive year Public Mutual has emerged as the biggest winner.

**13 March**

Public Bank won the Malaysia Best Customer Experience in Banking Award 2014 in the inaugural Frost & Sullivan Best Practices in Customer Experience Awards. The award honoured the Bank's excellent customer service for its Self-Service, In-Branch Services and Customer Support Channel.

**17 March**

Public Mutual was accorded the 2014 Morningstar Malaysia Fund Awards for Public Islamic Bond Fund and Best Islamic Malaysia Bond Fund.

**20 March**

Public Mutual won two awards at the 2013 Asia Asset Management Best of the Best Awards for Malaysia Best Retail House and Malaysia Islamic Fund House of the Year.

**3 April**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, was conferred Asia's Best CEO 2014 for Malaysia for the fourth consecutive year by Corporate Governance Asia in their 4th Asian Excellence Recognition Awards 2014.



3 April

For the fourth consecutive year, Public Bank was awarded by Corporate Governance Asia with the Best Corporate Social Responsibility for Malaysia and Best Investor Relations Company for Malaysia in their 4th Asian Excellence Recognition Awards 2014. The Bank also won the Best Corporate Communications Team for Malaysia.



9 April

Public Bank bagged an award from Pusat Pungutan Zakat Wilayah Persekutuan for the Best Zakat Collecting Agent in Terms of Percentage in the Banking Category for 2013.



30 April

The Bank of New York Mellon presented Public Bank with the Straight-Through Processing Award 2013 for the fourth consecutive year.



5 April

Public Islamic Bank was awarded the Islamic Finance Talent Development Champion Award (Year 2013/2014) by the Islamic Banking and Finance Institute of Malaysia for the second time.



25 April

Public Bank won the Silver Award in Banking, Investment and Insurance category of the Putra Brand Awards 2014 organised by the Association of Accredited Advertising Agents Malaysia.



15 May

Asiamoney, a Hong Kong-based financial publication, awarded Public Bank as the Overall Best Company in Malaysia for Corporate Governance 2004-2013 (except for 2005) in their Asiamoney 25th Anniversary Corporate Governance Poll of Polls.

Calendar of
Significant Events 2014

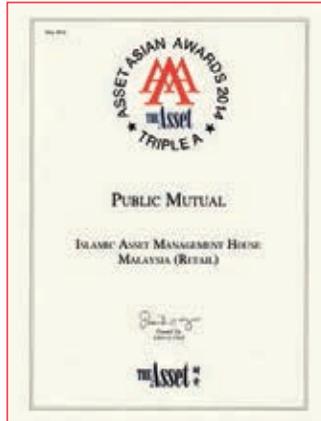
27 May

Public Bank was honoured with two awards by Reader's Digest, namely Trusted Brand Gold Award 2014 for the Bank category in Malaysia for the 11th consecutive year and Credit Card Issuing Bank Gold Award 2014 for the second straight year.



27 May

Public Mutual was awarded the Reader's Digest Trusted Brand Platinum Award 2014 for the Investment Fund Company category in Malaysia for the fifth consecutive year.



29 May

Public Mutual was accorded The Asset Triple A Islamic Finance Awards 2014 for the Best Islamic Retail Asset Management House in Malaysia for the fourth consecutive year.



30 May

The Global Finance magazine named Public Bank the Best Bank in Malaysia 2014 for the seventh time.



30 May

Public Bank was awarded The BrandLaureate Brand of the Year Award for Financial – Banking category 2013-2014 by the Asia Pacific Brands Foundation.



30 May

Public Mutual received The BrandLaureate President's Award 2013 – 2014 for Best Brands in Investment – Unit Trust Funds category.



1 June

Public Mutual won two Lipper Global Islamic Fund Awards 2014 Dubai for PB Islamic Bond Fund in the Bond Malaysian Ringgit, five years category and Public Islamic Bond Fund in the Bond Malaysian Ringgit, 10 years category.



25 June

Public Bank was bestowed the Top SME Supporter Award 2013 by Credit Guarantee Corporation.



25 June

Cambodian Public Bank Plc. was awarded the 2013 USD Straight-Through Processing Excellence Award by Deutsche Bank, New York for the third consecutive year for its exceptionally high accuracy in the processing of outward payment messages.



26 June

Public Bank's ability to maintain the outstanding Straight-Through Processing performance was again recognised with two coveted awards: MT103 and MT202 Elite J.P. Morgan Quality Recognition Awards for 2013. This is the 12th consecutive year that Public Bank received these awards.



10 July

Public Bank was accorded the Domestic Retail Bank of the Year - Malaysia 2014 by the Asian Banking & Finance magazine, Singapore for the sixth time.



10 July

Cambodian Public Bank Plc. received the Domestic Retail Bank of the Year 2014 - Cambodia from the Asian Banking and Finance magazine, Singapore for the third year.

Calendar of
Significant Events 2014**25 July**

Public Bank received the 2013 EUR Straight-Through Processing Excellence Award by Deutsche Bank, New York for the fourth consecutive year.

**15 August**

Public Bank was recognised as the Best Retail Bank in Malaysia for 2014 by Global Financial Market Review.

**4 September**

FinanceAsia, a leading Hong Kong-based financial publication, announced Public Bank as the Best Bank in Malaysia 2014 for the 16th consecutive year.

**10 September**

Alpha Southeast Asia, a Hong Kong-based financial publication, ranked Public Bank as one of the Top 3 Companies in Malaysia with the Most Consistent Dividend Policy in their Alpha Southeast Asia Institutional Investor Corporate Awards 2014.

**10 September**

For the eighth consecutive year since 2007, Public Bank was awarded the Best Bank in Malaysia 2014 and the Best SME Bank in Malaysia 2014 for the fourth time by the Alpha Southeast Asia magazine.

**25 September**

Public Bank was the winner of Asiamoney's Best Domestic Bank in Malaysia Award 2014.

**25 September**

Asiamoney, a leading Hong Kong-based financial publication, awarded Public Bank the Overall Best Managed Company in Malaysia – Large Cap 2014 for the seventh time.



23 October

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, received the Asian Corporate Director Recognition Awards 2014 for Malaysia from Corporate Governance Asia for the fifth consecutive year.



23 October

For the 10th consecutive year, Public Bank was awarded the Corporate Governance Asia Recognition Award 2014 for Malaysia (Icon on Corporate Governance) by Corporate Governance Asia.



2 November

Yazhou Zhoukan ranked Public Bank 2nd in the 2014 ranking of top 10 Malaysian banks in terms of total assets.



11 November

Public Mutual was awarded KLIFF Islamic Finance Awards 2014 for Most Outstanding Islamic Fund Manager.



20 November

The Asset magazine named Public Bank the Best Domestic Bank in Malaysia 2014 for the 13th consecutive year.



11 December

For the sixth consecutive year, Public Bank was accorded The Asset Platinum Corporate Award 2014 for All-Round Excellence in Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations.

Bursa Malaysia Listing Requirements Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"):

(i) Utilisation of Proceeds Raised from Corporate Proposals

During the year, the following issuances were made by the Public Bank Group:

- (a) RM1.0 billion Senior Medium Term Notes under the RM5.0 billion Senior Medium Term Notes Programme issued by Public Bank as follows:
 - (i) RM600 million Senior Medium Term Notes issued on 15 April 2014
 - (ii) RM400 million Senior Medium Term Notes issued on 5 May 2014
- (b) RM500 million Subordinated Sukuk Murabahah issued on 9 June 2014 under the RM5.0 billion Sukuk Murabahah Programme by Public Islamic Bank
- (c) 350,212,513 new ordinary shares of RM1.00 each in Public Bank ("PBB Shares") was issued on 8 August 2014 via a Rights Issue exercise on the basis of one (1) rights share for every ten (10) existing PBB Shares at an issue price of RM13.80 per rights share. A total cash consideration of RM4.8 billion was raised from the Rights Issue exercise.

The salient features of the Senior Medium Term Notes Programme and Sukuk Murabahah Programme are as disclosed in Note 22 to the financial statements. Further details on the Rights Issue exercise are disclosed in Note 54 to the financial statements.

The proceeds raised from the issuances of Senior Medium Term Notes, Subordinated Sukuk Murabahah and Rights Issue during the year have been used for working capital, general banking and other corporate purposes.

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

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.

(ii) Share Buy Back

During the financial year ended 31 December 2014, Public Bank disposed a total of 9,156,400 of its issued ordinary shares of RM1.00 each ("PBB Shares") held as treasury shares in the open market. The details of the PBB Shares disposed are as follows:

Month	No. of PBB Shares Sold	Resale Price Per PBB Share			Average Resale Price Per PBB Share* RM	Total Consideration Received* RM
		Highest RM	Lowest RM	Average RM		
August	2,056,400	19.27	19.27	19.27	19.22	39,526,414
September	7,100,000	19.29	19.19	19.21	19.17	136,113,229
Total	9,156,400	19.29	19.19	19.23	19.18	175,639,643

* After deducting transaction cost



There were no shares bought back by Public Bank during the year. All the PBB Shares bought back in previous years, other than those disposed during the year, are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2014, the number of remaining treasury shares held was 20,644,304 PBB Shares. None of the treasury shares held were cancelled during the year.

Disclosed in accordance with Paragraph 12.23, Appendix 12D of the Listing Requirements of Bursa Malaysia.

(iii) Options or Convertible Securities

No options or convertible securities were issued by Public Bank during the financial year ended 31 December 2014 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2014.

Disclosed in accordance with Appendix 9C, Part A, item 15 of the Listing Requirements of Bursa Malaysia.

(iv) Depository Receipt Programme

Public Bank did not sponsor any depository receipt programme during the financial year ended 31 December 2014.

Disclosed in accordance with Appendix 9C, Part A, item 16 of the Listing Requirements of Bursa Malaysia.

(v) Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on Public Bank and its subsidiary companies, directors or management by the relevant regulatory bodies, which were made public during the financial year ended 31 December 2014.

Disclosed in accordance with Appendix 9C, Part A, item 17 of the Listing Requirements of Bursa Malaysia.

(vi) Non-audit Fees

The amount of non-audit fees paid to external auditors by the Group and the Bank for the financial year ended 31 December 2014 amounted to RM1,476,000 and RM654,000 respectively.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Malaysia.

(vii) Variation in Results

There were no profit estimate, forecast or projection issued by Public Bank and its subsidiary companies during the financial year ended 31 December 2014.

Disclosed in accordance with Appendix 9C, Part A, item 19 of the Listing Requirements of Bursa Malaysia.

(viii) Profit Guarantee

There was no profit guarantee given by Public Bank and its subsidiary companies during the financial year ended 31 December 2014.

Disclosed in accordance with Appendix 9C, Part A, item 20 of the Listing Requirements of Bursa Malaysia.

(ix) Material Contracts

There were no material contracts entered into by Public Bank and its subsidiary companies involving directors' and major shareholders' interests, which subsisted at the end of the financial year ended 31 December 2014 or, if not then subsisting, entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Malaysia.

(x) Recurrent Related Party Transaction of a Revenue or Trading Nature

Public Bank did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia as the recurrent related party transactions of a revenue or trading nature entered into by the Public Bank Group qualified as exempted transactions as defined under Paragraph 10.08(11)(e), Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia.

Disclosed in accordance with Paragraph 10.09(2)(b) of the Listing Requirements of Bursa Malaysia.

Malaysian Economy: Review and Outlook

I. GLOBAL PERSPECTIVE:

The global economy staged a moderate recovery in 2014. The pace of growth, however, diverged across countries. In the US, after a temporary setback in the first quarter of 2014, economic activity had continued to gain momentum, with further strengthening of the housing and non-residential sector, and continued improvement in the labour market. In the euro area, growth had remained subdued. Insufficient demand, sluggish labour market and high debt continued to strain the economy. In Japan, the economy fell into contraction in the second and third quarters of 2014 as the increase in consumption tax dragged down domestic demand. Inflation was low in major advanced economies and remained below central banks' targets, reflecting lower global energy prices and considerable output gaps. In particular, the decline in inflation rate in the euro area to 0.2% in December 2014 raised concerns over the risk of deflationary cycle in the region.

Due to the different pace of recovery, the direction of monetary policy decisions by central banks diverged across major advanced countries. In the US, the Federal Reserve concluded its third round of asset purchase programme in October 2014, but maintained the federal funds rate low at near zero. Meanwhile, the Bank of Japan took its quantitative easing to new heights by expanding its asset purchases and the European Central Bank also implemented further monetary easing through a range of actions such as reducing policy rates and implementing targeted credit easing to boost lending to the economy.

In the Asian region, while most economies continued to expand, several economies registered more moderate growth in 2014. In China, credit growth slowed and the real estate market underwent correction as the government undertook structural reforms to address imbalances. However, the government had announced several targeted measures to prevent an economic hard landing. For some countries, the moderation in economic growth was due to country-specific factors, such as political tension in Thailand and domestic restructuring in Singapore. Nevertheless, Asian economies were broadly steady in 2014 as domestic demand remained supportive of the economy. During the year, the direction of monetary policy decisions by Asian central banks also differed, reflecting various country-specific conditions.

