



PUBLIC BANK

still **Surging
Ahead**

2015 ANNUAL REPORT

What's inside this **report...**



STILL SURGING AHEAD

Public Bank opened its door for business five decades ago in 1966. It was the Year of the Horse and a banking thoroughbred was born. Led by visionary leadership, Public Bank has evolved to become an indomitable force in Malaysia's banking industry as we grew in strength and stature over the years, driven by our spirit and will to succeed. Today, we stand tall as we continue to build on our legacy of excellence.

The theme 'Still Surging Ahead' reflects the Group's commitment to keep the momentum going to achieve even more success in the future. To commemorate Public Bank's 50 years in the financial industry, this year's annual report showcases a collection of equine paintings from the Bank's collections depicting the energy, strength and resilient nature of horses.



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



To contact us, please refer to the Corporate Information on page 12 and the Group Corporate Directory on page 283



The financial statements are available in the Financial Statements book of the 2015 Annual Report

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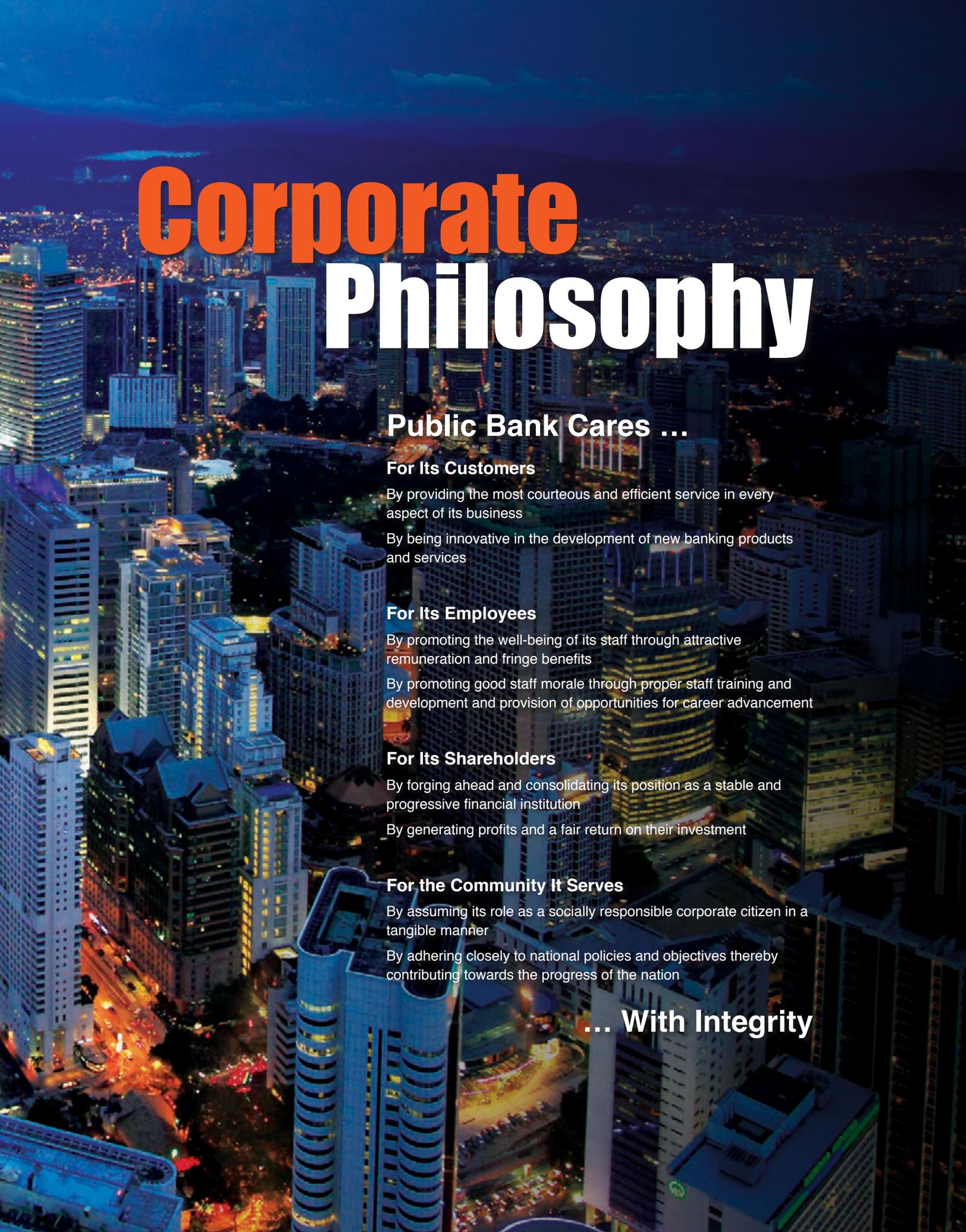
- Form of Proxy





Corporate Mission

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



Corporate Philosophy

Public Bank Cares ...

For Its Customers

By providing the most courteous and efficient service in every aspect of its business

By being innovative in the development of new banking products and services

For Its 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



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 50th 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, 28 March 2016 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note)

2. To re-elect Lai Wai Keen who retires pursuant to Article 111 of the Company's Articles of Association. Ordinary Resolution 1

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 2

 - ii. "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 3

 - iii. "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 4

 - iv. "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 5

 - v. "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 6

**Notice of
Annual General Meeting**

- | | |
|---|-----------------------|
| 4. To approve the payment of Directors' fees of RM2,175,600 for the financial year ended 31 December 2015. | Ordinary Resolution 7 |
| 5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix the Auditors' remuneration. | Ordinary Resolution 8 |

By Order of the Board

Dato' Chia Lee Kee
MAICSA 7008270
Company Secretary

Kuala Lumpur
3 March 2016

Notes:

- 1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 March 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 50th Annual General Meeting (AGM).*
- 2. A Member entitled to attend, speak and vote at this 50th 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 50th 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.

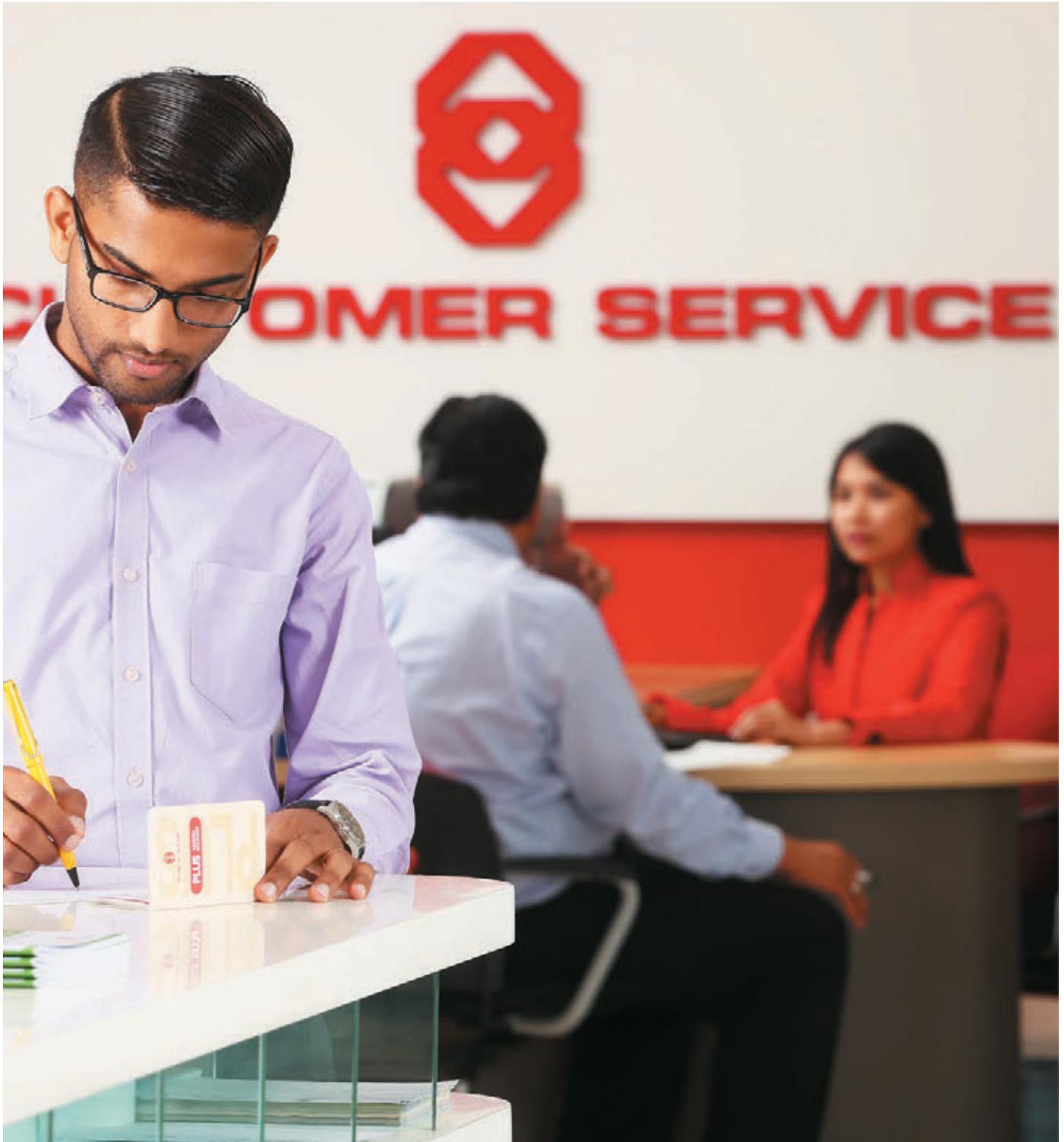
Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the

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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before this 50th AGM.*

Explanatory Note:

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provisions of Section 169(1) and Section 169(3) of the Companies Act, 1965. Hence, this matter will not be put for voting.





Financial Calendar

FINANCIAL YEAR 2015

ANNOUNCEMENT OF CONSOLIDATED RESULTS

20 April 2015 (Monday)

Unaudited results for 1st quarter ended 31 March 2015

30 July 2015 (Thursday)

Unaudited results for 2nd quarter and half-year ended 30 June 2015

22 October 2015 (Thursday)

Unaudited results for 3rd quarter ended 30 September 2015

3 February 2016 (Wednesday)

Audited results for 4th quarter and financial year ended 31 December 2015

DIVIDENDS

1st Interim Dividend of 24%

Notice : 30 July 2015 (Thursday)
Entitlement : 14 August 2015 (Friday)
Payment : 24 August 2015 (Monday)

2nd Interim Dividend of 32%

Notice : 3 February 2016 (Wednesday)
Entitlement : 22 February 2016 (Monday)
Payment : 1 March 2016 (Tuesday)

ANNUAL GENERAL MEETING

3 MARCH 2016 (THURSDAY)

Notice of Annual General Meeting

28 MARCH 2016 (MONDAY)

50th Annual General Meeting

Strength

We have been growing from strength to strength, drawing on our stability in leadership, astute business sense and professionalism. We will continue to spearhead the growth of our business and people to further entrench our status as one of Malaysia's most respected financial institutions.







Financial Highlights

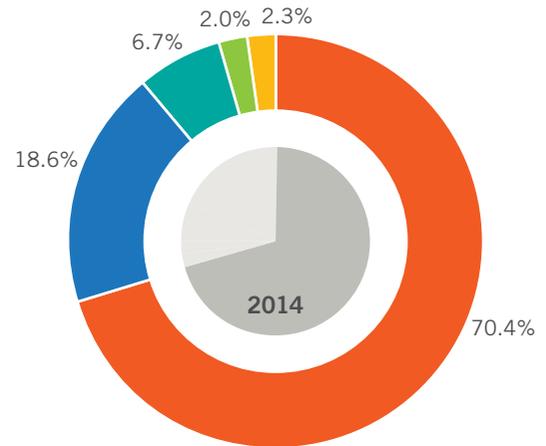
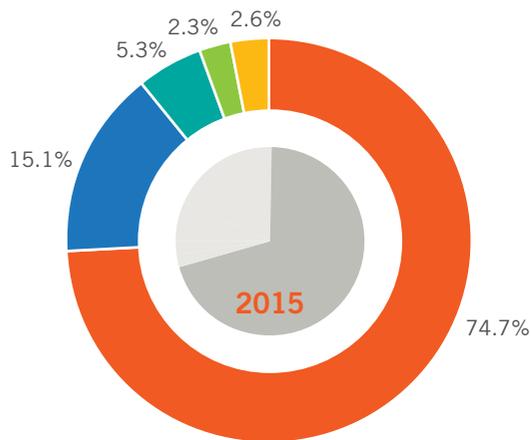
	GROUP		BANK	
	2015	2014	2015	2014
PROFITABILITY (RM'Million)				
Operating revenue	19,182	16,860	13,942	12,732
Operating profit	6,631	6,067	4,986	5,118
Profit before tax expense and zakat	6,491	5,814	5,000	5,019
Net profit attributable to equity holders of the Bank	5,062	4,519	3,989	4,030
KEY BALANCE SHEET DATA (RM'Million)				
Total assets	363,758	345,722	292,272	286,668
Loans, advances and financing	271,814	243,222	219,872	201,928
Deposits from customers	301,157	276,540	236,460	226,217
Shareholders' equity	31,231	28,025	27,945	25,943
FINANCIAL RATIOS (%)				
Profitability Ratios				
Net interest margin on average interest bearing assets	2.2	2.2	2.0	2.1
Net return on equity ¹	17.8	19.9 [#]	15.5	19.3 [#]
Return on average assets	1.8	1.8	1.7	1.9
Return on average risk-weighted assets	2.8	2.8	2.7	2.9
Capital Adequacy Ratios				
Common Equity Tier I capital ratio	11.4	11.3	12.2	12.7
Tier I capital ratio	12.6	12.8	13.6	14.4
Total capital ratio	16.0	16.4	15.9	16.3
Asset Quality Ratio				
Gross impaired loans ratio	0.5	0.6	0.5	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.

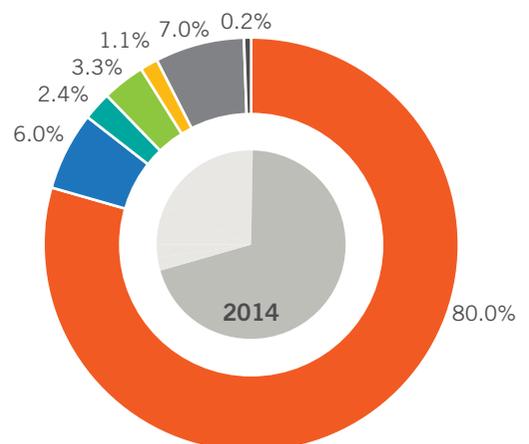
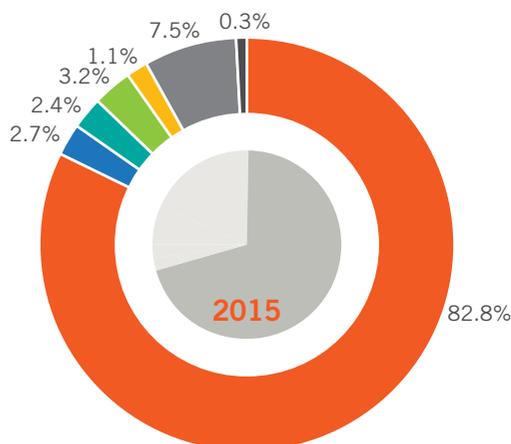


Simplified Group Balance Sheet



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 DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

*PSM, SSAP, PJJ, DIMP, KMN
MBA (Henley), FIBM (M'sia), EFMIM (M'sia), FCPA (Aust),
F Fin (Aust)*

• DATO' SRI LEE KONG LAM

Non-Independent Non-Executive Deputy Chairman

*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

BAcc (Hons), CA (M'sia)

**Corporate
Information****COMPANY SECRETARY****DATO' CHIA LEE KEE***DIMP*

MAICSA 7008270

Tel : 603-2176 6341

E-mail : pbbcosec@publicbank.com.my

REGISTERED OFFICE

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146 Jalan Ampang

50450 Kuala Lumpur

Malaysia

Tel : 603-2176 6341, 2163 8888

Fax : 603-2163 9917

SHARE REGISTRAR**TRICOR INVESTOR SERVICES SDN BHD**

Unit 32-01, Level 32

Tower A, Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

Tel : 603-2783 9299

Fax : 603-2783 9222

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

AUDITORS**MESSRS ERNST & YOUNG (AF 0039)****Chartered Accountants**

Level 23A, Menara Milenium

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Pusat Bandar Damansara

50490 Kuala Lumpur

Malaysia

Tel : 603-7495 8000

Fax : 603-2095 5332

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Menara Public Bank

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50450 Kuala Lumpur

Malaysia

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

Fax : 603-2163 9917

WEBSITEwww.publicbankgroup.com**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 LISTINGListed on the Main Market of Bursa Malaysia
Securities Berhad

Listing Date : 6 April 1967

Stock Name : PBBANK

Stock Code : 1295



Group Corporate Structure

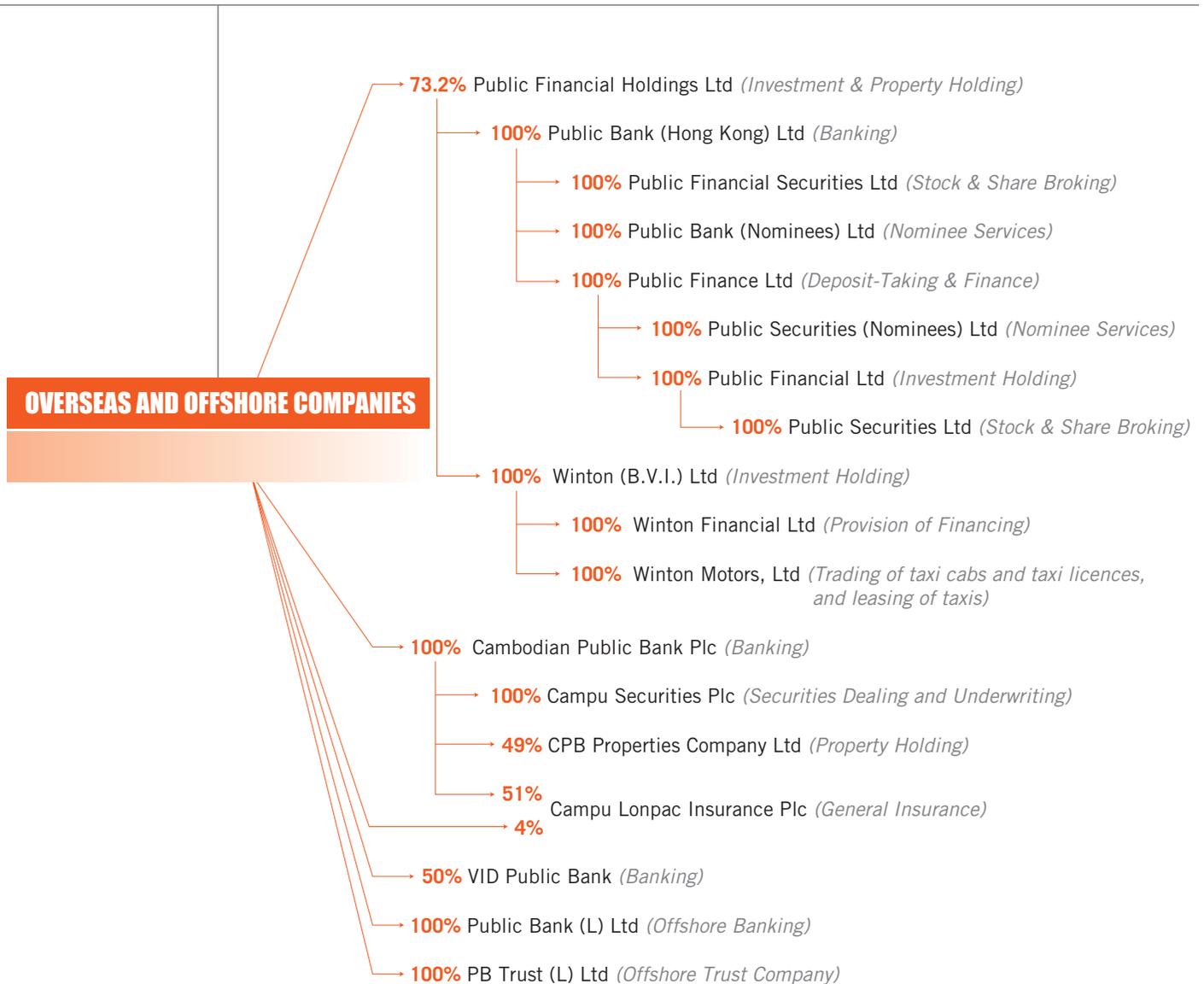
As at 26 January 2016



PUBLIC BANK

MALAYSIAN COMPANIES

- 100% Public Islamic Bank Bhd (*Islamic Banking*)
- 30% AIA PUBLIC Takaful Bhd (*Family Takaful*)*¹
- 100% Public Investment Bank Bhd (*Investment Banking*)
 - 100% Public Invest Nominees (Tempatan) Sdn Bhd (*Nominee Services*)
 - 100% Public Invest Nominees (Asing) Sdn Bhd (*Nominee Services*)
- 100% Public Consolidated Holdings Sdn Bhd (*Investment Holding*)
 - 100% Public Mutual Bhd (*Sale & Management of Unit Trusts*)
- 100% Public Holdings Sdn Bhd (*Property Holding*)
- 100% Public Nominees (Tempatan) Sdn Bhd (*Nominee Services*)
- 100% Public Nominees (Asing) Sdn Bhd (*Nominee Services*)
- 100% PB Trustee Services Bhd (*Trustee Services*)*²
- 100% PB Venture Capital Sdn Bhd (*Investment Holding*)
- 100% Public Leasing & Factoring Sdn Bhd (*Leasing & Factoring*)
 - 100% PB International Factors Sdn Bhd (*Investment Holding*)
- 100% PBFIN Bhd (*Special purpose vehicle to issue subordinated notes under its holding company's Stapled Securities Programme*)

**Group Corporate
Structure****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 14 and 15 to the Financial Statements on pages 105 to 111 in the Financial Statements section of this Annual Report.

***1 Held by:**

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

***2 Held by:**

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



Corporate Profile

The Public Bank Group is widely acknowledged for its performance in achieving the highest net return on equity, lowest cost to income ratio and best asset quality amongst Malaysian banking groups.

Founded in 1966 by its Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, Public Bank enters into its 50th year of operations in 2016. Today, the Public Bank Group is the third largest banking group in Malaysia with an asset size of RM363.76 billion as at the end of 2015. Listed on the Main Board of Bursa Malaysia in 1967, the Group is the third largest company with a market capitalisation of RM71.90 billion as at the end of 2015. With five decades of sustainable growth, the Group employs more than 18,000 staff and serves more than 9 million customers across the region.



Over
18,000 employees
serving more than
9 million customers

To date, the Public Bank Group provides a comprehensive range of financial products and services comprising 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"). As one of the top-tier banks in Malaysia, the Group is committed to sustain its strong business momentum and leading market positions.

With a strong tradition of service excellence, Public Bank reaches out to its customers via a network of 259 well distributed branches and over 2,000 self service terminals in Malaysia. In addition to its strong domestic operations, the Group has extensive branch network in the region with a network of 83 branches in Hong Kong, 3 branches in China, 28 branches in Cambodia, 7 branches in Vietnam, 4 branches in Laos and 3 branches in Sri Lanka.



NO. 1 AMONG MALAYSIAN BANKING GROUPS:

**Lowest Cost
to Income Ratio**

30.5%

**Lowest Gross
Impaired Loans Ratio**

0.5%

**Highest Return
on Equity**

17.8%

Total Assets**RM363.76 billion****Net Profit****RM5.06 billion****Market
Capitalisation****RM71.90 billion**

Reputed for its strong financial performance and consistent 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 reaffirmed Public Bank's foreign currency long-term deposit rating of A3 and short-term deposit rating of P-2 with stable outlook. Rating Agency Malaysia reaffirmed the Bank's long-term rating of AAA, the highest rating accorded by Rating Agency Malaysia, and its short-term rating of P1 with stable outlook.

Public Bank's undivided commitment to prudent management and performance excellence continues to be accorded international and domestic recognitions. In 2015, Public Bank was named the Strongest Bank in Malaysia by balance sheet in the Asian Banker 500 Strongest Bank. The Group has been bestowed with many best bank awards and excellence in corporate governance by other national and international publications. The Group will not be complacent but will continue to strive for greater performance excellence.

As a responsible corporate citizen, the Public Bank Group remains committed towards improving the quality of life of the workforce and their families as well as the community and society at large. Through its Corporate Social Responsibility initiatives, the Group continues to focus on nation building, enhancement of the market place, promotion of the work place and environment conservation. These initiatives are implemented through the Group's participation in programmes involving education, graduate employment, professional development, healthcare as well as support of the underprivileged. The Group will continue to seek ways to create a better community and corporate environment for everyone involved.

Public Mutual, a wholly-owned subsidiary of the Public Bank Group sustained its leading position in the private unit trust industry with a retail market share of 48.9% and total asset under management of RM64.84 billion.

**LEADING MARKET SHARES IN FINANCING FOR:****Residential
Property****19.2%****Passenger
Vehicle****29.6%****Commercial
Property****33.8%**



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



Corporate Milestones from 1966



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.

Public Bank enters 50th year with RM6.5b profit

By Stephanie Augustin
steph.augustin@public.com.my

KUALA LUMPUR — Public Bank Ltd recorded its 49th year of unbroken profitability by surpassing the RM6 billion mark for the first time, posting RM6.49 billion in pre-tax profits for last year.

This represents 11.4% growth from pre-tax profit of RM5.81 billion a year ago. Net profit attributable to shareholders meanwhile grew 12% to RM5.06 billion, translating to a net return on equity of 17.8% for 2015.

The earnings announcement came on the back of RM19.2 billion operating revenue for the year, up 11.8% from RM18.9 billion in 2014.

PBM BKE's largest constituent, which closed 0.22% higher at RM18.35 a share yesterday following the announcement, also declared a second interim dividend of 30 sen — taking full year dividend for last year to 96 sen.

Founding chairman Tan Sri Dr Teh Hong Poh said the total dividend paid and payable for 2015 amounted to RM5.18 billion,

representing a total payout of 42.7% of the group's net profit for last year.

"The Malaysian economy is faced with increasing challenges arising from low commodity prices, volatility in the fi-sci-ical market and the weak external environment.

"Against the more backdrop, the Public Bank Group continued to demonstrate resilience in performance by achieving healthy loan growth of 11.6% and deposit growth of 8.9%," he said in a statement.

The banking heavyweight sustained loan growth momentum at 11.6%, with domestic lending up 10.3% for the year, outpacing the industry's loan growth rate of 7.9%.

This was mainly attributed to its retail lending, comprising financing for the purchase of residential properties and passenger vehicles, as well as extension of credit to small and medium enterprises. The group's retail loan portfolio collectively accounted for 84% of its total loans.

Customer deposits meanwhile recorded a healthy growth rate of 8.9% — again, its domestic customers' deposits grew 7.9%,

significantly outpacing the local banking sector's 1.9% growth rate.

Teh attributed the bank's robust lending position to its retail franchise and large domestic depositor base of over five million customers.

With steady inflow of customer deposits, the group maintains a net loan-to-deposit ratio of 90.5% as at the end of 2015.

"Growing fee-based revenue remains a key strategic focus of the Public Bank Group," Teh said.

Non-interest income rose 22.4% due to higher income from its unit trust business, foreign exchange related transactions and fee income from banking operations.

In its unit trust management subsidiary Public Mutual Bhd's fee income accounted for 33% of total non-interest income.

Public Mutual manages 122 funds with a fund net asset value of RM54.8 billion with an overall retail market share of 45.9% in the private unit trust business.

"We continue to be the most efficient banking group in Malaysia with our lowest net interest ratio of 30.5% compared to

the banking industry's average post-tax-to-cost-of-funds ratio of 45.5%," Teh said.

The group's improved loan ratio came in at 0.5%, significantly lower than the industry ratio of 1.6% by end 2015, while Public Bank's 120.8% loan loss coverage ratio was higher than the industry's ratio of 96.2%.

Teh commented that the outlook for the Malaysian economy is expected to remain steady, but there are challenges ahead.

"Gross domestic product growth is expected to be between 4% and 4.3% this year. On the banking industry front, we expect intense competition for market share and the more stringent capital and liquidity requirements will continue to put pressure on net interest margin and return on equity," he said.

DAILY ROUNDUP

EXCHANGE RATE
US\$1 - RM4.22 (+0.02)
BRENT CRUDE OIL
US\$1.14 (+0.04)
FBMKLSEI 1,633,300 (+19,802)



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

2015

Pre-tax profit surpassed RM6 billion for the 1st time.



Corporate Milestones from 1966

1966

- ➔ On 6 August 1966, Public Bank first opened its doors for business at No. 4 Jalan Gereja, Kuala Lumpur with 62 pioneer staff.
- ➔ Public Finance Berhad, then Public Bank's wholly-owned finance company subsidiary, commenced business on 24 September 1966.
- ➔ The start of an expanding network of Public Bank with the opening of Public Bank's Malacca Branch on 15 September 1966 and Ipoh Branch on 7 January 1967, a domestic network that stands at 257 branches today.
- ➔ 1st five months of business yielded a profit of RM71,562, the start of an unbroken profitability track record of 49 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 2015.

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.

**Corporate Milestones
from 1966****2004**

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

2005

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

2006

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

2007

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

2008

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

2009

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

2010

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

2011

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

2012

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

2013

- ➔ Public Bank entered into new regional strategic alliance agreement on bancassurance with American International Assurance Company, Limited.
- ➔ ING PUBLIC Takaful Ehsan Bhd changed its name to AIA PUBLIC Takaful Bhd following the completion of the acquisition of ING Insurance Berhad by AIA Bhd in Malaysia on 17 June 2013.

2014

- ➔ Completed the merger of ordinary shares of RM1.00 each in Public Bank (PBB Shares) listed and quoted as "Local" and PBB Shares listed and quoted as "Foreign" on the Main Market of Bursa Malaysia Securities Berhad on 16 April 2014.
- ➔ Paid-up capital of Public Bank exceeded RM3.8 billion upon the issuance of 350,212,513 new ordinary shares of RM1.00 each pursuant to the completion of the Public Bank Rights Issue.

2015

- ➔ Pre-tax profit surpassed RM6 billion for the 1st time.

MEDIA HIGHLIGHTS 2015



Public Bank earns net profit of RM1.25b in Q3

Meringkat 14.2 peratus berbanding tempoh sama tahun lalu

Public Bank Berhad mencatat keuntungan bersih triwulan ketiga 2015 sebanyak RM1.25 bilion, meruncit 14.2 peratus berbanding tempoh sama tahun lalu.

Keuntungan bersih triwulan ketiga 2015 ini merupakan peningkatan berbanding dengan tempoh sama tahun lalu yang mencatat keuntungan bersih sebanyak RM1.39 bilion.

Keuntungan bersih triwulan ketiga 2015 ini juga merupakan peningkatan berbanding dengan tempoh sama tahun lalu yang mencatat keuntungan bersih sebanyak RM1.39 bilion.

Public Bank catat laba bersih RM2.37b

Public Bank Berhad mencatat keuntungan bersih triwulan ketiga 2015 sebanyak RM2.37 bilion, meruncit 14.2 peratus berbanding tempoh sama tahun lalu.

Keuntungan bersih triwulan ketiga 2015 ini merupakan peningkatan berbanding dengan tempoh sama tahun lalu yang mencatat keuntungan bersih sebanyak RM2.12 bilion.

Keuntungan bersih triwulan ketiga 2015 ini juga merupakan peningkatan berbanding dengan tempoh sama tahun lalu yang mencatat keuntungan bersih sebanyak RM2.12 bilion.



Tan Sri Teh Hong Piew
Public Bank founder and chairman

PUBLIC BANK

Public Bank's 2015 profit soars to RM5b

REPORT ON Q3

The group has achieved yet another milestone financial result in 2015 with pre-tax profit of RM6.49 billion, surpassing the RM6 billion mark for the first time.

Tan Sri Teh Hong Piew
Public Bank founder and chairman



Laba separuh pertama 2015 PBB RM3.02b

Public Bank Berhad mencatat keuntungan bersih separuh pertama 2015 sebanyak RM3.02 bilion, meruncit 13.3 peratus berbanding tempoh sama tahun lalu.

Keuntungan bersih separuh pertama 2015 ini merupakan peningkatan berbanding dengan tempoh sama tahun lalu yang mencatat keuntungan bersih sebanyak RM2.67 bilion.

Keuntungan bersih separuh pertama 2015 ini juga merupakan peningkatan berbanding dengan tempoh sama tahun lalu yang mencatat keuntungan bersih sebanyak RM2.67 bilion.

Public Bank's Tan Sri Teh wins 3 awards

Tan Sri Teh Hong Piew, founder and chairman of Public Bank, has been honored with three awards for his leadership and contributions to the banking industry.

The awards include the 'Banking Legend' award, the 'Lifetime Achievement' award, and the 'National Business Award'.

Tan Sri Teh Hong Piew has been a driving force behind Public Bank's growth and success over the years.

Public Bank's Q2 earnings rise 13.3pc

Public Bank Berhad reported a 13.3 per cent increase in second-quarter earnings, driven by strong performance in its core banking segments.

The bank's second-quarter earnings rose to RM1.61 billion, up from RM1.42 billion in the same period last year.

The increase was primarily due to a healthy growth in loans and deposits, and stable asset quality.

Public Bank recorded RM6.49 billion pre-tax profit for 2015

Public Bank Berhad recorded a pre-tax profit of RM6.49 billion for financial year 2015, surpassing the RM6 billion mark for the first time.

The founder and chairman of Public Bank, Tan Sri Teh Hong Piew, noted that on a quarterly basis, the company recorded a net profit attributable to shareholders of RM1.48 billion in the fourth quarter of 2015 representing a growth of 19 per cent as compared to RM1.25 billion achieved in the previous corresponding quarter.

"The Malaysian economy is faced with increasing challenges arising from low commodity prices, volatility in the financial market and the weak external environment.

"Against the macro backdrop, the Public Bank continued to demonstrate resilience in performance by achieving healthy loan growth of 11.6 per cent and deposit growth of 8.9 per cent. The results reflected the consistent execution of the Group's organic growth strategy which continues to deliver favourable results to our customers and our shareholders," commented Teh.

Teh further added that, "With the favourable financial performance, not only did the Group continue to preserve its coveted track record of 49 years of unbroken profitability since the commencement of its operations, it also continued to stand out amongst its Malaysian banking peers by delivering the highest net return on equity of 17.8 per cent, as well as the best in asset quality and cost efficiency."