II. MALAYSIAN ECONOMY: REVIEW

Despite the increased risks to growth, the Malaysian economy remained on a steady growth path in 2014, driven by continued expansion in domestic demand and recovery in the external sector. Private sector-led domestic demand remained the key driver of growth. Given the strong first half growth, the Government revised upward its 2014 real gross domestic product ("GDP") growth forecast to 5.5% – 6.0% from 5.0% – 5.5%.

After a strong growth of 6.3% y-o-y in the first half of 2014, GDP in the third quarter of the year continued to maintain a commendable growth rate, albeit at a more moderate pace of 5.6% y-o-y (Table 1). Domestic demand remained favourable, helping to cushion the moderation in export growth in the third quarter of 2014. Private sector activity continued to lead growth, as household spending remained resilient and investment continued to grow sustainably. On the supply side, all economic sectors recorded positive growth in the third quarter of 2014 (Table 2), with the services, construction and manufacturing sectors remaining as the growth drivers. The growth in the services sector was largely supported by the consumption- and production-related services sub-sectors, while the manufacturing sector was underpinned by sustained expansion in domestic- and export-oriented industries. The construction sector also recorded strong growth, largely driven by the residential and non-residential sub-sectors.

**Table 1****Malaysia: GDP by Expenditure Components, 2013 – 2014**
(at constant 2005 prices)

	2013	% Annual Change		
		2014		
		1Q	2Q	3Q
Aggregate Domestic Demand	7.4	7.5	5.8	4.8
Private Sector	8.6	8.8	8.1	6.7
Consumption	7.2	7.1	6.5	6.7
Investment	13.1	14.1	12.1	6.8
Public Sector	4.4	3.3	-1.6	-1.2
Consumption	6.3	12.3	-0.5	5.3
Investment	2.2	-6.4	-3.3	-8.9
Net Exports	-12.6	14.9	91.0	11.4
Exports of Goods and Services	0.6	7.9	8.8	2.8
Imports of Goods and Services	2.0	7.1	3.9	2.2
GDP	4.7	6.2	6.5	5.6

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2014.

Table 2**Malaysia: GDP by Economic Activity, 2013 – 2014**
(at constant 2005 prices)

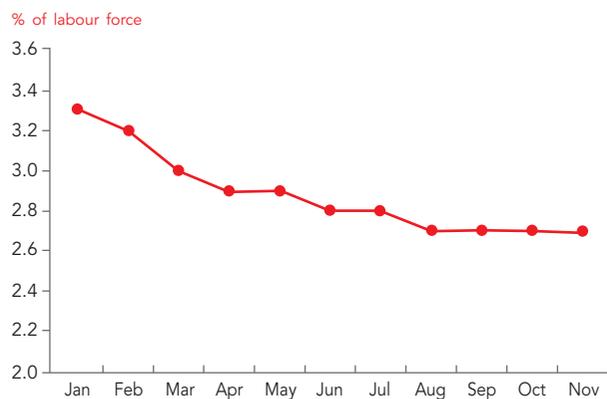
	2013	% Annual Change		
		2014		
		1Q	2Q	3Q
Agriculture	2.1	2.3	7.1	4.0
Mining	0.7	-0.8	2.1	1.4
Manufacturing	3.5	6.8	7.3	5.3
Construction	10.9	18.9	9.9	9.6
Services	5.9	6.6	6.2	6.1
GDP	4.7	6.2	6.5	5.6

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2014.

Headline inflation averaged higher at 3.2% y-o-y in 2014, compared to 2.1% y-o-y in 2013, mainly due to the impact of subsidy rationalisation in fuel and sugar, and the hikes in electricity tariffs and prices of cigarettes (Graph 1). The moderation in inflation in September 2014 was due to higher base effect from 2013, while in December 2014, the slower increase of inflation was a result of lower retail fuel prices following the implementation of managed float system. Labour market conditions remained favourable, with the unemployment rate declining to 2.7% in November 2014 from 3.3% in January 2014 (Graph 2).

Graph 1**Malaysia: Headline Inflation, 2014**

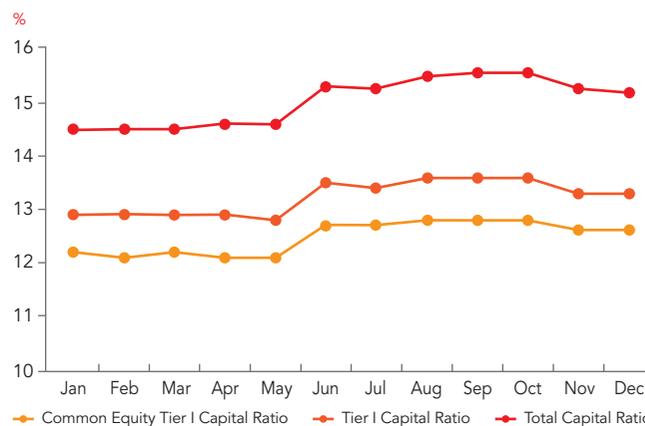
Source: Department of Statistics, Malaysia, Consumer Price Index, various issues.

Graph 2**Malaysia: Unemployment Rate, 2014**

Source: Department of Statistics, Malaysia, Principal Statistics of Labour Force, November 2014.

Banking System

The Malaysian banking system remained strong and supportive of the economy, despite the ongoing challenges in the global market. During the year, banks continued to be well-capitalised, with the Common Equity Tier I ("CET1") Capital Ratio, Tier I Capital Ratio and Total Capital Ratio of the banking system remaining high at 12.6%, 13.3% and 15.2% respectively as at end-December 2014, which were well above the regulatory minimum levels (Graph 3). The strong banking system was further supported by high asset quality and ample liquidity. As at end-December 2014, gross impaired loans ratio was stable at 1.7% (Graph 4). Loan-to-deposit ratio remained at a comfortable level of 86.2% (Graph 5).

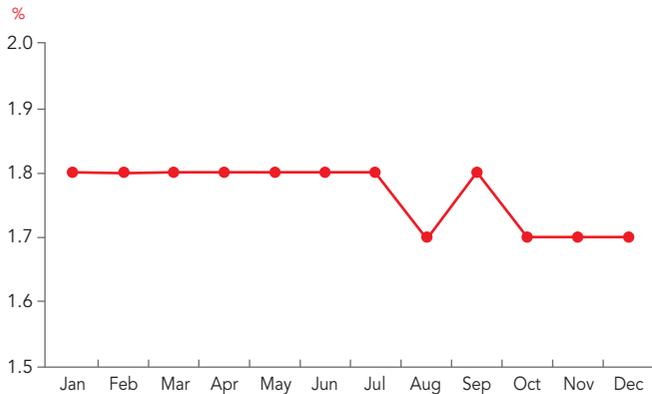
Graph 3**Banking System: Capital Strength, 2014**

Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.



Graph 4

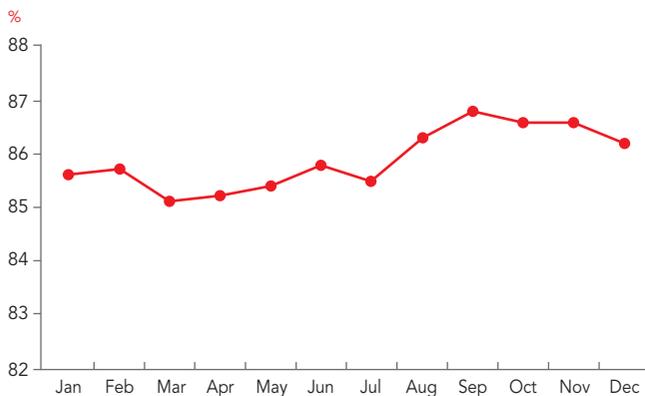
Banking System: Gross Impaired Loans Ratio, 2014



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.

Graph 5

Banking System: Loan-Deposit Ratio*, 2014

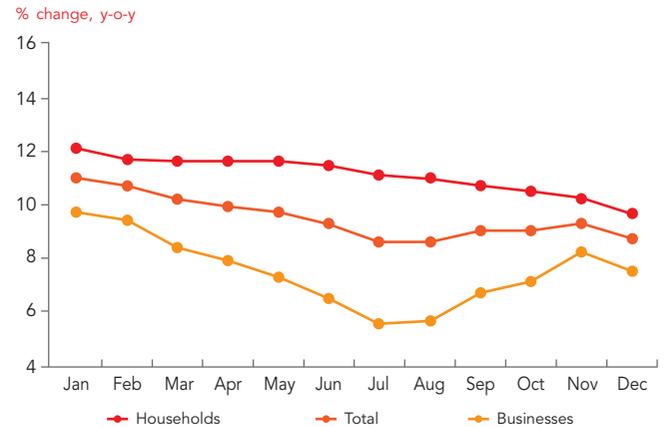


Note: *Excludes transactions by financial institutions
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.

During the year, total loans growth of the banking system moderated but remained at a healthy pace. As at end-December 2014, outstanding banking system loans expanded by 8.7% y-o-y, with lending to businesses expanding by 7.5% y-o-y and household sector by 9.7% y-o-y (Graph 6). The banking sector continued to source funds for its lending activities from the stable retail deposits. Total deposit growth stood at 7.6% y-o-y in December 2014 (Graph 7).

Graph 6

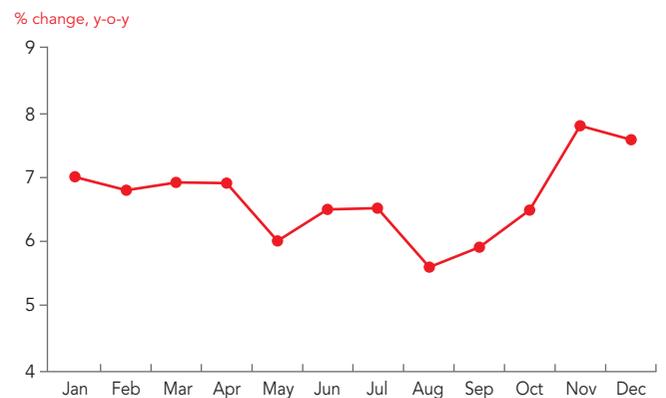
Banking System: Loan Growth, 2014



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.

Graph 7

Banking System: Deposit Growth, 2014



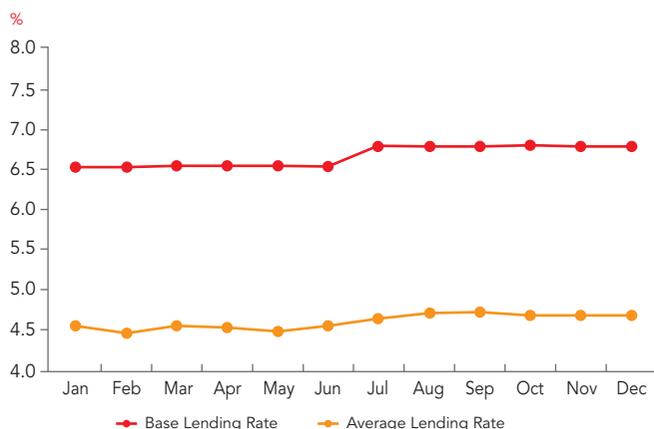
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.

Monetary Policy

On 10 July 2014, Bank Negara Malaysia (“BNM”) raised its Overnight Policy Rate (“OPR”), which was unchanged at 3.0% since May 2011, by 25 basis points to 3.25%. The rate adjustment was based on the higher inflationary pressure amid the steady economic growth prospect. The adjustment of monetary accommodation was also to mitigate the risk of broader economic and financial imbalances. In line with the higher OPR, lending rates (Graph 8) and deposit rates (Graph 9) were revised upward. Meanwhile, the Statutory Reserve Requirement of the banking system was maintained at 4.0%. Overall, monetary policy stance has remained supportive of economic growth.

Graph 8

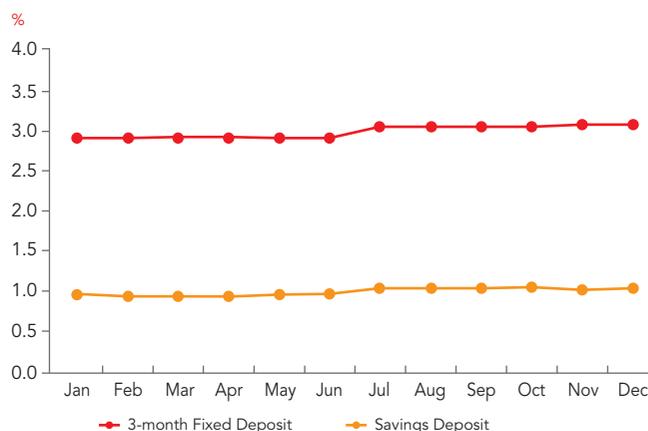
Banking System: Lending Rates of Commercial Banks, 2014



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.

Graph 9

Banking System: Deposit Rates of Commercial Banks, 2014



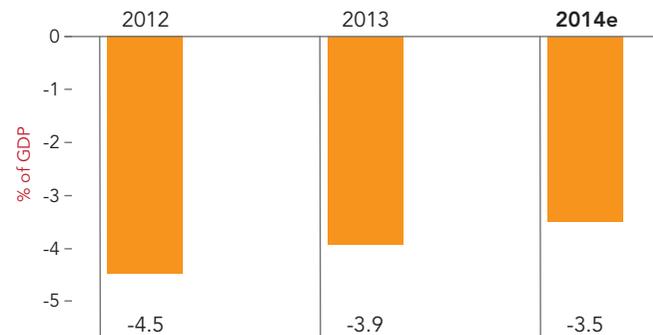
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.

Fiscal Policy

In 2014, the Government continued its fiscal reform programme, aimed at achieving a balanced budget by 2020, while ensuring policies remained supportive of economic growth. Backed by higher revenue collection and a more prudent spending, the Federal Government is targeting to further reduce its fiscal deficit to 3.5% of GDP in 2014 from 3.9% of GDP in 2013 (Graph 10). Also, the Federal Government debt which stood at 52.8% of GDP as at end-June 2014, is expected to stay within a manageable level of 55.0% of GDP during the year.

Graph 10

Malaysia: Federal Government Fiscal Balance, 2012 – 2014



Note: e Estimate

Source: Ministry of Finance, Malaysia, Economic Report, 2014/2015.

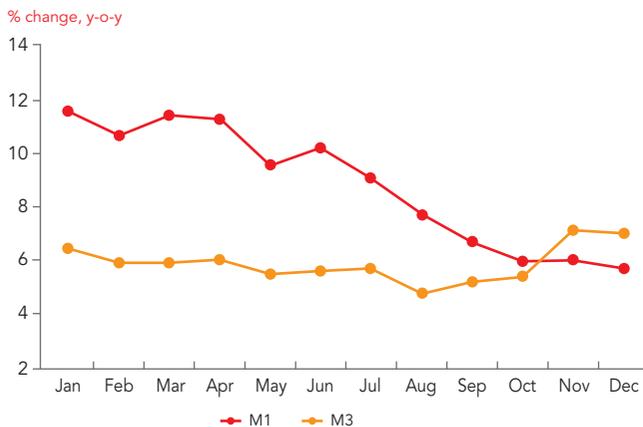


Monetary Aggregates

Monetary aggregates continued to grow in 2014, in tandem with economic activity. In December 2014, growth in narrow money or M1 moderated to 5.7% y-o-y from 11.6% y-o-y in January 2014. Broad money, M3 expanded by 7.0% y-o-y in December 2014 against 6.4% y-o-y in January 2014 (Graph 11). The expansion in M3 in December 2014 was due to continued growth in net claims on the Government and credit extended to the private sector by the banking system.

Graph 11

Malaysia: Monetary Aggregates, 2014



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2014.

External Position

Malaysia's external position remained resilient, building on its continued surplus in current account, large pool of domestic savings and ample international reserves. Despite that the trade account moderated in the third quarter of 2014 (Table 3), the current account of the balance of payments for the full year 2014 should remain in a surplus. Although Malaysia's international reserves had fallen since September 2014, it remained healthy, with the overall reserves standing at US\$116.0 billion as at end-December 2014 (Graph 12). The reserves position was sufficient to finance 8.4 months of retained imports and was 1.1 times the short-term external debt. As at end-September 2014, Malaysia's total external debt remained at a manageable level of 68.7% of GDP.

Table 3

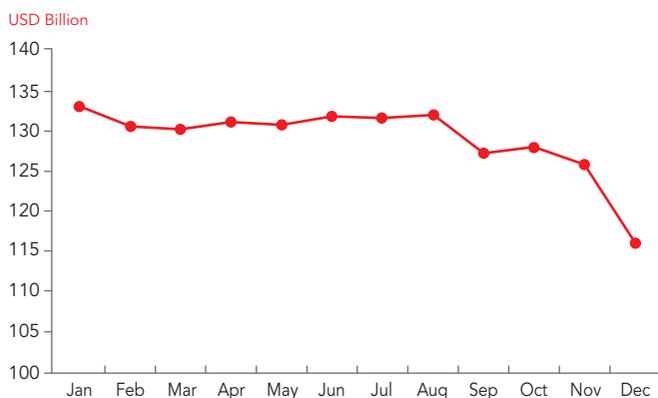
Malaysia: Current Account Balance, 2013 – 2014

	% Annual Change				
	2013		2014		
	3Q	4Q	1Q	2Q	3Q
Current Account Balance (RM' Billion)	10.0	14.8	19.8	16.0	7.6
% of Gross National Income	4.1	5.8	7.9	6.3	2.9

Source: Bank Negara Malaysia, Quarterly Bulletin, Third Quarter 2014.

Graph 12

Malaysia: International Reserves, 2014



Source: Bank Negara Malaysia, Press Statements on International Reserves.

Ringgit Exchange Rate

In 2014, the Malaysian ringgit fell against most currencies. The expectation that the US federal funds rate could hike sooner than expected led to an outflow of funds from the regional financial markets, dragging down the ringgit along with other regional currencies. Global oil prices, which plunged by half since June 2014, further added pressure to the ringgit in the last quarter of 2014, given Malaysia's reliance on oil for export earnings and fiscal revenue.

During the year, the ringgit appreciated against the euro (6.5%) and the Japanese yen (6.9%), but depreciated against the US dollar (-6.1%) and pound sterling (-0.6%). Against the regional currencies, the ringgit weakened against the Singapore dollar (-1.9%), Thai baht (-6.1%), Philippines peso (-5.3%), Indonesian rupiah (-4.3%), Korean won (-2.9%) and Chinese renminbi (-3.8%).

III. PROSPECTS, 2015

Global Economy: A Gradual and Moderate Recovery

The global economic recovery is expected to continue on a moderate path, with varying pace of growth across regions and countries. For major advanced economies, growth is expected to be the strongest in the US. Stronger employment growth, strengthening household balance sheets, improving housing market and a more favourable financial condition should fuel further growth in consumption and investment in the US economy. Meanwhile, recovery in the euro area is projected to remain slow and uneven across the region. While the weak labour market and high level of debts will continue to weigh on economic activity, accommodative monetary policies and the wide range of measures taken by the European Central Bank are expected to be positive to the economy. Also, the very low inflation remains a concern in the region. In Japan, a modest pace of recovery is expected to take place in 2015, with stimulus measures by the government and the central bank's expanded monetary easing continuing to support the economy. However, Japan's high public debt and the need for credible fiscal consolidation may continue to temper Japan's growth prospect.

Asia is expected to remain on a steady growth path. Coupled with an improved outlook on domestic demand, a strengthening US economy is positive for the region as it is likely to benefit Asian exporters. The region's growth engine, China, is expected to continue growing, albeit at a more moderate pace, as economic rebalancing continues to take place.

Global liquidity condition is expected to remain supportive of the global economy. The US Federal Reserve is expected to undertake its normalisation of interest rate gradually, and Japan and the euro area are likely to maintain their accommodative monetary policies. Downside risks to global economic growth remain elevated, emanating from geopolitical risks, uncertainty in the euro area and a lower-than-expected growth in China.



Malaysia: Steady Growth

The Malaysian economic environment has become more challenging amid the effects of the plunge in global crude oil prices late last year. As Malaysia is an oil exporter, the country faces the risks of lower export earnings and slower investment activity which will likely constrain the country's economic growth. Reflecting the challenges, the Malaysian Government announced a revision of the 2015 Budget in January 2015, with measures to increase fiscal revenue and cut spending while ensuring sustainable economic growth. Taking into account the latest development, GDP growth is expected to remain on a steady growth path of 4.5% - 5.5% in 2015.

The Malaysian economy will continue to be driven by domestic demand. The Government's decision to maintain the allocation for development expenditure in the revised national budget will continue to provide support to the economic growth. Major infrastructure projects such as the Mass Rapid Transit 2, the Light Rail Transit 3 and High-Speed Rail Kuala Lumpur-Singapore will continue to contribute to the growth of investment activity. Also, the Government's new measures such as setting up a Services Sector Guarantee Scheme for small and medium enterprises in the services sector, and reducing cost of doing business through the postponement of the scheduled electricity tariff hike and gas price hike for the industrial sector in 2015 will further stimulate investment activity.

On private consumption, the implementation of Goods and Services Tax ("GST") is expected to result in slower consumer spending. However, the stable labour market, income growth and Government's measures including the reduction in personal income tax rates will help to cushion the impact of GST on consumer spending.

On the external sector, the significant fall in global oil prices is expected to result in lower export income for Malaysia. However, this is expected to be cushioned by a likely increase in external demand for Malaysia's exports of manufactured products, as the global recovery continues. In addition, the current low oil prices should help to boost global consumption and therefore will provide support to the export sector.

In 2015, headline inflation is expected to remain within the range of 2.5% - 3.5%. While the implementation of GST is expected to exert upward pressure on inflation, the low retail pump prices and a more moderate domestic demand should help to mitigate the impact. The postponements of scheduled electricity hike and gas price hike for industrial sector in 2015 are also likely to contain domestic cost pressure. On concern about volatility in capital flow, Malaysia's strong fundamentals, such as sufficient international reserves, deeper and diversified financial markets, and strong domestic institutional investors should provide resilience against volatility.

Considering the risks surrounding the economy, the monetary policy stance by BNM is expected to be in line with the objective of supporting the domestic economy, while remaining vigilant to the risks of inflationary pressure and financial imbalances. On fiscal policy, the Government's revision on the 2015 Budget to ensure fiscal consolidation remains on track reflects its firm commitment to continue reducing the fiscal deficit.

Despite the risks to the economy, the banking sector will continue to be supportive of economic growth and operate as an effective financial intermediary. Lending activities will be supported by the steady economic growth and accommodative policies. Banks are expected to continue to embark on initiatives to enhance funding position and strengthen their compliance with Basel III requirements. Meanwhile, the risks from high household indebtedness will remain well-contained, supported by healthy balance sheet of households and high degree of vigilance by the Government in managing financial stability.

Investor Information

STOCK MARKET PERFORMANCE IN 2014

- ⇒ The year 2014 started off on a weaker note, with the FTSE Bursa Malaysia Composite Index ("FBM KLCI") falling 3.4% in the first month alone, partly due to more intense selling pressure, after the benchmark index gaining 3.0% in the final month of 2013. The announcement of Malaysia's fourth quarter 2013 Gross Domestic Product ("GDP") growth of 5.1%, a notch higher than the previous quarter's 5.0% was not convincing enough to prevent a 1.0% (17.75 points) loss for the FBM KLCI in the first quarter of 2014.
- ⇒ With investors increasingly convinced that a US interest rate hike was being pushed further back over the horizon thereby leading to lesser worries about capital outflows, market sentiment improved alongside the improvement in Malaysia's economic performance, reflected by the announcement of a 6.2% GDP growth for the first quarter of 2014. Consequently, the FBM KLCI gained 1.8% during the second quarter of 2014. While economic data of the US was encouraging, signs of strain were beginning to show in Europe and China.
- ⇒ In the third quarter of 2014, the FBM KLCI's continued ascent was short-lived, hitting an all-time high of 1,892.65 points in the first week of July 2014 but settling 1.9% (36.40 points) lower compared to the previous quarter, at just about where the index ended the first quarter of 2014, owing to the lack of significant market-moving leads. What was of concern during the third quarter of 2014 was the rapid pace of downgrades in earnings expectations for Malaysian corporates which overshadowed the announcement of an even stronger 6.5% GDP growth for the second quarter of 2014.
- ⇒ Whereas the third quarter of 2013 was one to forget for most global markets, Malaysia included, the fourth quarter of 2014 was another one to forget, for Malaysia especially. Globally, China's difficulty in stimulating economic growth in a more concrete manner led to a surprise cut in its key interest rate while Europe's inability to convincingly stave-off deflationary pressures also led its central bank to contemplate an expanded quantitative easing programme. The fall of crude oil prices to a five-year low aggravated the impact and pummeled the FBM KLCI to a loss of 4.6% (85.06 points) in the fourth quarter. The concern of the government finances, principally Malaysia's budget deficit, was foremost on investors' minds as the petroleum-related revenue (which makes up about 30% of total revenue) is anticipated to be lower in the coming year. Adding to the effect was the 6.4% depreciation of the Malaysian Ringgit during the fourth quarter of 2014. Malaysia's third quarter 2014 GDP growth of 5.6% announced during the fourth quarter of 2014 came as no surprise given the normalisation from the lower first and second quarter growth numbers recorded in 2013.
- ⇒ 2014 marked the first time in recent years that the benchmark index closed lower for the year, succumbing to overwhelming negativities which dampened sentiment. The FBM KLCI ended 2014 at 1,761.25 points, 5.7% or 105.71 points lower compared to 2013's closing of 1,866.96 points.



PUBLIC BANK SHARE PRICE PERFORMANCE IN 2014

Highlights

SHARE PRICE 2014: RM 18.30 2013: RM19.40	MARKET CAPITALISATION 2014: RM 71.04 billion 2013: RM68.67 billion	NET RETURN ON EQUITY 2014: 19.9% 2013: 22.4%
EARNINGS PER SHARE 2014: 123.7 sen 2013: 116.1 sen	DIVIDEND PER SHARE 2014: 54 sen 2013: 52 sen	

⇒ 2014 was a notable year for the Public Bank Group. The Public Bank Local shares and Public Bank Foreign shares were merged on 16 April 2014 after being separately quoted and traded on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") for about 15 years. Upon completion of the exercise, the entire issued and paid-up share capital of Public Bank are quoted and traded on Bursa Securities under a single stock code 1295.