Teh

大众银行次季赚12亿

净利扬13% 派息24仙

Public Bank Q3 pre-tax profit rises to RM1.61 bln

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Public Bank Q2 net profit jumps 13% to RM1.2bil on higher income

Public Bank Berhad reported a 13 per cent increase in second-quarter net profit, driven by higher income and stable asset quality.

The bank's second-quarter net profit rose to RM1.2 billion, up from RM1.06 billion in the same period last year.

The increase was primarily due to a healthy growth in loans and deposits, and stable asset quality.



Public Bank Group founder and chairman Tan Sri Teh Hong Piew sets the operating environment in the first half of this year

存贷款齐扬 资产质量稳健

指标	2015年第三季	2014年第三季	2015年第二季
存款	RM1,100.00	RM1,000.00	RM1,050.00
贷款	RM1,200.00	RM1,100.00	RM1,150.00
资产质量	稳健	稳健	稳健

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Five-Year Group Financial Summary



RM6.49

billion

PROFIT BEFORE TAX



0.5

percent

GROSS IMPAIRED LOANS RATIO

YEAR ENDED 31 DECEMBER	2015	2014	2013	2012	2011
OPERATING RESULTS (RM'Million)					
Operating profit	6,631	6,067	5,655	5,329	5,200
Profit before tax expense and zakat	6,491	5,814	5,310	5,047	4,878
Net profit attributable to equity holders of the Bank	5,062	4,519	4,065	3,827	3,684
KEY BALANCE SHEET DATA (RM'Million)					
Total assets	363,758	345,722	305,725	274,824	250,773
Loans, advances and financing	271,814	243,222	219,416	196,052	175,953
Total liabilities	331,450	316,847	284,528	256,106	234,262
Deposits from customers	301,157	276,540	250,873	225,042	200,371
Core customer deposits	245,171	216,707	201,258	177,035	157,297
Paid-up capital	3,882	3,882	3,532	3,532	3,532
Shareholders' equity	31,231	28,025	20,424	18,018	15,813
Commitments and contingencies	107,533	95,813	87,986	79,458	70,847
SHARE INFORMATION AND VALUATION					
Share Information					
Per share (sen)					
Basic/Diluted earnings	131.1	123.7	116.1	109.3	105.2
Net dividend	56.0	54.0	52.0	50.0	48.0
Net assets	808.8	725.7	583.2	514.5	451.5
Share price as at 31 December (RM)	18.52	18.30	19.40	16.28	13.38
Market capitalisation (RM'Million)	71,897	71,043	68,668	57,521	47,066
Valuations					
Net dividend yield (%)	3.0	3.0	2.7	3.1	3.6
Dividend payout ratio (%)	42.7	46.1	44.8	45.3	48.3
Price to earnings multiple (times)	14.1	14.8	16.7	14.9	12.7
Price to book multiple (times)	2.3	2.5	3.3	3.2	3.0



Five-Year Group
Financial Summary

▲ **8.9**
percent
CUSTOMER DEPOSITS

▲ **11.6**
percent
GROSS LOANS

YEAR ENDED 31 DECEMBER	2015	2014	2013	2012	2011
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net interest margin on average interest bearing assets	2.2	2.2	2.4	2.5	2.7
Net return on equity ¹	17.8	19.9 [#]	22.4	24.1	26.8
Return on average assets	1.8	1.8	1.8	1.9	2.0
Return on average risk-weighted assets	2.8	2.8	2.8	2.9	3.2
Cost/income ratio	30.5	30.0	30.7	31.2	29.8
Asset Quality Ratios					
Net loan to deposit ratio	90.3	88.0	87.5	87.1	87.8
Gross impaired loans ratio	0.5	0.6	0.7	0.7	0.9
Loan loss coverage					
– Exclude regulatory reserve	120.8	122.4	118.5	126.0	113.8
– Include regulatory reserve	258.6	218.6	127.1	135.3	122.1
Capital Adequacy Ratios					
Common Equity Tier I (“CET I”) capital ratio	11.4	11.3	9.3	N/A	N/A
Tier I capital ratio	12.6	12.8	11.1	11.4	11.2
Total capital ratio	16.0	16.4	14.3	14.7	15.6
CET I capital (RM'Million)	27,329	24,775	18,527	N/A	N/A
Tier I capital (RM'Million)	30,118	27,942	22,079	20,512	18,341
Tier II capital (RM'Million)	8,202	7,891	6,458	5,861	7,166
Total capital (RM'Million)	38,320	35,833	28,537	26,373	25,507
PRODUCTIVITY RATIOS					
No. of employees	18,373	18,198	17,924	17,625	17,511
Gross loans per employee (RM'000)	14,883	13,465	12,340	11,222	10,148
Deposits per employee (RM'000)	16,391	15,196	13,996	12,768	11,443
Profit before tax per employee (RM'000)	353	320	296	286	279
MARKET SHARE (%)					
Domestic market share					
Loans, advances & financing	17.5	17.1	16.9	16.7	16.4
Deposits from customers	16.6	15.9	15.7	15.2	14.9
Core customer deposits	16.9	16.6	17.5	16.6	16.1

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

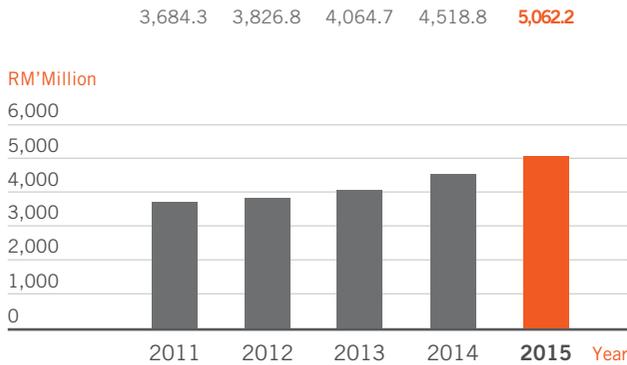
[#] Average equity is adjusted with weighted average of net proceeds from rights issue.



Summary of Five-Year Group Growth

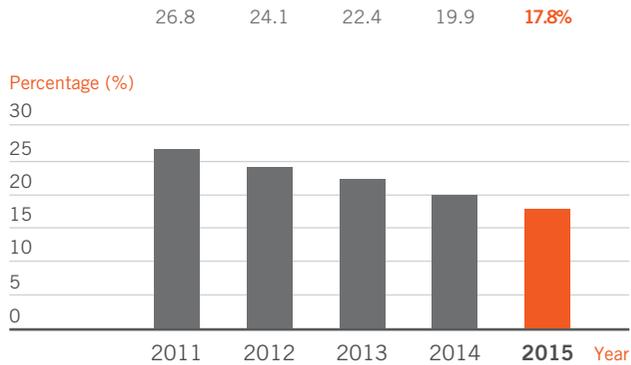
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

RM5,062.2 Million



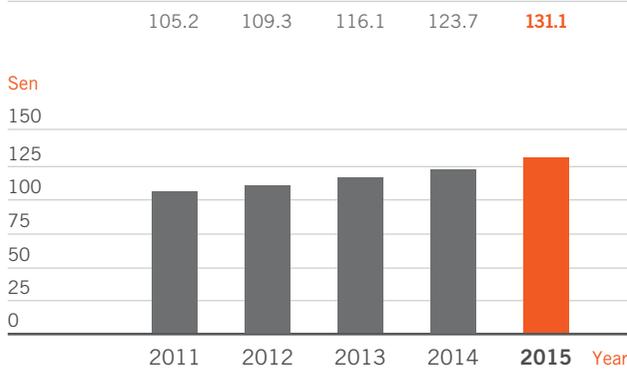
NET RETURN ON EQUITY

17.8%



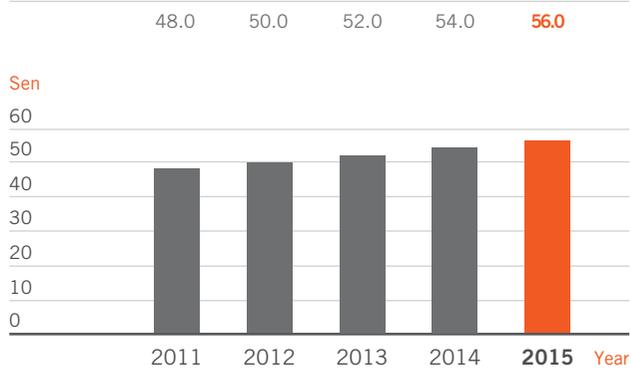
EARNINGS PER SHARE

131.1 Sen



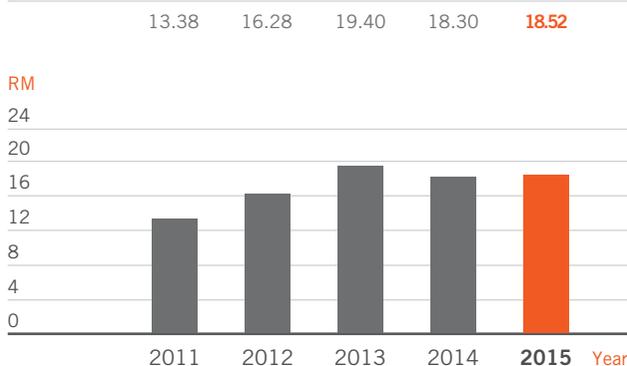
DIVIDEND PER SHARE

56.0 Sen



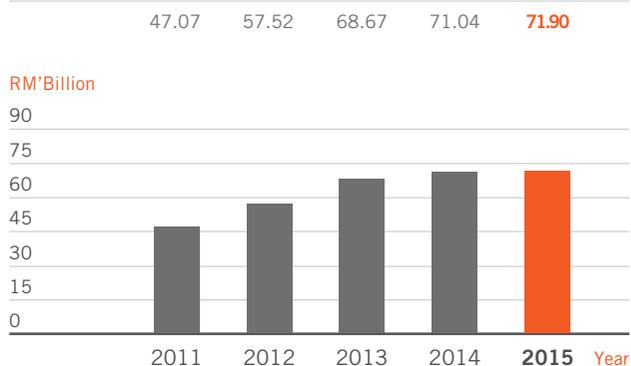
SHARE PRICE

RM18.52



MARKET CAPITALISATION

RM71.90 Billion



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

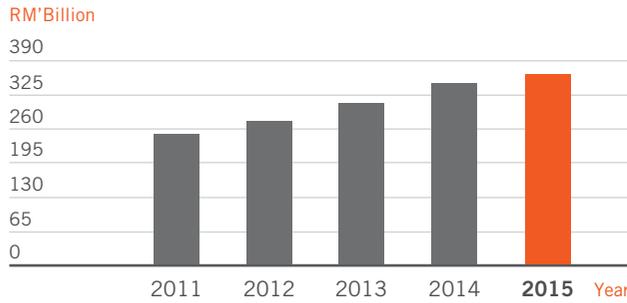
Year	2011	2012	2013	2014	2015
Ranking	5th	2nd	2nd	3rd	3rd



Summary of Five-Year Group Growth

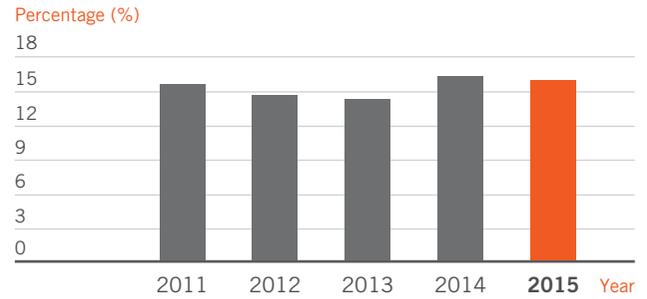
TOTAL ASSETS RM363.76 Billion

250.77 274.82 305.73 345.72 **363.76**



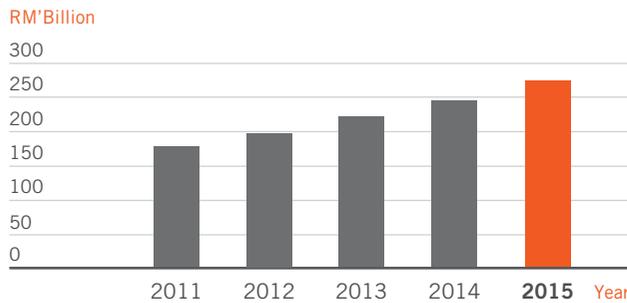
TOTAL CAPITAL RATIO 16.0%

15.6 14.7 14.3 16.4 **16.0**



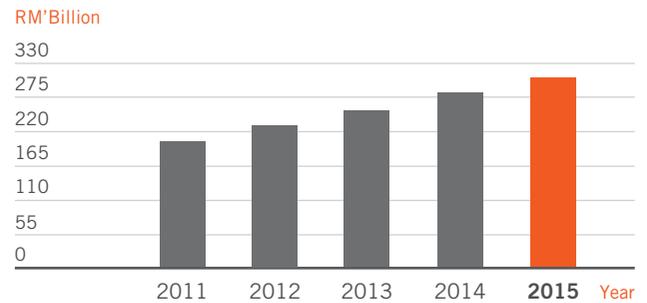
GROSS LOANS, ADVANCES AND FINANCING RM273.45 Billion

177.69 197.78 221.18 245.04 **273.45**



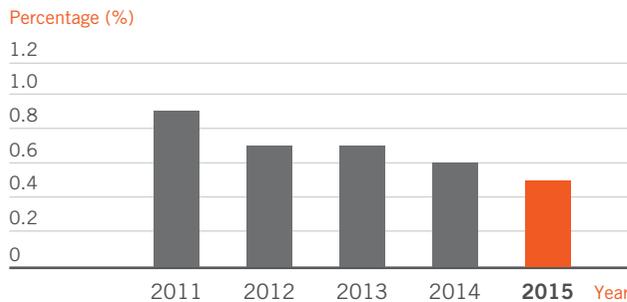
CUSTOMER DEPOSITS RM301.16 Billion

200.37 225.04 250.87 276.54 **301.16**



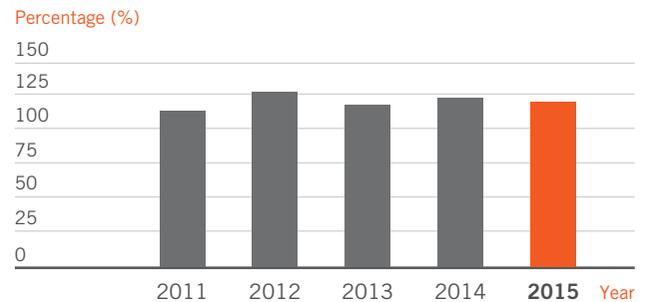
GROSS IMPAIRED LOANS RATIO 0.5%

0.9 0.7 0.7 0.6 **0.5**



LOAN LOSS COVERAGE 120.8%

113.8 126.0 118.5 122.4 **120.8**





Key Interest Bearing Assets & Liabilities

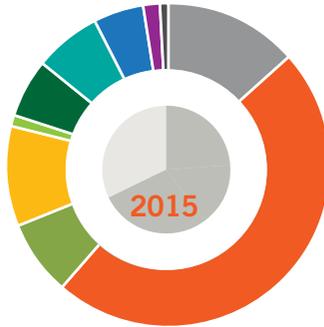
	2015			2014		
	Average Balance RM'Million	Average rate %	Interest RM'Million	Average Balance RM'Million	Average rate %	Interest RM'Million
INTEREST EARNING ASSETS						
Loans, advances and financing	250,609	5.39	13,508	222,654	5.35	11,912
Balances with banks	17,901	2.68	480	30,454	2.83	862
Financial investments	53,001	3.54	1,876	38,498	3.38	1,301
Total	321,511	4.93	15,864	291,606	4.83	14,075
INTEREST BEARING LIABILITIES						
Deposits from customers	249,664	3.12	7,790	227,784	2.90	6,606
Deposits from banks	16,968	1.28	217	24,815	1.40	347
Recourse obligations on loans and financing sold to Cagamas	1,922	3.93	76	722	3.74	27
Debt securities issued and other borrowed funds	11,494	4.52	520	11,152	4.40	492
Total	280,048	3.07	8,603	264,473	2.83	7,472



Segmental Analysis

2015

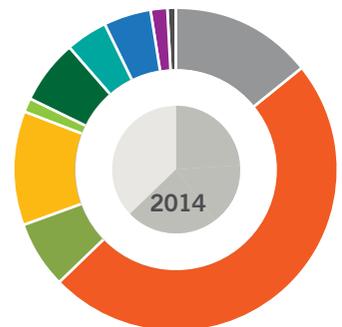
OPERATING REVENUE



- Domestic**
- 13.5% Hire purchase
- 47.9% Retail operations
- 7.7% Corporate lending
- 9.9% Treasury and capital market operations
- 1.1% Investment banking
- 6.0% Fund management
- 6.4% Others
- Overseas**
- 5.0% Hong Kong SAR
- 1.9% Cambodia
- 0.6% Other Countries

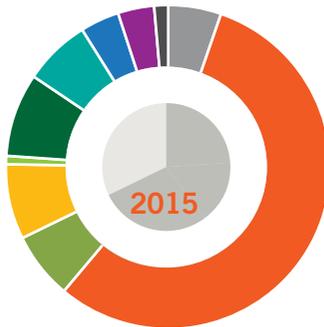
2014

OPERATING REVENUE



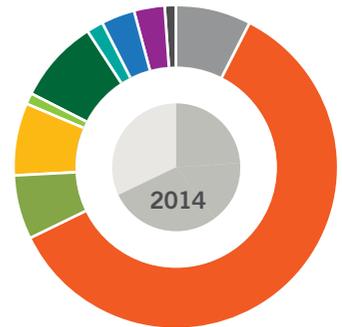
- Domestic**
- 14.4% Hire purchase
- 48.6% Retail operations
- 6.9% Corporate lending
- 11.4% Treasury and capital market operations
- 1.3% Investment banking
- 6.4% Fund management
- 4.2% Others
- Overseas**
- 4.6% Hong Kong SAR
- 1.7% Cambodia
- 0.5% Other Countries

PROFIT BEFORE TAX



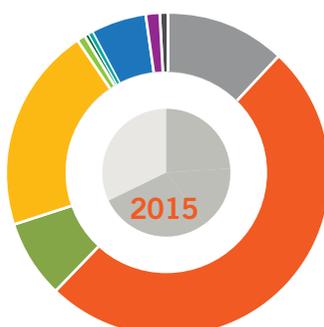
- Domestic**
- 5.4% Hire purchase
- 55.8% Retail operations
- 6.6% Corporate lending
- 7.6% Treasury and capital market operations
- 0.9% Investment banking
- 8.3% Fund management
- 6.6% Others
- Overseas**
- 3.9% Hong Kong SAR
- 3.6% Cambodia
- 1.3% Other Countries

PROFIT BEFORE TAX



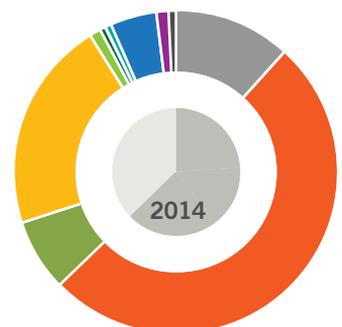
- Domestic**
- 7.7% Hire purchase
- 60.1% Retail operations
- 6.4% Corporate lending
- 7.2% Treasury and capital market operations
- 1.2% Investment banking
- 8.4% Fund management
- 1.6% Others
- Overseas**
- 3.4% Hong Kong SAR
- 2.9% Cambodia
- 1.1% Other Countries

TOTAL ASSETS



- Domestic**
- 12.1% Hire purchase
- 51.0% Retail operations
- 7.8% Corporate lending
- 20.7% Treasury and capital market operations
- 0.7% Investment banking
- 0.1% Fund management
- 0.2% Others
- Overseas**
- 5.5% Hong Kong SAR
- 1.5% Cambodia
- 0.4% 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

2015	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2015
FINANCIAL PERFORMANCE (RM'Million)					
Operating revenue	4,600.3	4,737.7	4,914.5	4,929.1	19,181.6
Net interest income and income from Islamic banking business	1,738.6	1,768.5	1,839.8	1,858.8	7,205.7
Operating profit	1,562.3	1,590.9	1,729.7	1,747.7	6,630.6
Profit before tax expense and zakat	1,488.7	1,531.1	1,613.8	1,857.8	6,491.4
Profit attributable to equity holders of the Bank	1,171.6	1,196.8	1,201.4	1,492.4	5,062.2
Earnings per share (sen)	30.4	31.0	31.1	38.6	131.1
Net dividend per share (sen)	–	24.0	–	32.0	56.0

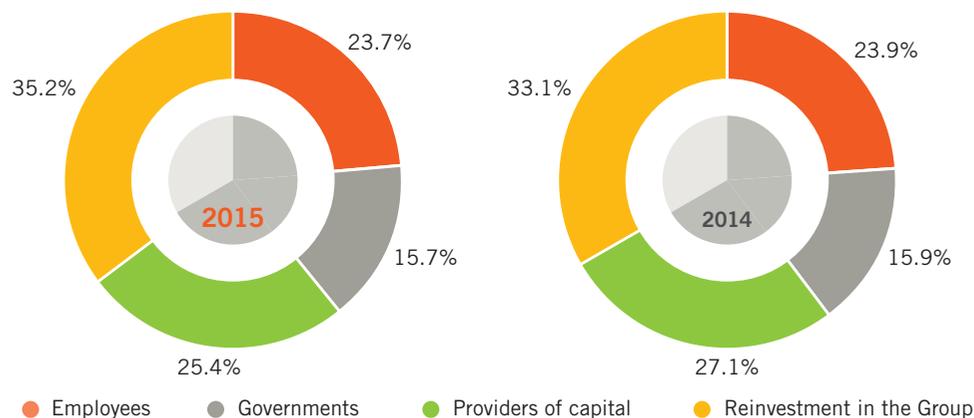
2014	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2014
FINANCIAL PERFORMANCE (RM'Million)					
Operating revenue	3,948.4	4,059.1	4,324.0	4,528.6	16,860.1
Net interest income and income from Islamic banking business	1,608.6	1,625.4	1,767.1	1,760.6	6,761.7
Operating profit	1,407.6	1,433.6	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



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.

	2015 RM'000	2014 RM'000
Value Added		
Net interest income	6,377,023	5,930,473
Net income from Islamic banking business	828,638	831,196
Other operating income	2,340,121	1,911,688
Other operating expenses excluding staff costs and depreciation	(656,085)	(568,202)
Allowance for impairment on loans, advances and financing (Impairment)/writeback of impairment on other assets	(146,231)	(259,000)
Share of results of equity accounted associated companies	7,557	4,981
Value added available for distribution	8,750,467	7,851,918
Distribution of Value Added		
To employees:		
Personnel costs	2,077,956	1,878,614
To the Governments:		
Taxation	1,370,156	1,250,915
To providers of capital:		
Dividends paid to shareholders	2,162,437	2,083,101
Non-controlling interests	59,087	44,510
To reinvest in the Group:		
Depreciation	181,116	159,049
Retained profits	2,899,715	2,435,729
Total distributed	8,750,467	7,851,918





2015 Awards & Achievements

Over the last 50 years, the Public Bank Group's success story has unfolded against the backdrop of Malaysia's progress as a nation. During this period of time, Public Bank has received many accolades and awards for outstanding achievements. These recognition serve as an inspiration for the Group's staff to uphold service excellence in line with the Group's corporate tagline 'Excellence Is Our Commitment'.





2015 Awards & Achievements



6



FTSE4Good

7



8a



8bii



8bi



8biii



8biv

1 ALPHA SOUTHEAST ASIA

Best Bank in Malaysia 2015
2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007

2 ASIAMONEY

Best Domestic Bank in Malaysia 2015
2015, 2014, 2008, 2007, 2004, 2003, 2002, 2001, 1999

3 ASIA PACIFIC BRANDS FOUNDATION

- a The BrandLaureate Billion Dollar Brand Award 2014-2015
- b The BrandLaureate Special Edition World Awards as a Premier Corporate Brand 2015

4 ASIAN BANKING & FINANCE

Domestic Retail Bank of the Year – Malaysia 2015
2015, 2014, 2013, 2012, 2011, 2009, 2007

5 ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA

Putra Brand Awards 2015 – Silver Award for Banking, Investment and Insurance category
2015, 2014, 2013, 2012, 2011, 2010

6 BANK OF NEW YORK MELLON

The Bank of New York Mellon Straight-Through Processing Award 2014
2014, 2013, 2012, 2011, 2010

7 BURSA MALAYSIA

Inclusion in the FTSE4Good Bursa Malaysia Index
2015

8 CORPORATE GOVERNANCE ASIA

- a Corporate Governance Asia Recognition Award 2015 for Malaysia (Icon on Corporate Governance)
2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005
- b 5th Asian Excellence Recognition Awards 2015:
 - i Best Corporate Social Responsibility for Malaysia
2015, 2014, 2013, 2012, 2011
 - ii Best Investor Relations Company for Malaysia
2015, 2014, 2013, 2012, 2011
 - iii Best Corporate Communications Team for Malaysia
2015, 2014
 - iv Best Environmental Responsibility for Malaysia
2015



2015 Awards & Achievements



9 DEUTSCHE BANK

2014 EURO Straight-Through Processing Excellence Award
2014, 2013, 2012, 2011, 2010

10 EUROMONEY

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

11 FINANCEASIA

- a Best Bank in Malaysia 2015
2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1999
- b Ranked No. 1 in the 'Most Committed to Paying Good Dividends' category in the FinanceAsia's "Asia's Best Companies Poll 2015"
2015

12 FROST & SULLIVAN

Malaysia Automotive Finance Company of the Year 2015
2015, 2013, 2012, 2011, 2010, 2009, 2007

13 GLOBAL FINANCE

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

14 J.P. MORGAN

J.P. Morgan Quality Recognition Award 2014 for achieving best-in-class straight through processing rates in payment transfer operations:

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

15 LEMBAGA ZAKAT SELANGOR

Award for 'Best Performance' by collection agent via online banking for the year 2014



**2015 Awards
& Achievements**

16 MINORITY SHAREHOLDER WATCHDOG GROUP

MSWG – ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 – The Malaysian Chapter

- a Excellence Award for Top 5 Corporate Governance and Performance (Overall)
2015, 2013
- b Excellence Award for Long-Term Value Creation (Overall Category)
2015
- c Industry Excellence – Financial
2015, 2013
- d Merit Award for Corporate Governance Disclosures
2015

17 NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

- a Overall Excellence Award for the Most Outstanding Annual Report – Silver Award
2015, 2013
- b Best Annual Report in Bahasa Malaysia – Gold Award
2015, 2010



15



16a



16b



16c



17a



16d



17b



2015 Awards & Achievements



18 READER'S DIGEST

Reader's Digest Trusted Brands 2015:

- a Gold Award in the Bank category
2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007,
2006, 2005, 2004
- b Gold Award-Credit Card Issuing Bank category
2015, 2014, 2013

19 THE ASIAN BANKER

Strongest Bank by Balance Sheet
in Malaysia 2015
2015, 2012

20 THE ASSET

- a Platinum Award for All-Round Excellence in
Financial Performance, Management, Corporate
Governance, Social Responsibility, Environmental
Responsibility and Investor Relations
2015, 2014, 2013, 2012, 2011, 2010, 2009
- b Best Domestic Bank in Malaysia 2015
2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007,
2006, 2005, 2004, 2003, 2002

21 VISA INTERNATIONAL

Global Service Quality Performance Award 2014 in
the 'Chargeback-to-Sales Ratio – Non Fraud Acquirer'
category

22 YAZHOU ZHOUKAN

Global Chinese Business 1000: Largest Financial
Enterprise Award 2015



2015 Awards & Achievements



23 CHAIRMAN'S AWARDS 2015

- a Banker Extraordinaire 2015 by The Asset
- b Global Chinese Entrepreneur Lifetime Achievement Award 2015 by Yazhou Zhoukan
- c BrandLaureate “Icon of Icons – The King of Banking” by Asia Pacific Brands Foundation
- d Asia’s Best CEO (Investor Relations) 2015 for Malaysia by Corporate Governance Asia
2015, 2014, 2013, 2012, 2011
- e William “Bill” Seidman Lifetime Leadership Achievement in Financial Service Industry Award 2015 by The Asian Banker
- f Asian Corporate Director Recognition Awards 2015 for Malaysia by Corporate Governance Asia
2015, 2014, 2013, 2012, 2011, 2010



Past Awards

ALPHA SOUTHEAST ASIA

- ➔ Best SME Bank in Malaysia
2014, 2013, 2011, 2010
- ➔ Institutional Investor Corporate Awards
Ranked Top 3 Companies for Most Consistent Dividend Policy
2014, 2013, 2012, 2011
- ➔ 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 25th Anniversary Corporate Governance Poll of Polls
 - Overall Best Company in Malaysia for Corporate Governance 2004-2013 (except 2005)
- ➔ Best Managed Company in Malaysia-Large Cap
2014, 2011, 2008, 2007
- ➔ 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
2008, 2007, 2006, 2005, 2004
- ➔ 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 Brand of the Year Award for Financial – Banking Category 2013-2014
- ➔ 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

**Past
Awards****ASIAN INSTITUTE OF MANAGEMENT**

- ➔ Management Awards of Asia for Financial Management Category
1996

ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA

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

ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA AND THE EDGE

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

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

CREDIT GUARANTEE CORPORATION

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

DEWAN BAHASA & PUSTAKA

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

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



Past Awards

ENTREPRENEUR DEVELOPMENT ASSOCIATION

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

EUROMONEY

- ➔ 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

**Past
Awards****FROST & SULLIVAN**

- ➔ Malaysia Best Customer Experience in Banking Award
2014

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

GLOBAL FINANCIAL MARKET REVIEW

- ➔ Best Retail Bank Malaysia
2014

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



Past Awards

➔ 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 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

**Past
Awards****NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)**

- ➔ 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
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

- ➔ 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



Past Awards

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

- ➔ Ranked 2nd in the Top 10 Malaysian Banks in terms of total assets
2014, 2013, 2012, 2011
- ➔ Top 20 Chinese Businesses in Malaysia
2009

**Past
Awards****CHAIRMAN'S PAST AWARDS**

- ➔ The BrandLaureate Banker of the Year Award 2012-2013 by Asia Pacific Brands Foundation
- ➔ 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
- ➔ Value Creator: Malaysia's Outstanding CEO in the Inaugural The Edge Billion Ringgit Club Corporate Awards 2010
- ➔ Asia's Banking Grandmaster 2010 by The Asset
- ➔ Best CEO in Malaysia 2009 by FinanceAsia
- ➔ Best Strategist Award in the Malaysia Independence Award 1957 by Selangor Petaling Business & Industry Association
- ➔ Honourable Medal for National Contribution to Education in Cambodia 2008 by the Government of Cambodia
- ➔ FinanceAsia Asian Banker Par Excellence 2008
- ➔ The BrandLaureate Brand Personality Award 2007 by Asia Pacific Brands Foundation
- ➔ ASEAN Most Astute Banker Award 2007 by The Asset
- ➔ The Asia Pacific Lifetime Entrepreneurship Achievement Award 2007 by Enterprise Asia
- ➔ The PILA Recognition Award 2007 by Institute of Public Relations Malaysia
- ➔ Recognition Award 2007 by National Bank Of Cambodia
- ➔ Euromoney Award For Outstanding Contribution To The Development Of Financial Services In Asia 2006
- ➔ FinanceAsia Lifetime Achievement Award 2006
- ➔ FinanceAsia Asia's 50 Most Influential 1996-2006
- ➔ Malaysian Institute Of Management 'MIM Gold Medal Award Of The 'Confreere 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

Leadership

Led by visionary leadership, we continue to remain ahead of our competitors through a relentless pursuit of excellence in all aspects of business. Our five decades of solid returns is a testament to sound financial management, best practices and a vision for the future.







Seated (from left):

Tan Sri Dato' Sri Dr. Teh Hong Piow
Tan Sri Dato' Sri Tay Ah Lek

Standing (from left):

Dato' Sri Lee Kong Lam
Tang Wing Chew
Lai Wai Keen
Lai Wan
Cheah Kim Ling
Dato' Chia Lee Kee



BOARD **OF DIRECTORS**



Board of Directors' Profile

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 85, began his banking career in 1950 and has 66 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
- Banker Extraordinaire 2015
- Global Chinese Entrepreneur Lifetime Achievement Award 2015
- BrandLaureate "Icon of Icons – The King of Banking"
- Asia's Best CEO (Investor Relations) 2015 for Malaysia
- William "Bill" Seidman Lifetime Leadership Achievement in Financial Service Industry Award 2015
- Asian Corporate Director Recognition Award 2015 for Malaysia

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; the Chartered Institute of Bankers, United Kingdom; the Institute of Administrative Management, United Kingdom; and the Governance Institute of Australia.

His directorships in other public companies within the Public Bank Group are as Chairman of Public 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 19 Board meetings which were held in the financial year ended 31 December 2015.



**Board of
Directors' Profile**



TAN SRI DATO' SRI DR. TEH HONG PIOW

Non-Independent Non-Executive Chairman



Board of Directors' Profile

Tan Sri Dato' Sri Tay Ah Lek, aged 73, has 55 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.

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

Tan Sri Tay attended all the 19 Board meetings which were held in the financial year ended 31 December 2015.



TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer



Board of Directors' Profile



Dato' Sri Lee Kong Lam, aged 74, has 48 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 Executive Director/Deputy Chief Executive Officer of Public Bank with effect from 28 November 2013. He was appointed as Non-Independent Non-Executive Deputy Chairman of Public Bank with effect from 1 September 2015. 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 public companies in the Public Bank Group are as Director of Public Investment Bank Bhd, Public Mutual Bhd, Public Islamic Bank Bhd, Public Bank (L) Ltd, PB Trust (L) Ltd, Cambodian Public Bank Plc, Campu Lonpac Insurance Plc and Campu Securities Plc.

Dato' Sri Lee attended all the 19 Board meetings which were held in the financial year ended 31 December 2015.

DATO' SRI LEE KONG LAM

Non-Independent Non-Executive Deputy Chairman



Board of Directors' Profile

TANG WING CHEW

Independent Non-Executive Director

Tang Wing Chew, aged 71, 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 49 years' experience in the financial services industry, ranging from research, management and project studies, training, mergers and integration, and stewardship of financial institutions. He joined Bank Negara Malaysia (BNM) in 1966 as an Assistant Economist in the Economic Research Department. During his 18 years of service with BNM, he also served as Manager (Penang Branch), Principal (BNM Staff Training Centre) and Manager (Operational Planning Division).

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

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

His directorships in other public companies within the Public Bank Group are as Deputy Chairman of Public Investment Bank Bhd and as Director of 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 19 Board meetings which were held in the financial year ended 31 December 2015.