Public Bank, had also on 8 August 2014, successfully completed the renounceable rights issue to its shareholders which raised a total of RM4.8 billion in equity capital for Public Bank. The renounceable rights issue, which involved the issuance of 350.21 million new shares on the basis of one new share for every 10 existing shares held, was oversubscribed by 30.5%. The issue price of the rights shares was RM13.80 per share which represented approximately 33% discount to the theoretical ex-rights price.

⇒ On the share price performance, the first quarter of 2014 saw Public Bank share price tracking the performance of the broader market, both slipping by about 1.0%. The second quarter of 2014 saw Public Bank share price gaining traction to outperform the market with a gain of 2.2% as compared to the FBM

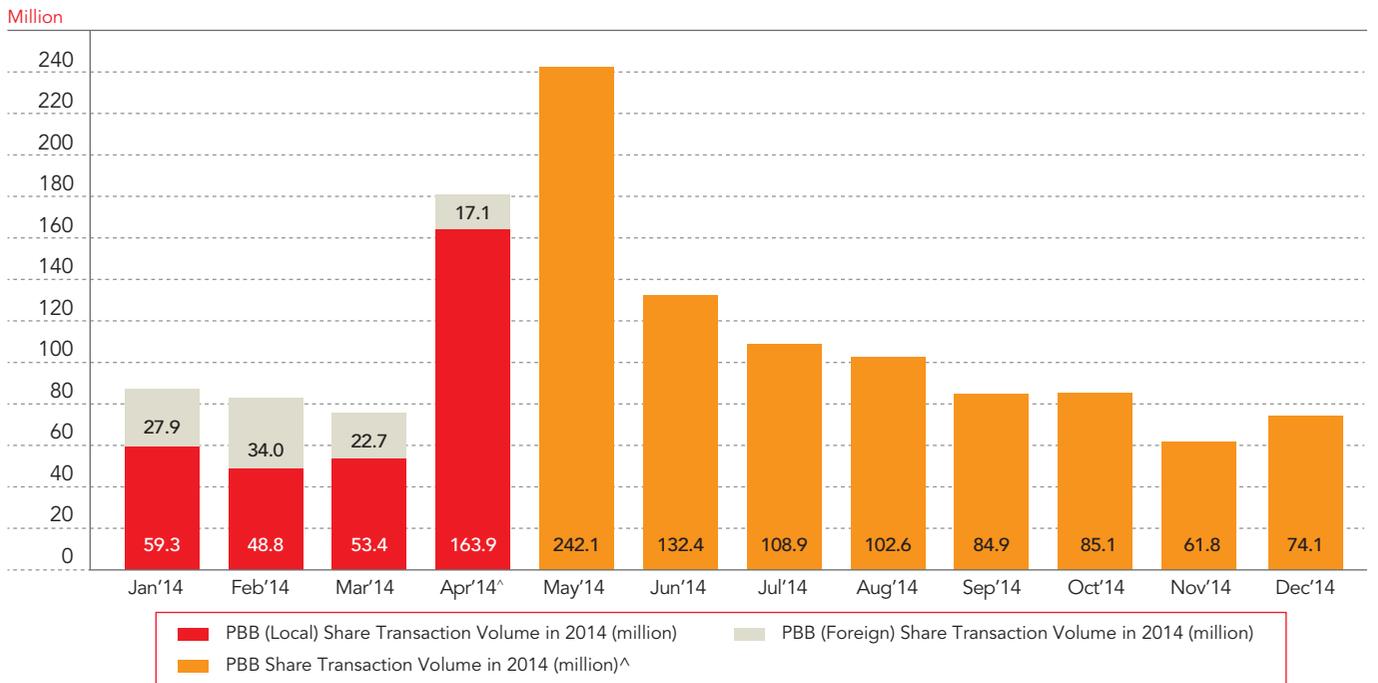
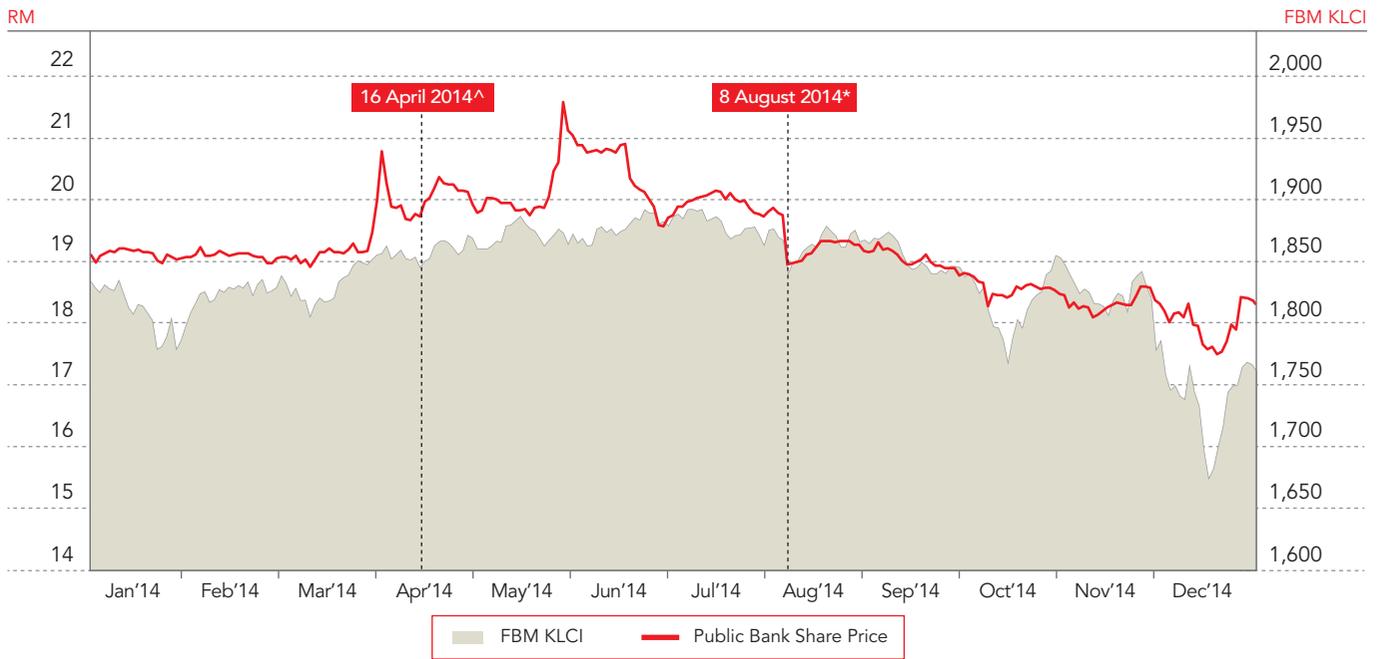
KLCI's 1.8% increase. This was underpinned by the Public Bank Group's financial performance of the first quarter of 2014, which was in line with the market expectation, and the strong interest in shares of Public Bank arising from the announcement on 29 April 2014 that the Bank will undertake a renounceable rights issue exercise. However, the momentum tapered in the third quarter of 2014 as Public Bank share price performance slid downwards marginally against the benchmark FBM KLCI. However, true to the Group's strength and stability in adversity, Public Bank shares outperformed the market again in the final quarter of 2014, reflecting the investors' confidence in the management and prospects of the Group.

⇒ As at 31 December 2014, Public Bank share price ended at RM18.30 from RM19.40 at the end of 2013.

⇒ Public Bank's market capitalisation rose to RM71.04 billion as at the end of 2014, up RM2.37 billion or 3.5% from RM68.67 billion as at the end of 2013.

⇒ Average daily volume and value of Public Bank shares traded in 2014 stood at 6.4 million shares (2013: 3.7 million shares) and RM125.2 million (2013: RM63.2 million) respectively.

Public Bank Share Price and Transactions in 2014



Notes:

^ PBB Local shares and PBB Foreign shares merged under a single stock name of PBBANK on 16 April 2014

* Public Bank share price after the effect of the rights issue



Analysis of Shareholdings

As at 26 January 2015

Authorised Share Capital	: RM10,000,000,000
Issued and Paid-up Share Capital	: RM3,882,138,347 comprising 3,882,138,347 ordinary shares of RM1.00 each
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of shareholdings	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	8,736	11.33	250	0.32	259,015	0.01	8,822	*1
100 – 1,000	14,646	18.99	453	0.59	6,445,822	0.17	217,318	*1
1,001 – 10,000	37,604	48.75	2,690	3.49	122,117,038	3.16	11,522,425	0.30
10,001 – 100,000	9,366	12.14	1,799	2.33	239,422,616	6.20	53,576,756	1.39
100,001 – 193,074,701 (less than 5% of issued shares* ²)	935	1.21	658	0.85	920,554,726	23.84	1,122,849,930	29.08
193,074,702 (5% of issued shares* ²) and above	2	*1	–	–	1,384,519,575	35.85	–	–
Total	71,289	92.42	5,850	7.58	2,673,318,792	69.23	1,188,175,251	30.77
Grand Total		77,139 (100%)				3,861,494,043 (100%)* ²		

Notes:

*1 Less than 0.01%.

*2 Excluding a total of 20,644,304 Public Bank (PBB) shares bought-back by PBB and retained as treasury shares as at 26 January 2015.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND IN SUBSIDIARY COMPANY BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS**Shares Held in the Company**

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares ^{*5}	No. of Shares Held	% of Issued Shares ^{*5}	No. of Shares Held	% of Issued Shares ^{*5}
Tan Sri Dato' Sri Dr. Teh Hong Piow	24,711,282	0.64	898,918,771 ^{*1}	23.28	923,630,053	23.92
Tan Sri Datuk Seri Utama Thong Yaw Hong	8,396,676	0.22	943,412 ^{*2}	0.02	9,340,088	0.24
Tan Sri Dato' Sri Tay Ah Lek	4,888,845	0.12	1,389,745 ^{*2}	0.04	6,278,590	0.16
Dato' Sri Lee Kong Lam	418,952	0.01	78,452 ^{*3}	^{*4}	497,404	0.01
Lai Wan	–	–	18,654 ^{*3}	^{*4}	18,654	^{*4}
Cheah Kim Ling	–	–	12,392 ^{*3}	^{*4}	12,392	^{*4}

Notes:

^{*1} Deemed to have interests in PBB shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

^{*2} Deemed to have interests in PBB shares held by person(s) connected as defined per Section 122A of the Companies Act, 1965 and held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

^{*3} Deemed to have interests in PBB shares held by person connected as defined per Section 122A of the Companies Act, 1965.

^{*4} Less than 0.01%

^{*5} Excluding a total of 20,644,304 PBB shares bought-back by PBB and retained as treasury shares as at 26 January 2015.

Shares Held in Subsidiary Company**– Shares Held in Public Financial Holdings Limited (PFHL)**

Name	Direct Interests	
	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Tay Ah Lek	350,000	0.03

Share Options Held in Subsidiary Company**– Share Options Held under the PFHL's Share Option Scheme**

Name	No. of Options Held	Option Price (HKD)
Tan Sri Dato' Sri Tay Ah Lek	1,230,000	6.35

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and indirect interests of 923,630,053 shares in PBB, and pursuant to Section 6A(4)(c) of the Companies Act, 1965, is deemed interested in the shares in all of PBB's subsidiary and associated companies to the extent that PBB has interests.

**SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS**

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares* ²	No. of Shares Held	% of Issued Shares* ²	No. of Shares Held	% of Issued Shares* ²
Tan Sri Dato' Sri Dr. Teh Hong Piow	24,711,282	0.64	898,918,771* ¹	23.28	923,630,053	23.92
Employees Provident Fund Board	574,020,863	14.87	–	–	574,020,863	14.87
Consolidated Teh Holdings Sdn Bhd	840,136,075	21.76	58,782,696* ¹	1.52	898,918,771	23.28

Notes:

*¹ Deemed to have interests in PBB shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.*² Excluding a total of 20,644,304 PBB shares bought-back by PBB and retained as treasury shares as at 26 January 2015.**TOP THIRTY SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS**

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name	No. of Shares Held	% of Issued Shares*
1. Consolidated Teh Holdings Sdn Berhad	840,136,075	21.76
2. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	544,383,500	14.10
3. AmanahRaya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	79,626,700	2.06
4. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i>	75,086,450	1.94
5. AmanahRaya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	70,987,900	1.84
6. AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia</i>	63,669,600	1.65
7. HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund</i>	56,884,800	1.47
8. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A)</i>	46,498,839	1.20
9. Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt An For Eastspring Investments Berhad</i>	42,670,788	1.11
10. Kumpulan Wang Persaraan (Diperbadankan)	38,582,582	1.00
11. HSBC Nominees (Asing) Sdn Bhd <i>BNP Paribas Secs Svs Lux For Aberdeen Global</i>	37,394,525	0.97
12. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	35,524,421	0.92

Analysis of
Shareholdings

Name	No. of Shares Held	% of Issued Shares*
13. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited For Government Of Singapore (C)</i>	34,957,270	0.91
14. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)</i>	33,367,223	0.86
15. AmanahRaya Trustees Berhad <i>AS 1Malaysia</i>	30,356,200	0.79
16. LPI Capital Bhd	29,550,765	0.76
17. LPI Capital Bhd	27,693,739	0.72
18. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For The Bank Of New York Mellon (Mellon Acct)</i>	27,615,249	0.72
19. HSBC Nominees (Asing) Sdn Bhd <i>TNTC For Saudi Arabian Monetary Agency</i>	25,750,670	0.67
20. Tan Sri Dato' Sri Dr. Teh Hong Piow	24,711,282	0.64
21. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>SSBT Fund DRNA For Aberdeen Emerging Markets Fund</i>	22,182,200	0.57
22. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	21,544,973	0.56
23. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For RBC Investor Services Trust (Clients Account)</i>	18,684,625	0.48
24. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (JPMELAB AIF APG)</i>	18,312,890	0.47
25. HSBC Nominees (Asing) Sdn Bhd <i>HSBC Bk Plc For Abu Dhabi Investment Authority (AGUS)</i>	16,182,499	0.42
26. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For AIA Bhd</i>	15,613,082	0.40
27. HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Matthews Pacific Tiger Fund</i>	14,954,994	0.39
28. HSBC Nominees (Asing) Sdn Bhd <i>HSBC Bk Plc For Abu Dhabi Investment Authority (TRANG)</i>	13,429,038	0.35
29. Citigroup Nominees (Asing) Sdn Bhd <i>Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)</i>	13,405,989	0.35
30. Public Invest Nominees (Tempatan) Sdn Bhd <i>Public Bank Group Officers' Retirement Benefits Fund</i>	12,580,832	0.32
	2,332,339,700	60.40

Note:

* Excluding a total of 20,644,304 PBB shares bought-back by PBB and retained as treasury shares as at 26 January 2015.



Authorised and Issued Share Capital

AUTHORISED SHARE CAPITAL

The authorised share capital as at 26 January 2015 is RM10,000,000,000 divided into 10,000,000,000 ordinary shares of RM1.00 each. The changes in the authorised share capital are as follows:

Date	Increase in Authorised Share Capital (RM)	Total Authorised Share Capital (RM)
30.12.1965	50,000,000	50,000,000
06.01.1982	250,000,000	300,000,000
30.09.1986	200,000,000	500,000,000
08.06.1987	500,000,000	1,000,000,000
17.06.1997	4,000,000,000	5,000,000,000
30.03.2005	5,000,000,000	10,000,000,000

ISSUED AND PAID-UP SHARE CAPITAL

The issued and paid-up share capital as at 26 January 2015 is RM3,882,138,347 comprising 3,882,138,347 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
Up to 30.08.1966	16,000,000	Cash	16,000,000
15.11.1978	4,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	20,000,000
22.07.1981	5,000,000	Capitalisation of general reserve account (Bonus Issue 1:4)	25,000,000
07.01.1982	10,000,000	Capitalisation of capital reserve account and general reserve account (Bonus Issue 2:5)	35,000,000
11.02.1982	35,000,000	Rights Issue 1:1 at RM2.00 per share	70,000,000
22.06.1983	42,000,000	Capitalisation of share premium account and general reserve account (Bonus Issue 3:5)	112,000,000
22.08.1983	56,000,000*	Rights Issue 1:2 at RM2.00 per share	168,000,000
05.07.1984	42,000,000*	Capitalisation of share premium account and general reserve account (Bonus Issue 1:4)	210,000,000
05.02.1988	42,000,000*	Capitalisation of share premium account and general reserve account (Bonus Issue 1:5)	252,000,000
03.08.1988	105,000,000*	Rights Issue 1:2 at RM1.60 per share	357,000,000

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
11.10.1989	218,500*	Exercise of share options under Public Bank Berhad Employees' Share Option Scheme (PBB ESOS) at option price of RM3.80 per share	357,218,500
02.05.1990	1,237,500*	Exercise of share options under PBB ESOS at option price of RM3.80 per share	358,456,000
15.06.1990	119,485,333*	Capitalisation of share premium account and general reserve account (Bonus Issue 1:3)	477,941,333
06.08.1990	71,691,200*	Rights Issue 1:5 at RM2.20 per share	549,632,533
08.10.1990	138,500*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	549,771,033
12.04.1991	3,828,850*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,599,883
24.09.1991	334,300*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,934,183
25.03.1992	114,700*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	554,048,883
15.04.1993	1,038,701*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	555,087,584
01.10.1993	9,912,337*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	564,999,921
20.04.1994	3,434,479*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	568,434,400
05.10.1994	1,113,000*	Exercise of share options under PBB ESOS at option price of RM7.84 per share	569,547,400
27.12.1994	50,000,000*	Issue and private placement of 50,000,000 new shares as follows: – 35,000,000 PBB local shares at RM8.28 per share – 15,000,000 PBB foreign shares at RM10.62 per share	619,547,400
18.04.1996	25,500*	Exercise of share options under PBB ESOS at option price of RM7.84 per share	619,572,900
07.08.1996	206,524,300*	Capitalisation of share premium account (Bonus Issue 1:3)	826,097,200
25.10.1996	143,541*	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,240,741



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
12.05.1997	358,850*	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,599,591
06.01.1998	165,319,918*	Capitalisation of share premium account (Bonus Issue 1:5)	991,919,509
09.03.1998	165,319,918*	Rights Issue 1:5 at RM2.00 per PBB local share and at RM2.28 per PBB foreign share	1,157,239,427
11.02.1999	8,007,750*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,165,247,177
11.05.1999	35,500*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,165,282,677
19.05.1999	4,736,865*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,170,019,542
07.06.1999	1,077,950*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,171,097,492
02.07.1999	12,063,250*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,183,160,742
08.12.2000	11,899,125*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,195,059,867
15.02.2001	1,662,500*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,196,722,367
31.03.2001	213,140,892*	New PBB local shares issued in exchange for 125,377,000 ordinary shares of RM1.00 each in Hock Hua Bank Bhd (HHB) pursuant to terms of merger of PBB and HHB	1,409,863,259
23.04.2001	422,958,977*	Capitalisation of share premium account and retained profits (Bonus Issue 3:10)	1,832,822,236
11.12.2001	996,387*	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,833,818,623
12.03.2002	1,025,362*	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,834,843,985
12.07.2002	458,710,997*	Capitalisation of share premium account (Bonus Issue 1:4)	2,293,554,982
13.09.2002	13,570,954*	Exercise of share options under PBB ESOS as follows: – 1,488,329 shares at option price of RM2.04 per share – 12,082,625 shares at option price of RM4.44 per share	2,307,125,936

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
15.10.2003	3,518,818*	Exercise of share options under PBB ESOS as follows: – 15,169 shares at option price of RM1.64 per share – 2,515,399 shares at option price of RM3.56 per share – 988,250 shares at option price of RM3.40 per share	3,172,427,279
27.10.2003	2,054,251*	Exercise of share options under PBB ESOS as follows: – 3,313 shares at option price of RM1.64 per share – 1,457,938 shares at option price of RM3.56 per share – 593,000 shares at option price of RM3.40 per share	3,174,481,530
29.10.2003	6,748,111*	Exercise of share options under PBB ESOS as follows: – 32,993 shares at option price of RM1.64 per share – 3,781,268 shares at option price of RM3.56 per share – 2,933,850 shares at option price of RM3.40 per share	3,181,229,641
06.11.2003	4,913,239*	Exercise of share options under PBB ESOS as follows: – 39,115 shares at option price of RM1.64 per share – 3,806,374 shares at option price of RM3.56 per share – 1,067,750 shares at option price of RM3.40 per share	3,186,142,880
13.11.2003	1,202,135*	Exercise of share options under PBB ESOS as follows: – 5,040 shares at option price of RM1.64 per share – 961,220 shares at option price of RM3.56 per share – 235,875 shares at option price of RM3.40 per share	3,187,345,015
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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
22.12.2003	2,297,250*	Exercise of share options under PBB ESOS as follows: – 13,484 shares at option price of RM1.64 per share – 1,889,391 shares at option price of RM3.56 per share – 394,375 shares at option price of RM3.40 per share	3,197,385,619
26.12.2003	9,214,108*	Exercise of share options under PBB ESOS as follows: – 20,525 shares at option price of RM1.64 per share – 6,642,458 shares at option price of RM3.56 per share – 2,551,125 shares at option price of RM3.40 per share	3,206,599,727
27.01.2004	1,883,267*	Exercise of share options under PBB ESOS as follows: – 4,547 shares at option price of RM1.64 per share – 1,680,345 shares at option price of RM3.56 per share – 198,375 shares at option price of RM3.40 per share	3,208,482,994
20.02.2004	483,813*	Exercise of share options under PBB ESOS as follows: – 457,313 shares at option price of RM3.56 per share – 26,500 shares at option price of RM3.40 per share	3,208,966,807
01.03.2004	1,024,066*	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873
03.03.2004	13,717,282*	Exercise of share options under PBB ESOS as follows: – 38,231 shares at option price of RM1.64 per share – 10,718,176 shares at option price of RM3.56 per share – 1,647,375 shares at option price of RM3.40 per share – 1,313,500 shares at option price of RM4.60 per share	3,223,708,155
05.03.2004	28,660,157*	Exercise of share options under PBB ESOS as follows: – 253,907 shares at option price of RM1.64 per share – 28,406,250 shares at option price of RM3.56 per share	3,252,368,312
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



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
23.03.2004	8,575,825*	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 13,349 shares at option price of RM1.64 per share– 6,270,567 shares at option price of RM3.56 per share– 857,550 shares at option price of RM3.40 per share– 2,299,700 shares at option price of RM4.60 per share– 1,711,000 shares at option price of RM4.92 per share	3,304,715,238
30.08.2004	12,767,404	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
27.09.2004	623,819	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 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



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
03.12.2004	2,392,002	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 14,482 shares at option price of RM1.64 per share– 1,382,291 shares at option price of RM3.56 per share– 194,275 shares at option price of RM3.40 per share– 1,397,700 shares at option price of RM4.60 per share– 6,670,000 shares at option price of RM4.92 per share– 3,155,000 shares at option price of RM6.37 per share	3,410,356,408

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
31.10.2005	2,114,074	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 1,063 shares at option price of RM1.64 per share – 442,561 shares at option price of RM3.56 per share – 96,950 shares at option price of RM3.40 per share – 424,800 shares at option price of RM4.60 per share – 1,014,500 shares at option price of RM4.92 per share – 134,200 shares at option price of RM6.37 per share 	3,412,470,482
09.11.2005	3,737,523	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 1,269 shares at option price of RM1.64 per share – 1,429,354 shares at option price of RM3.56 per share – 238,525 shares at option price of RM3.40 per share – 1,537,875 shares at option price of RM4.60 per share – 204,000 shares at option price of RM4.92 per share – 326,500 shares at option price of RM6.37 per share 	3,416,208,005
15.11.2005	660,400	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 163,100 shares at option price of RM3.56 per share – 61,700 shares at option price of RM3.40 per share – 390,100 shares at option price of RM4.60 per share – 45,500 shares at option price of RM4.92 per share 	3,416,868,405
05.12.2005	504,684	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 217,309 shares at option price of RM3.56 per share – 35,375 shares at option price of RM3.40 per share – 202,500 shares at option price of RM4.60 per share – 23,500 shares at option price of RM4.92 per share – 26,000 shares at option price of RM6.37 per share 	3,417,373,089
13.01.2006	3,553,363	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 2,587 shares at option price of RM1.64 per share – 391,750 shares at option price of RM3.56 per share – 77,325 shares at option price of RM3.40 per share – 519,300 shares at option price of RM4.60 per share – 71,000 shares at option price of RM4.92 per share – 86,000 shares at option price of RM6.37 per share – 2,405,401 shares at option price of RM5.67 per share 	3,420,926,452
18.01.2006	115,100	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 8,600 shares at option price of RM3.56 per share – 83,500 shares at option price of RM4.60 per share – 23,000 shares at option price of RM4.92 per share 	3,421,041,552



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
08.02.2006	329,363	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 45,938 shares at option price of RM3.56 per share– 2,425 shares at option price of RM3.40 per share– 27,500 shares at option price of RM4.60 per share– 7,500 shares at option price of RM4.92 per share– 7,000 shares at option price of RM6.37 per share– 239,000 shares at option price of RM5.67 per share	3,421,370,915
28.02.2006	3,922,364	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 302 shares at option price of RM1.64 per share– 234,931 shares at option price of RM3.56 per share– 20,125 shares at option price of RM3.40 per share– 293,500 shares at option price of RM4.60 per share– 63,500 shares at option price of RM4.92 per share– 255,000 shares at option price of RM6.37 per share– 3,055,006 shares at option price of RM5.67 per share	3,425,293,279
09.03.2006	8,050,287	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 1,282 shares at option price of RM1.64 per share– 296,195 shares at option price of RM3.56 per share– 3,125 shares at option price of RM3.40 per share– 314,600 shares at option price of RM4.60 per share– 108,000 shares at option price of RM4.92 per share– 402,390 shares at option price of RM6.37 per share– 6,924,695 shares at option price of RM5.67 per share	3,433,343,566
14.03.2006	12,000	Exercise of share options under PBB ESOS at option price of RM5.67 per share	3,433,355,566
14.08.2006	1,960,920	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 2,094 shares at option price of RM1.64 per share– 94,596 shares at option price of RM3.56 per share– 11,625 shares at option price of RM3.40 per share– 212,500 shares at option price of RM4.60 per share– 40,000 shares at option price of RM4.92 per share– 115,000 shares at option price of RM6.37 per share– 1,485,105 shares at option price of RM5.67 per share	3,435,316,486