Board of Directors' Profile

LAI WAN

Independent Non-Executive Director



Lai Wan, aged 72, 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.

Mr Lai has 42 years of experience in the banking and finance related industries. He had served Bank Negara Malaysia for 20 years and the last position held before his resignation in 1985 was as the Deputy Manager, Bank Examination and Internal Audit Department.

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

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

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

His directorships in other public companies within the Public Bank Group are as Co-Chairman of Public Financial Holdings Ltd and Public Bank (Hong Kong) Ltd, as Deputy Chairman of Public Islamic Bank Bhd and as Director of Public Bank (L) Ltd.

Mr Lai attended all the 19 Board meetings which were held in the financial year ended 31 December 2015.



Board of Directors' Profile

LAI WAI KEEN

Independent Non-Executive Director

Lai Wai Keen, aged 61, 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) degree in Business Administration from the University of Malaya and a LLB degree from the University of London.

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

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

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

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

Ms Lai attended all the 19 Board meetings which were held in the financial year ended 31 December 2015.





**Board of
Directors' Profile**
CHEAH KIM LING

Independent Non-Executive Director

Cheah Kim Ling, aged 58, was appointed as a Director of Public Bank on 29 April 2014. She is a member of the Audit Committee, the Nomination Committee, the Risk Management Committee and the Credit Risk Management Committee.

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

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

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

Ms Cheah attended all the 19 Board meetings which were held in the financial year ended 31 December 2015.

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 Stakeholders

“For the first time, Public Bank Group’s pre-tax profit increased to RM6.49 billion for 2015, driven by steady growth in the core retail banking business, healthy asset quality and sustained cost efficiency.

In 2016, we are celebrating Public Bank’s 50th anniversary. We will continue SURGING AHEAD on our legacy of being the most efficient, profitable and respected premier financial institution.”

TAN SRI DATO’ SRI DR. TEH HONG PIOW
Chairman





Letter to Stakeholders

2016: A 50-YEAR MILESTONE FOR PUBLIC BANK

In 2016, Public Bank enters into its 50th year of operations in Malaysia and the Public Bank Group celebrates the Golden Jubilee of this milestone achievement!

Public Bank was envisioned and established in 1966 by its Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, as the "bank for the people". As embedded in its name – Public Bank, this vision has been steering the Public Bank's successful solid growth path and shaping its resilient business model over the last half a century, for which it has become a respectable premier retail banking group.

Since Public Bank opened its first branch in Kuala Lumpur on 6 August 1966, the Bank had evolved from offering basic banking services then, to currently providing a comprehensive range of financial products and services that serve the needs of today's customers through its wide network of branches across markets in Malaysia and in the region.

Reflecting back on its growth journey over the decades, Public Bank had, under the astute leadership of its Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, accomplished many achievements that entered the records of its corporate milestones and successes. Some of the significant ones include:

- ➔ Expanded its banking operations in the region – Indo-China markets covering Cambodia, Vietnam and Laos, as well as Hong Kong, China and Sri Lanka;
- ➔ Ventured into unit trust business through the acquisition of Public Mutual Berhad (then known as Kuala Lumpur Mutual Fund Berhad), which is now the dominant player with unrivaled leading market share in the private unit trust industry in Malaysia;
- ➔ Established a full-fledged Islamic banking business through Public Islamic Bank Berhad;
- ➔ Approved by Bank Negara Malaysia ("BNM") as one of the ten anchor banks in Malaysia as a result of the consolidation exercise of the Malaysian financial institutions following the Asian Financial Crisis 1997/98;
- ➔ Sustained a record of 49 straight years of unbroken profitability since it commenced operations even during the difficult years of economic downturn and financial crisis;
- ➔ Implemented the unprecedented 2-minute standard waiting time for customers at branch counters which has become the hallmark of Public Bank's high standards of efficient customer service, and this service benchmark continues to be implemented until today;
- ➔ Certified as the "Most Award-Winning Bank" by the Malaysia Book of Records in 2010.

Today, the Public Bank Group is highly reputed for its prudent banking practices, strong balance sheet, unbroken profit track record since the first year of operation, superior asset quality, efficient customer service, strong corporate governance, professional management and effective corporate culture. The Public Bank brand, which reflects these attributes, is a recognised household name in the community and well respected in the financial services industry.

As at the end of 2015, the Group ranked as the third largest banking group by asset size in Malaysia with total group assets of RM363.76 billion. The Group has shareholders' funds amounting to RM31.23 billion. The Group's market capitalisation stood at RM71.90 billion, which ranked as the third largest company by market capitalisation on Bursa Malaysia. The Group is widely acknowledged for its performance in achieving the highest net return on equity, lowest cost to income ratio and best asset quality amongst the domestic banking groups in Malaysia.



Letter to Stakeholders

The Public Bank Group always recognises the strong contribution and solid support rendered by its stakeholders in the Group's journey of growth. Caring for its stakeholders has long been entrenched in the Group's corporate philosophy. To date, the Group continues to serve and create value for its stakeholders comprising over 9 million customers in the markets that the Group operates; over 18,000 employees within the Group; over 70,000 shareholders, both institutions and individuals; and finally the communities that the Group serves. Undoubtedly, the contribution and support of the stakeholders have enabled the Group to grow from strength to strength to its present status and the accomplishments it has today.

2015 OPERATING ENVIRONMENT

In 2015, the global economy was in a moderate growth path with the advanced economies picking up modestly and emerging markets going through moderation in economic growth. The year was also challenging with increased volatility arising from the slowdown in China's economy, plunge of global oil prices, geopolitical tensions, and uncertainty about policy adjustments in several major economies.

In our home market of Malaysia, challenges increased as the shift in investor sentiment dragged on the ringgit exchange rate and consumers' adjustment to the implementation of the Goods and Services Tax weighed on private consumption. The low global commodity prices also affected export earnings. However, Malaysia is on a sound footing to ride through the volatilities and is expected to achieve a steady growth rate in GDP of between 4.5% and 5.5% in 2015. The Malaysian banking sector is also in a position of strength to steer through the challenges. The banking system has remained an effective and efficient financial intermediary in the economy with its sustained resilience in capitalisation, liquidity and asset quality.



**Letter to
Stakeholders****2015 ACHIEVEMENTS OF KEY PERFORMANCE TARGETS: AN OVERVIEW**

Against this challenging macro environment, the Public Bank Group has demonstrated its resilience and delivered yet another set of favourable financial results for the year ended 2015. As an overview, the Group's achievements against the targets set for 2015 in the key performance measures and a corresponding comparison with the performance of the banking industry are summarised below.

Key Performance Measures	2015 Group Targets	2015 Group Achievements	2015 Industry Performance*
Net return on equity	>16%	17.8%	n.a.
Total capital ratio	>13%	15.5%	16.1%
Gross impaired loans ratio	<1%	0.5%	1.6%
Cost to income ratio	<32%	30.5%	45.5%
Gross loans growth – Domestic		10.3%	7.9%
– Group	9% – 10%	11.6%	n.a.
Customer deposits growth – Domestic		7.5%	1.8%
– Group	9% – 10%	8.9%	n.a.

n.a. = Not applicable

** Based on latest available information*

TO OUR SHAREHOLDERS**2015 FINANCIAL PERFORMANCE****Pre-tax profit exceeded RM6 billion**

The Public Bank Group accomplished another profit milestone in 2015. After crossing the RM5 billion mark in pre-tax profit in 2012, the Group's pre-tax profit exceeded the RM6 billion point for the year 2015, and achieved a record pre-tax profit of RM6.49 billion, representing a growth of 11.6% as compared to 2014. Net profit attributable to shareholders recorded RM5.06 billion, which was an increase of 12.0% from 2014. This resulted in an improved earnings per share of 131.1 sen, and translated to a net return on equity ("ROE") of 17.8% for 2015.

With this favourable set of financial results, the Group achieved 49 years of unbroken profitability since it commenced operations in 1966. This track record is a testament of the Group's unwavering commitment in pursuing prudence in growing its business, as well as in delivering steady and consistent growth in profits and returns to its shareholders.

With the increasingly challenging market conditions and competitive banking landscape in recent times, banks are facing continuous margin compression and more stringent banking and capital rules, as well as declining trend of net ROE. The Group has been adopting a steadfast approach in growing its business, profitability and in coping with the effects of these macro trends. With the Group's net ROE of 17.8% for 2015, the Group continued to sustain its leading position with the highest net ROE amongst the domestic banking groups in Malaysia.

Healthy growth in net income

In 2015, total net income of the Group grew by 10.1% to RM9.55 billion, supported by continued growth in net interest income and non-interest income. Net interest income grew by 7.5% to RM6.38 billion, backed by healthy growth in loans and financing as well as customer deposits. However, net interest income was consistently pressured by margin compression as a result of intense market competition in loans and financing, and elevated cost of deposits. The effects of margin compression on net interest income were partially alleviated by growth in loans and financing volume, proactive efforts in asset and



Letter to Stakeholders

liability management particularly in respect of the higher-cost deposits, and income earned from the rights issue proceed of RM4.8 billion completed in August 2014.

Non-interest income of the Group grew strongly by 22.4% to RM2.34 billion in 2015, driven by higher income from unit trust business, banking fee and commission income, and foreign exchange income. The higher growth was the result of the Group's internal initiatives in strengthening its fee income-generating business units and enhancing performance accountability, as well as dedicating more marketing focus in meeting the varied banking needs of customers.

Above-industry growth in loans and deposits

In 2015, total loans and financing of the Group grew at a healthy pace of 11.6% or RM28.40 billion to RM273.45 billion as at the end of 2015. Although the lending growth in the domestic banking industry was moderating following the more subdued market sentiment, the Group remained focused in pursuing its momentum in lending growth. As a result, domestic loans and financing expanded by 10.3% or RM23.46 billion to reach RM251.80 billion. This was higher than the lending growth in the domestic banking industry of 7.9% in 2015.

During the year, the Group's lending growth continued to be propelled by financing for purchases of residential properties and passenger vehicles, as well as commercial lending to small and medium enterprises ("SMEs") for the purchase of commercial properties and working capital. The sustained growth momentum in these segments led to an increase in the Group's domestic market share in loans and financing to 17.5% based on industry data as at the end of 2015. The Group sustained its leading market share positions in the domestic financing for purchases of residential properties, commercial properties and passenger vehicles, with the respective market share at 19.2%, 33.8% and 29.6%.

On the deposit-taking business, the Group's total customer deposits grew by 8.9% or RM24.62 billion to RM301.16 billion as at the end of 2015. The growth was mainly contributed by steady net inflows of fixed deposits, and the low-cost current account and savings deposits, which increased by 16.7% and 5.6% respectively.

On the domestic front, although customer deposits in the domestic banking industry experienced a significantly slower growth of 1.8% in 2015, the Group's total domestic customer deposits grew at a higher pace of 7.5%, supported by its resilient and loyal depositor base. Total domestic customer deposits rose by RM19.47 billion to RM277.94 billion as at the end of 2015. As a result, the Group's market share in domestic customer deposits rose to 16.6%.

Best in asset quality

The Public Bank Group takes pride in being the banking group with the best asset quality in Malaysia as represented by its lowest gross impaired loans ratio when compared to the peer banking groups in Malaysia. In expanding its loans and financing portfolio, the Group continued to maintain its prudent lending practices and proactively enhanced its credit origination and recovery processes in ensuring strong quality of its lending portfolio. The Group's gross impaired loans ratio improved further to 0.5% from 0.6% a year ago, and continued to remain significantly lower than the domestic banking industry's ratio of 1.6% as at the end of 2015.

The Group's loan loss coverage ratio stood at 120.8% as at the end of 2015, reflecting its prudent provisioning practices. This was higher than the domestic banking industry's ratio of 96.2% as at the end of 2015. In addition to this, the Group has set aside a total of RM1.86 billion from its retained earnings to regulatory reserves, in line with BNM's requirement. Including this regulatory reserves, the loan loss coverage ratio of the Group would have been 258.6%.

Most efficient cost to income ratio

Another achievement of the Public Bank Group that had been distinctly recognised was its performance in sustaining the most efficient cost to income ratio when benchmarked against its peer banking groups, not just in Malaysia but also leading banking groups in the region. As at the end of 2015, the Group's cost to income ratio stood at 30.5%, which was the lowest when compared to its peers in the domestic banking industry and was well below the industry's average of 45.5%.



Letter to Stakeholders

The Group's continuous and consistent pursuits of driving higher productivity and managing cost efficiency in all aspects of its operations has enabled the Group's operating costs to remain at the most efficient level relative to its business and revenue growth. In 2015, the Group improved further in its performance in the key productivity measures and continued to achieve higher ratios in these measures when compared to average ratios of the domestic banking industry. The productivity ratios of the Group and the industry are set out in the table below.

Productivity Measures	2015 Group Achievement	Industry Average*
Gross loans per employee (RM'mil)	14.9	10.7
Deposits per employee (RM'mil)	16.4	13.1
Pre-tax profit per employee (RM'000)	353	256

* Based on latest available information

STRATEGIC BUSINESS DIRECTION AHEAD

In surging ahead to grow its business and profitability, the Public Bank Group will continue with its time-validated business model of focusing on retail banking, prudent banking practices and sustainable organic growth of its core business. While the strategic business direction of the Group remains broadly similar, the Group always stays alert, agile and adaptive in the market place, and makes the necessary adjustments to its operating strategies to be in line with market developments. This is particularly important in the current more challenging operating environment and competitive banking landscape.

Pursuing Organic Growth in Lending Business

For the lending business, the Public Bank Group will continue to pursue organic growth in its core lending portfolio, focusing on retail consumer financing and commercial lending to SMEs. Although the domestic lending business remains competitive amidst a more subdued market sentiment, the Group believes that

demand for credits by household and SMEs will sustain, albeit at a moderate pace. This is supported by relatively resilient underlying domestic macroeconomic conditions such as continuing economic growth, stable labour market and sustained demand for houses, especially affordable houses.

The Group will effectively compete to tap the growth opportunity in the market place by leveraging on its strong market presence, proactive product enhancement, competitive pricing, focused marketing, fast turnaround and efficient delivery. The expansion in the Group's loans and financing portfolio is expected to remain well diversified with equally consistent growth coming from the retail consumer lending for purchases of residential properties and transport vehicles, as well as commercial lending to SMEs for purchase of commercial properties and working capital. The lending to retail consumer, commercial and transport vehicles segments contributed about 86% of the Group's loans and financing portfolio as at the end of 2015.

The Group recognises the vital role of the SMEs in their contribution to the economy and as a major provider of employment. The Group remains supportive of the Government's efforts to further develop the SMEs and businesses, not just in Malaysia but also in the markets where the Group operates. Therefore, the Group continues to make available and meet the financing needs of SMEs and businesses in respect of investment and working capital. In 2015, a total of RM19.00 billion of loans and financing to domestic SMEs was approved, which accounted for 29% of the Group's total domestic loans and financing approved of RM64.61 billion.

Sustaining superior asset quality

Maintaining the superior quality of the loans and financing portfolio always remains a strategic thrust, and is a deeply rooted credit culture of the Public Bank Group's lending business. In expanding and managing its lending portfolio, the Group continues to adopt responsible lending practices and undertake proactive measures to address potential stress on its asset quality to ensure that the strength of the Group's balance sheets and profitability are not compromised.



Letter to Stakeholders

During the origination, assessment and approval processes of loans and financing, the Group is guided by its stringent credit standards and puts in place rigorous and effectively executed set of measures to manage the credit risk upfront. These policies and measures are continuously being monitored, reviewed, and modified for enhanced effectiveness in the Group's pursuit of sustaining superior asset quality.

The Group is vigilant and proactive in monitoring and identifying loans and financing that show early signs of distress and that could potentially become impaired. The Group allocates significant resources to actively engage with such customers to advise, restructure and reschedule these distressed loans and financing. Such interaction with customers, and the preventive and proactive measures taken have contributed to the Group's low impaired loans ratio.

Maintaining a Healthy Funding and Liquidity Position

To support the Public Bank Group's target to grow its loans and financing assets, the Group adopts the strategy to build and maintain a long-term customer deposits base focusing on retail core customer deposits, so that

the Group's lending business expansion is adequately funded by a stable source of deposits. The Group has been successful in building a strong and resilient deposit franchise by leveraging on the strength of the PB brand, and deep customer relationship and loyalty. As a result, the Group has been able to steadily grow its retail core deposits from a diversified group of individual and business depositors.

To support the growth of its lending portfolio, the Group proactively ensures that it maintains customer deposits at a level that is sufficient to fund the loans and financing position, but also provides adequate liquidity cover. This is reflected in the Group's net loan to deposit ratio which stood at 90.3% as at the end of 2015, which is a commonly used indicator for the liquidity position of a bank.

Following the global financial crisis and liquidity crunch, global banking rules have advanced further with the introduction of the Liquidity Coverage Ratio ("LCR") under the Basel III regime, a new measure of banks' short term liquidity. BNM has adopted the LCR requirement as a prudential standard for compliance by banks in Malaysia with effect from 1 June 2015 over a transitional





Letter to Stakeholders

period till 1 January 2019. The LCR standard requires banks to hold sufficient high-quality liquid assets to withstand an acute liquidity stress scenario over a 30-day horizon. With the LCR requirement, a stable source of funding from the retail core customer deposits becomes of paramount importance for liquidity compliance in a more cost efficient manner. The Group's resilient retail core deposit base has contributed towards the Group's ability to comply with the BNM's LCR requirement. As at the end of 2015, the Group's LCR was at a level well in excess of the 60% transitional requirement by BNM.

Driving Fee-based Revenue

Growing fee-based revenue is another key strategic focus of the Public Bank Group as it does not only complement the net interest income of the Group, but also supports the Group's endeavour in driving profitability growth and enhancement of its return on equity. The regulatory capital required for fee-based business is low and minimal, therefore expanding the fee-based revenue contributes directly to the enhancement of the Group's return on equity and also enables greater efficiency in the utilisation of regulatory capital in generating return for the Group.

As the Group continues to face margin compression from its lending and deposit businesses, the Group is stepping up its effort to strengthen its fee-based business and intensify marketing activities to grow higher fee revenue. For 2015, total non-interest income of the Group increased by 22.4% to RM2.34 billion. Of this total, income from the Group's unit trust business, which contributed about one-third of the Group's total non-interest income, rose by 7.0% to achieve RM763.5 million. Fee income from various other activities including credit card, bancassurance, and loans-related and banking transactions, which made up another one-third of the total non-interest income, increased by 19.9% to RM694.9 million.

The Group's unit trust management business undertaken by its wholly-owned subsidiary, Public Mutual Berhad ("Public Mutual"), continues to be a significant source of the Group's fee-based revenue. During the year, Public Mutual further expanded its portfolio of funds under management by launching 10 new funds, bringing the total number of funds under its management to 122. Although the market

condition was more volatile in 2015, Public Mutual had stayed vigilant in managing its portfolio of funds, with total net asset value of its fund increasing further to RM64.84 billion as at the end of 2015. Public Mutual retained its unrivaled market leader position as the largest unit trust company and private retirement scheme provider in Malaysia with market share of 48.9% in terms of net asset value in retail funds as at the end of 2015.

Public Mutual will continue to expand its business and contribute positively to the Group by leveraging on its performance track record, visible PB brand name, as well as strong sales and distribution capacity through its large force of unit trust consultants and Public Bank's branches.

The Public Bank Group's strategic bancassurance partnership with AIA Group Ltd ("AIA"), which enables the Group to distribute life, health and investment-linked insurance products to its customer pool in Malaysia and Hong Kong, has performed well. For 2015, the Group sustained its sales performance and achieved RM189.3 million in annualised new premium which enabled the Group to earn commission income and contributed to the Group's fee revenue. 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.

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 infrastructures to increase fee-based revenue contribution to the Group.

Maintaining Cost Efficiency

As banks are facing margin decline in the current challenging operating environment, many banks seek to compensate the effect by managing their operating costs which include rationalising their staff force and winding down unprofitable business segments. As it has always been part of its strategies to sustain profitability, the Public Bank Group remains disciplined and prudent in managing its operating costs through its culture of operational excellence, which results in a most efficient cost structure that is admired by many. In addition, the



Letter to Stakeholders

Group is committed to continuously improve its operational efficiency and drive higher productivity in running the Group's operations, which enables the Group's operating costs to remain at the most efficient level relative to its business and revenue growth. The Group will continue to prioritise the investment and deployment of resources and technology to where they are most effective, by placing the right people to do the right job, providing effective training and coaching to upskill staff competency and productivity, and enhancing business processes and infrastructures by emphasising on straight through processing.

SHAREHOLDER VALUE

The delivery of consistent and superior shareholder value remains a strategic commitment of the Public Bank Group. The 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, namely customers, employees and community.

Manage Capital Proactively

As part of the effort to drive shareholder value, the Public Bank Group proactively manages its capital structure to maximise the efficient usage of its capital and to generate a commensurate level of ROE for the Group. In this effort, the Group seeks to maintain a balance between the capital requirement to support the organic growth of its business, the need to meet with the evolving and more stringent regulatory capital regime under the Basel III capital framework, and shareholders' expectation of return.

As the regulatory capital regime evolved in recent years, capital management effort has extended to take into consideration risk management processes. Other than meeting the minimum prescribed capital ratios under the Basel III capital framework, there are requirements for the Group to also maintain its capital at a level that commensurate with the Group's risk profile, risk appetite, the complexity of the Group's business and the environment in which the Group operates. Accordingly, the Group has implemented the Internal Capital Adequacy Assessment Process or ICAAP to meet this purpose.

The Public Bank Group plans and monitors its capital positions and requirements closely. Over the last two years, the Group has progressively implemented initiatives to strengthen its capital base in respect of its common equity tier I capital, tier I capital and tier II capital. These initiatives included the issuance of RM1.95 billion Basel III-compliant subordinated medium term notes in 2013, and RM500 million subordinated sukuk murabahah which qualified as tier II capital in 2014 and the rights issue of RM4.8 billion in equity capital which qualify as common equity tier I capital in 2014.

As at the end of 2015, the Group's common equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at 10.9%, 12.0% and 15.5% respectively, after deducting the second interim dividend for 2015.

The 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.

Pay Consistent Dividend

The Public Bank Group endeavours to maintain a consistent and regular dividend payment subject to the approval of BNM as required by the Financial Services Act, 2013. This practice aims to provide a consistent stream of return to its shareholders, in line with the Group's profit growth, after taking into consideration the required capital to support its continuous business growth, and to fulfil the requirements under the Basel III capital framework as well under the ICAAP.

Since 1970, the Group had consistently paid dividends to its shareholders in line with its profit growth. For the financial year 2015, Public Bank paid a first interim dividend of 24 sen in August 2015. In conjunction with the announcement of the Group's full year financial results for 2015, the Board of Directors of Public Bank had declared a second interim dividend of 32 sen per share. There was no proposal for the payment of any final dividend.

In total, the shareholders of Public Bank would receive a total net dividend of 56 sen per share for 2015. The total dividends paid and to be paid to shareholders would



Letter to Stakeholders

amount to RM2.16 billion, representing 42.7% of the Group's net profit attributable to shareholders for 2015. This translates into a net dividend yield of 3.0% based on the share price of RM18.52 per Public Bank share as at the end of 2015.

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 RM13.02 per Public Bank share at the end of 2010 with an initial investment outlay of RM13,020 coupled with the rights subscription of RM13.80 per share for the 1 for 10 rights issue in August 2014, the shareholder would have invested a total of RM14,400. As at the end of 2015, he would have also received gross dividends totaling RM2,710 and have 1,100 Public Bank shares worth RM20,372 based on the closing share price of RM18.52 per share. Together with the dividends received, this investment would have given the shareholder a compounded annual rate of return on investment of 10.2% 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 2015, 148,938 Public Bank shares worth RM2,758,332 based on the share price of Public Bank shares of RM18.52 at the end of 2015. In addition, he would have received a total gross dividend of RM1,078,074 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 19.1% for each of the 48 years that this shareholder has held the shares in Public Bank since it was listed in 1967.

TO OUR CUSTOMERS

As a retail bank, the Public Bank Group is highly reputed as a people-centric bank. The Group develops products and services that pay close attention to customer needs, catering for the needs of customers at different stage of life. The Group has always sought to acquire further insight into the entire customer ecosystem, aiming to develop customer service approach that truly delights customers. As a custodian of public funds, the Group's accountability which is based on its sustainable profitability and prudent management is also a key aspect that customers look for in selecting the right bank.

Meeting Customer Needs Through Competitive Banking Solutions

The Public Bank Group seeks to meet customer banking needs through providing a wide range of banking products tailored for diverse customers. Banking on its customer-oriented business model, the Group has continued to be the preferred choice of customers, as reflected by its pole position in market share in domestic financing for residential properties, commercial properties and passenger vehicles. The Group also gained increased market share in domestic customer deposits, despite stiff competition for customer deposits. In its unit trust business, Public Mutual, a wholly-owned subsidiary of Public Bank, has remained the market leader in the domestic private unit trust business.

In its core lending business, the Group offers a mix of products to support businesses and retail consumers. For business customers, the Group has a variation of products offering financing for working capital, acquisition of assets and vehicles, as well as financing schemes guaranteed by Credit Guarantee Corporation and funds initiated by BNM. These products come with attractive terms such as competitive interest rates, and flexible repayment period, giving customers the flexibility and efficiency in handling their financial flows. For the SME customers, the Group had, in 2015, approved RM19.00 billion of new loans and financing to over 50,000 SMEs to support their business needs and expansions.



Letter to Stakeholders

In the retail consumer segment, the Group offers loan products that address customer needs for home financing, vehicle financing and also personal loans. In 2015, the Group helped over 49,000 home purchasers and over 250,000 car buyers with a total of more than RM30 billion of new loans and financing approved for purchase of residential properties and passenger vehicles.

To fulfil the expectation of customers who seek to enhance returns on their savings, the Group offers a range of deposit and wealth management products to help customers achieve their financial goals. The Group's consistently strong financial performance and prudent management have also provided confidence to customers for keeping their savings with Public Bank. As at the end of 2015, the Group maintained a total of over 7 million accounts in core customer deposits, with over 90% of the accounts being individual depositors. The Group has always remained agile in product development and emphasised on innovating products to create greater value for its customers.

Strong Customer Service Culture – Our Competitive Edge

Customer centricity is strongly embedded in the Public Bank Group's culture. All staff are guided by the principles in the Customer Service Charter to ensure the delivery of high quality customer service. Although an increasing number of customers are migrating to electronic banking channels, the Group has never taken lightly face-to-face interaction with customers, but has continued to place emphasis in upskilling staff to provide high quality personalised service. To serve this purpose, the Group has over 560 Customer Service Representatives, and more than 1,400 Sales and Marketing Executives, Financial Executives, Share Investment Executives, Merchant Sales Executives and Red Carpet Banking Executives with high standard of expertise to meet customer demands.

The Public Bank Group also continues to set a high bar for superior customer service. In 2000, Public Bank was the first bank to have all its banking halls to acquire ISO certification. This was followed by the certification of the provision of customer service in Loan Service Delivery in 2002. The former sets a quantitative benchmark of a 2-minute standard waiting time at branch counters, while

the latter ensures that the turnaround time for customers' loan applications are strictly monitored. Today, Public Bank has continuously achieved the ISO 9001:2008 certification by SIRIM for "Provision of Customer Service at Front Office" and "Provision of Customer Service in Loan Delivery".

Public Bank has in place a Customer Service Focus Group programme at all branches nationwide. Through the programme, the Bank fosters deeper communication with customers, helping to gain further insights on how customers engage with the Bank's service. As a caring bank, Public Bank has a special care service for the physically disabled, senior citizens and expectant mothers at the counters. These customers will have priority to be served by the Special Care Counters at branches regardless of the queue length, time of arrival and the nature of the transactions needed. In handling customer's complaint, the Bank has a complaint unit and a formal process of complaint tracking to ensure that all customers' complaints are responded and addressed efficiently within the stipulated 10 days.

Enhancing Our Service Infrastructure

To make banking more accessible to customers, the Public Bank Group has been continuously enhancing its banking infrastructure. In the expansion of business delivery channel, Public Bank operates a broad network of 259 branches nationwide. Through these physical touch points, Public Bank is able to provide detailed interaction with customers, hence fostering deeper customer engagement and loyalty. The Bank also has five Red Carpet Banking Centres catering for the needs of high net worth customers. To make visits less time consuming, the Bank is equipped with a wide network of 2,023 self service terminals across the country. These include the automated teller machines, cash deposit terminals, cash recycling machines, cheque deposit machines and coin collection machines.

Customers are increasingly looking for simplicity and convenience in banking. The Public Bank Group continues to leverage on technology to make banking simple and efficient for customers. The Group's revamped PBe internet banking website has excellent online banking features for easy accessibility and fast handling of banking transactions. The PB engage mobile banking platform is available in



Letter to Stakeholders

Bahasa Malaysia, English and Simplified Chinese for users on the go. Taking into account the growing adoption of electronic banking channels, Public Bank also continues to enhance service delivery of call centres to create fast and responsive assistance to customers.

Going forward, the Public Bank Group will remain agile to meet the evolving customers' needs. Customer centricity will remain on top of the agenda. As the popularity of electronic payments will continue to grow, the Group will continue to build its digital capabilities with enhanced security features to meet the demand.

TO OUR STAFF

From a staff force of 62 in 1966, the Public Bank Group's staff strength has grown to over 18,000 today. For the Public Bank Group, human capital continues to be the bastion of excellence in the Group's success story. To perpetuate this excellence the Group is committed to provide a nurturing and supportive work environment to enable its staff to deliver their best. This includes providing ample opportunities for self-development and career progression as well as attractive staff remuneration.

Recruit and Nurture the Right Talent

In building the talent pipeline, the Public Bank Group has in place a suite of comprehensive training programmes to groom and nurture staff from all levels. The curriculum is not only designed to equip staff with the right capability and skill, it is also to prepare staff for career progression within the Group. The training programmes are reviewed regularly to ensure they are aligned with the changing business environment.

All staff can access a broad range of learning opportunities delivered in-house or external classroom training, seminars, workshops and talks encompassing a wide range of subjects related to financial products, services, leadership, as well as addressing the changes in the business landscape. In 2015, a total of RM41.3 million of training expenditure was incurred. On-the-job training is also a major talent strategy. It provides the staff core work experience, while helping the staff to identify their skill gap. Through effective coaching and workplace experience, the staff is able to develop clear understanding and relevant skill of the job tasks, building up the credentials for their career development.

Apart from empowering experienced or senior level talents, the Public Bank Group views graduate recruitment and development as an important human capital strategy. In this aspect, the Group has a holistic and comprehensive PB TalentMax Programme which exposes fresh graduates to the different facet of banking operations and management skills. It is specially designed to provide opportunities for the candidates to realise their potential, while building the right social skills and workplace behaviour.

Succession Planning for Key Management Roles

The Public Bank Group has an established succession planning policy to ensure the continuity of the Group's leadership and long term business sustainability. The policy sets out a framework which encompasses identifying the various key leadership positions, job profiling and competency identification, sourcing of talents and potential successor, and evaluating and addressing competency gaps. Key measures to bridge any competency gaps include providing various job exposures, training and developing programmes and on the job guidance, coaching and mentoring. Over the years, this comprehensive approach has ensured smooth and uninterrupted leadership continuity, contributing to the stability of Public Bank.

A Rewarding Career

In addition to a comprehensive compensation package, the Public Bank Group has in place a competitive performance-based remuneration system to encourage and reward performance that are aligned to the Group's goal and business strategy. In 2015, the Group continued to pay out substantial rewards to staff who were able to achieve the pre-set key performance indicators. Branches were also awarded cash rewards for outstanding performance.

The competitive remuneration package has enabled the Public Bank Group to attract and retain high quality talents. It also serves to motivate and encourage staff to strive for higher productivity and career progression. In filling a vacancy, the Group has always provided priority to existing staff who is qualified for the position. This provides more opportunities to staff seeking advancements in their career within the Group. A rewarding career with good prospect has resulted in the Group's low staff attrition rate of 8.2% in 2015.



Letter to Stakeholders

Ethical Workplace Culture

As the custodian of public funds, the Public Bank Group is committed to sustain the trust and confidence of the public by upholding and instilling the values of trust, honesty and integrity amongst its staff. While promoting an environment of exemplary corporate conduct and meticulous regulatory compliance, the Group has a stringent disciplinary procedure in place to ensure zero tolerance for dishonesty and lack of integrity.

TO OUR COMMUNITY

While the Public Bank Group plays an important role in facilitating economic growth through its financial intermediary function, the Group also depends on the economy for business growth. Its day-to-day business conduct creates an impact on the environment where Public Bank operates in. For this reason, it is imperative for the Group to operate with accountability and integrity for the benefit of the community, and continually give back to the community.

Contribute to Nation Building

The Public Bank Group's track record of unbroken profitability since its commencement of business operations has enabled the Group to be a significant contributor to the country's development. The Group places great emphasis on its financial stability and sustainability, ensuring that the Group continues to make enhancements to create positive impact to the nation's growth.

In 2015, the Public Bank Group's niche in the core banking and retail business continued to meet the demand for financial products and services of the retail consumers and SMEs. The Group's diverse range of deposit products continued to promote savings culture. Through its lending business, Public Bank continued to support home ownership of the nation. During the year, the Bank approved more than 49,000 loans and financing for home purchases in Malaysia, of which 64.8% were for financing of affordable properties ranging between RM100,000 and RM500,000. In this way, the Group also helps to put savings into productive use for nation development.

To spur business growth, the Group has a range of financing products catering for the needs for start-ups or business expansion. The Group also actively promotes financing schemes guaranteed by Credit Guarantee

Corporation and Bank Negara Malaysia funds. In addition, the Group provides further convenience by offering trade financing, cash management and remittance for businesses.

While the Public Bank Group proactively promotes its banking business, the Group is mindful about the importance of ethical business conduct and compliance with regulations, as these play a role in contributing to the nation's stability. The Group also strictly upholds the guidelines on responsible lending by Bank Negara Malaysia to promote more sustainable household finances.

During the year, the Public Bank Group continued to fulfil its responsibility in paying tax, as it is a vital revenue source for the Government to spend on promoting investment and employment. Over the past five years, the Group contributed total tax payments of RM5.71 billion. In 2015 alone, the Group paid RM1.18 billion of taxes. The Group will continue to give its commitment as a responsible corporate citizen, and will continue to strive for business growth for the development of the nation.

Giving Back To Our Communities

In 2015, the Public Bank Group continued to initiate a broad range of activities to address social and environmental issues.