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
22.08.2006	13,588,150	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 17,923 shares at option price of RM1.64 per share – 411,452 shares at option price of RM3.56 per share – 44,250 shares at option price of RM3.40 per share – 555,000 shares at option price of RM4.60 per share – 72,900 shares at option price of RM4.92 per share – 319,000 shares at option price of RM6.37 per share – 12,167,625 shares at option price of RM5.67 per share 	3,448,904,636
04.09.2006	1,147,600	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 2,698 shares at option price of RM1.64 per share – 31,886 shares at option price of RM3.56 per share – 6,500 shares at option price of RM3.40 per share – 130,500 shares at option price of RM4.60 per share – 19,000 shares at option price of RM4.92 per share – 542,500 shares at option price of RM6.37 per share – 1,002,800 shares at option price of RM5.67 per share 	3,452,542,247
30.11.2006	3,142,529	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 1,358 shares at option price of RM1.64 per share – 90,371 shares at option price of RM3.56 per share – 4,000 shares at option price of RM3.40 per share – 188,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 1,083,300 shares at option price of RM6.37 per share – 1,731,500 shares at option price of RM5.67 per share 	3,455,684,776



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.12.2006	4,553,096	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 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: <ul style="list-style-type: none">– 30,700 shares at option price of RM3.56 per share– 1,800 shares at option price of RM3.40 per share– 82,200 shares at option price of RM4.60 per share– 59,000 shares at option price of RM4.92 per share– 729,000 shares at option price of RM6.37 per share– 1,504,800 shares at option price of RM5.67 per share	3,462,645,372
22.12.2006	179,500	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 17,500 shares at option price of RM4.60 per share– 50,000 shares at option price of RM6.37 per share– 112,000 shares at option price of RM5.67 per share	3,462,824,872
25.01.2007	7,252,589	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 473 shares at option price of RM1.64 per share– 184,208 shares at option price of RM3.56 per share– 14,800 shares at option price of RM3.40 per share– 234,500 shares at option price of RM4.60 per share– 43,500 shares at option price of RM4.92 per share– 3,230,108 shares at option price of RM6.37 per share– 3,545,000 shares at option price of RM5.67 per share	3,470,077,461
30.01.2007	16,102,248	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 5,228 shares at option price of RM1.64 per share– 68,187 shares at option price of RM3.56 per share– 29,000 shares at option price of RM3.40 per share– 254,031 shares at option price of RM4.60 per share– 60,200 shares at option price of RM4.92 per share– 11,004,802 shares at option price of RM6.37 per share– 4,680,800 shares at option price of RM5.67 per share	3,486,179,709

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 16,239 shares at option price of RM3.56 per share – 775 shares at option price of RM3.40 per share – 35,100 shares at option price of RM4.60 per share – 11,000 shares at option price of RM4.92 per share – 1,971,000 shares at option price of RM6.37 per share – 764,500 shares at option price of RM5.67 per share 	3,488,978,323
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 8,000 shares at option price of RM3.56 per share – 1,000 shares at option price of RM3.40 per share – 48,500 shares at option price of RM4.60 per share – 25,500 shares at option price of RM4.92 per share – 2,387,000 shares at option price of RM6.37 per share – 979,000 shares at option price of RM5.67 per share 	3,492,427,323
23.02.2007	118,000	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 3,500 shares at option price of RM4.60 per share – 49,000 shares at option price of RM6.37 per share – 65,500 shares at option price of RM5.67 per share 	3,492,545,323
14.05.2007	5,659,529	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 22,492 shares at option price of RM1.64 per share – 75,283 shares at option price of RM3.56 per share – 24,350 shares at option price of RM3.40 per share – 185,000 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,516,279 shares at option price of RM6.37 per share – 1,792,625 shares at option price of RM5.67 per share 	3,498,204,852
17.05.2007	7,553,346	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 3,371 shares at option price of RM1.64 per share – 114,070 shares at option price of RM3.56 per share – 31,507 shares at option price of RM3.40 per share – 216,500 shares at option price of RM4.60 per share – 54,300 shares at option price of RM4.92 per share – 4,608,696 shares at option price of RM6.37 per share – 2,524,902 shares at option price of RM5.67 per share 	3,505,758,198



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
30.05.2007	224,369	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 9,369 shares at option price of RM3.56 per share– 6,500 shares at option price of RM4.60 per share– 2,500 shares at option price of RM4.92 per share– 128,000 shares at option price of RM6.37 per share– 78,000 shares at option price of RM5.67 per share	3,505,982,567
04.06.2007	2,962,800	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 43,000 shares at option price of RM3.56 per share– 1,000 shares at option price of RM3.40 per share– 117,000 shares at option price of RM4.60 per share– 34,000 shares at option price of RM4.92 per share– 1,931,000 shares at option price of RM6.37 per share– 836,800 shares at option price of RM5.67 per share	3,508,945,367
07.06.2007	33,900	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 400 shares at option price of RM3.56 per share– 1,500 shares at option price of RM4.60 per share– 25,000 shares at option price of RM6.37 per share– 7,000 shares at option price of RM5.67 per share	3,508,979,267
10.07.2007	1,974,411	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 379 shares at option price of RM1.64 per share– 47,133 shares at option price of RM3.56 per share– 91,000 shares at option price of RM4.60 per share– 15,500 shares at option price of RM4.92 per share– 1,201,900 shares at option price of RM6.37 per share– 618,499 shares at option price of RM5.67 per share	3,510,953,678
17.07.2007	7,444,206	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 82,283 shares at option price of RM3.56 per share– 19,925 shares at option price of RM3.40 per share– 95,575 shares at option price of RM4.60 per share– 16,100 shares at option price of RM4.92 per share– 6,428,923 shares at option price of RM6.37 per share– 801,400 shares at option price of RM5.67 per share	3,518,397,884
20.07.2007	727,500	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 3,000 shares at option price of RM3.56 per share– 21,000 shares at option price of RM4.60 per share– 10,000 shares at option price of RM4.92 per share– 512,000 shares at option price of RM6.37 per share– 181,500 shares at option price of RM5.67 per share	3,519,125,384

Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
14.11.2007	6,071,344	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 727 shares at option price of RM1.64 per share – 68,822 shares at option price of RM3.56 per share – 450 shares at option price of RM3.40 per share – 138,900 shares at option price of RM4.60 per share – 26,000 shares at option price of RM4.92 per share – 4,763,700 shares at option price of RM6.37 per share – 1,072,745 shares at option price of RM5.67 per share 	3,525,196,728
16.11.2007	1,834,280	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 32,006 shares at option price of RM3.56 per share – 29,075 shares at option price of RM3.40 per share – 86,969 shares at option price of RM4.60 per share – 16,000 shares at option price of RM4.92 per share – 1,117,231 shares at option price of RM6.37 per share – 552,999 shares at option price of RM5.67 per share 	3,527,031,008
26.11.2007	849,375	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 9,700 shares at option price of RM3.56 per share – 19,075 shares at option price of RM3.40 per share – 38,000 shares at option price of RM4.60 per share – 19,500 shares at option price of RM4.92 per share – 479,800 shares at option price of RM6.37 per share – 283,300 shares at option price of RM5.67 per share 	3,527,880,383
17.12.2007	11,000	Exercise of share options under PBB ESOS at option price of RM6.37 per share	3,527,891,383
21.01.2008	701,527	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 46,600 shares at option price of RM3.56 per share – 125 shares at option price of RM3.40 per share – 19,000 shares at option price of RM4.60 per share – 8,500 shares at option price of RM4.92 per share – 481,302 shares at option price of RM6.37 per share – 146,000 shares at option price of RM5.67 per share 	3,528,592,910
05.02.2008	710,476	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> – 11,109 shares at option price of RM3.56 per share – 4,700 shares at option price of RM4.60 per share – 8,000 shares at option price of RM4.92 per share – 502,167 shares at option price of RM6.37 per share – 184,500 shares at option price of RM5.67 per share 	3,529,303,386



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
18.02.2008	1,595,474	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 10,262 shares at option price of RM3.56 per share– 50 shares at option price of RM3.40 per share– 61,862 shares at option price of RM4.60 per share– 10,500 shares at option price of RM4.92 per share– 1,090,800 shares at option price of RM6.37 per share– 422,000 shares at option price of RM5.67 per share	3,530,898,860
21.02.2008	65,000	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 2,500 shares at option price of RM4.60 per share– 41,500 shares at option price of RM6.37 per share– 21,000 shares at option price of RM5.67 per share	3,530,963,860
05.03.2008	748,792	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 2,121 shares at option price of RM1.64 per share– 23,221 shares at option price of RM3.56 per share– 4,750 shares at option price of RM3.40 per share– 37,700 shares at option price of RM4.60 per share– 17,500 shares at option price of RM4.92 per share– 462,400 shares at option price of RM6.37 per share– 201,100 shares at option price of RM5.67 per share	3,531,712,652
12.03.2008	213,182	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none">– 18,982 shares at option price of RM3.56 per share– 11,500 shares at option price of RM4.60 per share– 5,500 shares at option price of RM4.92 per share– 123,000 shares at option price of RM6.37 per share– 54,200 shares at option price of RM5.67 per share	3,531,925,834
01.08.2014	350,212,513	Rights Issue 1:10 at RM13.80 per share	3,882,138,347

* The number of shares allotted has been adjusted to reflect the consolidation of PBB shares from par value of RM0.50 to par value of RM1.00 on 2 June 2004.

Summary of Properties

Owned by Public Bank Group

as at 31 December 2014

Area	No. of Properties		Net Book Value (RM'000)
	Freehold	Leasehold	
DOMESTIC			
PUBLIC BANK BERHAD			
Kuala Lumpur	2	–	242,866
Perak Darul Ridzuan	1	–	247
Sarawak	–	1	12
PUBLIC MUTUAL BERHAD			
Kuala Lumpur	1	1	8,763
Johor Darul Takzim	–	1	780
Pahang Darul Makmur	1	–	1,623
Pulau Pinang	1	–	1,759
Sarawak	–	2	2,420
Selangor Darul Ehsan	1	1	5,549
PUBLIC HOLDINGS SDN BHD			
Kuala Lumpur	5	4	104,278
Johor Darul Takzim	4	–	42,511
Kedah Darul Aman	1	–	1,433
Melaka	–	2	1,161
Pahang Darul Makmur	1	–	90
Perak Darul Ridzuan	3	1	4,881
Pulau Pinang	8	1	5,342
Sabah	–	2	2,216
Sarawak	1	3	4,540
Selangor Darul Ehsan	1	2	40,336
OVERSEAS			
CAMBODIAN PUBLIC BANK PLC			
Phnom Penh	1	–	61,490
PUBLIC FINANCIAL HOLDINGS GROUP			
Hong Kong	–	31	411,048

Note:

The details of the top 10 properties as included in the above summary are disclosed in the following page.



Top 10 Properties Owned by Public Bank Group as at 31 December 2014

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur Malaysia	36-storey office tower and 5-storey podium (L/B)	Public Bank's Head Office and Kuala Lumpur City Main Office; business premises of subsidiary and associated companies	Freehold	-	20 Years	46,436	2-1-1995	242,681
Basement, Ground Floor 1st-12th floor, Flat A & B on 14th Floor, 17th Floor, Flat A on 19th Floor, 21st Floor and Main Roof Public Bank Centre 120 Des Voeux Road Central Central Hong Kong	A shop unit on ground floor and basement; and office floors of a 23-storey commercial building	Public Bank (HK) Ltd's Main Branch and administrative office	Leasehold 999 Years	828 Years (26-6-2842)	37 Years	5,451	30-5-2006**	110,155
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	46 Years (18-2-2060)	32 Years	1,465	2-5-1994 (R)	84,238
CPB Building no. 23 Kramuon 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	-	5 Years	18,149	14-10-2009	61,490
Lot 59, Section 57 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia	Vacant land	Public Mutual's future new Head Quarters	Freehold	-	-	5,393	24-4-2006	53,621

Top 10 Properties Owned by Public Bank Group

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Shop B Ground Floor and Office B 1st to 17th Floor JCG Building 16 Mongkok Road Mongkok Kowloon Hong Kong	A shop unit on ground floor and all B units for 1st to 17th floors of an 18-storey commercial building with shops and offices	Public Bank (HK) Ltd. & Public Finance Ltd.'s Mongkok Branch; storeroom of Public Financial Holdings Group; office space leased to third parties	Leasehold 150 Years	36 Years (27-5-2050)	27 Years	2,215	30-6-1994 (R)	43,816
Public Bank Tower 19 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Malaysia	30-storey office tower (L/B)	Public Bank's Johor Bahru Branch; office space rented to third parties and a related party	Freehold	-	20 Years	36,222	12-8-1991	39,337
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	888 Years (14-8-2902)	47 Years	1,464	11-6-1993	37,815
1 Jalan Air Hitam Kawasan Institusi Bandar Baru Bangi 43000 Kajang Selangor Darul Ehsan Malaysia	5 blocks of integrated multi-storey building (L/B)	Public Bank's IT & Training Centre	Leasehold 99 Years	82 Years (2-9-2096)	17 Years	31,669	3-9-1997	33,486
Wisma Public Bank 300 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	14-storey office building (L/B)	Public Bank's Tiong Nam Branch	Freehold	-	27 Years	10,395	27-8-2003	21,161