On education, the UTAR-Tan Sri Dato' Sri Dr. Teh Hong Piow Student Loan Fund and TARC-Tan Sri Dato' Sri Dr. Teh Hong Piow Student Loan Fund continued to benefit the students of University Tunku Abdul Rahman and Tunku Abdul Rahman College to fulfil their ambition in education. On healthcare, the Group continued to lend a helping hand to the National Blood Bank and Institut Jantung Negara to run their activities in Public Bank's premises. In response to the flood disaster at the end of 2014, the Group participated in the Special Relief Facility initiated by Bank Negara Malaysia to provide financing assistance to those affected by floods with the Group granting RM25.9 million under the scheme. The Group's social initiatives were also extended through donations and volunteer activities in supporting the community and the underprivileged.

The Public Bank Group has emphasised on creating a culture of giving and has always encouraged young people to engage in social works. During the year, graduate trainees of the Group were given opportunities to participate in community works. Under the TalentMax



Letter to Stakeholders

Programme, these young employees were able to carry out their social responsibilities in places such as elderly homes and schools.

In preserving the environment, the Group is proactive in adopting environmentally-sustainable practices in its day-to-day operation. The Group supports automation of operational processes to reduce the usage of papers, encourages recycling of waste papers and collaborates with computer vendor to prolong the operational life span of electronic products. The Group has also participated in the Green Technology Financing Scheme to offer financing to companies that supply and utilise green technology.

It is also worth noting that the Public Bank Group's new 40-storey building for Public Mutual's head office, a building incorporated with green concepts by using eco-friendly materials and technologies, will be completed by the first half of 2016 after five years of construction. The building has obtained a pre-certification of Gold rating by the US Green Building Council under the Leadership in Energy and Environmental Design Green Building Rating System and the Malaysia Green Building Confederation under the Green Building Index certification system.

RECOGNITION OF BANKING EXCELLENCE

In 2015, the Public Bank Group and its management continued to garner international and national awards in recognition of its banking excellence by reputable domestic and international publications, and independent organisations. These include the following:

- ➔ Best Bank in Malaysia 2015 by Global Finance;
- ➔ Best Bank in Malaysia 2015 by FinanceAsia;
- ➔ Best Bank in Malaysia 2015 by Alpha Southeast Asia;
- ➔ Best Bank in Malaysia 2015 by Euromoney;
- ➔ Strongest Bank in Malaysia 2015 by The Asian Banker;
- ➔ Best Domestic Bank in Malaysia 2015 by Asiamoney;
- ➔ Best Domestic Bank in Malaysia 2015 by The Asset;
- ➔ Domestic Retail Bank of the Year – Malaysia 2015 by Asian Banking & Finance;
- ➔ Malaysia Automotive Finance Company of the Year 2015 by Frost & Sullivan;
- ➔ The BrandLaureate Billion Dollar Brand Award 2014 – 2015 by Asia Pacific Brands Foundation;
- ➔ The BrandLaureate Special Edition World Awards as a Premier Corporate Brand 2015 by Asia Pacific Brands Foundation;
- ➔ Platinum Corporate Award 2015 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations by The Asset;
- ➔ Corporate Governance Asia Recognition Award 2015 for Malaysia (Icon on Corporate Governance) by Corporate Governance Asia; and
- ➔ MSWG-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 – The Malaysian Chapter Awards:
 - Excellence Award for Top 5 Corporate Governance and Performance (Overall)
 - Excellence Award for Long-Term Value Creation (Overall Category)
 - Industry Excellence – Financial
 - Merit Award for Corporate Governance Disclosures

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 contributions during the year. He was accorded the following awards and accolades:

- ➔ Banker Extraordinaire 2015 by The Asset;
- ➔ BrandLaureate Icon of Icons – The King of Banking by Asia Pacific Brands Foundation;
- ➔ Global Chinese Entrepreneur Lifetime Achievement Award 2015 by Yazhou Zhoukan;
- ➔ William “Bill” Seidman Lifetime Leadership Achievement in Financial Service Industry Award 2015 by The Asian Banker;
- ➔ Asia's Best CEO (Investor Relations) 2015 for Malaysia by Corporate Governance Asia; and
- ➔ Asian Corporate Director Recognition Award 2015 for Malaysia by Corporate Governance Asia.

These awards are testaments to the strong commitment and outstanding achievement of the Public Bank Group and will continue to motivate the Group to strive for excellence in creating value for its stakeholders.



Letter to Stakeholders



OUTLOOK

The Malaysian economy is expected to remain on a stable GDP growth rate of 4.0% – 4.5% in 2016, providing a supportive operating environment for the banking business. However, the Public Bank Group is mindful about the increased challenges in the macro environment which are expected to extend into 2016. Banks are also expected to continue facing an intensely competitive environment. Notwithstanding this, the Malaysian banking system is in a solid position and will continue to hinge on its sound fundamentals to ride through challenges, and capitalise on the country's growing economy to seek expansion.

Going forward, the Public Bank Group will continue to grow prudently. Backed by its strong financial track record, solid balance sheet and superior customer service, the Group is well placed to ride on these strengths to grow its business. The Group will remain focused on its time-tested organic growth strategies while pursuing financial innovation for better products and services. Customer centricity will remain a focal point in the Group's business operation. In light of the challenging operating environment, the Group will place more emphasis on managing its resources efficiently in the pursuit of operational efficiencies. The Group will continue to uphold commitment to good corporate governance and sound risk management practices.

TARGETS FOR 2016

For 2016, the Public Bank Group's key performance targets are set as follows:

Key Performance Measures	2016 Targets
Net return on equity	>15%
Total capital ratio	>13%
Gross impaired loans ratio	<1%
Cost to income ratio	<33%
Gross loans growth	8% – 9%
Customer deposits growth	7% – 8%

The setting of the Public Bank Group's key performance targets for 2016 has taken into account the Group's achievements in 2015, together with the risk appetite of the Group, the regulatory requirements under the Basel III capital framework and the prevailing economic outlook and the increasing challenging operating environment.



Letter to Stakeholders

OUR APPRECIATION

After 49 years of solid and sustainable growth, 2016 is a milestone for the Public Bank Group as we celebrate our 50th anniversary. Such remarkable achievement could not have been possible without the support of the stakeholders.

To our shareholders, we sincerely appreciate the trust and strong confidence that you have placed in the Public Bank Group.

To our customers, thank you for supporting us and helping us to reach these historic milestones. You have played a big part in the Public Bank Group's success.

To the management and staff of the Public Bank Group, your commitment and dedication has contributed to our success. We would like to express deepest gratitude for your committed and dedicated efforts and consistently going the extra mile to reach our achievement today.

During the year, we were deeply saddened by the passing of the late Tan Sri Datuk Seri Utama Thong Yaw Hong, the then Co-Chairman of Public Bank. We acknowledge Tan Sri Datuk Seri Utama Thong Yaw Hong's par excellence calibre and his invaluable contributions over his 29 years with the Public Bank Group.

Dato' Sri Lee Kong Lam was appointed as Non-Independent Non-Executive Deputy Chairman of Public Bank. Dato' Sri's appointment will further support the Group's operations going forward.

We thank Bank Negara Malaysia and all other relevant authorities for their continuing support to us, and their invaluable advice and guidance rendered.

We are proud of our record achievements for the past 49 years. We will continue to work harder and grow from strength to strength, striving to pursue excellence in delivering value to our stakeholders. We will continue to surge ahead to maintain our pole position in the industry.

TAN SRI DATO' SRI DR. TEH HONG PIOW
Chairman

TAN SRI DATO' SRI TAY AH LEK
Managing Director

DATO' SRI LEE KONG LAM
Deputy Chairman

MR. TANG WING CHEW
Director

MR. LAI WAN
Director

MS. LAI WAI KEEN
Director

MS. CHEAH KIM LING
Director

Excellence

We have a proven track record of excellence as well as being one of the most awarded banks in the country. We have been bestowed with numerous best bank awards and excellence in corporate governance in recognition of our financial performance and distinction.







Statement on Corporate Governance

The Board of Directors and Management of Public Bank, being responsible for the long-term sustainability and success of the Bank, are fully committed in ensuring that Public Bank continues to maintain excellent standards of corporate governance, the underlying principles of which are accountability, transparency, integrity and prudent management. The strong culture, values and ethics of the Bank, cultivated by the Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, since the commencement of operation of Public Bank in 1966, facilitate high standards of behaviour throughout all levels of staff of the Bank, and thereby support the delivery of long-term value to all stakeholders.

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 observes the principles of corporate governance and specific requirements stated in the Bank Negara Malaysia (BNM) Guidelines on Corporate Governance for Licensed Institutions (BNM Guidelines on Corporate Governance) and the Bursa Malaysia Main Market Listing Requirements, as well as the principles of corporate governance and recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012).

The numerous domestic and international awards, accolades and recognitions bestowed on Public Bank over its 50 years of business operations are resounding affirmations of Public Bank's long-term, sustainable success, and its creation of good economic value for shareholders and other stakeholders.

The significant awards and accolades that Public Bank received in 2015 included the following:

Corporate Governance Awards

- ➔ Corporate Governance Asia Recognition Award 2015 for Malaysia (Icon on Corporate Governance) presented by Corporate Governance Asia.
- ➔ The Asset Corporate Platinum Award 2015 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations presented by The Asset.

➔ Minority Shareholder Watchdog Group (MSWG) – ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 – The Malaysian Chapter awards presented by MSWG:

- Excellence Award for Top 5 Corporate Governance and Performance (Overall).
- Excellence Award for Long-Term Value Creation (Overall category).
- Industry Excellence – Financial.
- Merit Award for Corporate Governance Disclosures.

Best Bank Awards

- ➔ Best Bank in Malaysia 2015 presented by FinanceAsia.
- ➔ Best Bank in Malaysia 2015 presented by Global Finance.
- ➔ Best Bank in Malaysia 2015 presented by Euromoney.
- ➔ Best Bank in Malaysia 2015 presented by Alpha Southeast Asia.
- ➔ Domestic Retail Bank of the Year – Malaysia 2015 presented by Asian Banking & Finance.
- ➔ Best Domestic Bank in Malaysia 2015 presented by Asiamoney.
- ➔ Best Domestic Bank in Malaysia 2015 presented by The Asset.
- ➔ Strongest Bank in Malaysia 2015 presented by Asian Banker.

The full lists of the awards and accolades received by the Public Bank Group in 2015 and to-date are on pages 32 to 45 of this annual report.



Statement on Corporate Governance

BOARD OF DIRECTORS

Size and Composition of Board

The Board currently comprises 7 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 7 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 business and its policies and strategies. The Directors more than adequately fulfil 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.

Dato' Sri Lee Kong Lam, Deputy Chairman, 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 and when he was an Executive Director of Public Bank from 2001 until his retirement as Executive Director in 2013.

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/Chief Executive Officer of a Malaysian bank.

Lai Wai Keen possesses vast experience in banking regulations, corporate communications, deposit insurance systems and protection scheme for insurance policy holders, having served BNM for over 20 years and Perbadanan Insurans Deposit Malaysia (PIDM) for more than 6 years.

Cheah Kim Ling has 32 years of 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 financial institutions.

The appointment of the 2 female members to the Board ie. Lai Wai Keen and Cheah Kim Ling provides the Board with gender diversity that serves to bring value to Board discussions from the different perspectives and approaches of the female Directors.

The profile of each of the Member of the Board is as presented on pages 50 to 57 of this annual report.



Statement on Corporate Governance

Board Balance and Independence of Directors

The Board comprises only one Executive Director and a strong presence of 6 Non-Executive Directors, whereby 4 ie. more than half of the Board members are Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides effective check and balance in the functioning of the Board.

The 4 Independent Non-Executive Directors are not employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgement. 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 demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition of independence as set out in BNM Guidelines on Corporate Governance and the Bursa Malaysia Main Market Listing Requirements.

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 Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

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.



Statement on Corporate Governance

The Board has established the roles and responsibilities of the Non-Executive Chairman which are distinct and separate from the duties and responsibilities of the Managing Director/Chief Executive Officer. This segregation between the duties of the Non-Executive 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. The Non-Executive Directors scrutinise the performance of Management in meeting key performance targets and monitor the reporting of performance. The Non-Executive Directors are responsible to satisfy themselves on the integrity of financial information and that financial controls and system of risk management are robust and defensible. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels, 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.publicbankgroup.com.

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 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.



Statement on Corporate Governance

At the monthly Board meetings, the Board reviews management reports on the business performance of the Bank as well as the Group and major subsidiaries, and reviews, inter-alia, the results compared to the preceding month and year-to-date, and also the comparison against pro-rated business targets and against the industry. As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Audit Committee, Risk Management Committee 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 are required to be taken by the Management.

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. The Board meeting papers contain information in a form and of a quality appropriate to enable the Board to discharge its duties effectively.

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 advisors. 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.

**Statement on
Corporate Governance**

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 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.

All Directors are able to allocate sufficient time to the Bank to discharge their duties and responsibilities effectively, and their commitment is affirmed by their full attendance at the Board meetings held during the financial year ended 31 December 2015, 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>	19	19
Tan Sri Dato' Sri Tay Ah Lek <i>Managing Director/Chief Executive Officer</i>	19	19
Dato' Sri Lee Kong Lam <i>Non-Executive Deputy Chairman</i>	19	19
Independent		
Tang Wing Chew <i>Non-Executive Director</i>	19	19
Lai Wan <i>Non-Executive Director</i>	19	19
Lai Wai Keen <i>Non-Executive Director</i>	19	19
Cheah Kim Ling <i>Non-Executive Director</i>	19	19

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).



Statement on Corporate Governance

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 acknowledge the need to continually develop and update their knowledge and skills required to fulfill their role both on the Board and Board Committees. The Directors also attend seminars and conferences to update themselves on developments in the financial industry and business landscape both domestically and internationally.

During the financial year 2015, the Members of the Public Bank Board had received training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated

sessions and through reading materials. The Directors had attended talks, dialogue sessions and focus group sessions organised by FIDE Forum, an initiative of the alumni members of the Financial Institutions Directors' Education Programme, which is set up to enhance corporate governance practices in the boards of financial institutions and to develop world class directors who are advocates of best practices and excellence in corporate governance. The Directors had also kept up-to-date with market developments and related issues through Board discussion meetings with the Deputy Chief Executive Officer, Chief Operating Officers, Chief Financial Officer and other Senior Management Officers.

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 2015 included the following:

Corporate Governance/Risk Management

- ➔ Directors Corporate Governance Series: Building Effective Finance Function – From Reporting to Analytics to Strategic Input.
- ➔ Integrated Reporting in Malaysia – an Analysis of Bursa Malaysia's Top 50 Companies Reporting.
- ➔ Nomination Committee Programme – Effective Board Evaluations.
- ➔ FIDE Forum: Beyond Compliance to Growth – Board's Strategy in Cultivating Real Growth within a Conducive Governance Environment.
- ➔ International Association of Deposit Insurers (IADI) Annual Conference on Crisis Preparedness – Institutional Arrangements and Coordination, Crisis Communication and Contingency Planning.
- ➔ Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom.
- ➔ FIDE Forum: Industry Consultation Session – 2015 Non-Executive Directors' Remuneration Study.



Statement on Corporate Governance

Board Leadership

- ➔ FIDE Forum: Board's Strategic Leadership – Innovation and Growth in Uncertain Times.
- ➔ FIDE Forum: Digital Transformation and its Impact on Financial Services – Role of the Board in Maximising Potential.
- ➔ Capital Market Director Programme.
- ➔ Talk on Behavioural Economics: How Leaders Can Better Understand and Influence Those Around Them.

Banking, Finance & Economy

- ➔ FIDE Forum: Financial Services in Turbulent Times – A Dialogue with Tan Sri Lin See-Yan.
- ➔ FIDE Forum Dialogue with the Governor: Economic and Financial Services Sector – Trends and Challenges Moving Forward.
- ➔ FIDE Forum: Impact of the New Accounting Standard on Banks – What Directors Should be Aware of.
- ➔ Talk on Key Changes in Anti-Money Laundering/Counter Financing of Terrorism.
- ➔ Global Banking Conference 2015 – The New Banking Paradigm: Disruptions, Risks and Opportunities.
- ➔ Forum on the Business of Innovation 2015.
- ➔ Seminar on Islamic Deposit Insurance on Essential Elements for Effective Islamic Deposit Insurance Systems: Shariah Governance, Sources and Management of Funds.
- ➔ Talk on Advanced Strategy for Banks and Financial Institutions.
- ➔ Talk on Basel III Implementation: Roles and Responsibilities of Senior Management and Impact of Basel III on Profitability.
- ➔ Malaysian Financial Reporting Standard Updates.

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 directorship 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 each Director, 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 for submitting its 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.



Statement on Corporate Governance

Directors' Remuneration

The Remuneration Committee carries out the annual review of the overall remuneration policy for Directors, Chief Executive Officer (CEO), 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 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 for the financial year 2015.

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2015 are as follows:

	Salary RM'000	Fees RM'000	Bonus RM'000	Other Emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Executive Director						
Tan Sri Dato' Sri Tay Ah Lek	3,465	273	10,685	3,030	25	17,478
Non-Executive Directors						
Tan Sri Dato' Sri Dr. Teh Hong Piow	–	370	–	30,146	29	30,545
The late Tan Sri Datuk Seri Utama Thong Yaw Hong [^]	–	154	–	155	–	309
Dato' Sri Lee Kong Lam	–	287	–	167	–	454
Tang Wing Chew	–	273	–	194	–	467
Lai Wan	–	273	–	167	–	440
Lai Wai Keen	–	273	–	145	–	418
Cheah Kim Ling	–	273	–	149	–	422
	–	1,903	–	31,123	29	33,055
Total	3,465	2,176	10,685	34,153	54	50,533

[^] This represents the remuneration paid to this Director until his demise on 28 May 2015.



Statement on Corporate Governance

COMMITTEES ESTABLISHED BY THE BOARD

The Board has established a number of Board Committees whose compositions and terms of reference are in accordance with the BNM Guidelines on Corporate Governance, the Bursa Malaysia Main Market Listing Requirements 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.

The attendance of Members at the Audit Committee meetings held in 2015 is as reflected below:

Name of Committee Members	Number of Audit Committee Meetings	
	Held During Tenure in Office	Attended
Tang Wing Chew (Chairman) <i>Independent Non-Executive</i>	17	17
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	17	17
Lai Wan <i>Independent Non-Executive</i>	17	17
Lai Wai Keen <i>Independent Non-Executive</i>	17	17
Cheah Kim Ling <i>Independent Non-Executive</i>	17	17

Board Committees

➔ Audit Committee

Public Bank's Audit Committee comprises exclusively of Non-Executive Directors, the majority of whom are Independent Directors. The Audit Committee is chaired by Mr Tang Wing Chew, an Independent Non-Executive Director.

The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 117 and 118 of this annual report.

The Audit Committee meets at least once a month.



Statement on Corporate Governance

➔ **Nomination Committee**

Public Bank's Nomination Committee comprises exclusively of Non-Executive Directors, the majority of whom are Independent Directors. The Nomination Committee is chaired by Mr Lai Wan, an Independent Non-Executive Director.

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.
 - ➔ 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 2015, 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.



Statement on Corporate Governance

- ➔ 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 reflected by their full attendance at Board meetings and Board Committee meetings. Furthermore, 6 Directors hold directorship in only 1 public listed company, while 1 Director holds directorships in only 2 public listed companies.

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 2015 is as reflected below:

Name of Committee Members	Number of Nomination Committee Meetings	
	Held During Tenure in Office	Attended
Lai Wan (Chairman) <i>Independent Non-Executive</i>	6	6
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	6	6
Tang Wing Chew <i>Independent Non-Executive</i>	6	6
Lai Wai Keen <i>Independent Non-Executive</i>	6	6
Cheah Kim Ling <i>Independent Non-Executive</i> <i>(Appointed as member on 1 September 2015; attended all the Nomination Committee meetings held since her appointment)</i>	3	3



Statement on Corporate Governance

➔ Remuneration Committee

The Remuneration Committee is made up exclusively of Non-Executive Directors and is chaired by Mr Lai Wan, an Independent Non-Executive Director.

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 2015 is as reflected below:

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
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	4	4
Tang Wing Chew <i>Independent Non-Executive</i>	4	4
Lai Wai Keen <i>Independent Non-Executive</i>	4	4

**Statement on
Corporate Governance****➔ Risk Management Committee**

The Risk Management Committee is made up exclusively of Non-Executive Directors and is chaired by Ms Lai Wai Keen, an Independent Non-Executive Director.

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, 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 2015 is as reflected below:

Name of Committee Members	Number of Risk Management Committee Meetings	
	Held During Tenure in Office	Attended
Lai Wai Keen (Chairman) <i>Independent Non-Executive</i>	12	12
Dato' Sri Lee Kong Lam <i>Non-Independent Non-Executive</i>	12	12
Tang Wing Chew <i>Independent Non-Executive</i>	12	12
Lai Wan <i>Independent Non-Executive</i>	12	12
Cheah Kim Ling <i>Independent Non-Executive</i>	12	12

➔ Credit Risk Management Committee

The Credit Risk Management Committee is made up exclusively of Non-Executive Directors and is chaired by Dato' Sri Lee Kong Lam, a Non-Independent Non-Executive Director.

The salient terms of reference of the Credit Risk Management Committee 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.



Statement on Corporate Governance

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 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 credit 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.



Statement on Corporate Governance

➔ 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 Procedures to provide an avenue for all employees to disclose any improper conduct within the Bank.

The Whistleblowing Policy and Procedures set 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 good faith.

In addition to the Whistleblowing Policy and Procedures, 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 111 of this annual report.



Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to providing a balanced, clear and comprehensive assessment of the financial performance and prospects of Public Bank and the Public Bank Group in all 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 via timely release of announcements on quarterly financial statements.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the reliability of the financial reporting of the Public Bank and the Public Bank Group. The Audit Committee reviews the annual and interim financial statements of Public Bank and the Public Bank Group including the appropriateness of the accounting policies, its changes, if any, and the resultant impact as well as compliance with approved accounting standards and regulatory requirements.

The Audit Committee discussed with the external auditors on their observations in relation to significant accounting and auditing issues as well as the relevancy and appropriateness of the accounting principles applied and judgement affecting the financial statements.

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

The internal auditors reviewed all related party transactions and a report on the outcome of such review is submitted to the Audit Committee for their review on a quarterly basis.

Details of these transactions are set out under Note 41 to the Financial Statements on pages 154 to 162 in the Financial Statements section of this annual report.

Internal Controls

The Board has overall responsibility for maintaining a system of internal controls which provides reasonable assurance on the effectiveness and efficiency of the operations that ensure 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 from occurring.

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

The effectiveness of the system of internal controls of Public Bank and the Public Bank Group is reviewed by the Audit Committee during its periodic meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Bank and the Group. Internal Audit Division of the Bank and the Group check for compliance with statutory/regulatory requirements, internal policies and procedures and review the work processes/procedures for efficiency and effectiveness. Internal Audit Division 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 113 to 115 of this annual report.



Statement on Corporate Governance

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 118 and 119 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 their views in respect of the integrity of Public Bank's financial statements. At least two of these meetings are held without the presence of the Management staff and internal audit staff. The Audit Committee also meets with the external auditors 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 the review and assessment on the appointment or re-appointment of external auditors for statutory audit, recurring audit-related and non-audit related services. Recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services. The objective of the review is to ensure that the independence and objectivity of the external auditors as statutory auditors are not compromised. This annual review and assessment is carried out via an assessment checklist in accordance with the assessment criteria covering regulatory requirements, performance and independence and objectivity as set out in the Public Bank Berhad Group's Policies and Procedures for Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services. In addition, 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 Board, upon concurrence with the outcome of the assessment, approved the appointment or re-appointment of the external auditor based on the Audit Committee's recommendation subject to the approval by Bank Negara Malaysia and shareholders at the annual general meeting.

A new external auditor was appointed for the financial year ended 2015.

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 Corporate Governance

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2015 to the external auditors are set out below:

	Bank RM'000	Group RM'000
Fees paid/payable to E&Y		
➔ Audit	1,340	3,684
➔ Regulatory Related	320	717
– Validation of Perbadanan Insurans Deposit Malaysia Returns	150	205
– Half-year Limited Review	155	269
– Statement of Risk Management and Internal Control	15	46
– Review of Banking Return	–	140
– Operational Audit Review	–	57
➔ Non-Audit	180	290
– Quality Assurance Review on Internal Audit Function	180	180
– Agreed upon procedures required by Federation of Investment Managers Malaysia (FIMM)	–	61
– Tax	–	49
	1,840	4,691
Fees paid/payable to other auditors		
➔ Audit	24	141
➔ Regulatory Related	16	17
– Statement of Internal Control	10	10
– Corporate Governance	6	7
➔ Non-Audit	17	17
– Tax	17	17
	57	175
Grand Total	1,897	4,866



Statement on Corporate Governance

STRENGTHENING RELATIONSHIP WITH SHAREHOLDERS

Public Bank recognises that strengthening the relationship between the Bank and its shareholders is an important aspect of upholding the principles and best practices of corporate governance. The Bank aims to strengthen the mutual relationship with its shareholders and investors to maintain a high level of shareholder and investor confidence and to ensure a stable and longer-term value creation.

Public Bank believes that effective and timely communication will enhance shareholders' understanding and appreciation of the Public Bank Group's business strategies, performance and challenges. Hence, over the years, the Bank has continuously maintained this practice with its shareholders which has resulted in more productive and collaborative shareholders' engagement. It has also enabled the Bank to be aware of the shareholders' expectations and concerns. Ultimately, enhanced engagement facilitates the ability of the shareholders in making informed investment decisions and in exercising their rights as shareholders.

As part of ongoing effort to strengthen relationship with its shareholders, the Bank 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 is not just to comply with the requirements of Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, it is also in accordance with the best practices as recommended in the MCCG 2012 with regard to strengthening engagement and communication with shareholders. A range of communication channels are used to build a more constructive relationship between the Bank and its stakeholders.

Annual Report

Public Bank's annual report provides comprehensive information on the financial results, business performance and operations of the Public Bank 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, the 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 a significantly higher level of disclosure of financial and risk management information than that of a non-financial corporation. Where applicable, the Bank also provides disclosures of information over and above the regulatory requirements on a voluntary basis.

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.

Annual General Meeting

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.

Quarterly Announcement & Media Coverage

Public Bank 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 of the progress and strategic development of the business of the Group.



Statement on Corporate Governance

Analysts Briefing

Public Bank conducts briefings in conjunction with the release of its half-year and annual results. These briefings provide opportunity for dialogue between 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 Bank's corporate website.

Corporate Website

Public Bank revamped its corporate website (www.publicbankgroup.com) in 2015. In addition to the annual reports, press releases and analyst briefings presentation slides, the corporate website also archives 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.

Timely Disclosure

Public Bank continues to emphasise on the importance of prompt and timely dissemination of information to shareholders and investors. The Bank is of the view that all shareholders and investors must have equal and timely access to material information about the Group, both to allow shareholders and investors to make reasoned and 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 corporations and financial institutions in Malaysia, and are always well ahead of the announcement deadlines specified in the Bursa Malaysia Main Market Listing Requirements. Public Bank 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 2015	3 March 2016	63	30 April 2016
Annual Report 2014	5 March 2015	64	31 May 2015
2015 Quarterly Results			
1st Quarter	20 April 2015	20	31 May 2015
2nd Quarter	30 July 2015	30	31 August 2015
3rd Quarter	22 October 2015	22	30 November 2015
4th Quarter	3 February 2016	34	29 February 2016



Statement on Corporate Governance

INVESTOR RELATIONS

Public Bank's Investor Relations function provides an additional channel in managing the Bank'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.

Public Bank has a strong following and coverage amongst domestic and international institutional investors, fund managers and equity and fixed-income securities research analysts. Thus, 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. The investor relations activities also include communications with the fixed-income securities investors. There is a separate section on the Public Bank corporate website for fixed income investors which includes information on credit ratings, securitisation programmes and securities documentation.

Investor Relations plays a vital role especially in today's challenging economic environment. The investor relations function enables Public Bank 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.

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

With a dedicated team of experienced Senior Management personnel that is directly involved in the Group's investor relations activities, the investing community is assured of timely views and information on the Group that is also appropriate, accurate and consistent.

The Senior Management Officers of the Public Bank continue to participate in presentations and investor meetings at investor conferences and forums that are held domestically and regionally, as well as at meetings held at the Public Bank's office. 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'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. The Bank maintains a close connection with its institutional investor, fund manager and analyst networks. In 2015, Public Bank participated in four regional and local investors conferences, where the designated Senior Management Officers conducted meetings with 118 investors and fund managers.



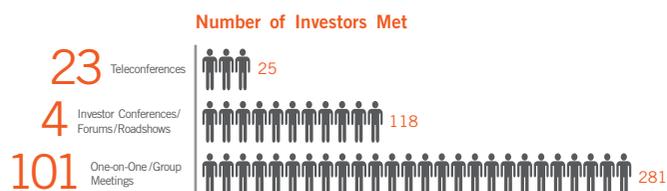
Statement on Corporate Governance

Investors Conferences Attended

Date	Event	Location	Organiser
23-24 April 2015	Invest Malaysia 2015	Kuala Lumpur	Bursa Malaysia & CIMB Investment Bank
18-22 May 2015	6th Annual DB Access Asia Conference 2015	Singapore	Deutsche Bank
2-3 September 2015	UBS ASEAN Conference 2015	Singapore	UBS
14-18 September 2015	22nd CLSA Investors' Forum	Hong Kong	CLSA

In addition, a total of 281 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 23 teleconference calls involving 25 foreign investors and fund managers.

Summary of Investor Relations Activities in 2015



The extensive investor relations activities of Public Bank and the high level of investor interest in the Bank have led to a wide coverage of the Group by stock brokerage and equity research firms. As at December 2015, Public Bank was covered by 25 research houses, reflecting the Bank as one of the core coverage for the investment community on Bursa Malaysia. 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 Bank's corporate website.



Statement on Corporate Governance

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 2016.



Risk Management

“An effective risk management system is vital for the Public Bank Group to create value to its shareholders, customers, counterparties, employees, investors and the community it serves at large. As risks evolve from time to time, the Group continues to enhance its integrated risk management approach and processes towards the effective management of enterprise-wide risks.”

Against the backdrop of a challenging economic and financial environment where conditions in the commodity and financial markets have become more volatile, there is an increased need for the Public Bank Group to strengthen the resilience of its risk management system to achieve continued profitability and sustainable growth in shareholder value.

The Public Bank Group embraces risk management as a foundation of its business operations. It employs a risk management framework which sets out the Group's risk principles and strategies established to drive strong risk culture and consistent risk management practices across the Group. The risk management framework, policies, systems and processes are incessantly reviewed, refined and established to proactively manage risks to ensure that the Group's risk profile remains conservative and aligned to its risk appetite.

With its commitment to strong risk governance and implementation of sound risk management principles and best practices, the Public Bank Group has been able to sustain its profitability without compromising on its asset quality. The Group has been practicing prudent lending practices and implementing risk initiatives to enhance the Group's vigilance and resilience to the risks faced by the Group.

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
Management****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 in 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 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****RISK MANAGEMENT PROCESSES**

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

Principal Risks	Definition	Risk Management Processes
Credit Risk (including counterparty credit risk and country risk)	Credit risk is the potential loss of revenue as a result of defaults by the borrowers/customers or counterparties through lending/financing, hedging, trading and investing activities	<ul style="list-style-type: none"> ➔ Credit policy incorporating prudent lending criteria and guidelines to manage credit risk ➔ Clearly defined levels of authority to ensure the role of approving authorities commensurate with the level of credit experience 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 and close monitoring 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
Credit Concentration Risk	Concentration to any single exposure or group of exposure or sector that has the potential to result in losses large enough to undermine the health of the Group	<ul style="list-style-type: none"> ➔ Policies and limits are periodically reviewed to ensure their relevance in managing credit concentration risk ➔ Processes and methodologies are in place to identify, measure, control and monitor the credit concentration risk
Market Risk	Market risk is the risk of loss arising from movements in market variables, such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates	<ul style="list-style-type: none"> ➔ Regular review of the market and economic conditions to identify areas which may give rise to market risk ➔ Market risk policies and limits are periodically reviewed to ensure their relevance in managing market risk ➔ Derivative activities for trading 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



Risk Management

Principal Risks	Definition	Risk Management Processes
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 ➔ Hold 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 liquidity stress test to identify areas which are vulnerable to liquidity stress including contagion risk assessment that may arise from large depositors ➔ Liquidity and funding risk policies and limits are periodically reviewed to ensure their relevance in managing liquidity and funding risk ➔ Contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during period of stress
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 system of internal controls and risk management processes to ensure compliance with internal policies, guidelines, controls and limits ➔ Use of operational risk management tools such as loss incident management, control self-assessment and Key Risk Indicators for monitoring of operational risk exposures and effectiveness of controls ➔ New products or services 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 IT risk assessment to enhance and ensure that IT systems are resilient, readily available for the customers and secure from cyber attacks ➔ Disaster recovery and business continuity plans covering all critical business operations are regularly tested and updated to ensure continuity of essential business services during unforeseen events

**Risk
Management**

Principal Risks	Definition	Risk Management Processes
Capital Adequacy Risk	Capital Adequacy Risk is the risk of insufficient capital to meet the capital required to carry out the Group's strategies and to satisfy regulatory capital adequacy requirements	<ul style="list-style-type: none"> ➔ Close monitoring of capital positions to ensure the Group complies with current regulatory requirements and is well positioned to meet future requirements ➔ Conduct bi-annual enterprise stress test to examine the adequacy of capital levels under various stress scenarios ➔ Ability to raise additional capital in a variety of ways including raising equity via rights issue or debt instruments ➔ Internal Capital Targets are in place to ensure adequate capital is set aside to meet regulatory requirements, capital required under period of stress and Pillar 2 risk
Reputation Risk	Reputation risk is the risk that negative perception 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/performance factors associated with reputation risk through a set of Key Risk/Performance Indicators and ongoing enhancement of the control measures implemented to manage reputation risk ➔ Procedures on the escalation and management of potential or current reputation events are in place to ensure such events are managed timely and appropriately ➔ Conduct comprehensive risk assessment on emerging risk events to identify areas vulnerable to reputation risk
Strategic Risk	Strategic risk is the risk of current or prospective impact on the 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 escalated to the respective Boards periodically ➔ Regular review of the Group's business strategies taking into account the latest market conditions and developments



Risk Management

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 and other guidelines 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/guarantee for credit risk mitigation, which include requiring specific collateral/guarantee to meet minimal operational requirements ➔ Depending on the type of collateral, the valuation of collateral is carried out regularly based on the Group's valuation and review guidelines ➔ Processes are in place to ensure proper documentation of the collateral and guarantee accepted
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 checks ➔ A team of mobile compliance officers is responsible to conduct visits 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 43 to the financial statements (pages 164 to 217 of the Annual Report 2015)
- ii. Pillar 3 Disclosure (pages 269 to 335 of the Annual Report 2015)



Risk Management

RISK CULTURE

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

- ➔ Strong corporate governance
- ➔ Organisational structure with clearly defined roles and responsibilities
- ➔ Effective communication 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 Risk Management Committee, Senior Management, independent risk management and control units and business units. This is followed by comprehensive risk assessments to assess the size of the risk exposures and the impact of the risk on business activities and business strategies. The assessments serve to identify the appropriate risk mitigating initiatives to manage the emerging risks. In addition, stress testing, both internal and regulatory programmes are used to assess the effect of changes in economic conditions on the Group's operations.