Notes:

(L/B) Land and building

(R) Revaluation was performed as at 31 December 2014

** 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



People's Republic of China



Laos



Hong Kong



Cambodia



Vietnam



Sri Lanka



Malaysia



Group Corporate Directory



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

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Cable : "PBBKLCITY" Kuala Lumpur

www.publicbank.com.my

Branch	Telephone
FEDERAL TERRITORY	
Bandar Sri Damansara	03-6272 5694 03-6272 5742
Bandar Sri Permaisuri	03-9171 9966 03-9172 6388
Bangsar	03-2282 8929 03-2282 8930
Bintang Walk	03-2142 7969 03-2144 7807
Bukit Damansara	03-2095 4278 03-2095 4922
Changkat Thambi Dollah	03-2145 4492 03-2145 4498
Jalan Bukit Bintang	03-2144 5755 03-2144 5759
Jalan Hang Lekiu	03-2078 1115 03-2078 7077
Jalan Ipoh	03-4042 7487 03-4042 7488
Jalan Kelang Lama	03-7981 1211 03-7981 1212
Jalan Kuchai Lama	03-7980 4377 03-7984 3413
Jalan Pasar	03-2142 9110 03-2142 9160
Jalan Raja Chulan	03-2141 8255 03-2141 8366

Branch	Telephone
FEDERAL TERRITORY	
Jalan Raja Laut	03-2693 0722 03-2693 0828
Jalan Sultan Sulaiman	03-2070 2711 03-2070 9793
Jalan Sungei Besi	03-9221 4771 03-9221 5655
Jalan Tun H.S. Lee	03-2070 2121 03-2070 2234
Jalan Tun Sambanthan	03-2272 5930 03-2273 6494
Jinjang	03-6252 3355 03-6252 3356
Kepong	03-6257 0032 03-6257 4690
KL City Main Office	03-2163 8866 03-2176 7888
Labuan	087-414 201 087-414 278
Medan Idaman	03-4023 4467 03-4023 4478
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

Branch	Telephone
FEDERAL TERRITORY	
Pandan Jaya	03-9281 2199 03-9286 3149
Salak South	03-7980 2921 03-7980 5190
Segambut	03-6252 7052 03-6252 7054
Selayang	03-6120 5099 03-6136 8644
Sentul	03-4042 1811 03-4042 1509
Seri Petaling	03-9058 5711 03-9058 5712
Setapak	03-4021 9341 03-4021 9343
Starparc Point	03-4143 2888 03-4143 6988
Taman Cheras	03-9130 7840 03-9131 4182
Taman Connaught	03-9101 7152 03-9102 3649
Taman Desa	03-7983 7811 03-7983 7812
Taman Maluri	03-9285 9994 03-9285 7203
Taman Melawati	03-4105 2003 03-4105 2004



Branch	Telephone	Branch	Telephone	Branch	Telephone
FEDERAL TERRITORY		JOHOR		KEDAH	
Taman Midah	03-9130 0533 03-9130 0234	Muar	06-951 7505 06-951 7520	Changlun	04-924 1457 04-924 1085
Taman Tun Dr. Ismail	03-7729 4672 03-7729 9440	Parit Raja	07-454 2855 07-454 2857	Gurun	04-468 6143 04-468 6325
Tiong Nam	03-2693 9555 03-2693 9528	Pekan Nenas	07-699 5352 07-699 5594	Jalan Kota	04-731 0559 04-731 1384
Wangsa Maju	03-4142 8577 03-4142 8579	Pontian Kecil	07-687 9601 07-687 9602	Jitra	04-917 4926 04-917 4927
JOHOR		Segamat	07-931 3900 07-931 3930	Kuala Ketil	04-416 3010 04-416 3278
Bandar Baru Permas Jaya	07-388 3252 07-388 3253	Simpang Renggam	07-755 0510 07-755 0511	Kulim	04-490 1090 04-490 1096
Batu Pahat	07-432 0798 07-433 2460	Skudai	07-557 0007 07-557 0008	Pokok Sena	04-782 2000 04-782 2008
Bukit Indah	07-238 3966 07-238 2878	Sutera Utama	07-559 1788 07-557 6299	Pulau Langkawi	04-966 7372 04-966 7373
Bukit Pasir	06-985 6878 06-985 7261	Taman Daya	07-353 1122 07-353 8282	Sik	04-469 5691 04-469 5764
Chaah	07-926 2001 07-926 2002	Taman Desa Cemerlang	07-861 6450 07-861 6587	Sungai Petani	04-421 7622 04-421 7623
Endau	07-794 4051 07-794 4155	Taman Johor Jaya	07-354 6755 07-355 0095	KELANTAN	
Jalan Abdullah	06-951 8753 06-951 8760	Taman Munsyi Ibrahim	07-234 6820 07-234 6821	Gua Musang	09-912 2600 09-912 2602
Johor Bahru	07-218 6888 07-218 6868	Taman Perling	07-234 4919 07-234 4608	Kota Bharu	09-744 7143 09-744 6944
Kahang	07-788 2294 07-788 2295	Taman Sentosa	07-331 6521 07-331 2266	Kuala Krai	09-966 4027 09-966 4028
Kluang	07-771 2185 07-772 7643	Tampoi	07-237 7184 07-237 7519	Tanah Merah	09-955 6139 09-955 6244
Kota Tinggi	07-883 4192 03-883 4714	Tangkak	06-978 2123 06-978 2124	Wakaf Siku	09-747 0111 09-746 1881
Kulai	07-663 4166 07-663 4167	Ulu Tiram	07-861 3291 07-861 3292	MELAKA	
Masai	07-252 2498 07-252 2500	KEDAH		Air Keroh	06-232 7208 06-232 7209
Mersing	07-799 2695 07-799 2697	Alor Setar	04-731 5411 04-731 5412	Batu Berendam	06-317 6200 06-317 6204
				Masjid Tanah	06-384 7712 06-384 7713

Branch	Telephone	Branch	Telephone	Branch	Telephone
MELAKA		PAHANG		PERAK	
Melaka	06-283 0233 06-289 7000	Genting Highlands	03-6436 0088 03-6436 0145	Jalan Pasir Putih	05-321 9892 05-322 1658
Taman Malim Jaya	06-334 6397 06-334 6404	Jalan Beserah	09-567 8461 09-568 8088	Jalan Sultan Idris Shah	05-255 1068 05-255 1069
Taman Melaka Raya	06-281 7527 06-281 7528	Jerantut	09-266 1917 09-266 1972	Jalan Yang Kalsom	05-253 1998 05-253 1514
Tengkera	06-283 2052 06-283 2054	Kemayan	09-240 9824 09-240 9866	Jelapang	05-526 4014 05-526 4015
NEGERI SEMBILAN		Kuala Lipis	09-312 2077 09-312 1722	Kampar	05-465 1044 05-465 2160
Bahau	06-454 4102 06-454 4103	Kuantan	09-517 9822 09-517 8288	Kamunting	05-808 1110 05-808 1112
Gemas	07-948 1770 07-948 1780	Mentakab	09-277 5800 09-277 5801	Kuala Kangsar	05-776 9894 05-776 9895
Kuala Kelawang	06-613 6925 06-613 6926	Raub	09-355 3471 09-355 3502	Menglembu	05-281 1014 05-281 4978
Kuala Pilah	06-481 2277 06-481 2299	Temerloh	09-296 5652 09-296 5653	Parit Buntar	05-716 0078 05-716 0079
Nilai	06-799 1066 06-799 1067	Triang	09-255 3480 09-255 3481	Pantai Remis	05-677 1251 05-677 1252
Port Dickson	06-647 2942 06-647 2943	PERAK		Pusing	05-288 4077 05-288 4078
Rasah	06-762 0623 06-762 5144	Ayer Tawar	05-672 6399 05-672 6400	Seri Manjung	05-688 2927 05-688 2987
Seremban	06-763 0661 06-763 0662	Bagan Serai	05-721 2842 05-721 2843	Simpang Pulai	05-357 5360 05-357 5361
Tampin	06-441 2511 06-441 2512	Bidor	05-434 1252 05-434 1253	Sitiawan	05-691 3526 05-691 3527
PAHANG		Bercham	05-546 8140 05-548 3888	Sungai Siput	05-598 6116 05-598 4114
Benta	09-323 8622 09-323 8621	Chemor	05-201 1124 05-201 1125	Taiping	05-807 2551 05-808 4291
Bentong	09-222 5653 09-222 5659	Gunung Rapat	05-313 1646 05-313 1649	Tanjong Malim	05-459 7602 05-459 7603
Bureau de Change Resorts Hotel, Genting Highlands	03-6101 1237	Ipoh Garden	05-548 0951 05-548 0952	Tanjong Piandang	05-725 5327 05-725 7941
Brinchang	05-491 1590 05-491 2682	Ipoh Main Office	05-253 0115 05-253 1034	Teluk Intan	05-622 3282 05-621 2325



Branch	Telephone	Branch	Telephone	Branch	Telephone
PERLIS		PULAU PINANG		SABAH	
Kangar	04-976 3311 04-976 3413	Relau	04-644 3112 04-644 3102	Sandakan	089-214 257 089-214 258
PULAU PINANG		Simpang Ampat	04-588 7000 04-588 2436	Tawau	089-761 311 089-761 322
Bandar Baru Air Itam	04-828 4088 04-828 6088	Sungai Nibong	04-658 6000 04-656 2288	SARAWAK	
Bagan Ajam	04-331 7822 04-331 7823	Taman Bandar Raya	04-530 0288 04-530 1951	Batu Niah	085-737 111 085-737 112
Bandar Bayan Baru	04-643 8200 04-643 8390	SABAH		Bintangor	084-693 622 084-693 511
Bandar Seberang Jaya	04-390 4513 04-390 4592	Beaufort	087-214 844 087-214 869	Bintulu	086-331 433 086-338 031
Bukit Mertajam	04-539 2205 04-539 2207	City Parade	088-251 812 088-251 813	China Street	085-417 227 085-417 228
Butterworth	04-332 9837 04-332 9839	Donggongan	088-722 780 088-723 780	Jalan Central	084-335 677 084-311 080
Jalan Air Itam	04-828 8591 04-828 8595	Inanam	088-429 112 088-429 113	Jalan Penrissen	082-613 377 082-615 988
Jalan Datuk Keramat	04-226 4571 04-228 1045	Jalan Apas	089-913 262 089-913 606	Jalan Tun Zaidi	082-245 220 082-245 271
Jalan Macalister	04-227 6842 04-227 6843	Jalan Pantai	088-237 883 088-236 800	Kapit	084-797 677 084-797 652
Jalan Raja Uda	04-324 5229 04-324 5297	Keningau	087-335 841 087-335 846	Kuching City	082-417 922 082-417 923
Jelutong	04-281 3227 04-282 5230	Kota Belud	088-977 784 088-977 807	Li Hua	084-216 996 084-213 186
Kepala Batas	04-575 9085 04-575 9086	Kota Kinabalu	088-239 611 088-239 612	Limbang	085-216 751 085-212 443
Lebuh Macallum	04-262 8442 04-262 7732	Lahad Datu	089-884 021 089-884 020	Marudi	085-755 000 085-755 009
Nibong Tebal	04-593 2216 04-593 1433	Lido	088-245 687 088-217 125	Medan Sentral	086-318 883 086-311 116
Prai	04-390 1241 04-390 1246	Papar	088-912 523 088-912 522	Miri	085-412 944 085-412 955
Pulau Pinang	04-261 3415 04-261 6755	Prima Square	089-202 288 089-202 289	Mukah	084-871 900 084-872 668
Pulau Tikus	04-227 1890 04-227 8744	Putatan	088-771 811 088-771 999	Padungan	082-489 904 082-489 905

Branch	Telephone
SARAWAK	
Pelita	085-415 728 085-431 639
Sarikei	084-652 490 084-652 495
Sibu	084-320 088 084-316 511
Sri Aman	083-323 031 083-323 032
Stutong	082-363 889 082-369 389
Wisma Saberka	082-419 889 082-428 800

SELANGOR	
Ampang	03-4256 2333 03-4256 2636
Bandar Bukit Tinggi	03-3323 6006 03-3323 1661
Bandar Mahkota Cheras	03-9019 8788 03-9019 8898
Bandar Puchong Jaya	03-5882 1888 03-5882 1889
Bandar Puteri Puchong	03-8062 8899 03-8062 7799
Bandar Sunway	03-5636 0713 03-5636 0722
Banting	03-3187 8387 03-3187 8587
Batang Kali	03-6057 2401 03-6057 2402
Bukit Beruntung	03-6028 2170 03-6028 2168
Damansara Jaya	03-7729 8588 03-7729 8589
Damansara Utama	03-7728 9376 03-7728 9406
Jalan Tapah	03-3343 5193 03-3341 9036
Kajang	03-8733 5752 03-8734 4240