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

Credit Risk

During the year, both the global and domestic economies had to contend with a number of economic and market headwinds. The Malaysian economy grew at a moderate pace and the loans growth in the banking system recorded a single-digit loans growth of 8% as at end of 2015 compared to 9% in the previous year. Malaysian's

household debt to Gross Domestic Product level stood at 88% as at August 2015 and this risk is currently mitigated by continued wage growth, low unemployment rate and the current accommodative interest rate environment.

Against such backdrop, the Public Bank Group intensified its vigilance to ensure its asset quality remained intact. The Group's impaired loans ratio as at the end of 2015 of 0.49% was approximately one-third of the banking industry's gross impaired loans ratio of 1.6%. During the year, the Group focused on the identification of external and internal leading indicators that can trigger potential adverse impact on the asset quality and/or that can be used to surface areas of potential risk. To achieve this, the Group amongst others, performed close monitoring on the credit profile of the assets on-boarded, the level of delinquencies in each portfolio and multi-dimensional vintage analysis. The credit control team intensified its efforts to identify portfolios that are susceptible to emerging events and put in measures to manage the risk. The Group's exposure to the oil and gas sector remained small, constituting <0.2% of the Group's total loans and advances as at the end of 2015. Exposures to borrowers which are susceptible to emerging risks such as volatilities to USD/RM exchange rates, slowdown in the China's economy, low commodity prices were also not significant. The Group maintains a close tab on the developments in the global and domestic macro-economic data to ensure that the Group understands the impact and formulate actions to manage the potential risk. In respect of the potential risk to household debts, the Group monitors the exposures to vulnerable borrowers as defined by BNM as well as the identification of borrowers with a combination of high risk factors. The performances of these portfolios are closely monitored and findings on the portfolios are applied to fine-tune the under-writing practices. The Group performs sensitivity test on the portfolio to assess the impact on the Group's capital and profitability under various stress scenarios. Due care is also taken by the Group to ensure its valuation practices remain prudent. To this end, valuation practices are reviewed periodically to ensure it remains applicable and any changes to the valuation practices are approved by the Credit Committee.

The various initiatives to manage and take pre-emptive measures for the portfolios were enabled by the investments in enhancing the risk management



Risk Management

infrastructure and skill sets of the risk management staff. The Credit Risk Management Solution put in place has led to more analyses at more granular level with broader perspectives due to the flexible system capabilities and availability of credit risk data. The output is generated frequently for portfolio management as well as supporting the review of credit guidelines and practices of the portfolios. During the year, the credit analyses focused on the core portfolios namely hire purchase, mortgage and retail business portfolios to identify pockets of risk areas to strengthen the credit risk management. Further credit practices were implemented for selective segments e.g. tightening of on-boarding of customers with lower credit risk rating, close monitoring of return on equity of hire purchase with lower returns, adjusting the valuation requirement of certain vehicle types.

Funding Risk

The pursuit for retail deposits via deposits campaigns offering attractive fixed deposits rate to balance out the Loans-to-Deposits ratio (“LDR”) continued into 2015. Such going-on in the market place coupled with the lower growth in the banking system’s deposits have placed depositors with the pre-eminence to go for the best rates and it has increased the risk of depositors’ attrition rates as well as risk to further compression in the net interest margins. Amidst the current new operating landscape, the Public Bank Group remained steadfast and focus in growing its deposits from customers. During the year, the Group took a deliberate decision to edge up its LDR to optimise its LDR and to contend with the increasing deposit campaign cost. Despite the competitive deposit market, the Group managed to improve its deposit mix and grew its individual deposits by 3.1% from 45.2% as at the end of 2014 to 48.3% of the total deposits from customers as at the end of 2015. As at the end of 2015, the total deposits from customers stood at RM301.16 billion, representing 16.6% of the banking system’s market share.

The Public Bank Group’s Adjusted LDR, being the ratio which factors the other sources of stable funds was strong at 80.9% as at the end of 2015. The Liquidity Coverage Ratio (“LCR”) of the entities which are subject to the Basel III Liquidity Standards on LCR which became

effective on 1 June 2015 was well above the regulatory limit of 60% as at the end of 2015. Portfolio of government securities remained the core component of its high quality liquid assets and grew further by 2% from 54% as at the end of 2014 to 56% of the Group’s portfolio of securities as at the end of 2015. Notwithstanding the current strength of the Group’s funding position, the Group remained vigilant to the developments in both the global and domestic market place and has continually identified occurrences that may pose challenges to the Group’s funding positions or may provide opportunities to tap alternative sources of stable funds.

Operational Risk

Cyber Threats and Electronic Payment Fraud

With the emergence of digital age, the evolving proliferation of new technologies to conduct banking transactions has escalated the frequency and complexity of cyber-attacks as well as electronic payment fraud in the financial services industry. The number of financial crime including cyber-attack incidents is surging worldwide, as are the financial costs associated with these events.

To this end, the Public Bank Group is not spared from cyber-security threats and electronic payment frauds although as at the end of 2015 there were no significant operational losses incurred by the Group. The Public Bank Group recognised the need for “cyber resiliency” and had implemented a range of controls to identify and mitigate risks to customers and businesses. The key measures taken were as follows:

- ➔ Subscribing to third party security services to keep abreast with the latest development on cyber threats and fraud modus operandi to prepare the Bank from such potential threats
- ➔ Continuous assessment of the susceptibility of its systems to cyber-attacks and other information security threats and strengthening the information security including enhancing the security controls of the internet and mobile banking systems, the self-service terminals as well as the security features of the card payment instruments



Risk Management

- ➔ Periodic risk and control assessment to address the plausible emerging risk issues relating to the threat of Information Technology (IT) system failures that could disrupt the Public Bank Group's business operations, to ensure the resilience of its IT infrastructure and technology
- ➔ Engaging international security consultants to carry out periodic IT security and resilience assessments to benchmark the existing IT capabilities against international standards and best practices
- ➔ Carrying out customer security awareness programmes to educate customers on online banking security in collaboration with Bank Negara Malaysia (BNM)

Conduct of Business

Regulators in Malaysia and other countries have continued to increase their focus on conduct matters relating to fair treatment to customers and the conduct of banks' businesses in an orderly and transparent manner. These include attention to sales processes and incentives, product and investment suitability, product governance, employee activities and accountabilities and more general conduct of business concerns to ensure due consideration is given with regard to the interest of the consumers in developing, marketing and selling of products. Taking heed of the growing concern in these areas, Public Bank Group continues to review and enhance its policies and procedures governing these areas including the policies on the Group's product development, offering and marketing as well as the code of conducts of its employees to ensure compliance with the relevant laws and regulations in all jurisdiction where the Group operates and to provide fair and responsible treatment to the customers.

Money Laundering and Terrorist Financing Risks

Regulators increasingly seek financial institutions to place emphasis on anti-money laundering ("AML") and counter financing of terrorism ("CFT") to safeguard the financial system. The range of threats arising from money laundering and terrorist financing continues to grow and further exacerbated with the use of new technologies for illicit purposes. To be effective and efficient in combating these threats, implementation of robust AML/CFT system and measures are critical.

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

- ➔ Refinement of the risk-based assessment approach and risk factors which include enhancing the customer risk profiling and the geographical coverage assessment in managing Money Laundering/Terrorist Financing (ML/TF) risks exposures
- ➔ Enhancing its management information system and work processes in conducting customer due diligence, strengthening transaction monitoring and detection of suspicious transactions
- ➔ Enrichment of training programmes to ensure that staff improve their knowledge and analytical skills and keep abreast with the changing risk and regulatory landscape relating to AML/CFT

Regulatory Developments

The global regulatory landscape is evolving continuously. It is observed that regulatory bodies, both globally and locally are issuing policy documents and 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 policy documents is necessary to maintain an orderly conduct in the financial intermediation and a sound banking system. To this end, the Group remains vigilant to the regulatory development 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. In this regard, 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

Living by the maxim that: “Banks belong to a special institution which can only thrive on public confidence and trust”, the Public Bank Group continues to commit substantial resources to ensure that integrity and ethical practices are deeply entrenched in its corporate culture. The numerous Best Bank and Best Corporate Governance Awards and accolades bestowed on the Group over the past five decades are strong affirmation of its success in perpetuating ethics, integrity and trust in its corporate culture.

SETTING THE TONE AT THE TOP

A strong advocate of integrity and professionalism, Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of the Public Bank Group believes ethical corporate culture begins from the top. His commitment to exemplify honour and ethics is evident not only in his leadership and living example but also in his engagement with all level of employees within the Group. This has set into motion a leadership momentum that not only shows the way but lives the way.

Other initiatives and measures instituted by the Public Bank Group to develop, maintain and continuously enhance a thriving ethical culture include:

FIT AND PROPER POLICY FOR KEY RESPONSIBLE PERSONS

Formalising a Fit and Proper Policy for Key Responsible Persons in line with guidelines set out by Bank Negara Malaysia (“BNM”) to ensure key positions in the Public Bank Group are led by personnel who fulfil 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

In tandem with BNM’s and Securities Commission’s assertion to preserve market integrity and promote confidence in the capital market, the Public Bank Group has implemented appropriate policies, systems and controls to ensure due compliance with the following provisions in the Capital Market and Service Act 2007:

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

CODE OF ETHICS

Adopting the Code of Ethics under BNM’s 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 key principles:

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

**Ethics, Integrity
and Trust****ANTI-FRAUD POLICY**

Establishing the Anti-Fraud Policy which spells out the roles and responsibilities of each employee in the Public Bank Group in preventing, detecting and reporting any defalcations, misappropriations and irregularities as well as disciplinary actions on employees involved in fraudulent acts.

The Anti-Fraud Policy seeks to:

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

ANTI-MONEY LAUNDERING POLICY

To corroborate with the Government's and BNM's initiatives in preventing the use of the banking system for illicit and money laundering activities as well as the financing of terrorist activities, the Group has set up an extensive infrastructure and processes to support such efforts. A key component of this infrastructure is the Group's Anti-Money Laundering Policy which sets out the following:

- ➔ Expectations of employees in implementing the anti-money laundering policy.
- ➔ Accountability of employees 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

To enhance its check and balance system, the Whistleblowing Policy and Procedure has been drawn up to bring potential compliance and ethical risk to Management's timely attention.

The objectives of this policy are:

- ➔ To provide an alternative avenue for all employees to disclose any irregularities or suspected irregularities within the Bank.
- ➔ To provide designated channels of escalation for employees to direct their disclosures.
- ➔ To facilitate such disclosures, the policy also sets out the protection accorded to whistleblowers who disclose such irregularities in good faith.

SOCIAL MEDIA POLICY

To ensure its employees observe the expected standard of protocols when engaging in social media, the Public Bank Group has implemented the Social Media Policy to set out the following:

- ➔ The guidelines on the responsible and ethical usage of social media by all employees of Public Bank.
- ➔ The possible consequences of policy violation by employees.

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

To facilitate the internalisation of immaculate work ethics by its employees, the Public Bank Group has set up a robust framework to engage its employees to continuously practice, familiarise and adhere to the various policies, guidelines and codes of conducts such as:

- ➔ Incorporation of applicable guidelines and policies in the offer letter and service undertaking to be read, understood and acknowledged by all employees upon their appointment.



Ethics, Integrity and Trust

- ➔ Reiteration of the guidelines and policies during their induction programme.
- ➔ Reminders via employee circulars from time to time.
- ➔ Comprehensive training on the standards of conduct expected of employees in the Group with emphasis on:
 - Enhancing employee knowledge on regulatory requirements.
 - Enabling employee to understand and realise the ethical standards set by the Group.
 - Equipping employee with skills to handle ethical dilemmas with integrity.
 - Equipping employee with skills to detect early warning signs of fraud and malpractices.
 - Enabling employee to 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 employee compliance of relevant guidelines or policies by the internal Audit or Compliance Team on a regular basis.
- ➔ Adopting strategic risk governance on employee remuneration to enable "claw-back" in the event of fraud and misconduct.

DENOUNCING UNETHICAL PRACTICES

Concurrent to its strategy to nurture impeccable conduct and integrity among its employees, the Public Bank Group has also established a stringent disciplinary procedure which spells out specific and appropriate consequences to deter wrong doing and unacceptable business practices. This is to ensure its employees do not sacrifice principle for expediency in their performance.

CELEBRATING 50 YEARS OF ETHICAL BANKING AND BEYOND

Over the past five decades, the Public Bank Group's above par corporate governance and conduct has been a key contributing factor to its achievement as a highly respectable premier bank in the country. Moving forward, the Group will continue to leverage on its strong governance infrastructure to ensure integrity continues to be ancillary to its business strategies and impeccable work ethics remain in vogue in the PB corporate culture.



Statement on Risk Management and Internal Control

RESPONSIBILITY

The Board of Directors (“Board”) has overall responsibility for the Public Bank Group’s (“the Group”) risk management and internal control system and for reviewing its adequacy and effectiveness. The Board ensures that the risk management and internal control system manages the Group’s key areas of risk within an acceptable risk profile to achieve the Group’s policies and business objectives. 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 adopted by the Group. Taking into consideration the assurance from the management and input from the relevant assurance providers, the Board is of the view that the Group’s risk management and internal control system in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report is 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

To support consistent risk awareness and risk management practices across the Group, the risk governance structure has been aligned across all the business units, overseas units, and subsidiaries of the Group through the streamlined risk management framework, policies and practices.

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, the Shariah Committee and the Internal Capital Adequacy Assessment Process (“ICAAP”) Working Group.

The RMC reviews the Group’s risk appetite which defines the amount and type 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



Statement on Risk Management and Internal Control

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 identification 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, controlling 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 in meeting their responsibilities for managing risks, 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 assessed risks, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Bank's and its respective subsidiaries' Audit Committees. 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, including the remedial actions taken to address and resolve any such issues identified, 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.



Statement on Risk Management and Internal Control

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 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.

A comprehensive system of internal controls based on segregation of duties, independent checks, segmented system access control and multi-tier authorisation processes is put in place to ensure control procedures and limits are implemented and complied with.

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.

The Shariah governance framework as well as policies and procedures are in place to manage the businesses within the Group that execute Islamic business transactions and to ensure compliance with Shariah principles.

Policies and procedures are established within the Group to facilitate continuous identification of emerging risk events followed by comprehensive risk assessment to develop appropriate risk response so that the risks are managed within the Group's risk appetite.

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. Areas identified for enhancement of risk management and internal control system are tabled to the Board of the Bank for review during the half yearly assessments.

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 2015, 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 2015 are as follows:

Name of Committee Members	Attendance at Committee Meetings
Tang Wing Chew Chairman/Independent Non-Executive Director	17/17
Dato' Sri Lee Kong Lam* Member/Non-Independent Non-Executive Deputy Chairman	17/17
Lai Wan Member/Independent Non-Executive Director	17/17
Lai Wai Keen Member/Independent Non-Executive Director	17/17
Cheah Kim Ling Member/Independent Non-Executive Director	17/17

* Appointed as Deputy Chairman of Public Bank with effect from 1 September 2015



DATO' SRI LEE KONG LAM
 Member/Non-Independent
 Non-Executive
 Deputy Chairman



TANG WING CHEW
 Chairman/Independent
 Non-Executive Director



LAI WAN
 Member/Independent
 Non-Executive Director



LAI WAI KEEN
 Member/Independent
 Non-Executive Director



CHEAH KIM LING
 Member/Independent
 Non-Executive Director

**Audit Committee
Report****2. COMPOSITION AND TERMS OF REFERENCE****2.1 Composition**

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

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 (“PBB”) and the PBB Group.
- ➔ obtain such independent professional advice as it considers necessary.
- ➔ have full and unrestricted access to any information and documents pertaining to PBB and the PBB Group.
- ➔ convene meetings with the internal auditors without the presence of the Managing Director/Chief Executive Officer, Deputy Chief Executive Officer and other Senior Management staff whenever deems necessary.
- ➔ meet with the external auditors at least twice a year without the presence of the Managing Director/Chief Executive Officer, Deputy Chief Executive Officer, other Senior Management staff and internal audit 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 implemented 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.
- ➔ To approve annual audit plan, internal audit framework and internal audit charter.



Audit Committee Report

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/re-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 approval.

d. Audit Reports

To review the:

- ➔ Internal and external audit reports to ensure that appropriate and adequate remedial actions are taken by Management to address and resolve the significant lapses in controls and procedures that are identified.
- ➔ Significant internal and external audit findings and Management's response and remedial action plan.

e. Financial Reporting

To review the quarterly and annual financial statements of PBB and the PBB Group for recommendation to the Board of Directors for approval, with particular focus on:

- ➔ changes in or implementation of new accounting policies and practices;
- ➔ significant and unusual events; and
- ➔ compliance with the applicable approved accounting/auditor reporting 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 PBB and the PBB Group on quarterly basis.

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 unaudited quarterly and half-yearly financial results as well as the annual audited financial statements 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 unaudited and annual audited financial statements of Public Bank and the Public Bank Group, and discussed with Management and the external auditors (if applicable) 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.



Audit Committee Report

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 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 2015 included the following areas:

a. Corporate Governance/Risk Management

- ➔ Directors Corporate Governance Series – Building Effective Finance Function: From Reporting to Analytics to Strategic Input
- ➔ Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom
- ➔ FIDE FORUM: Industry Consultation Session – 2015 Non-Executive Directors Remuneration
- ➔ Nomination Committee Programme Part 2 – Effective Board Evaluations
- ➔ Launch of “Integrated Reporting in Malaysia – an Analysis of Bursa Malaysia’s Top 50 Companies Reporting” by PWC Malaysia
- ➔ 14th IADI Annual Conference on “Crisis Preparedness – Institutional Arrangements and Co-ordination, Crisis Communication and Contingency Planning”

b. Board Leadership

- ➔ FIDE FORUM: Board’s Strategic Leadership – Innovation & Growth in Uncertain Times
- ➔ Capital Market Director Programme (Module 1, 2A, 2B, 3, 4) [conducted by Securities Industry Development Corporation (“SIDC”)]
- ➔ FIDE FORUM: Directors Register Focus Group Sessions

- ➔ FIDE FORUM: 5th Distinguished Leadership Series: “Beyond Compliance to Growth – Board’s Strategy in Cultivating Real Growth within a Conducive Governance Environment
- ➔ FIDE FORUM: 6th Distinguished Leadership Series “Digital Transformation and its Impact on Financial Services – Role of the Board in Maximising Potential”

c. Banking, Finance & Economy

- ➔ Financial Services in Turbulent Times: A Dialogue with Tan Sri Lin See-Yan”
- ➔ BNM – FIDE FORUM Dialogue with the Governor: “Economic & Financial Services Sector: Trends & Challenges Moving Forward”
- ➔ Forum on The Business of Innovation 2015
- ➔ FIDE FORUM: Impact of the New Accounting Standard on Banks – What Directors should be aware of
- ➔ PBB In-House Training: Talk on Key Changes in AML/CFT
- ➔ Global Banking Conference 2015 themed “The New Banking Paradigm: Disruptions, Risks and Opportunities”

d. Islamic Banking

- ➔ 5th Seminar Islamic Deposit Insurance on “Essential Elements for Effective Islamic Deposit Insurance Systems: Shariah Governance, Sources & Management of Funds”

**Audit Committee
Report****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 defense, 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 2015 are as follows:

	RM'000
Bank	24,186
Group	34,930

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



TAN SRI DATO' SRI TAY AH LEK

Managing Director/Chief Executive Officer

Holder of a Masters degree in Business Administration, Tan Sri Tay is a veteran in the financial services industry with 55 years experience. A pioneer staff of Public Bank in 1966, he held several portfolios over the years including the Executive Vice President position in Public Finance and Public Bank. He was appointed Executive Director of Public Bank in 1997 and Managing Director/Chief Executive Officer in 2002. He sits on the Board of Directors of several subsidiary companies in the Public Bank Group.



DATO' CHANG KAT KIAM

Deputy Chief Executive Officer

Holder of a 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. Dato' Chang was appointed Chief Operating Officer in 2006 and redesignated Senior Chief Operating Officer in October 2013. Appointed to his present position in January 2016 and is also a member on the Board of Directors of several subsidiary companies in the Public Bank Group.



Group Management Profile

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.

**Group Management
Profile****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 & Transformation.

**Group Management
Profile****FONG LOONG SENG**

Chief Executive Officer
Public Investment Bank Berhad

Holder of Masters degree in Business Administration (Finance). Mr Fong started his banking career in 1984 and has more than 31 years experience in the financial services and capital markets sector of which 26 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 35 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.



YEOH KIM HONG

Chief Executive Officer
Public Mutual Berhad

Ms Yeoh, a qualified accountant and certified financial planner, has more than 20 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.

**Group Management
Profile****TAN YOKE KONG**

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

Mr Tan, a qualified accountant, has over 34 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 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 28 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 and a director of The Hong Kong Mortgage Corporation Limited. He was previously a member of the Banking and Finance Industry Training Board in Hong Kong.



PHAN YING TONG

Regional Head
Indo-China Operations

Holder of Masters degree in Business Administration, Mr Phan has a total of 34 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

**DATO' 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/
Credit Operations/
HP Operations/
Share Investment

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. In January 2016, her portfolio was expanded to also oversee Credit Operations, HP Operations and Share Investment.



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 36 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.



**Heads of
Division****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.

**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 33 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.

**LIM LYE PING**
General Manager
Treasury

Holder of Bachelor of Economics degree. Joined Public Bank in 1994 and has more than 21 years experience in Treasury operations. Appointed Head of Treasury in May 2012.





Heads of Division

PATRICK LIM YOONG LENG
General Manager
Compliance

Holder of Diploma in Management. Has a total of 35 years experience in Auditing, Banking Systems and Processes and Compliance. 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 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.



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.



**Heads of
Division****JASMINE LOH SOOK LING****Director**
Risk Management

Ms Jasmine Loh, a qualified accountant, has a total of 25 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.

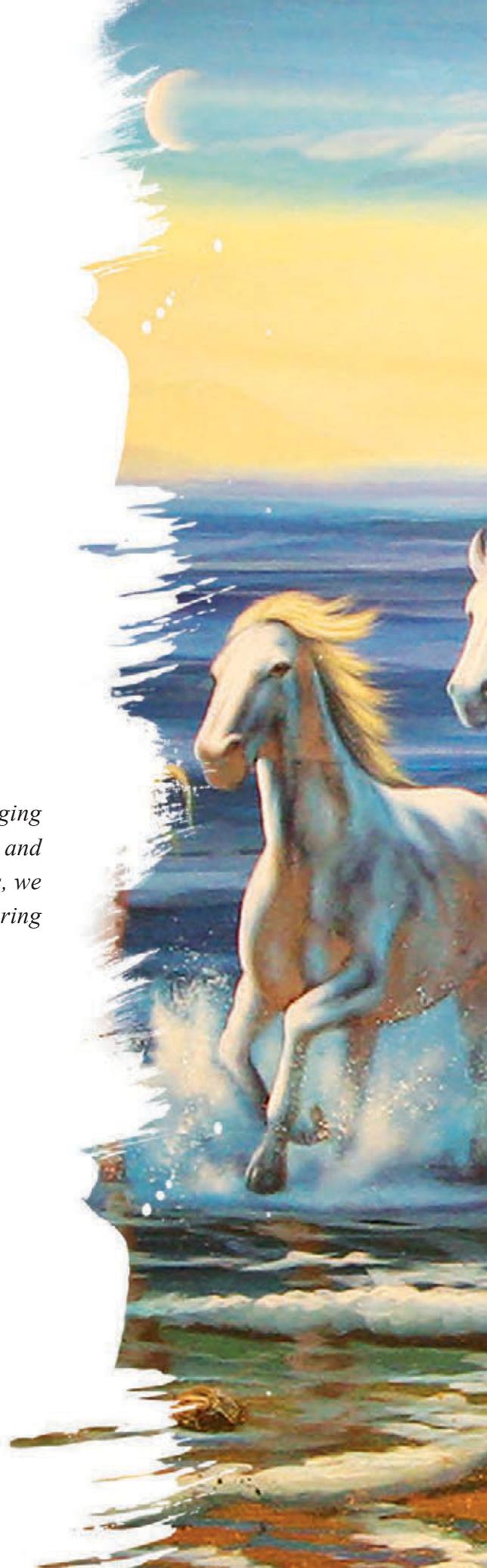
**WONG MAN HOE****Director**
HP Operations

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.



Resilience

We continue to grow whilst adjusting to the ever-changing issues and challenges in the financial sector. By identifying and understanding the risks and opportunities facing our business, we are able to manage them to the best of our ability, thus ensuring we remain resilient.







TAN SRI DATO' SRI DR. TEH HONG PIOW

Chairman

Chairman's Review

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Chairman's Review – Overview

HIGHLIGHTS OF 2015

PRE-TAX PROFIT

RM6.49 bil

2014:
RM5.81 bil

▲ **11.6%**

NET PROFIT

RM5.06 bil

2014:
RM4.52 bil

▲ **12.0%**

EARNINGS PER SHARE

131.1 sen

2014:
123.7 sen

▲ **6.0%**

LOANS GROWTH

RM273.45 bil

2014:
RM245.04 bil

▲ **11.6%**

DEPOSITS GROWTH

RM301.16 bil

2014:
RM276.54 bil

▲ **8.9%**

TOTAL ASSETS

RM363.76 bil

2014:
RM345.72 bil

▲ **5.2%**

OVERALL BUSINESS ENVIRONMENT

The global economic growth remained uneven in 2015, underpinned by gradual expansion in the United States of America and the United Kingdom coupled with slow growth in emerging markets and developing economies. China's economic growth has been in a managed slowdown even as the Chinese government implemented policy measures to stimulate growth including monetary policy measures following a sharp decline in the stock market. Divergent monetary policies in the major economies have increased the risks of disruptive capital outflows and resulted in volatility in interest rates and exchanges rates. Coupled with sharp and prolonged drop in commodity prices, these factors have contributed to increased uncertainty in the global market. Despite the challenging economic environment, the mid- to long-term prospects of the Asian region remain resilient and positive.

Although Malaysia is not insulated from the developments in the external environment, the Malaysian economy remained resilient due to the various structural reforms undertaken over the years to diversify its economy. Despite the slower global growth, lower commodity prices particularly a marked drop in oil prices, volatility in the financial markets and depreciation of the Ringgit, the Gross Domestic Product ("GDP") is expected to grow between 4.5% and 5.5% in 2015, with domestic demand being the main driver of growth. Looking ahead, the Malaysian economy is expected to remain steady with GDP growth of between 4.0% and 4.5% in 2016 supported by stable employment and continued wage growth.

**Chairman's Review**
– Overview**NET RETURN ON EQUITY**

2014: 19.9%

17.8%**COST TO INCOME RATIO**

2014: 30.0%

30.5%**GROSS IMPAIRED LOANS RATIO**

2014: 0.6%

0.5%**COMMON EQUITY TIER I CAPITAL RATIO[#]**

2014: 10.8%

10.9%**TOTAL CAPITAL RATIO[#]**

2014: 15.8%

15.5%[#] After deducting second interim dividend declared subsequent to year end

In 2016, Public Bank celebrates its 50th year in operations. Public Bank was envisioned by the Public Bank Group's Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow as the "bank for the people" and over the last half a century, the Group has accomplished many achievements as reflected by its numerous corporate milestones and successes.

Monetary policies continued to be accommodative and supportive of economic growth in 2015. The Overnight Policy Rate and Statutory Reserve Requirement remained unchanged at 3.25% and 4.00% respectively in 2015, which were accommodative to support economic activities and manage inflation expectations. In the banking sector, loans growth is expected to be moderate due to tighter liquidity conditions, slowing economic growth and measures aimed at curbing the rise in household debt. Net interest margin will continue to come under pressure due to stiff competition for deposits and loans as well as more stringent Basel III capital and liquidity compliance requirements. Whilst maintaining higher levels of capital may affect growth and returns of banks, the banking system is expected to remain resilient and well capitalised with capital ratios well above the minimum regulatory levels coupled with stable credit risk exposure.

The Public Bank Group delivered another set of good results in 2015. Through the years, the Group has grown from strength to strength by focusing on its steadfast approach of pursuing stable and sustainable growth whilst maintaining prudent credit and financial management. Going forward, the Group will remain focused on its core businesses of lending to retail customers and small and medium enterprises as well as in retail deposit-taking whilst maintaining its prudent credit policies. The Group enters 2016 mindful of the on-going challenges, yet confident that it has what it takes to surge ahead. The Group will strive to achieve another year of favourable results as the Group looks forward to celebrate its Golden Jubilee in 2016 – 50 years of history and success.



SUMMARY OF GROUP FINANCIAL PERFORMANCE

AT A GLANCE

	2015	2014	Growth %
Profitability (RM'Million)			
Profit before tax expense and zakat	6,491	5,814	11.6
Net profit attributable to shareholders	5,062	4,519	12.0
Earnings per share (sen)	131.1	123.7	6.0
Balance Sheet (RM'Million)			
Total assets	363,758	345,722	5.2
Gross loans, advances and financing	273,447	245,044	11.6
Deposits from customers	301,157	276,540	8.9
Shareholders' equity	31,231	28,025	11.4
Financial Indicators			
Net return on equity	17.8%	19.9%	(2.1)
Cost to income ratio	30.5%	30.0%	0.5
Gross impaired loans ratio	0.5%	0.6%	(0.1)
Loan loss coverage ratio	120.8%	122.4%	(1.6)
Net loan to deposit ratio	90.3%	88.0%	2.3
Common Equity Tier I capital ratio [#]	10.9%	10.8%	0.1
Tier I capital ratio [#]	12.0%	12.2%	(0.2)
Total capital ratio [#]	15.5%	15.8%	(0.3)

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



Summary of Group Financial Performance

GROUP FINANCIAL SUMMARY

STEADY PROFIT GROWTH

- ➔ Pre-tax profit increased by 11.6% from RM5.81 billion in 2014 to RM6.49 billion in 2015.
- ➔ Net profit attributable to shareholders grew by 12.0% to RM5.06 billion in 2015.
- ➔ Earnings per share rose 6.0% to 131.1 sen.
- ➔ Ranks No. 1 in the domestic banking industry in terms of profitability with net return on equity of 17.8%.
- ➔ Top in terms of cost efficiency with the lowest cost to income ratio of 30.5% amongst Malaysian banking groups.

CONSISTENT BALANCE SHEET GROWTH

- ➔ Gross loans, advances and financing increased by 11.6% to RM273.45 billion as at the end of 2015 with domestic loans growing by 10.3%.
- ➔ Customer deposits rose by 8.9% to RM301.16 billion as at the end of 2015, mainly driven by 7.5% growth in domestic customer deposits.
- ➔ Total assets grew by 5.2% to RM363.76 billion as at the end of 2015 as a result of continued expansion in loans and deposits.
- ➔ Net loan to deposit ratio stood at 90.3% as at the end of 2015.

EXCELLENT ASSET QUALITY

- ➔ Best asset quality amongst Malaysian banking groups with the lowest gross impaired loans ratio of 0.5% as at the end of 2015.
- ➔ High loan loss coverage of 120.8% as at the end of 2015.
- ➔ Loan loss coverage was significantly higher at 258.6% with the inclusion of regulatory reserves.

HEALTHY CAPITAL POSITIONS

- ➔ Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio continued to remain healthy at 10.9%, 12.0% and 15.5% respectively as at the end of 2015.

The Board of Directors declared a second interim dividend of 32 sen per ordinary share bringing the total dividend to 56 sen per ordinary share for 2015, as compared to a total dividend of 54 sen per ordinary share in 2014. The total dividend paid or payable amounted to RM2.16 billion, representing 42.7% of the Group's net profit in 2015.



Chairman's Review – Overview

Summary of Group Financial Performance

SEGMENTAL PROFITABILITY

(i) Profit Before Tax By Business Segment

	2015		2014	
	RM'Million	% of Contribution	RM'Million	% of Contribution
Domestic Operations				
<i>comprise of:</i>				
<i>Retail</i>	3,622	55.8	3,494	60.1
<i>Hire Purchase</i>	349	5.4	449	7.7
<i>Fund Management</i>	541	8.3	490	8.4
<i>Corporate Lending</i>	426	6.6	371	6.4
<i>Treasury and Capital Market</i>	492	7.6	418	7.2
<i>Investment Banking</i>	59	0.9	68	1.2
<i>Others*</i>	430	6.6	92	1.6
Total domestic operations	5,919	91.2	5,382	92.6
Overseas Operations	572	8.8	432	7.4
Profit before taxation	6,491	100.0	5,814	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, being the Public Bank Group's core business, contributed 55.8% to the Group's pre-tax profit in 2015, followed by Fund Management Operations and Treasury and Capital Market Operations which contributed 8.3% and 7.6% respectively to the Group's pre-tax profits.
- ➔ Retail Operations' pre-tax profit increased by 3.7% to RM3,621.7 million in 2015 mainly due to higher fee income and net writeback of loan impairment allowances partially offset by higher other operating expenses.
- ➔ Hire Purchase Operations reported a lower pre-tax profit of RM348.7 million in 2015 mainly due to lower net interest income as a result of declining net interest margin and higher other operating expenses.
- ➔ Fund Management Operations' pre-tax profit grew by 10.5% from RM489.9 million in 2014 to RM541.2 million in 2015 mainly due to higher management fee earned on higher average net asset value of funds under management and higher fee income on sale of trust units.
- ➔ Corporate Lending recorded 14.7% increase in pre-tax profit to RM425.7 million in 2015 as a result of higher net interest income and higher fee income partially offset by lower net writeback of loan impairment allowances.
- ➔ Treasury and Capital Market Operations registered pre-tax profit of RM491.8 million in 2015, an increase of 17.5% from RM418.6 million in 2014, due to higher net interest income on treasury gapping, funding and liquidity management activities, higher foreign exchange income and higher investment income.
- ➔ Investment Banking Operations recorded a lower pre-tax profit of RM59.5 million in 2015 mainly due to lower brokerage income from stock broking activities, lower investment income and higher other operating expenses partially offset by higher net interest income.
- ➔ Other domestic operations registered a higher pre-tax profit of RM430.5 million in 2015 mainly due to transfer pricing and higher net gain from revaluation of investment properties.

**Chairman's Review**
– **Overview****Summary of Group Financial Performance****(ii) Profit Before Tax By Geographical Locations and Major Companies**

	2015		2014	
	RM'Million	% of Contribution	RM'Million	% of Contribution
In Malaysia	5,919	91.2	5,382	92.6
<i>of which:</i>				
<i>Public Bank Berhad*</i>	4,729	72.9	4,327	74.4
<i>Public Islamic Bank Berhad</i>	450	6.9	468	8.1
<i>Public Mutual Berhad</i>	541	8.3	490	8.4
<i>Public Investment Bank Berhad</i>	59	0.9	68	1.2
Outside Malaysia	572	8.8	432	7.4
<i>of which:</i>				
<u>Hong Kong operations</u>	255	3.9	198	3.4
– <i>Public Finance Limited*</i>	145	2.2	117	2.0
– <i>Public Bank (Hong Kong) Limited*</i>	90	1.4	64	1.1
<u>Cambodian operations</u>				
<i>Cambodian Public Bank Plc</i>	228	3.5	166	2.9
Profit before taxation	6,491	100.0	5,814	100.0

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

➔ Domestic operations contributed 91.2% to the Public Bank Group's pre-tax profit in 2015 whilst overseas operations contributed the remaining 8.8%.

➔ Overseas operations achieved a commendable 32.5% growth or RM140.3 million in pre-tax profit in 2015, contributed by the effect of favourable foreign exchange movement and higher profit contribution from the Group's operations in Cambodia. Cambodian Public Bank Plc registered a 15.7% increase in pre-tax profit to USD58.5 million in 2015, excluding the effect of foreign exchange movement.



Chairman's Review – Overview

Summary of Group Financial Performance

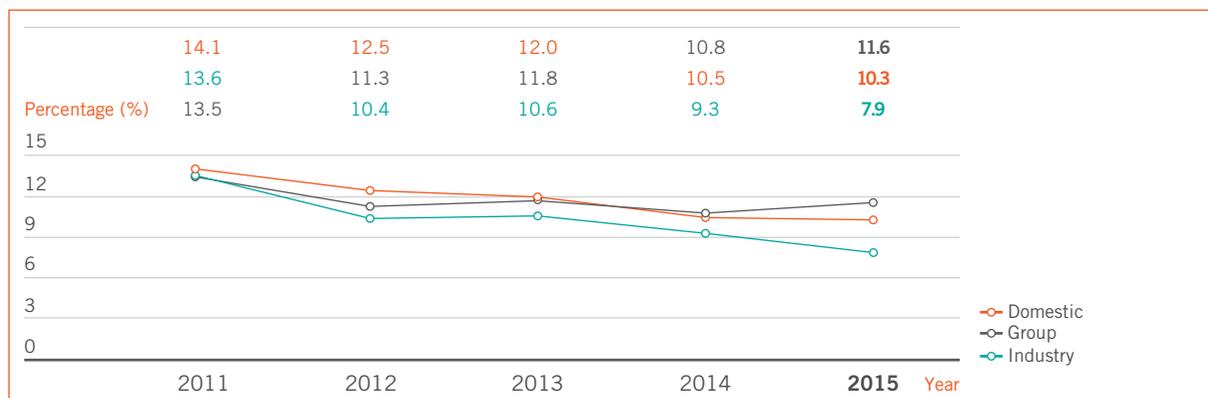
LOANS, ADVANCES AND FINANCING

Consistently Above-Industry Loans Growth

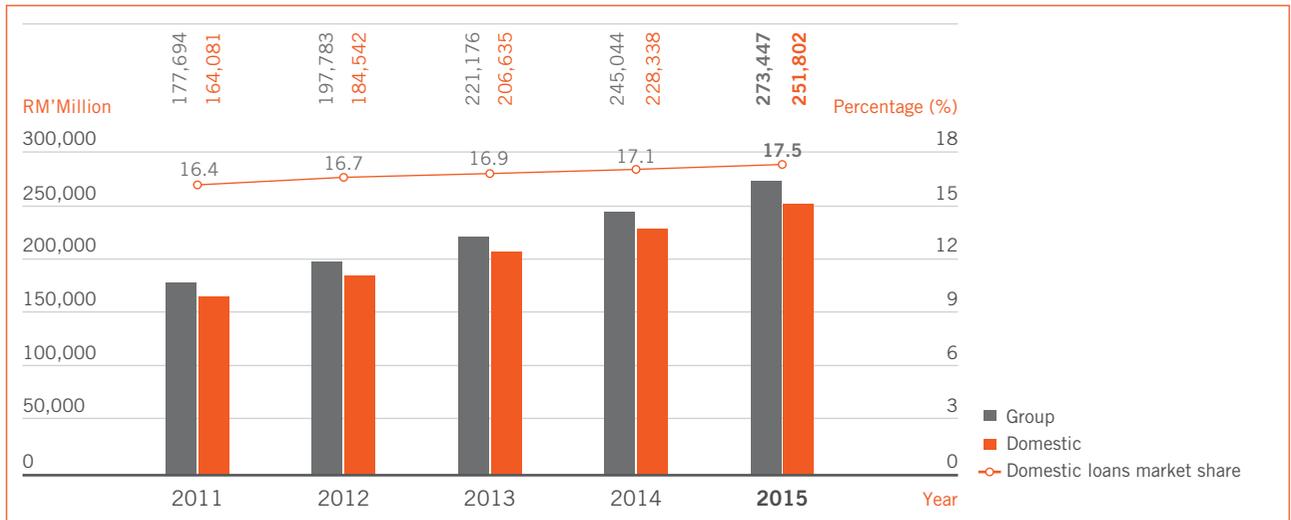
Loans, Advances and Financing	Outstanding (Gross)		Growth Rate	
	2015	2014	2015 %	2014 %
Domestic (RM'Million)	251,802	228,338	10.3	10.5
<i>of which:</i>				
Public Bank Berhad (RM'Million)	220,909	203,134	8.8	10.7
Public Islamic Bank Berhad (RM'Million)	32,053	25,756	24.4	11.0
Overseas (RM'Million)	21,645	16,706	29.6	14.9
<i>of which:</i>				
Public Bank (Hong Kong) Limited (HKD'Million)	24,115	23,517	2.5	4.1
Public Finance Limited (HKD'Million)	5,293	5,021	5.4	9.5
Cambodian Public Bank Plc (USD'Million)	957	855	11.9	15.4
Group (RM'Million)	273,447	245,044	11.6	10.8

- ➔ The Public Bank Group's gross loans, advances and financing increased by 11.6% or RM28.40 billion from RM245.04 billion as at the end of 2014 to RM273.45 billion as at the end of 2015.
- ➔ Domestic loans expanded by 10.3% or RM23.46 billion to RM251.80 billion as at the end of 2015, surpassing the Malaysian banking industry's growth rate of 7.9%.
- ➔ Overseas loans grew by 29.6% to RM21.65 billion as at the end of 2015, boosted by the effect of favourable foreign exchange movement against currencies of the Group's overseas operations. The Group's Cambodian operations continued to achieve healthy loans growth of 11.9%, excluding the impact of foreign exchange.

Loans Growth vs Industry



- ➔ The Group's domestic loans growth rates consistently exceeded the banking industry's loans growth rates over the last five years.

**Chairman's Review**
– Overview**Summary of Group Financial Performance****Gross Loans and Domestic Loans Market Share**

➔ The Public Bank Group's strong domestic loans growth at above industry loans growth rates have led to increasing market share over the years. The Group's domestic loans market share has steadily increased from 16.4% as at the end of 2011 to 17.5% as at the end of 2015.

Loans, Advances and Financing by Key Retail Banking Segment	Outstanding		Growth Rate		Market Share %
	2015 RM'Million	2014 RM'Million	2015 %	2014 %	
Residential Properties	89,522	79,379	12.8	11.9	
– Domestic	83,833	75,402	11.2	11.6	19.2
Passenger Vehicles	52,424	48,537	8.0	7.5	
– Domestic	50,095	46,401	8.0	7.5	29.6
SME	63,969	55,545	15.2	19.5	
– Domestic	60,271	52,432	15.0	19.5	NA

NA Not available

➔ The Public Bank Group's key retail banking segments which comprised of financing of residential properties and passenger vehicles as well as commercial lending to SMEs, represented 75.3% of the Group's total gross loans, advances and financing as at the end of 2015.

➔ Loans growth in 2015 continued to be driven by growth in the Group's lending to SMEs of 15.2%, followed by financing of residential properties and passenger vehicles which grew by 12.8% and 8.0% respectively.

➔ Despite intense competition, the Group was able to maintain its lead in residential mortgages, passenger vehicle and commercial property financing in Malaysia with market shares of 19.2%, 29.6% and 33.8% respectively as at the end of 2015.

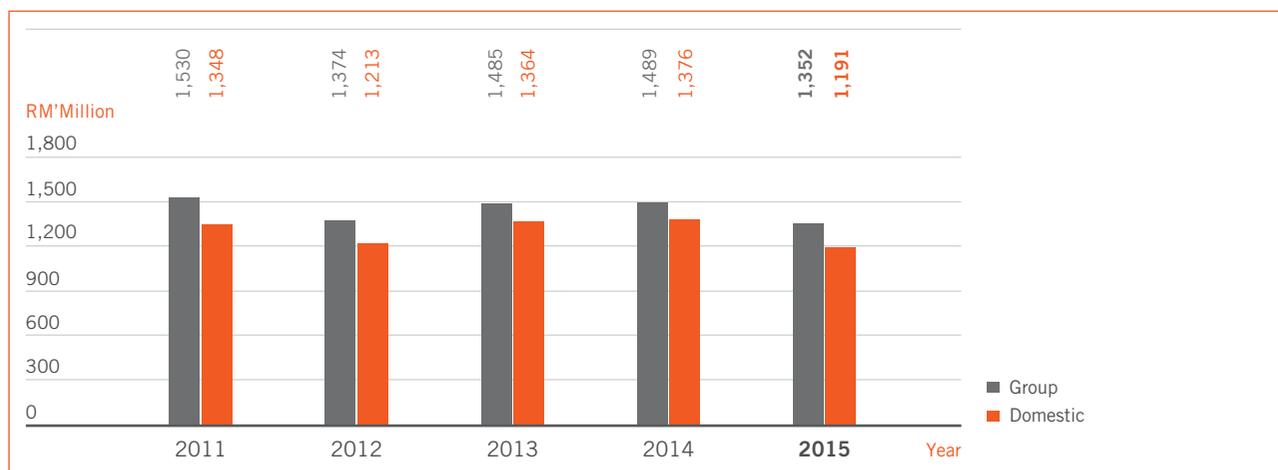


Summary of Group Financial Performance

ASSET QUALITY

Sustaining Strong Asset Quality

Gross Impaired Loans



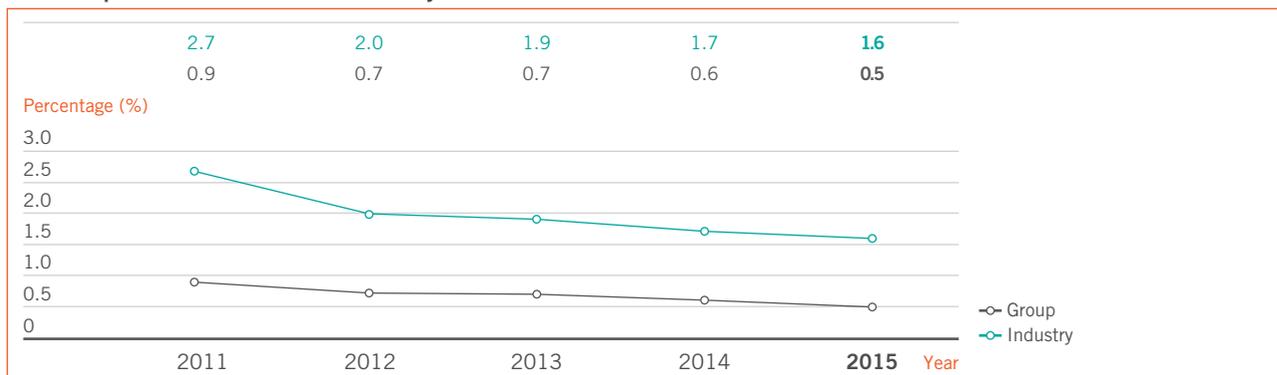
➔ Although total gross loans, advances and financing grew by RM28.40 billion in 2015, the Group's gross impaired loans dropped by RM136.9 million, reflecting the Group's superior asset quality. As a result, the Group's gross impaired loans ratio further improved to 0.5% as at the end of 2015, from 0.6% a year ago.

Gross Impaired Loans Ratio	2015 %	2014 %
Domestic	0.5	0.6
<i>of which:</i>		
Public Bank Berhad	0.5	0.6
Public Islamic Bank Berhad	0.7	0.9
Overseas	0.7	0.7
<i>of which:</i>		
Public Bank (Hong Kong) Limited	0.3	0.1
Public Finance Limited	1.9	2.1
Cambodian Public Bank Plc	0.7	1.3
Group	0.5	0.6

- ➔ Public Bank Berhad continues to rank No. 1 in terms of asset quality with the lowest gross impaired loans ratio amongst the Malaysian banking industry.
- ➔ The Group's overseas asset quality remained low at 0.7% with gross impaired loans of RM161.2 million as at the end of 2015.
- ➔ The Group's strong asset quality is due to a combination of preventive and proactive measures taken such as establishing strict and prudent credit policies, advocating strong discipline and "know your customers" culture in the credit assessment and approval processes as well as ensuring effective and efficient recovery processes.

Summary of Group Financial Performance

Gross Impaired Loans Ratio vs Industry

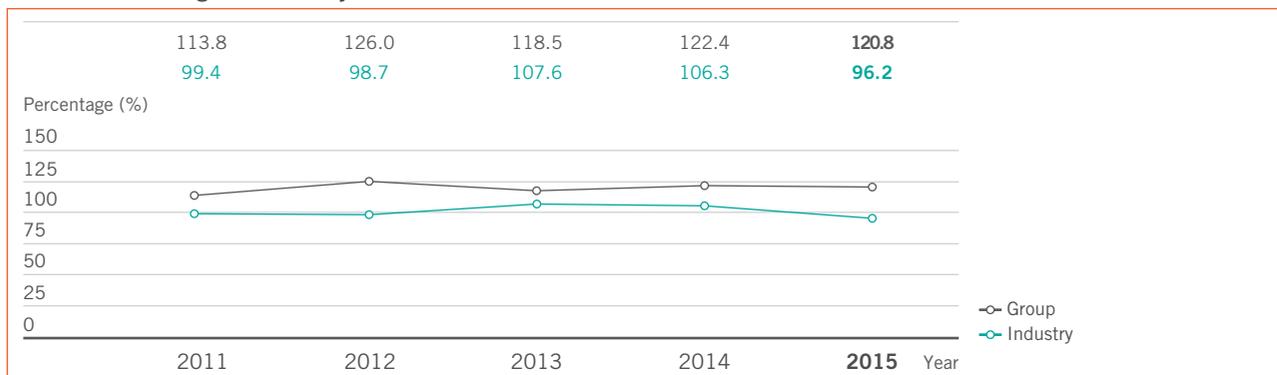


- ➔ Asset quality continued to improve with the Group's gross impaired loans ratio declining further to 0.5% as at the end of 2015 from 0.6% as at the end of 2014. Over the past five years, the Group's gross impaired loans ratio have been well below the banking industry's gross impaired loans ratio.

Gross Impaired Loans Ratio by Type	Public Bank Group		Industry Average %
	2015 %	2014 %	
Consumer			
Housing Loans	0.5	0.6	1.2
Hire Purchase	0.7	0.8	1.0

- ➔ The Group's gross impaired loans ratio for housing loans and hire purchase financing improved further to 0.5% and 0.7% respectively as at the end of 2015, well below the industry average of 1.2% and 1.0% respectively.

Loan Loss Coverage vs Industry



- ➔ The Public Bank Group's loan loss coverage ratio stood at 120.8% as at the end of 2015, which was higher and more prudent than the banking industry's loan loss coverage ratio of 96.2%. This is notwithstanding that more than 90% of the impaired loans outstanding are secured.
- ➔ Including regulatory reserves maintained as an additional credit risk absorbent over and above impairment provisions required under accounting standards, loan loss coverage of the Group would be significantly higher at 258.6%.



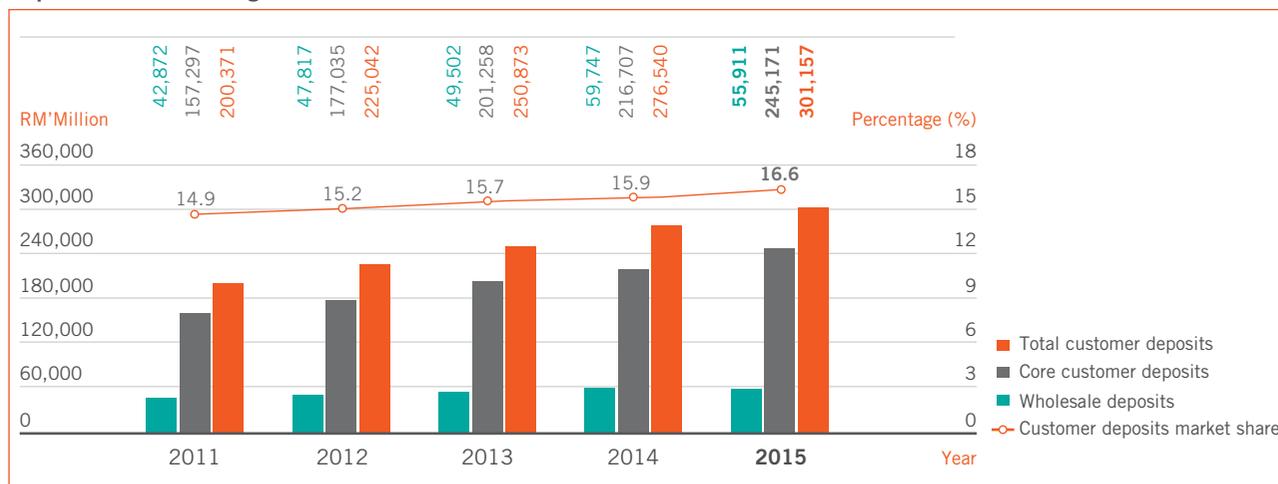
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Summary of Group Financial Performance

CUSTOMER DEPOSITS

Steady Customer Deposits Growth

Deposits – Outstanding Balance and Market Share

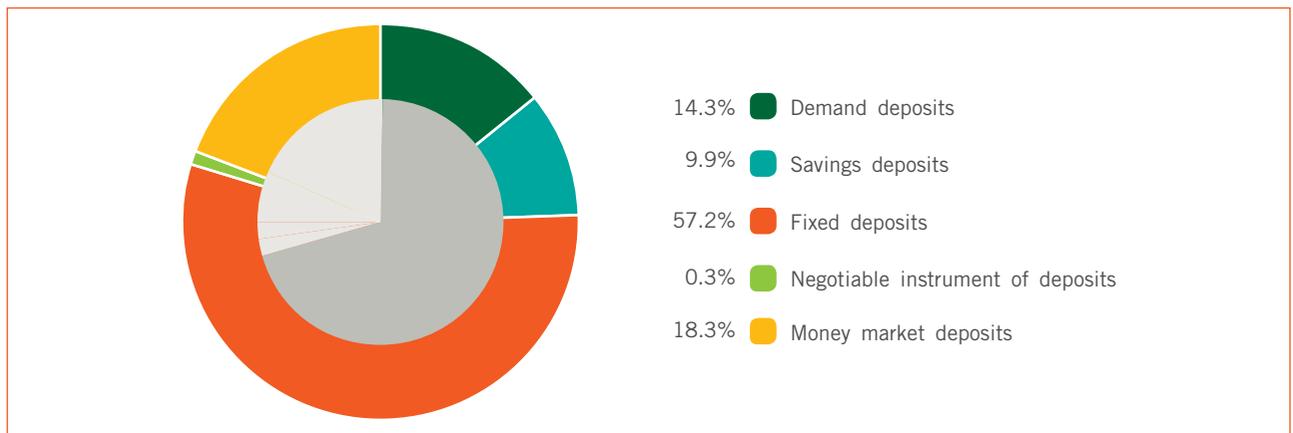


➔ The Public Bank Group's customer deposits increased by 8.9% or RM24.62 billion from RM276.54 billion as at the end of 2014 to RM301.16 billion as at the end of 2015. The growth was mainly led by core customer deposits which grew by 13.1% or RM28.46 billion to RM245.17 billion as at the end of 2015 offset by wholesale deposits which dropped marginally to RM55.91 billion as at the end of 2015. As a result of steady customer deposits growth, the Group's domestic market share of customer deposits expanded to 16.6% as at the end of 2015.

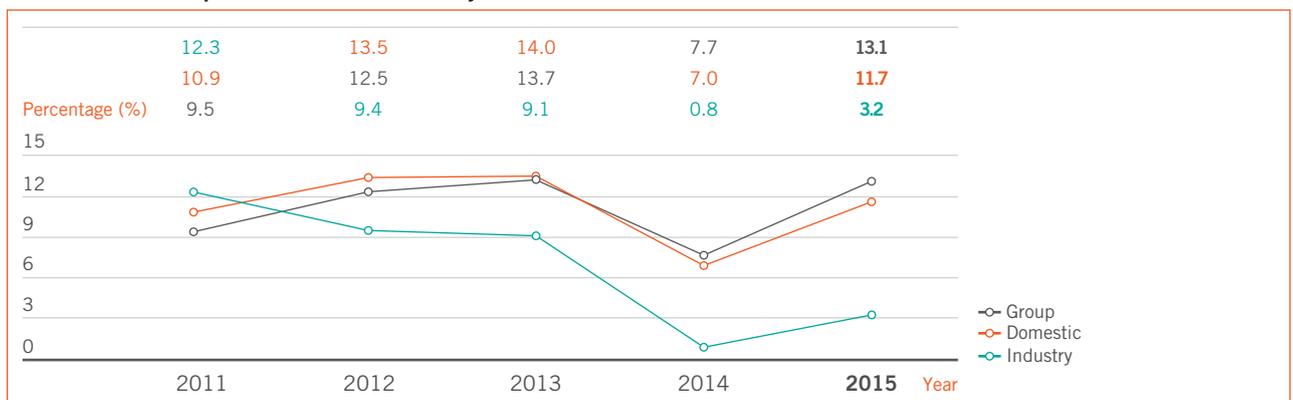
	Outstanding (Gross)		Growth Rate	
	2015	2014	2015 %	2014 %
Total Customer Deposits by Entity				
Domestic (RM'Million)	277,942	258,472	7.5	9.9
of which:				
Public Bank Berhad (RM'Million)	236,460	226,217	4.5	12.1
Public Islamic Bank Berhad (RM'Million)	39,097	30,728	27.2	8.2
Overseas (RM'Million)	23,215	18,068	28.5	14.9
of which:				
Public Bank (Hong Kong) Limited (HKD'Million)	28,586	26,332	8.6	3.7
Public Finance Limited (HKD'Million)	4,797	4,325	10.9	6.8
Cambodian Public Bank Plc (USD'Million)	1,017	1,129	(9.9)	20.1
Group (RM'Million)	301,157	276,540	8.9	10.2

**Chairman's Review**
- Overview**Summary of Group Financial Performance**

- ➔ Domestic customer deposits registered a healthy growth of 7.5% from RM258.47 billion as at the end of 2014 to RM277.94 billion as at the end of 2015, significantly higher than the banking industry's deposit growth rate of 1.8%.
- ➔ The Group's customer deposits from overseas operations increased by 28.5% or RM5.15 billion to RM23.21 billion as at the end of 2015 partly due to favourable foreign exchange movement. The customer deposits of the Group's Hong Kong operations grew by 8.6% in 2015 in terms of HKD. However, in Cambodia, the challenging operating environment and stiff competition for deposits resulted in deposits growth contracting by 9.9% in terms of USD.

2015 Customer Deposits Mix

- ➔ Core customer deposits which consist of demand deposits, savings deposits and fixed deposits, accounted for 81.4% of the Group's total customer deposits.
- ➔ The Group continued to boost its deposit base, especially low cost deposits which comprise demand deposits and savings deposits ("CASA") via various tactical campaigns to secure new funds. CASA represent 24.2% of the Group's total customer deposits as at the end of 2015.

Core Customer Deposits Growth vs Industry

- ➔ In 2015, the Public Bank Group's core customer deposits rose by 13.1% whilst domestic core customer deposits grew by 11.7%, outperforming the domestic industry's growth rate of 3.2%.

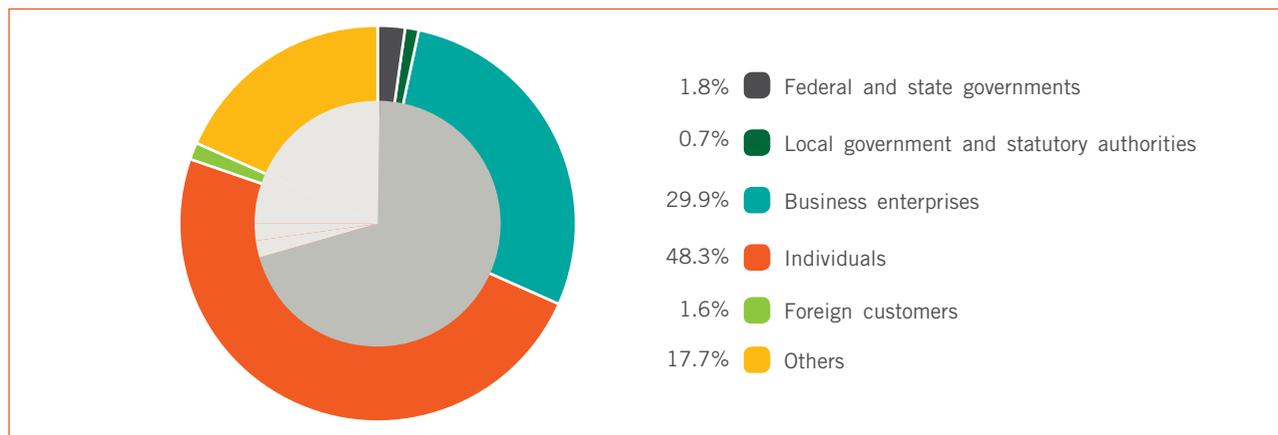


Summary of Group Financial Performance

Domestic Core Customer Deposits	Outstanding		Growth Rate %	Industry Average %
	2015 RM'Million	2014 RM'Million		
Demand deposits	40,012	39,024	2.5	2.1
Savings deposits	25,501	24,054	6.0	0.5
Fixed deposits	156,446	135,563	15.4	4.2
	221,959	198,641	11.7	3.2

➔ The domestic core customer deposits growth was driven by steady inflows of fixed deposits, savings and demand deposits, which grew by 15.4%, 6.0% and 2.5% respectively in 2015, as compared to the industry's growth rate of 4.2%, 0.5% and 2.1% respectively.

2015 Customer Deposits By Type of Customers



➔ As at the end of 2015, 48.3% of the Group's customer deposits were individual depositors.

**Chairman's Review**
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Funding Profile	Outstanding		Growth Rate %	Composition %
	2015 RM'Million	2014 RM'Million		
Deposits from Customers				
Core customer deposits	245,171	216,707	13.1	68.8
Wholesale deposits	55,911	59,747	(6.4)	15.7
Other deposits	75	86	(12.7)	0.0
Other Deposits and Borrowings				
Deposits from banks	9,970	20,670	(51.8)	2.8
Bills and acceptances payable	363	662	(45.2)	0.1
Borrowings	603	488	23.4	0.2
Recourse obligations on loans sold to Cagamas	1,922	1,922	–	0.5
Debt Capital				
Senior Medium Term Notes	1,399	1,397	0.2	0.4
Tier II Subordinated Notes	5,452	5,453	–	1.5
Innovative Tier I Capital Securities	2,090	1,964	6.4	0.6
Non-innovative Tier I Stapled Securities	2,123	2,125	(0.1)	0.6
Equity Capital				
Equity	31,231	28,025	11.4	8.8
	356,310	339,246	5.0	100.0

- ➔ The Public Bank Group's total funding increased by RM17.06 billion from RM339.25 billion as at the end of 2014 to RM356.31 billion as at the end of 2015 mainly due to healthy customer deposits growth particularly core customer deposits which grew by RM28.46 billion in 2015.
- ➔ The Group's key sources of funding are core customer deposits and wholesale deposits which contributed 68.8% and 15.7% respectively to the Group's total funding.
- ➔ The Group's equity capital and long-term debt capital funding which comprise of Senior Medium Term Notes, Subordinated Notes, Subordinated Sukuk Murabahah, Innovative Tier I Capital Securities and Non-innovative Tier I Stapled Securities formed the remaining 11.9% of the Group's total funding.



Chairman's Review – Overview

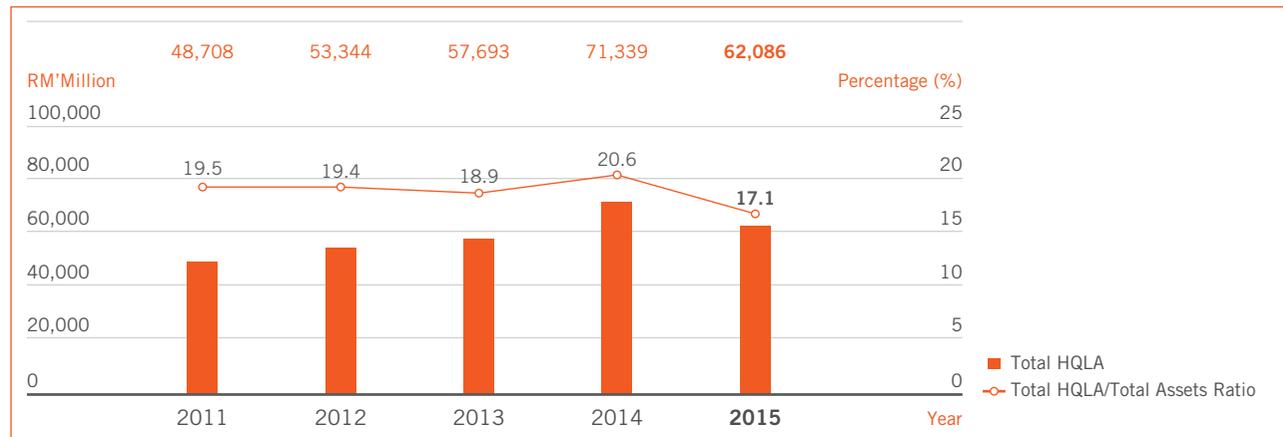
Summary of Group Financial Performance

Group Funding Profile

Year	2011 %	2012 %	2013 %	2014 %	2015 %
Core customer deposits	64.1	65.7	67.1	63.9	68.8
Wholesale deposits	17.5	17.8	16.5	17.6	15.7
Deposits from banks	6.4	4.8	5.4	6.1	2.8
Equity	6.4	6.7	6.8	8.3	8.8
Debt capital funding	4.3	3.3	3.3	3.2	3.1
Others	1.3	1.7	0.9	0.9	0.8

➔ The Group meets a significant proportion of lending growth from customer deposits, as reflected by the Group's funding profile which continues to be deposits funded. The Group's core customer deposits as a percentage of total funding has grown from 63.9% in 2014 to 68.8% in 2015, a result of the Group's strategy to grow core customer deposits. These cost efficient long term sources of funding underpins the Group's ability to grow volume and market share in its core lending business.

High Quality Liquid Assets ("HQLA") Profile



➔ The Group holds high quality, well diversified liquid assets to meet balance sheet liquidity needs and regulatory requirements. The Group's high quality liquid assets of RM62.09 billion as at the end of 2015 represented 17.1% of the Group's total assets.

**Chairman's Review**
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The table below summarises the key performance indicators of the Public Bank Group and targets for 2016 set by the Group:

Key Performance Indicators	2011	2012	2013	2014	2015	2016 Targets
Profitability (%)						
Net return on equity	26.8	24.1	22.4	19.9	17.8	> 15%
Cost to income ratio	29.8	31.2	30.7	30.0	30.5	< 33%
Asset Quality (%)						
Gross impaired loans ratio	0.9	0.7	0.7	0.6	0.5	< 1%
Balance Sheet (RM'Billion)						
Assets	250.8	274.8	305.7	345.7	363.8	–
Gross loans	177.7	197.8	221.2	245.0	273.4	8% – 9% growth
Deposits	200.4	225.0	250.9	276.5	301.2	7% – 8% growth

Despite ongoing economic uncertainties, the Public Bank Group has delivered another set of good results. The Group's performance is a clear testament of its ability to deliver stable earnings in a year characterised by challenging operating and market conditions. The macro key performance objectives of the Group remain focused on pursuing growth in profitability and balance sheet as well as sustaining high asset quality of its loan portfolio and cost efficiency.

Profitability

- ➔ Despite the effect of rights issue completed in 2014 in preparation for the more stringent Basel III capital requirements and the continued interest margin compression, the Public Bank Group has continued to sustain high net return on equity of 17.8% in 2015, driven by healthy loans and deposits growth and superior asset quality.
- ➔ The Group continued to be the most cost efficient amongst Malaysian banking groups with the lowest cost to income ratio of 30.5%.

Asset Quality

- ➔ The Group's asset quality remained sound due to a combination of preventive and proactive measures taken to establish strict and prudent credit policies.
- ➔ The asset quality of the Public Bank Group remained high with gross impaired loans ratio of 0.5% and ranked No. 1 amongst domestic banking groups.

Balance Sheet Strength

- ➔ The Public Bank Group has demonstrated consistent growth in balance sheet over the last five years. Since the end of 2011, the Group's total assets increased by 45.1% to RM363.76 billion as at the end of 2015. Total loans rose by 53.9% from RM177.69 billion as at the end of 2011 to RM273.45 billion as at the end of 2015 while total deposits grew by 50.3% from RM200.37 billion as at the end of 2011 to RM301.16 billion as at the end of 2015.

Targets for 2016

- ➔ For 2016, the Group targets to achieve net return on equity of more than 15%, cost to income ratio of below 33% whilst continuing to maintain a low gross impaired loans ratio of below 1%.
- ➔ In 2016, the Group is also targeting to achieve between 8% and 9% growth in gross loans and between 7% and 8% growth in deposits.