Branch	Telephone
SELANGOR	
Kampung Baru Subang	03-7846 8986 03-7846 8012
Kapar	03-3250 2799 03-3250 0917
Kelana Jaya	03-7803 4928 03-7803 1267
Klang	03-3342 3567 03-3342 4048
Kota Damansara	03-6148 3766 03-6148 2766
Kuala Selangor	03-3289 4193 03-3289 4194
Pandamaran	03-3167 2830 03-3167 2831
Petaling Jaya New Town	03-7957 0211 03-7957 0007
Petaling Jaya Old Town	03-7783 6566 03-7783 5785
Port Klang	03-3167 4550 03-3167 4668
Rawang	03-6092 4936 03-6092 4937
Sabak Bernam	03-3216 2500 03-3216 2805
Sea Park	03-7873 8931 03-7873 8932
Section 14	03-7958 2585 03-7958 2586
Sekinchan	03-3241 1263 03-3241 1264
Semenyih	03-8723 8811 03-8723 8812
Seri Gombak	03-6188 6712 03-6188 9611
Seri Kembangan	03-8939 2000 03-8939 2001
Seri Setia	03-7874 1944 03-7874 1966
Shah Alam	03-5510 0567 03-5510 1313

Branch	Telephone
SELANGOR	
SS 2	03-7874 0436 03-7874 1933
Subang Jaya	03-5633 2420 03-5633 2421
Sungai Buloh	03-6156 1983 03-6156 2056
Sungai Chua	03-8737 0228 03-8734 6031
Sungai Jarom	03-3191 2031 03-3191 2032
Sungai Pelek	03-3141 1236 03-3141 1237
Taman Chi Liung	03-3371 8482 03-3371 8899
Taman Equine	03-8938 1988 03-8938 2020
Taman Indah	03-9075 5202 03-9075 5211
Taman Mayang	03-7803 9247 03-7803 0124
Taman Muda	03-4296 1806 03-4296 1935
Taman Sentosa Klang	03-5161 3369 03-5161 3449
Taman Sri Muda	03-5121 6394 03-5121 6395
Taman Taming Jaya	03-8961 2460 03-8961 4980
USJ	03-5631 0776 03-5635 0617

TERENGGANU	
Chukai	09-859 5962 09-859 4069
Kuala Dungun	09-848 2511 09-848 2507
Kuala Terengganu	09-622 6122 09-622 6016



OVERSEAS BRANCHES

Sri Lanka

Colombo Main Office

#340, R A de Mel Mawatha
Colombo 00300, Sri Lanka
Tel : 94-11-257 6288
(Country Head)
94-11-257 6289/90/91/92
94-11-729 0200-7
(General Numbers)
Fax : 94-11-257 3958
Swift : PBBELKX
E-mail : pbbstk@publicbank.com.lk

Nawala Branch

#150, Nawala Road
Nugegoda, Sri Lanka
Tel : 94-11-282 9750
(Branch Manager)
94-11-282 9751
94-11-282 9752
(General Numbers)
Fax : 94-11-282 9755

Galle Branch

#26 A & 26 B, Colombo Road
Kaluwella, Galle, Sri Lanka
Tel : 94-91-223 1740
(Branch Manager)
94-91-223 1741
94-91-223 1742
(General Numbers)
Fax : 94-91-223 1743

Lao P.D.R.

Vientiane Branch

100/1-4 Talat Sao Road
P.O. Box 6614
Vientiane, Lao P.D.R.
Tel : 856-21-223 395
(Country Head)
856-21-223 394
856-21-216 614
Fax : 856-21-222 743
Telex : 4310 PBBVTE LS
Swift : PBBELELA
E-mail : pbbvte@publicbank.com.la

Savannakhet Branch

308/3 Sisavangvong Road
Group 24 Sainutha Village
Kaisone Phovanhian District
Savannakhet Province, Lao P.D.R.
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Fax : 856-41-252 133
E-mail : pbbsvn@publicbank.com.la

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Meuangwa Tha Village
Sikhottabong District
Vientiane, Lao P.D.R.
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Fax : 856-21-219 876
E-mail : pbbsik@publicbank.com.la

Pakse Branch

070 No. 13
South Road, Phonesavanh Village
Pakse District Champasak
Lao P.D.R.
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856-31-218 112
Fax : 856-31-218 113
E-mail : pbbpks@publicbank.com.la

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Fax : 03-2692 7188, 03-2698 7699

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66, Jalan Diplomatik, Presint 15
62050 Putrajaya, Malaysia
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Fax : 03-2162 6078

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(264620-K)

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(20027-W)

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03-2031 3733
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Sdn Bhd (168757-X)

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Fax : 03-2268 3167

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Website: www.publicmutual.com.my
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office nationwide)
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Fax : 03-6277 9800

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6087-412 336
Fax : 6087-451 193

Public Bank (L) Ltd (900002A)

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Malaysia
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Swift : PBLMYKA

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Tel : 852-2541 9222
Fax : 852-2815 9232

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Fax : 852-2845 0681
Website: www.publicfinance.com.hk
E-mail : info@publicfinance.com.hk
(42 branches in Hong Kong)

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Fax : 852-2845 5240

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Central, Hong Kong
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Fax : 852-2845 5240

Winton (B.V.I.) Limited

Room 1101-1110, 11th Floor
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688 Nathan Road, Mongkok
Kowloon, Hong Kong
Tel : 852-2391 9388
Fax : 852-2391 5366
Website: www.wintongroup.com.hk
(9 branches in Hong Kong)

Public Bank (Hong Kong) Limited

2/F, Public Bank Centre
120, Des Voeux Road Central
Central, Hong Kong
Tel : 852-2541 9222
Fax : 852-2541 0009
Website: www.publicbank.com.hk
E-mail : contact@publicbank.com.hk
(32 branches in Hong Kong,
3 branches in Shenzhen,
China and 1 representative
office each in Shanghai,
Shenyang, China & Taipei,
Taiwan)

Public Financial Securities Limited

7/F, Public Bank Centre
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Fax : 852-2541 4482
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Fax : 852-2541 0009

Cambodian Public Bank Plc

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No. 23, Kramuon Sar Avenue
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Sangkat Phsar Thmey II
Khan Daun Penh, Phnom Penh
Kingdom of Cambodia
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222 881/222 882
(General Lines)
Fax : 855-23-222 887
Swift : CPBLKHP
E-mail : hoe@campubank.com.kh
Website: www.campubank.com.kh
www.cpbekbank.com
(27 branches in Cambodia)



Campu Securities Plc

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Website: www.campusecurities.com.kh
Tel : 855-23-999 880/998 860
Fax : 855-23-999 883

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(7 branches in Vietnam)
Tel : 844-3943 9130
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844-3943 8999
844-3943 9011
844-3943 9012
Fax : 844-3943 9005

CPB Properties Co Ltd

2nd Floor
Campu Bank Building
No. 23, Kramuon Sar Avenue
(Street No. 114)
Sangkat Phsar Thmey II
Khan Daun Penh, Phnom Penh
Kingdom of Cambodia
E-mail : hoe@campubank.com.kh
Tel : 855-23-222 880/222 881
Fax : 855-23-222 887

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PUBLIC BANK
(6463-H)

Form of Proxy

Number of shares held	CDS Account No.									

"A" I/We NRIC/Co. No.
(FULL NAME IN BLOCK LETTERS)
of
(FULL ADDRESS)
Tel No. being a Member of PUBLIC BANK BERHAD, hereby appoint
..... NRIC No.
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
of
(FULL ADDRESS)
or failing him, NRIC No.
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
of
(FULL ADDRESS)
or failing him, the CHAIRMAN OF THE MEETING as my/our *first proxy to attend and vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 30 March 2015 at 11.00 a.m., or any adjournment thereof.

"B" Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

I/We NRIC/Co. No.
(FULL NAME IN BLOCK LETTERS)
of
(FULL ADDRESS)
Tel No. being a Member of PUBLIC BANK BERHAD, hereby appoint
..... NRIC No.
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
of
(FULL ADDRESS)
or failing him, NRIC No.
(FULL NAME IN BLOCK LETTERS AS PER NRIC)
of
(FULL ADDRESS)
or failing him, the CHAIRMAN OF THE MEETING as my/our second proxy to attend and vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 30 March 2015 at 11.00 a.m., or any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy "A"	%
Second Proxy "B"	%
	100%

In case of a vote taken by a show of hands, *First Proxy "A"/*Second Proxy "B" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit.)

NO.	ORDINARY RESOLUTIONS	FIRST PROXY "A"		SECOND PROXY "B"	
		FOR	AGAINST	FOR	AGAINST
1.	Receipt of Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon				
2.	Re-election of Cheah Kim Ling as Director				
3.	Re-appointment of Tan Sri Dato' Sri Dr. Teh Hong Piow as Director				
4.	Re-appointment of Tan Sri Datuk Seri Utama Thong Yaw Hong as Director				
5.	Re-appointment of Tan Sri Dato' Sri Tay Ah Lek as Director				
6.	Re-appointment of Dato' Sri Lee Kong Lam as Director				
7.	Re-appointment of Tang Wing Chew as Director				
8.	Re-appointment of Lai Wan as Director				
9.	Approval of payment of Directors' fees				
10.	Appointment of Messrs Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs KPMG for the financial year ending 31 December 2015 and to authorise the Directors to fix the Auditors' remuneration				

Signed this day of 2015.

.....
Signature of Member/Common Seal

* Delete if inapplicable.

Notes:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 23 March 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 49th Annual General Meeting (AGM).
- A Member entitled to attend, speak and vote at this 49th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.
- A Member shall not be entitled to appoint more than 2 proxies to attend and vote at this 49th AGM provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
Where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
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 nominees 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 instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before this 49th AGM.

Please fold here to seal

Please fold here

STAMP

To: Share Registrar
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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Past Award – Winning ANNUAL REPORTS

2013 Annual Report

- NACRA Award**
- Certificate of Merit

2012 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Silver Award
 - Best Annual Report in Bahasa Malaysia – Platinum Award

2011 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Gold Award
 - Best Annual Report in Bahasa Malaysia – Platinum Award

2010 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Gold Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award

2009 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Gold Award

2008 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award

2007 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award

2006 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Platinum Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia – Platinum Award
 - Best Designed Annual Report – Platinum Award

2005 Annual Report

- NACRA Award**
- Most Outstanding Annual Report – Gold Award
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia

2004 Annual Report

- NACRA Award**
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia

CITRA Award

- Merit Award

2003 Annual Report

- NACRA Award**
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia

2002 Annual Report

- NACRA Award**
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector
 - Best Annual Report in Bahasa Malaysia

CITRA Award

- Merit Award

2001 Annual Report

- NACRA Award**
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector

CITRA Award

- Special Jury Award

2000 Annual Report

- NACRA Award**
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector

CITRA Award

- Special Jury Award

1999 Annual Report

- NACRA Award**
- Industry Excellence Award – Finance Sector

CITRA Award

- Main Award

1998 Annual Report

- NACRA Award**
- Industry Excellence Award – Finance Sector

1997 Annual Report

- NACRA Award**
- Best Annual Report in Bahasa Malaysia
 - Industry Excellence Award – Finance Sector

1996 Annual Report

- NACRA Award**
- Most Outstanding Annual Report
 - Industry Excellence Award – Finance Sector

1995 Annual Report

- NACRA Commendation Award**
- Accounting Information
 - Annual Report in Bahasa Malaysia

1994 Annual Report

- NACRA Commendation Award**
- Accounting Information
 - Corporate Information
 - Annual Report in Bahasa Malaysia

1991 Annual Report

- NACRA Award**
- Best Accounting Information
 - NACRA Commendation Award
 - Corporate Information

1990 Annual Report

- NACRA Award**
- Best Accounting Information

1989 Annual Report

- NACRA Award**
- Most Outstanding Annual Report
 - Best Annual Report – Finance Sector

NACRA Commendation Award

- Corporate Information
- Accounting Information
- Annual Report in Bahasa Malaysia

1988 Annual Report

- MACRA Award**
- Best Overall Annual Report
 - Best Corporate Information – NARA Award
 - Best Annual Report – Finance Sector

1987 Annual Report

- MACRA Award**
- Best Corporate Information – NARA Award
 - Best Annual Report – Finance Sector

1986 Annual Report

- MACRA Award**
- Best Corporate Information



2013



2012



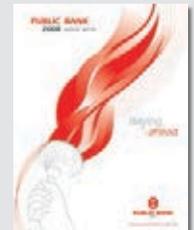
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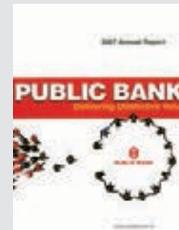
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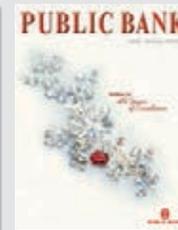
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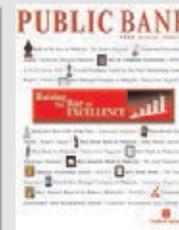
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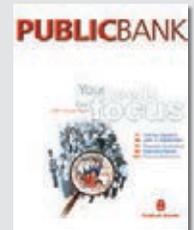
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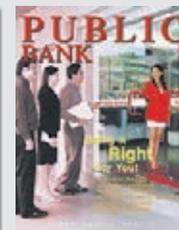
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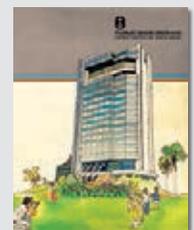
1989



1988



1987



1986

PUBLIC BANK BERHAD (6463-H)
Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur, Malaysia
Tel: 603 2163 8888/603 2163 8899 Fax: 603 2163 9917

www.publicbank.com.my