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	2015			2014		
	Public Bank Group	Latest Industry Average	Rank	Public Bank Group	Latest Industry Average	Rank
Profitability (%)						
Pre-tax return on average equity	22.1	15.2	1	24.7	15.2	1
Pre-tax return on average assets	1.8	1.5	1	1.8	1.5	2
Cost to income ratio	30.5	45.5	1	30.0	45.5	1
Productivity (RM'000)						
Pre-tax profit/employee	353	256	1	320	256	1
Gross loans/employee	14,883	10,719	1	13,465	10,719	1
Deposits/employee	16,391	13,134	1	15,196	13,134	1
Asset Quality (%)						
Gross impaired loans ratio	0.5	1.6	1	0.6	1.7	1
Loan loss coverage	120.8	96.2	2	122.4	100.4	2
Growth Rate (%)						
Gross loans (domestic)	10.3	7.9	NA	10.5	9.3	NA
Customer deposits (domestic)	7.5	1.8	NA	9.9	7.6	NA

NA Not available

The Public Bank Group is the third largest banking group in Malaysia with an asset size of RM363.76 billion as at the end of 2015 and third largest company by market capitalisation of RM71.90 billion as at the end of 2015. The Group's total assets accounted for 14.1% of the domestic banking industry's total assets whilst its domestic market share of gross loans and customer deposits stood at 17.5% and 16.6% respectively as at the end of 2015.

PROFITABILITY

- ➔ The Public Bank Group continued to maintain its leading position in the domestic commercial banking sector in terms of profitability and cost efficiency.
- ➔ The Group's pre-tax return on average equity and pre-tax return on average assets of 22.1% and 1.8% respectively were above the banking industry's average of 15.2% and 1.5% respectively.
- ➔ The Group's cost to income ratio remained efficient at 30.5%, well below the banking industry's average cost to income ratio of 45.5%, making the Group the most cost-efficient domestic banking group in Malaysia.

Benchmarking Against Banking Industry's Performance

PRODUCTIVITY

- ➔ The Public Bank Group continued to rank no.1 in terms of productivity amongst its domestic commercial banking peers with pre-tax profit per employee, gross loans per employee and deposits per employee increasing by 10.6%, 10.5% and 7.9% to RM353,300, RM14.9 million and RM16.4 million respectively as at the end of 2015.

ASSET QUALITY

- ➔ The Public Bank Group has not only maintained its top ranking in asset quality amongst its peers, but has also further improved its impaired loan ratio. The Group's gross impaired loans ratio remained low at 0.5% as at the end of 2015, significantly below the banking industry's gross impaired loans ratio of 1.6%.
- ➔ Apart from the excellent gross impaired loans ratio, the Group maintained a high loan loss coverage ratio of 120.8%, as compared to the banking industry's loan loss coverage ratio of 96.2%.

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

COMPARISON AGAINST KEY DOMESTIC BANKS

Banks	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	17.8	30.5	0.5
Malaysia			
Malayan Banking Berhad	12.4	48.1	1.5
CIMB Group Holdings Berhad	8.8	62.0	3.4
RHB Capital Berhad	8.1	62.8	1.9
Hong Leong Bank Berhad	11.6	45.2	0.8
AMMB Holdings Berhad	9.8	52.0	2.0
Affin Holdings Berhad	4.5	62.6	2.2
Alliance Financial Group Berhad	11.5	46.9	1.1

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

The Public Bank Group maintained its leading position amongst domestic commercial banking groups in Malaysia in terms of profitability, asset quality and cost efficiency with the highest net return on equity of 17.8% and lowest cost to income ratio of 30.5% as well as lowest gross impaired loans ratio of 0.5%.


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Benchmarking Against Banking Industry's Performance

COMPARISON AGAINST LEADING BANKS IN ASIA PACIFIC

Banks	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
Public Bank Group	17.8	30.5	0.5
Singapore			
DBS Group	11.6	45.0	0.9
UOB	11.1	44.1	1.3
OCBC	12.6	41.9	0.9
Hong Kong			
Hang Seng Bank	15.6	31.1	0.4
Hongkong and Shanghai Bank Corporation Limited of Hong Kong	14.8	42.1	0.6
Australia			
ANZ Bank	14.5	44.4	0.5
Commonwealth Bank of Australia	18.2	42.8	0.4
National Australia Bank	13.1	50.8	0.7

* 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, the Public Bank Group's cost to income ratio of 30.5% ranked first whilst the Group's net return on equity of 17.8% and gross impaired loans ratio of 0.5% ranked second and third respectively.

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CAPITAL MANAGEMENT

The Public Bank Group's approach to capital management is driven by its strategic objectives and organisational requirements, taking into account the regulatory and commercial environment in which the Group operates. This requires the Group to proactively manage its capital position, capital mix and capital allocation in order to meet the expectations of key stakeholders, including investors, regulators and rating agencies. The level and composition of the Group's capital would be reviewed on an ongoing basis, assessed based on the following key objectives as articulated under the Group's Capital Management Framework:

- ➔ 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 the Group's Internal Capital Adequacy Assessment Process ("ICAAP"). The Group's ICAAP 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. Capital stress tests are also performed under adverse but plausible events to assess the ability of the Group's capital to withstand market shocks and to facilitate the formulation of action plans in advance if the stress test reveals that the Group's capital is adversely impacted under such events. The actual market stresses which occurred in recent years have been employed to enhance the stress scenarios used. The stress tests would be used to determine the level of additional capital or stress capital buffer needed to absorb losses that may be experienced during an economic downturn. Based on these assessments, the Group reviews and recalibrates its internal capital targets to ensure the Group will have sufficient capital to remain above regulatory requirements even under stressed economic conditions.

From these processes, 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 taking into account anticipated 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 as well as requirements for any capital issuance.

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.

Regulatory Environment

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 since 1 January 2013. Under the BNM's Capital Adequacy Framework, banking institutions are required to maintain higher minimum level and quality of capital but the requirements will increase progressively over a period of time from 1 January 2013 to 1 January 2019. This includes a capital conservation buffer of 2.5% to ensure banks build up adequate capital buffer outside periods of stress which will also be gradually increased from 1 January 2016 to 1 January 2019. In addition, the Group will be subject to a counter-cyclical buffer requirement if this buffer is applied by regulators in countries which the Group has credit exposures to. The counter-cyclical buffer which is in a range of 0% to 2.5% is not an ongoing requirement for exposures in Malaysia but may be applied by regulators in the future.



Capital Management

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 disallowed from inclusion in regulatory capital since 1 January 2013.

Healthy 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 2014 and 2015:

	Public Bank Group		Public Bank	
	2015 RM'Million	2014 RM'Million	2015 RM'Million	2014 RM'Million
Equity Capital	27,329	24,775	23,688	23,133
Additional Tier I Capital Instruments	2,730	3,120	2,730	3,120
Regulatory adjustments	59	47	–	–
Tier I Capital	30,118	27,942	26,418	26,253
Tier II Capital	8,202	7,891	4,532	3,515
Capital Base	38,320	35,833	30,950	29,768
Risk-weighted assets	239,703	218,712	194,414	182,352

Based on Transitional Arrangement	Public Bank Group		Public Bank	
	2015 %	2014 %	2015 %	2014 %

After Deducting Second Interim Dividends

CET I capital ratio	10.9	10.8	11.5	12.0
Tier I capital ratio	12.0	12.2	13.0	13.7
Total capital ratio	15.5	15.8	15.3	15.7

**Chairman's Review**
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Basel III Fully-Loaded	Public Bank Group %	Public Bank %	Current Minimum Basel III Requirements* 2019
After Deducting Second Interim Dividends			
Based on final rules with effect from 1 January 2019**			
CET I capital ratio	10.9	10.2	7.0
Tier I capital ratio	12.0	11.6	8.5
Total capital ratio	15.5	15.3	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.

Based 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 10.9%, 12.0% and 15.5% respectively and 10.2%, 11.6% and 15.3% respectively as at the end of 2015 which were well above the current minimum regulatory capital requirements.

Capital Initiatives

In its pursuit of an optimum capital structure, the Public Bank Group had implemented several key initiatives over the years as follows:

(i) Equity capital

In August 2014, Public Bank completed its rights issue amounting to RM4.8 billion which had further strengthened the Bank's equity capital to support continuous business growth and build up an adequate level of capital buffer for future regulatory requirements under the Basel III capital framework.

As at the end of 2015, the Bank has RM20.6 million remaining treasury shares held, being shares bought back previously. These shares are still available for sale which can consequently enhance further the Group's and Bank's common equity capital.

(ii) Debt capital

In April 2014, Public Islamic Bank established a RM5 billion Basel III – Compliant Tier II Subordinated Sukuk Murabahah Programme, and has issued a total of RM500 million of Subordinated Sukuk Murabahah from this Programme. 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.



Capital Management

As at the end of 2015, the Public Bank Group has a total of RM9.66 billion debt capital outstanding comprising:

	RM' Billion
Non-Basel III (old-style)¹	
Innovative Tier I Hybrid capital	2.09
Non-innovative Tier I stapled capital securities	2.12
Subordinated notes	3.00
Basel III compliant	
Subordinated notes/Sukuk Murabahah	2.45
	9.66

¹ Debt capital instruments issued prior to 1 January 2013

The debt capital instruments which do not meet Basel III standards are gradually phased-out over a 10 year transition period starting from 1 January 2013. However, this will not significantly impact the Group's capital position as the BNM's Basel III transitional provisions allow these capital instruments to continue to be included as part of the total regulatory capital during the transitional period. The Group will continue to closely assess market conditions to ensure issuance of future debt capital instruments in the most cost efficient manner for the refinancing of the old-style debt securities and to support continuous 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 Basel III, the Group maintained a healthy dividend payout of 42.7% in 2015 with dividend per share increasing from 54 sen in 2014 to 56 sen in 2015. Based on its unbroken profitability track record and strong asset quality, the Group is confident that it will be able to continue maintaining its healthy dividend payout.


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- Overview

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 2015, 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, superior asset quality, solid profit track record and strong capitalisation. 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 Subordinated Medium-Term Notes Programme of up to RM10.0 billion were also reaffirmed at AAA and AA1 respectively.

In January 2016, Moody's Investors Service reaffirmed Public Bank's long term deposit rating of A3 and short term deposit rating of P-2.

In November 2015, 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 solid 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.



Chairman's Review

– Business Operations Review

DOMESTIC CONSUMER CREDIT AND SME LENDING

AT A GLANCE

	2015	2014	Growth %
Segment profit (RM'Million)	3,970.4	3,942.7	0.7
Retail operations	3,621.7	3,493.8	3.7
Hire purchase	348.7	448.9	(22.3)
Gross loans, advances and financing (RM'Billion)	219.01	199.62	9.7
Retail operations	168.92	153.22	10.2
<i>of which:</i>			
– Residential properties	83.83	75.40	11.2
– SME	60.27	52.43	15.0
– Personal loans	7.84	7.32	7.1
Hire purchase	50.09	46.40	8.0
Loans approval (RM'Billion)	52.25	50.31	3.9
Retail operations	34.99	34.35	1.9
<i>of which:</i>			
– Residential properties	16.17	14.73	9.8
– SME	19.00	19.55	(2.9)
Hire purchase	17.26	15.96	8.2
Gross impaired loans ratio (%)	0.5	0.7	(0.2)
Retail operations	0.5	0.6	(0.1)
<i>of which:</i>			
– Residential properties	0.5	0.6	(0.1)
– SME	0.4	0.5	(0.1)
Hire purchase	0.7	0.8	(0.1)



**Chairman's Review**
– Business Operations Review

Domestic Consumer Credit and SME Lending

2015 HIGHLIGHTS

- ➔ Market leader in residential property financing, commercial property financing, and passenger vehicle hire purchase financing with market shares of 19.2%, 33.8% and 29.6% respectively.
- ➔ Pre-tax profit of retail and hire purchase operations collectively contributed 67.1% to the Group's total domestic operations' profit and remain the largest profit contributor to the Public Bank Group.
- ➔ Residential property financing and passenger vehicle hire purchase financing expanded by 11.2% and 8.0% respectively. In particular, SME lending registered commendable growth of 15.0%.
- ➔ Gross impaired loans ratio of residential properties, passenger vehicle hire purchase financing and SME lending remained low at 0.5%, 0.7% and 0.4% respectively.

The Public Bank Group's domestic retail banking which consist of consumer credit and lending to small and medium enterprise ("SME") recorded healthy loans growth of 9.7% in 2015. These two segments collectively accounted for 87.0% of the Group's total domestic lending portfolio as at the end of 2015.

DOMESTIC CONSUMER CREDIT

The Public Bank Group's domestic consumer credit comprise:

- (i) Residential property financing
- (ii) Passenger vehicle hire purchase financing
- (iii) Personal consumer financing
- (iv) Credit and debit cards
- (v) Share margin financing

Residential Property Financing

The past year was a challenging period for the banking industry given the global and domestic uncertainties. In the property sector, the demand for properties experienced slower growth following various property cooling measures introduced by the Government, responsible financing guidelines issued by Bank Negara Malaysia ("BNM") to promote sustainable household debts and the subdued consumer sentiment as a result of the implementation of Goods and Services Tax ("GST"). Consequently, the new loans approved for residential property financing in the banking system dropped by 14.6% in 2015 as compared to 2014.

Performance review

Notwithstanding stiff competition, narrowing margins and stricter regulations, the Public Bank Group's domestic lending to the residential property sector grew by 11.2% or RM8.43 billion to RM83.83 billion as at the end of 2015, accounting for 33.3% of the Group's total domestic loan portfolio. As at the end of 2015, the Group remains the largest residential property financier in Malaysia with a market share of 19.2% as at the end of 2015.

In 2015, the Group approved residential property loans totalling RM16.17 billion, which accounted for 25.0% of total domestic loans approved. The Group remains focused on the lower risk mass market segment with the majority of the residential property loans extended for the financing of residential properties costing between RM100,000 and RM500,000. In 2015, loans granted to finance residential properties in this price range accounted for 64.8% of the total number of residential property loans approved.



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Domestic Consumer Credit and SME Lending

The high quality of the Public Bank Group's residential property loans was reflected in the low gross impaired loans ratio of 0.5% as at the end of 2015, which was half the industry's average gross impaired loans ratio of 1.2%. The ability to maintain the quality of the Group's residential property loans is attributable to the Group's proactive preventive and recovery efforts as well as prudent credit underwriting to ensure loan origination quality.

Products and marketing initiatives

The Public Bank Group's flagship residential property financing packages are the 5HOME ("Home Ownership Made Easy") Plan and MORE ("Mortgage Refinancing") Plan. In 2015, a total of RM15.81 billion of the approved residential property loans were packaged under the 5HOME Plan and MORE Plan, which collectively accounted for about 98.0% of all loans approved for residential property financing.

As a responsible corporate, the Public Bank Group strongly supports the BNM's priority sector lending to provide financing for affordable homes. Total loans outstanding for this segment amounted to RM1.98 billion as at the end of 2015.

The Group's sustained healthy portfolio performance is attributed to its strong business franchise leveraging on its wide domestic branch network as well as strong sales and marketing force of more than 400 staff to provide prompt and efficient services. The Group also maintains close business relationship with reputable developers, solicitors, property valuers and real estate agents for business support and potential customer leads.

Prospects

The property market is expected to grow at a slower pace due to prudent measures introduced by the Government and BNM and subdued consumer as well as market sentiment resulting from various economic factors such as the implementation of GST, higher cost of living and the weakened Ringgit. However, demand for residential properties, particularly first time house buyers, is expected to remain steady mainly due to stable property prices, availability of more affordable homes driven by the Government's initiatives such as Perbadanan Perumahan Rakyat 1Malaysia and the allocation of RM200 million

First House Deposit Financing Scheme under Budget 2016 to assist first time house buyers of affordable houses. In addition, the ongoing public infrastructure development projects such as the Mass Rapid Transit and extended Light Rail Transit projects are expected to improve connectivity and generate demand for properties in its surrounding area. Leveraging on its strong business franchise, the Public Bank Group will sustain growth momentum in the residential property financing segment by focusing on the broader base mass market segment and home mortgages for owner occupation, whilst maintaining its stringent credit policy.

Passenger Vehicle Hire Purchase Financing

Performance review

The Public Bank Group's passenger vehicle hire purchase financing remained one of the key retail lending business of the Group, contributing 19.9% to the Group's total domestic loan portfolio.

The Public Bank Group's domestic vehicle hire purchase financing grew by 8.0% or RM3.69 billion to RM50.09 billion as at the end of 2015, as compared to the industry's growth rate of 2.3%. This has enabled the Group to sustain its pole position in the domestic vehicle hire purchase financing with a market share of 29.6% as at the end of 2015, up from 28.0% a year ago. Despite the healthy loans growth, the gross impaired loans ratio for domestic vehicle hire purchase financing further improved to 0.7% as at the end of 2015, which was below the industry's ratio of 1.0%.

Marketing initiatives

The Public Bank Group continues to drive volume and market share through marketing initiatives and business collaborations with established car distributors. During the year, the Group participated in more than 1,700 sales promotions, car sales carnivals and roadshows nationwide which were jointly organised with more than 9,000 car dealers in Malaysia.

The Group also maintains a strong team of more than 1,500 staff located in 27 Hire Purchase Centres and 259 branches nationwide to support efficient loan delivery and provide personalised customer service to customers



Chairman's Review – Business Operations Review

Domestic Consumer Credit and SME Lending

and business associates. A total of 24 tie-up programmes have also been initiated with reputable and established car dealers to generate higher business referrals in order to achieve business growth.

Prospects

The automotive industry remains challenging with negative market sentiment affecting the business community as a result of global and domestic issues whilst consumer sentiment remain dampened, especially the middle and low-income groups, due to higher cost of living. Most car distributors have also announced imminent rise in vehicle prices in 2016 amid the weakened Ringgit and higher cost environment. Despite the challenging operating environment, the Public Bank Group believes that the Group's strong performance culture and disciplined execution of its business strategy will continue to drive its domestic vehicle hire purchase financing growth.

Personal Consumer Financing

The Public Bank Group's domestic personal consumer financing is mainly driven by Public Islamic Bank's Bai' Al-Inah ("BAE") Personal Financing-i product. BAE Personal Financing-i is 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 recent years, new policies and guidelines introduced by BNM which are designed to reign in household debt have continued to impact the personal financing segment. As at the end of 2015, total financing outstanding of BAE Personal Financing-i stood at RM2.04 billion, a 9.2% drop from 2014 in line with the Group adopting more stringent lending criteria which is consistent with BNM's prudential measures.

Credit and Debit Cards

Whilst the implementation of Payment Card Reform Framework in 2015 by Bank Negara Malaysia has made card payments more transparent and affordable for consumers, it has resulted in intense competition among industry players to gain market share. Despite the stiff competition, Public Bank achieved commendable growth in both its credit and debit card base during the year.

Performance review

Public Bank's credit card base grew by 11.3% in 2015, mainly due to extensive marketing effort to acquire new customers, cross-selling initiatives to existing customers and retention of current and existing loyal customers. Consequently, Public Bank's total credit card sales and credit card receivables increased by 10.9% and 6.6% respectively in 2015.

The debit card segment continued to perform well with debit card base and debit card sales increasing by 7.1% and 25.7% respectively in 2015. Similarly, the merchant base continued to grow through aggressive cross-selling of merchant facility to existing retail banking client base and the acquisition of new merchants as well as offers of competitive package deals to attract small and medium enterprises. Despite the lowering of domestic Interchange Reimbursement Fee which led to pricing competition in the industry, merchant sales recorded a growth of 19.4% whilst merchant terminal rental, which is another revenue stream, grew by 15.6% in 2015 as compared to the previous year.

New products and marketing initiatives

In January 2015, Public Islamic Bank launched the Visa Platinum Credit Card-i, MasterCard Platinum Credit Card-i, Visa Gold Credit Card-i and MasterCard Gold Credit Card-i, which offered Hibah Performance Bonus for domestic and overseas retail purchases. The cards are Shariah compliant and offer contactless payment solution which allows cardmembers to make payments simply by 'waving' the card when prompted by the contactless reader at the cashier.

Public Bank continues to offer attractive rewards and merchant privilege programmes aimed at encouraging spending and increasing billings and receivables. Aggressive acquisition programmes were initiated with cash back and guaranteed gifts such as the "Complimentary Smartphone with just one swipe" campaign which ran from 5 January until 30 June 2015 and the weekly 12% Cash Back Bonanza campaign which ran from 1 April until 26 July 2015. From 1 July until 31 December 2015, another acquisition campaign offering various guaranteed gifts was launched followed by a Cash Back campaign offering cash back payment of up to RM100 per cardmember per week during the promotion period.



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Domestic Consumer Credit and SME Lending

Public Bank continued to partner reputable retail merchants and launched various usage and reward campaigns during the year to retain and reward cardmembers. In order to further increase cardmember base, the Bank will continue to develop targeted programmes to cross-sell credit cards to existing bank customers and co-brand partners.

Prospects

Despite the competitive business environment, Public Bank is optimistic of sustaining the Bank's card growth and increasing its card market share by tapping into the Group's large retail banking customer base and co-brand partner base for the issuing business. Public Bank is committed to support Bank Negara Malaysia's initiative to promote e-payment and will continue to target and acquire low sales merchants to increase card acceptance nationwide.

Share Margin Financing

The Public Bank Group's share trading and share margin business in Malaysia, PB Sharelink reported a drop of RM1.63 billion or 12.8% in share trading volume to RM11.13 billion in 2015, partly attributed to the sluggish performance of Bursa Malaysia and an increasingly competitive market environment. As a result, total gross brokerage income declined by 16.1% from RM41.1 million in 2014 to RM34.5 million in 2015 whilst interest income from share margin business dropped marginally to RM28.0 million in 2015.

In 2015, Public Bank held numerous campaigns via its Customer Relationship Management Application and Product Development divisions to aggressively cross-sell Internet Share Trading and PB Sharelink products to increase the Bank's customer base. This has yielded positive results with total customer base increasing to more than 62,000 customers as at the end of 2015. Moving forward, the Public Bank Group intends to transform the Bank's share trading business to a one-stop trading centre to provide convenience and efficient delivery of services to its customers.

SME LENDING

The SME sector remains one of the key growth engines and accounts for more than 98% of all business establishments as well as contributes more than 30% to the Gross Domestic Product of the Malaysian economy.

Performance Review

SME lending remains one of the core businesses of the Public Bank Group and loans to SMEs accounted for 23.9% of the Public Bank Group's domestic lending portfolio. In 2015, the Group's domestic SME loans achieved a commendable growth of 15.0% from RM52.43 billion as at the end of 2014 to RM60.27 billion as at the end of 2015. The Group approved RM19.00 billion of domestic SME loans in 2015 to fund SMEs.

Products

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

The SWIFT Plan is the Public Bank Group's flagship core product for SMEs lending. This product offers financing for asset acquisition, working capital and trade financing at a competitive lending rate to SMEs. In 2015, the Group extended a total of RM8.78 billion under the SWIFT Plan.

BNM initiated financing schemes

The Public Bank Group continued to be a strong supporter of BNM initiated financing schemes to facilitate the SMEs to gain access to business funding. These schemes include the following:

- ➔ BNM's priority sector lending to SMEs. The Bank has consistently achieved more than the target set by BNM. Out of a total target of RM10.50 billion allocated to the Group for the two year period from 2015 to 2016, the Group has approved a total of RM19.06 billion as at the end of 2015 under this scheme, exceeding the target set for the Group.
- ➔ The New Entrepreneur 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 sector.



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Domestic Consumer Credit and SME Lending

- ➔ The Micro Enterprise Fund which assists the micro enterprises with viable businesses to obtain financing.
- ➔ Special Relief Facility 2015, a flood relief financing to aid SMEs whose business have been affected by flood disaster in several states across Malaysia. The facility is funded and administered by BNM with guarantee cover provided by Credit Guarantee Corporation Malaysia Berhad (“CGC”). The Public Bank Group has extended total financing amounting to RM25.9 million under this scheme in 2015.
- ➔ Enhancer, a credit guarantee scheme designed to assist entrepreneurs which have viable business to obtain the financing without the requirement for collateral.
- ➔ Portfolio Guarantee Scheme, an extension of CGC guarantee schemes. Under this scheme, the turnaround time for the granting of guarantee cover to SMEs is reduced, hence efficiency is improved as CGC provides guarantee on a portfolio basis based on a set of pre-determined eligibility criteria.
- ➔ Green Technology Financing Scheme, which aims to promote greater use of green technology by providing loans or financing to companies that supply and utilise green technology.



Marketing Initiatives

The Public Bank Group continues to leverage on its wide domestic branch network as well as dedicated sales and marketing teams to support the Group's SME growth agenda. The Group also provides continuous support to relevant authorities and organisations through participation in roadshows or programmes to promote SME development. To expand its market reach in the SME sector, the Group continues to develop and enhance its financial offerings to meet the needs and demands of SMEs.

Prospects

Against the backdrop of a challenging economic environment, the Malaysian economy is forecasted to grow at a slower pace in 2016. Nonetheless, the SME sector is poised for resilient growth benefiting from the Government's SME Masterplan (2012 – 2020), Economic Transformation Programme, 11th Malaysia Plan, and existing projects under the 10th Malaysia Plan. Looking ahead, the Public Bank Group will continue to enhance relationships with existing customers and tap on market opportunities to acquire new customers to sustain its market leadership position in SME financing.

Credit Guarantee Corporation Guaranteed Schemes

The Public Bank Group also participates actively in guaranteed schemes offered by CGC. Under the guaranteed schemes, CGC provides guarantee cover at a reasonable cost to assist SMEs that lack collateral to obtain business funding. As at the end of 2015, the Group's total loans under various CGC guaranteed schemes amounted to RM114.5 million. Amongst the CGC guaranteed schemes are:

- ➔ SmallBiz Express Guarantee Scheme, which caters for viable micro enterprises that lack collateral to obtain business financing. Public Bank was the first financial institution in Malaysia which took the lead to tie-up with CGC under this scheme.



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WEALTH MANAGEMENT

CUSTOMER DEPOSITS

Domestic Core Customer Deposits	2015 RM'Billion	2014 RM'Billion	Growth %	Market Share %
Demand Deposits	40.01	39.03	2.5	13.1
Savings Deposits	25.50	24.05	6.0	19.0
Fixed Deposits	156.45	135.56	15.4	18.0
Total Domestic Core Customer Deposits	221.96	198.64	11.7	16.9

Performance Review

Despite intense price war for deposits amid more stringent liquidity requirements, the Public Bank Group's domestic core customer deposits grew by 11.7% to RM221.96 billion as at the end of 2015, outpacing the domestic banking industry's growth rate of 3.2%. The Group's market share of core customer deposits stood at 16.9% as at the end of 2015.

The healthy domestic core customer deposits growth was mainly contributed by steady inflow of fixed deposits and low cost demand and savings deposits ("CASA") of 15.4%, 2.5% and 6.0% respectively. The Public Bank Group's domestic CASA of RM65.51 billion accounted for 29.5% of the Group's domestic core customer deposits base as at the end of 2015.

Marketing and Promotional Initiatives

In 2015, Public Bank rolled out several promotional initiatives as part of its marketing effort to acquire fresh deposits and increase its deposits market share.

"PB TD-i Reward" Campaign

Public Islamic Bank, a wholly-owned subsidiary of Public Bank, launched the "PB TD-i Reward" Campaign on 18 March 2015. The Campaign offered customers promotional profit rate for placements made in Term Deposit-i and successfully garnered total deposits amounting to RM5.61 billion.

"PB FD Rush" Campaign

In collaboration with Public Islamic Bank, Public Bank introduced the "PB FD Rush" Campaign from 16 to 30 June 2015. The Campaign offered customers a higher promotional rate as compared to board rate for a three-month deposits placement into PLUS Fixed Deposit or Term Deposit-i. Over the two-week campaign period, total deposits amounting to RM322.4 million were secured.

"PB FD Xtra" Campaign

Due to the overwhelming response from the same campaign in 2014, Public Bank and Public Islamic Bank re-launched the "PB FD Xtra" Campaign from 15 July to 30 September 2015 which offered promotional interest or profit rate for the first six months of deposits placement and higher rate for a subsequent rollover of six months. Following positive response from customers, the campaign period was extended to 31 January 2016 and has successfully captured total deposits amounting to RM14.43 billion as at the end of 2015.

"U \$ave V Reward" Campaign

Public Bank launched the "U \$ave V Reward" Campaign from 25 May to 31 August 2015 which offered attractive complimentary home appliances to customers who place fresh funds into either the PLUS Current Account or PLUS Savings Account that will be earmarked for a period of four months. The Campaign successfully garnered total deposits amounting to RM366.1 million with more than 12,000 units of electrical appliances given away to eligible customers.



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Wealth Management



“PB Bonus Reward” Campaign

The “PB Bonus Reward” Campaign was jointly launched by Public Bank and Public Islamic Bank from 7 September to 31 December 2015. The Campaign comprises of two sub-campaigns known as “PB FD Bonus” and “PB Savings Bonus”.

The “PB FD Bonus” Campaign was a fixed deposits campaign that offered promotional interest or profit rate for a four-month deposits placement into PLUS Fixed Deposit or Term Deposit-i while the “PB Savings Bonus” Campaign offered complimentary gifts such as Samsung Galaxy Note 5 or Tab 3V for minimum deposits placement of RM220,000 and RM40,000 respectively into eligible current or savings account. The Campaign has generated total deposits of more than RM2.71 billion during the campaign period.

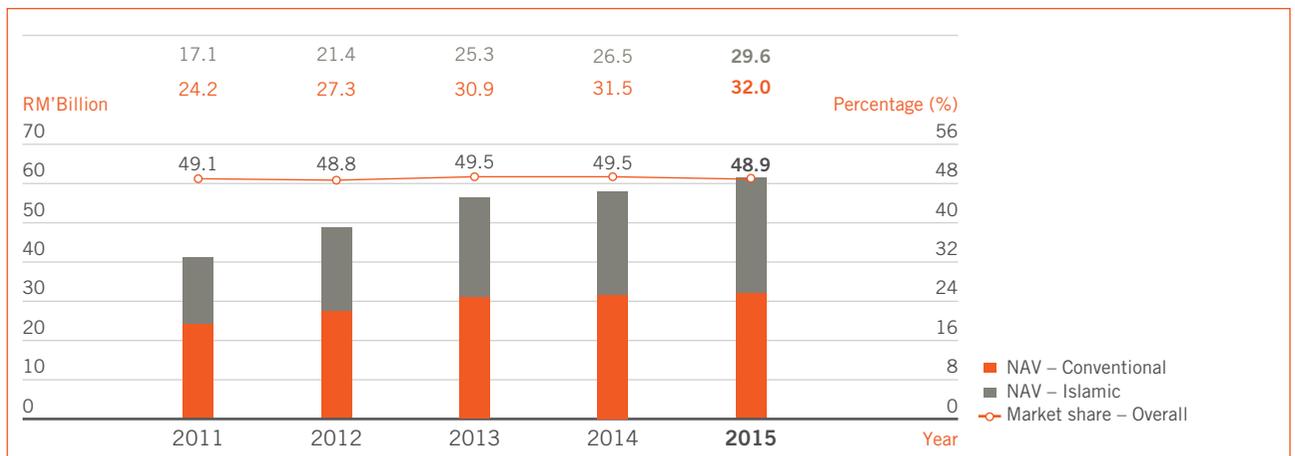
FUND MANAGEMENT

At a Glance

RM'Million	Public Mutual Berhad		
	2015	2014	Growth %
Operating revenue*	922.1	870.8	5.9
Profit before tax	541.2	489.9	10.5
Total assets	835.1	957.7	(12.8)
Shareholders' funds	159.9	149.4	7.1

* After offsetting direct sales commission

Net Asset Value and Market Share – Retail Funds

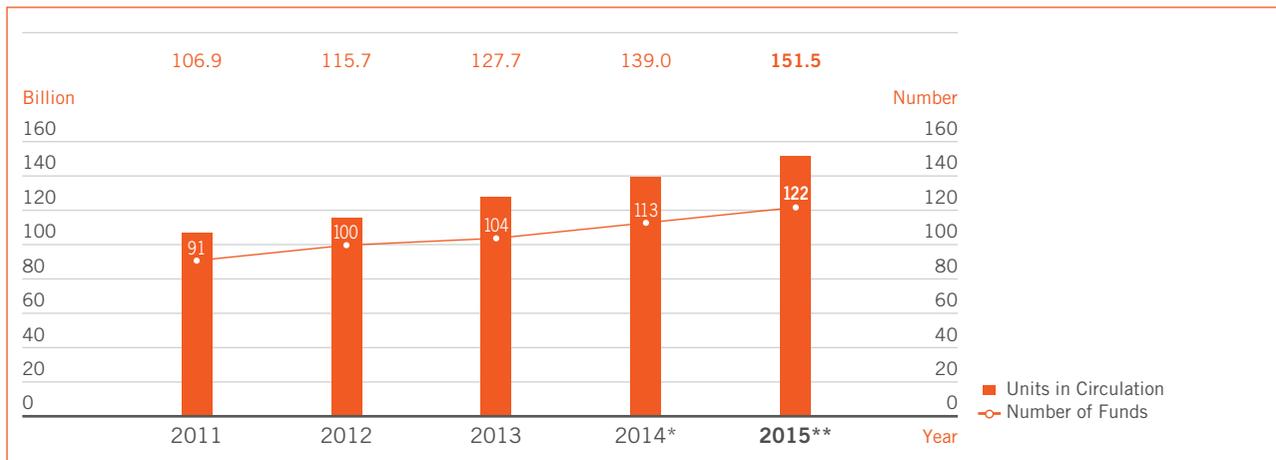




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Wealth Management

Units in Circulation and Number of Funds



* Inclusive of six Private Retirement Scheme Funds

** Inclusive of nine Private Retirement Scheme Funds

Overview

Global and regional equity markets trended higher in early 2015 with markets in the United States of America and Europe hitting record highs in April and May 2015. However, financial markets eased in the third quarter of 2015 on concerns over the moderating growth outlook for the Chinese economy. Global markets subsequently rebounded in the fourth quarter of 2015 amid expectations of new stimulus measures to be launched in China and the Eurozone. In 2015, the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) registered a loss of 3.9%.

Performance Review

Public Mutual Berhad (“Public Mutual”) registered steady growth in 2015 with profit before tax increasing by 10.5% to RM541.2 million in 2015 from RM489.9 million in 2014. Public Mutual’s total operating revenue also rose by 5.9% from RM870.8 million in 2014 to RM922.1 million in 2015, with total assets under management (“AUM”) standing at RM64.84 billion as at the end of 2015, of which RM61.64 billion or 95.1% represent AUM in retail funds.

Despite the recent dip in equity markets, the total AUM of the Malaysian retail private unit trust industry continued to expand by 7.6% in 2015 as compared to 3.0% growth in 2014. Public Mutual’s AUM in retail funds rose to RM61.64 billion in 2015, maintaining its position as the market leader with overall market share of 48.9% as at the end of 2015.

Public Mutual continued to retain its pole position in key retail unit trust fund sectors in 2015 with market shares of 60.7%, 59.2%, 45.8% and 28.9% respectively in the Islamic funds, equity funds, bond funds and foreign funds category respectively.

Public Mutual’s domestic and regional equity funds recorded returns of up to 18.7% and 19.2% respectively while the retail bond funds achieved returns of up to 4.6% in 2015.



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Wealth Management

New Fund Launches and Services

Public Mutual launched a total of 10 new funds during the year, comprising seven unit trust funds and three non-core Private Retirement Scheme (“PRS”) funds, as shown in the table below:

Fund	Launch date
Public Islamic Enterprises Equity Fund	18 March 2015
PB Dividend Builder Equity Fund	30 June 2015
Public Select Treasures Equity Fund	22 July 2015
Public Advantage Growth Equity Fund	8 September 2015
Public Islamic Advantage Growth Equity Fund	8 September 2015
Public Growth Balanced Fund	7 October 2015
Public Islamic Growth Balanced Fund	7 October 2015
Public Mutual PRS Equity Fund	3 September 2015
Public Mutual PRS Strategic Equity Fund	3 September 2015
Public Mutual PRS Islamic Strategic Equity Fund	6 November 2015

As at the end of 2015, Public Mutual manages a total of 122 funds comprising 113 unit trust funds and nine PRS funds.

Since the launch of Public Mutual Online in January 2009, the online service continued to gain popularity with the number of subscribers rising to more than 229,000 as at the end of 2015.

Awards

With 248 awards received to date, Public Mutual has cemented its position as the No.1 private unit trust company in Malaysia.

Receiving a total of 13 highly prestigious awards in 2015, including two at the 2014 Asia Asset Management Awards for Best Retail House, Malaysia and Islamic Retail Fund House of the Year, Malaysia, Public Mutual also successfully bagged The Asset Triple A Islamic Finance Awards 2015 for Best Islamic Asset Management House of the Year in Malaysia (Retail) for the fifth consecutive year.

Public Mutual clinched a further five awards at The Edge-Lipper Malaysia Fund Awards 2015, the 2015 Morningstar Malaysia Fund Awards for Best Islamic Malaysia Equity Fund category for Public Islamic Opportunities Fund and the IFN (“Islamic Finance News”) Islamic Investor Awards 2014 for Best Investor Relations.

Public Mutual also won the distinguished Reader's Digest Trusted Brand Platinum Award 2015 in the Investment Fund Company category, Malaysia for the sixth consecutive year, The BrandLaureate Platinum BestBrands Award 2014-2015 in the Financial Services – Unit Trust Funds category as well as The BrandLaureate Special Edition World Award 2015 for Brand Excellence in Financial Services – Unit Trust Funds, hence affirming the confidence that investors have in the Public Mutual brand.



Wealth Management

Type of Awards		Total Awards
FUND PERFORMANCE AWARDS		
The Edge-Lipper Malaysia Fund Awards 2015		
3-Year Category	(1) Best Equity ASEAN: PB ASEAN Dividend Fund (2) Best Equity Asia Pacific: PB China Pacific Equity Fund	5
5-Year Category	(1) Best Equity ASEAN: PB ASEAN Dividend Fund (2) Best Equity Asia Pacific: Public Far-East Telco & Infrastructure Fund	
10-Year Category	(1) Best Equity Malaysia Small and Mid Caps: Public SmallCap Fund	
OTHERS		
2014 Asia Asset Management Best of the Best Country Awards		
	(1) Best Retail House – Malaysia (2) Islamic Retail Fund House of the Year – Malaysia	2
The Asset Triple A Islamic Finance Awards 2015		
	(1) Best Islamic Asset Management House of the Year in Malaysia (Retail)	1
2015 Morningstar Malaysia Fund Awards		
	(1) Best Islamic Malaysia Equity Fund: Public Islamic Opportunities Fund	1
IFN (Islamic Finance News) Islamic Investor Awards 2014		
	(1) Best Investor Relations	1
Reader's Digest Trusted Brand Platinum Award 2015		
	(1) Platinum Award for the Investment Fund Company category in Malaysia	1
The BrandLaureate Special Edition World Awards 2015		
	(1) Brand Excellence in Financial Services – Unit Trust Funds	1
The BrandLaureate Platinum BestBrands Award 2014-2015		
	(1) Financial Services – Unit Trust Funds	1

Marketing and Promotional Initiatives

In line with intensified advertising and branding efforts in 2015, Public Mutual initiated the strategic placements of 15 billboards nationwide, a host of print advertisements in major newspapers as well as other marketing campaigns. Public Mutual has also organised a number of ground activities throughout Malaysia such as road shows, investment seminars and financial planning talks. In September 2015, Public Mutual launched the PRS Vesting Programme for Employers, which is targeted at small and medium enterprises to help them attract quality employees and enhance staff loyalty.

Public Mutual continued to extend various special benefits and privileges to its high net worth Mutual Gold Members which have increased to more than 95,000 members in 2015.



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Wealth Management

Training, Branches Network and Support

Public Mutual continues to allocate extensive resources to increase the productivity, knowledge and skills of its unit trust consultants by providing them with various training courses focusing on agency building activities, developing sales presentation aids and e-learning modules.

Public Mutual has a total of 32 branches or customer service centres nationwide including one newly opened Customer Service Centre at 1 Utama Shopping Centre, Selangor in May 2015 which aims to bring unit trust and PRS products and services closer to members of the public. Public Mutual embarked on the Miri branch expansion project in May 2015 while its network was further expanded to 29 with the opening of the Bandar Puteri Puchong branch in September 2015.

Prospects

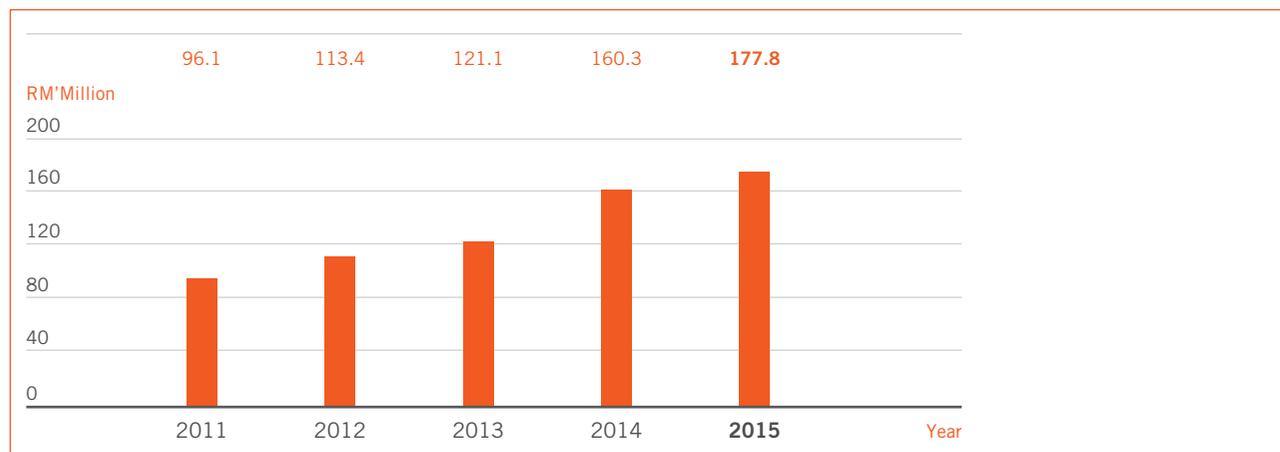
Given the challenging and volatile market conditions in recent months, growth in the retail private unit trust industry is expected to remain moderate in 2016 as retail investors become more cautious and opt for a wait-and-see approach before investing in unit trust funds. Nevertheless, Public Mutual will continue to offer superior services to its clients as well as expand and diversify its product range to meet investors' needs. Amongst others, Public Mutual will be launching wholesale and online funds targeted at niche markets.

BANCASSURANCE

The Public Bank Group's bancassurance business continues to be one of the Group's main fee income generator and is driven by the strategic bancassurance tie-up with AIA Group Ltd. ("AIA") which entered its third year of partnership in 2015. The Group's domestic bancassurance business is well supported by its wide domestic branch network with over 2,000 licensed staff to promote various credit-related insurance and mortgage reducing term takaful products. The Group has also employed more than 500 licensed sales staff to distribute a wide range of bancassurance products which include regular premium investment-linked, single premium investment-linked, endowment plan and children education plans to address different protection needs.

Performance Review

Domestic Annualised New Premium



The annualised new premium of the Group's domestic bancassurance business increased by 10.9% or RM17.5 million from RM160.3 million in 2014 to RM177.8 million in 2015.



Wealth Management

Products and New Initiatives

PB SME Care

Public Bank continues to grow its first ever employee benefit plan targeted at small and medium enterprises (“SME”), the PB SME Care which was launched last year. The PB SME Care plan is designed to administer employee benefits for SMEs and provides a comprehensive healthcare insurance coverage for their employees. Besides providing maximum insurance protection against uneventful death or disability, the PB SME Care also provides the means to meet employees’ rising cost of healthcare.

PB Endowment Plus Plan

Based on encouraging response from customers, Public Bank re-launched the PB Endowment Plus Plan (“PBEPP”) on 21 August 2015. The PBEPP offers insurance coverage upon death, total and permanent disability (“TPD”) or terminal illness as well as accidental death and accidental TPD based on the plan options purchased.

PB Advantage Plus Plan

The PB Advantage Plus Plan (“PBAPP”), a combination of non-participating plan with investment-linked features was launched on 23 June 2015. The PBAPP allows customers to enjoy guaranteed benefits in the form of guaranteed cash payments for a certain number of years and potential investment gains as well as insurance coverage for death and TPD, accidental death and accidental TPD from a single plan.

PB Smart Link

Public Bank launched a single premium investment-linked product known as PB Smart Link on 18 September 2015. With a single premium, customers get insurance protection and enjoy potential investment gains from investment in AIA’s diversified portfolio of unit trust funds of the customers’ choice.

PB Prime MediCare Rider and PB Prime MediCare Booster Rider to Empower Plan

In 2015, two new optional riders, the PB Prime MediCare Rider (“PB-PMC”) and PB Prime MediCare Booster Rider (“PB-PMCB”) were introduced to the Public Bank’s existing regular premium investment-linked plan, the Empower Plan.

The PB-PMC provides insurance coverage to customers with no requirements for co-insurance and no lifetime limit on customers’ insurance coverage. With its “Just Swipe” medical card facility, PB-PMC also ensures policy holders are provided with hassle-free admissions to panel hospitals. The PB-PMCB further enhances PB-PMC’s coverage by boosting the annual limit coverage whilst extending customers’ access to a wider range of medical treatment options as well as higher insurance coverage for certain treatment and hospitalisation benefits.

PB Cancer Complete

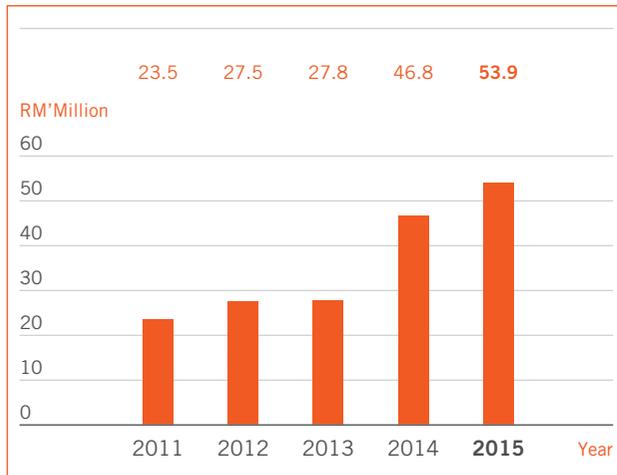
Public Bank unveiled the PB Cancer Complete on 18 December 2015 which is a non-participating insurance plan that provides cancer protection up to the age of 80 years old. The PB Cancer Complete provides customers with benefits upon diagnosis of early to advanced stages of cancer.

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Wealth Management

Telemarketing insurance products

Annualised New Premium from Telemarketing



In 2015, the annualised new premium generated from the telemarketing channel for bancassurance products totalled RM53.9 million as compared to RM46.8 million in 2014. The healthy 15.2% growth was mainly attributed to the sales of PB Care PA, PB Health Care and PB Hospital Care.

Two new telemarketing products, the PB Hospital Care and PB Life Care, were launched in January 2015 and July 2015 respectively. The PB Hospital Care provides financial support for medical and surgical expenses as well as daily hospital income in the event of hospitalisation. The coverage under the plan also includes out-patient physiotherapy and acupuncture treatment benefits. The PB Life Care plan provides a lump sum benefit payment upon accidental or non-accidental death or total and permanent disability of the insured.

Public Bank will continue to work closely with AIA Bhd. to develop new bancassurance or bancatakal products for distribution via the telemarketing channel to provide insurance protection coverage to meet customers' needs at different life stages.

Marketing Initiatives

Sales campaigns

In order to motivate and boost the productivity of Public Bank's bancassurance sales force, various marketing and promotional campaigns were launched in 2015. Quarterly incentive campaigns were rolled out during the year to inculcate productive and consistent sales performance in consumer bancassurance. The "2015 Q1 Elite Challenge" which comes with cash incentives was launched to reward the Top 10 performing sales staff nationwide. Other promotional campaigns that have been initiated to encourage sales performance include "PB Junior Plus Plan Campaign Incentive", "PB Direct Booster Challenge 2015" and "AIA Generasi Malaysia Concert Campaign". In 2015, the "Incentive Trip Challenge 2015" was initiated again to reward outstanding sales staff with trips to destinations such as Krabi, Seoul and Greece.

During the year, Public Bank also launched various campaigns to boost sales of its commercial bancassurance product, the "PB SME Care". This includes quarterly SME Challenges, Bundling of PB SME Care with Commercial Loan Campaign as well as the "Incentive Trip Challenge 2015" for managers as well as regional sales and support staff.

Training initiatives

Public Bank commits substantial investment to recruit and train its financial executives via intensive training programmes as well as hands-on ground experience. The Bank's FASTRAC training on product knowledge and selling skills have been customised to guide and hand-hold new financial executives on the job. The "2015 Empower FASTRAC Sales Booster Challenge" was implemented to inculcate disciplined and productive sales habit amongst the sales staff. Senior Financial Executives were enrolled into intensive training programmes such as the "AIA Critical Illness Definition" and "Sales Effectiveness Workshop" which are tailored to enhance their product knowledge, selling competency and capabilities.

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Wealth Management

Since the point-of-sale technology was introduced in 2013 to create a fully-digitised sales and distribution mechanism, Public Bank's financial executives are now skilled in handling interactive sales presentation on their iPads. With the roll out of the latest version of the PB Direct 2.4 which supports e-submission of proposal forms, processing turnaround time as well as sales tracking have also further improved.

The tablet-based approach has now become a vital tool in the sales process. With the impending launch of the straight through processing in the first quarter of 2016, the approval time for standard health cases can be obtained within one day and e-policy automatically generated thereafter.

Hong Kong Operations

Public Bank (Hong Kong) Limited ("PBHK") and AIA International Limited (Hong Kong) ("AIA") entered its third year of the bancassurance business tie-up in 2015. Presently, the Group's bancassurance business in Hong Kong is supported by 77 licensed Customer Service Officers ("CSOs") stationed across its network of 32 branches. The CSOs are continuously sent for training to equip them with requisite product knowledge and functional skills in order to address customers' changing needs.

The annualised new premium generated in 2015 amounted to HKD20.3 million mainly contributed by the sales of the "Simply love Encore 2" insurance plan with high savings elements.

Prospects

The growth potential of the bancassurance segment is positive and Public Bank expects to achieve higher penetration into the market supported by a growing range of products and wide distribution coverage. To remain competitive, Public Bank will continue to work closely with AIA to develop new products and further improve customer service experience.

STRUCTURED PRODUCT INVESTMENT

The Malaysian economy expanded at a slower pace in 2015, impacted by both domestic and external factors, slowing domestic demand, lower commodity and oil prices as well as potential downside risks to global growth. In view of the uncertain and sluggish market conditions, Public Bank adopted a more cautious stance during the year, closely monitoring market conditions and focused on the performance of its existing product rather than launching new products.

The PB Dual Currency Investment ("DCI") capitalises on market volatility and offers customers the opportunity to earn potentially higher return on investment. Given the uncertainty and volatility in the foreign currency exchange market, Public Bank's DCI business is expected to generate favourable revenue growth in 2016.



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Wealth Management

Initiatives for Product Cross-Sell

The wealth management segment of Public Bank offers customers a broad range of banking and related financial services and products. The Bank leverages on its broad portfolio of products and price them into product offerings which meet the needs of the Bank's diverse customer base. These cross-selling efforts are facilitated via product promotional events and acquisition tools.

Product promotional event

Public Bank continued to organise various thematic Product Promotional Events ("PPEs") to promote the Bank's wide range of products. A unique theme was assigned to the Bank's PPE every quarter, with each targeting a different market segment such as the "PB Bonanza", "PB Great Saver", "PB Money Tree" and "PB Fun Banking". In 2015, more than 700 PPEs were held at branch premises and other various strategic locations. During these events, a range of activities such as health checks, financial planning talks as well as children's activities were carried out to draw interest from the public to participate in the Bank's campaigns and to encourage sign up for the products. Customers will also receive gifts as a token of appreciation upon purchase of the Bank's products. The results from the PPEs have been encouraging with RM707.0 million sales captured from various products, more than 4,000 new deposit accounts opened and more than 2,000 new credit and debit card holders acquired.

Customer relationship management

With the advent of technology, Customer Relationship Management ("CRM") has gradually evolved as changing customer behaviour has resulted in the need to develop new ways to engage customers across all touch-points. Public Bank continues to enhance customer experience leveraging on data-driven insights across all customer touch-points and drawing meaningful insights from such information to develop products with superior value propositions.

Public Bank's Analytical Customer Relationship Management makes extensive use of analytics to identify customers' demographics, behaviours, banking preferences and trends, thus enabling the Bank to gain better insights on its customers. These data analysis are performed from time to time to enhance customers' product take-up rates, resulting in improvement to the Bank's total product holdings and customer retention.

Public Bank makes use of its Customer Relationship Management Application ("CRMA") to create positive customer experience and to enable the Bank to better meet its customers' expectations and needs. The CRMA leverages on analysis of customers' experience to provide insights for sales personnel to enhance customer service and engagement as well as generate leads for more effective cross-selling and acquisitions. The extensive use of this tool allows sales personnel to anticipate and build unique and targeted products to address customers' needs.





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TRANSACTIONAL SERVICES

CASH MANAGEMENT SERVICES

Public Bank's cash management services provide complete and automated collection and payment services with reconciliation information that caters to the customers' business needs. Public Bank's cash management services has shown impressive growth due to competitive pricing offered, supported by its extensive network of branches which has played an important role to push electronic payments to the fore.

To promote Public Bank's cash management services, the Bank has organised a total of 19 e-Payment Forums and more than 200 Branch Open Days in 2015. In addition, the Bank has participated in all five e-Payment Roadshows organised by Bank Negara Malaysia ("BNM") throughout the nation. As a result of these promotional activities, the number of payee and payor corporations increased by 95.3% to 2,303 as at the end of 2015.

Public Bank strongly supports BNM's initiatives to promote e-payment channels and was one of the pioneer banks involved in BNM's National Bill Payment Scheme – JomPAY project in 2014. This new service was launched in early 2015 and allows customers to make payments via their bank accounts or credit cards at any of the 42 Interbank Giro member banks' electronic channels. Public Bank has also been appointed by Jabatan Kastam Diraja Malaysia as one of the seven appointed banks to assist in the collection of Goods and Services Tax. In addition, the Bank is also in the final stages of implementing an online payment service to enable investors to purchase additional investments in Amanah Saham Nasional Berhad via the Bank's internet banking channel, PBe which will be rolled out by 2016. Other initiatives include enabling SMS and e-mail alerts to be sent to beneficiaries of payments made via the Public Bank Electronic Credit Payment Service.





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Transactional Services

REMITTANCES

Public Bank's remittance services, offered through the Public Bank Group's network of domestic branches, registered satisfactory performance with total remittance transactions performed amounting to RM42.01 billion in 2015. To remain competitive, Public Bank continues to expand and improve its remittance services, maintain effective collaboration with its banking and non-banking partners as well as roll out various remittance campaigns.

Marketing Initiatives

Western Union Campaigns

In 2015, Public Bank launched several campaigns to boost the Western Union Money Transfer remittance service. To increase remittance transactions to Indonesia and India during the festive season, Public Bank in collaboration with Western Union launched two campaigns namely "Western Union Ramadhan Promotion" and "Western Union Diwali Campaign". Public Bank also launched the "PB-WU Booster Campaign", a cash incentive campaign which rewards branches with high volume of Western Union Money Transfer. These campaigns have contributed to the continued increase in the number of Western Union transactions handled by the Bank.

PB Indonesia Money Transfer ("PBIMT") Ramadhan Campaign

To promote Public Bank's remittance services to Indonesia, the Bank in collaboration with Bank Central Asia rolled out the "PBIMT Ramadhan Campaign" in conjunction with the Hari Raya festive season which offered discount on service charges for PBIMT transactions during the campaign period. Moving forward, Public Bank aims to leverage on the PBIMT to drive further volume and revenue growth of its remittance business.

PB Overseas Remittance Campaign

To create customers' awareness of cross border remittance service between Public Bank and its overseas subsidiaries or branches in Hong Kong, Vietnam, Laos, Cambodia and Sri Lanka, a special remittance campaign known as the "PB Overseas Remittance Campaign" was introduced. The campaign, which ran from 1 June to 31 December 2015 offered reduced service charges on all outward telegraphic transfer transactions from any Public Bank branches whilst beneficiaries can also enjoy reduced inward remittance charges if the money is remitted to their account maintained at Public Bank's overseas subsidiaries or branches. The campaign received positive response and captured more than 22,000 transactions amounting to USD827.9 million.



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CAPITAL MARKET OPERATIONS

TREASURY

The Public Bank Group's treasury operations primarily focus on providing financial services and solutions to both corporate and retail customers in relation to treasury activities. These treasury functions involve foreign exchange and wholesale deposit-taking activities which are performed through the treasury offices of Public Bank, Public Investment Bank, Public Islamic Bank, Public Bank (L) Limited and Public Bank (Hong Kong) Limited. Other important functions of treasury operations include managing key risk areas and executing investment strategies in accordance with policies formulated by the Group's Assets and Liabilities Management Committee.

Performance Review

The Public Bank Group's treasury operations registered a commendable 17.5% or RM73.2 million increase in profit before taxation to RM491.8 million in 2015. The improved performance was primarily driven by growth in net interest income and higher gain from sales of short-term financial assets. Income from foreign exchange business also improved as the treasury sales team continued to deliver a stronger performance.

Marketing Initiatives

In 2015, volatility in foreign exchange markets rose significantly and was mainly attributed to the diverging macroeconomic developments and monetary policies between the United States, Eurozone area and China. The Public Bank Group capitalised on such volatility by increasing sale and distribution of foreign exchange and investment related services. Intense marketing efforts and customer visits were conducted throughout the year to broaden customers' awareness of Public Bank's range of treasury and structured investment products. As a result, the volume of corporate and retail foreign exchange transactions increased by 12.2% over the preceding year.

The increased volatility in major exchange rate markets also created opportunities for the Public Bank Group to generate low risk returns by arbitraging between the swap and money markets. The Group also entered into short-term gold swap transactions with reputable international banks to improve cost efficiency and generate additional interest income.

The Public Bank Group requires its treasury offices to maintain strong liquidity positions in order to ensure all foreseeable funding commitments will be met when due. In 2015, the Group made concerted efforts to maintain a diversified funding base comprising corporate and retail customer deposits and institutional funds. In addition, the Group was fully compliant with the Basel III liquidity framework which came into effect in June 2015, through its holding of high quality liquid assets that can be drawn during periods of stress.

As a Principal Dealer appointed by Bank Negara Malaysia ("BNM"), Public Bank continues to play a prominent role in the development of conventional and Islamic government securities by participating actively in the primary auctions in addition to providing liquidity in the secondary market through market making activities. The volume of transactions traded by the Bank in securities specified by BNM accounted for 3.9% of the total volume traded in the secondary market.

The International Business Unit which was set up by the Public Bank Group in 2014 acts as a conduit to target specific market segments and support business alliances with various international banking partners. These business alliances cover various areas such as trade finance, treasury, cash management, corporate and retail banking. 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.



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Capital Market Operations

Prospects

The Ringgit has been one of the most impacted emerging market currencies in 2015 amidst the backdrop of a broadly stronger United States dollar, struggling global economic growth and weak crude oil prices. Demand for Ringgit debt securities has also declined as investor sentiment deteriorated in response to currency weakness and concerns over the country's declining foreign exchange reserves. Going forward, market conditions will largely hinge on the performance of Ringgit vis-a-vis the macroeconomic and monetary policy stances in the United States, Eurozone area and China. The banking industry will continue to face higher funding cost on the back of stiff competition for stable deposits due to increasing regulatory and compliance requirements.

In the face of heightened market uncertainties, the Public Bank Group will continue to strengthen its liquidity risk management capabilities to weather any potential market stress. The Group will actively assess its funds deployment and asset allocation to meet profitability goals and cope with increasing regulatory requirements. The Group will also step up its marketing efforts and increase customer interactions through multiple channels to achieve greater market penetration and secure long term customer loyalty.

DOMESTIC CORPORATE LENDING

At a Glance

	2015 RM'Million	2014 RM'Million	Growth %
Profit before tax	425.7	371.0	14.7
Gross loans, advances and financing	32,323.4	28,233.0	14.5
Gross impaired loans ratio (%)	0.2	0.3	(0.1)

The corporate lending operations of the Public Bank Group achieved healthy loans growth of 14.5% or RM4.09 billion from RM28.23 billion as at the end of 2014 to RM32.32 billion as at the end of 2015 largely supported by demand from the property development, real estate, palm oil and banking sectors. With strong credit control and recovery efforts, the asset quality of corporate loans has improved further as reflected by the drop in gross impaired loans ratio from 0.3% as at the end of 2014 to 0.2% as at the end of 2015.

Profit before tax of the Public Bank Group's corporate lending operations increased by 14.7% or RM54.7 million from RM371.0 million in 2014 to RM425.7 million in 2015 primarily due to higher net interest income and fee income.

The Public Bank Group will continue to grow its corporate lending business by expanding its geographical reach as well as tapping on its existing clientele with good track record and clients in sectors which are less recession prone.



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Capital Market Operations

INVESTMENT BANKING

At a Glance

PUBLIC INVESTMENT BANK BERHAD	2015 RM'Million	2014 RM'Million	Growth %
Operating revenue	210.3	223.0	(5.7)
Profit before tax	59.3	67.6	(12.2)
Total assets	3,088.7	3,925.5	(21.3)
Shareholders' funds	374.3	385.9	(3.0)
Total capital ratio (%)	32.9	45.3	(12.4)

Public Investment Bank Berhad (“Public Investment Bank”) provides a broad array of investment banking services comprising 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. Public Investment Bank also offers stock broking services which include share trading, nominees facilities and margin financing for both its retail and institutional customers.

Despite the challenging operating environment in 2015, Public Investment Bank successfully completed 28 corporate mandates through its corporate finance and advisory division. Public Investment Bank has also successfully arranged two funding programmes for its corporate clients via the PDS or Loan Syndication markets through its debt capital markets division.

The support from the institutional dealing and in-house research teams of Public Investment Bank has spurred steady growth of its institutional client base. In addition, the continued focus on internet share trading, which provides greater flexibility and reaches a broader set of clients, has resulted in rapid increase of the retail client base of Public Investment Bank.

Although the operating environment was challenging, Public Investment Bank recorded satisfactory operating revenue and pre-tax profit of RM210.3 million and RM59.3 million respectively in 2015.



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ISLAMIC BANKING

At a Glance

PUBLIC ISLAMIC BANK BERHAD	2015 RM'Million	2014 RM'Million	Growth %
Profit before tax	450.1	468.2	(3.9)
Gross financing	32,052.8	25,756.1	24.4
Deposits from customers	39,097.4	30,727.6	27.2
Gross impaired financing ratio (%)	0.7	0.9	(0.2)
Total capital ratio (%)	13.5	14.6	(1.1)

As a wholly-owned subsidiary of Public Bank, Public Islamic Bank (“Public Islamic”) shares the Bank’s business infrastructure as well as information and communication technology platform. By leveraging on the Bank’s extensive branch network, strong PB brand and stringent lending policies, Public Islamic provides an extensive range of Shariah compliant products and services under the guidance of the Public Islamic Shariah Committee.

Performance review

In 2015, Public Islamic’s financing portfolio recorded a commendable growth of 24.4% from RM25.76 billion as at the end of 2014 to RM32.05 billion as at the end of 2015 mainly driven by increase in consumer and retail commercial financing. As a result, Public Islamic’s total financing as a percentage of the Public Bank Group’s total loans, advances and financing increased from 10.5% to 11.7% as at the end of 2015.

In line with the strong financing growth, Public Islamic’s deposits grew strongly at 27.2% from RM30.73 billion as at the end of 2014 to RM39.10 billion as at the end of 2015. The deposits growth was mainly attributable to impressive term deposits growth of 78.4% or RM10.84 billion in 2015, arising from the various initiatives and deposit campaigns to boost the deposit base for the purpose of enhancing further its liquidity and funding position. As at the end of 2015, Public Islamic’s customer deposits accounted for 13.0% of the Public Bank Group’s total deposits. Public Islamic continues to maintain healthy funding and liquidity position with financing to deposits ratio of 81.2% as at the end of 2015.

Despite the strong financing and deposits growth during the year, Public Islamic registered a drop in profit before tax of 3.9% or RM18.1 million from RM468.2 million in 2014 to RM450.1 million in 2015. The lower profit before tax was primarily due to lower net financing income as a result of narrowing net profit margin and higher funding costs.

The asset quality of Public Islamic remained strong with gross impaired financing ratio improving further from 0.9% as at the end of 2014 to 0.7% as at the end of 2015, which was well below the average industry ratio of 1.2%. Public Islamic continues to be well-capitalised with healthy Common Equity Tier I capital ratio, Tier I capital ratio and Total capital ratio standing at 10.8%, 10.8% and 13.5% respectively as at the end of 2015.

Products

Deposits campaigns

Public Islamic launched various promotional deposits campaigns during the year such as the PB TD-i Reward, FD Xtra, PB FD Rush and PB Bonus Reward with attractive reward programmes to encourage and acquire fresh deposits from customers. Total deposits placement gained from these campaigns amounted to RM7.31 billion which contributed to Public Islamic’s strong deposits growth in 2015.



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Islamic Banking

Credit Card-i

On 28 January 2015, Public Islamic launched the Visa and Mastercard Platinum and Gold Credit Card-i which provide an alternative to customers to purchase goods and services in accordance with Shariah principles.

Corporate Term Deposits-i (“CTD-i”) and Corporate Wadiah Deposits-i (“CWD-i”)

On 4 June 2015, Public Islamic launched the CTD-i and CWD-i to cater for short term placements from corporate customers.

Bancatakaful

On 1 October 2015, a new bancatakaful product, Takaful Hospital Income, was launched to further enhance Public Islamic's fee-based income and is offered to Public Islamic's existing customers via the telemarketing channel.

Marketing Initiatives

Public Islamic's marketing efforts are largely carried out through Public Bank's well distributed domestic branches and the sales and marketing force located at the branches and regional officers nationwide. Business development meetings and promotional activities are carried out on a monthly basis at branches to promote Islamic banking products and services to customers.

RAM Ratings

In April 2015, Rating Agency Malaysia reaffirmed Public Islamic's long and short term financial institution ratings at AAA, and P1 respectively. The reaffirmation of the ratings reflects Public Islamic's strategic importance as the Islamic banking arm of Public Bank.

Role and Authority of the Shariah Committee

Public Islamic's Shariah Committee (“SCOM”) consists of five members appointed by the Board of Directors (“Board”) and assists the Board to ensure that Public Islamic's operations is in line with Shariah principles.

The roles and responsibilities of the SCOM, as guided by Bank Negara Malaysia's Shariah Governance Framework are as follows:

- ➔ Responsible and accountable for all Shariah decisions, opinions and views provided;
- ➔ Advise the Board on Shariah matters;
- ➔ Endorse Shariah policies and procedures;
- ➔ Endorse and validate relevant documentations;
- ➔ Assess work carried out by Shariah review and Shariah audit;
- ➔ Assist related parties on Shariah matters;
- ➔ Advise on matter to be referred to the Shariah Advisory Council; and
- ➔ Provide written Shariah opinions.

The SCOM comprises the following members:

1. Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid (Chairman of Shariah Committee)
2. Tuan Haji Mohd Ridzuan Bin Awang
3. Associate Professor Datin Dr. Rusnah Binti Muhamad
4. Assistant Professor Dr. Mohd Afandi Bin Awang Hamat
5. Assistant Professor Dr. Abdul Bari Bin Awang



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Islamic Banking

During the year, a total of 12 meetings were held and the details of attendance of each member is as follows:

Name of Shariah Committee members	Number of Committee Meetings	
	Held	Attended
Professor Emeritus Dato' Paduka Dr. Mahmood Zuhdi Bin Haji Ab Majid (Chairman of Shariah Committee)	12	12
Tuan Haji Mohd Ridzuan Bin Awang	12	10
Associate Professor Datin Dr. Rusnah Binti Muhamad	12	12
Assistant Professor Dr. Mohd Afandi Bin Awang Hamat	12	12
Assistant Professor Dr. Abdul Bari Bin Awang	12	11

Zakat Obligations

Public Islamic paid a total of RM225,000 in zakat payments for its 2014 operations to 14 states' zakat centres and five 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.

Prospects

The business environment is expected to remain challenging in 2016. In order to sustain growth momentum, Public Islamic will remain focused on expanding its core businesses of financing to retail customers and small and medium enterprises. To stay competitive, Public Islamic will continue to provide innovative competitive products and services to its customers as well as strive to enhance its fee-based revenue from its bancatakaful products.

**Chairman's Review**
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	2015 RM'Million	2014 RM'Million	Growth %
Operating revenue	1,456.7	1,155.2	26.1
Profit before tax	572.2	431.9	32.5
Gross loans, advances and financing	21,645.3	16,706.2	29.6
Deposits from customers	23,214.7	18,068.4	28.5
Gross impaired loans ratio (%)	0.7	0.7	–

Branch Network	2015	2014
Hong Kong & People's Republic of China ("PRC") Operations		
Public Bank (Hong Kong) Limited		
– Hong Kong	32	32
– PRC	3	3
Public Finance Limited	42	42
Winton (B.V.I.) Group	9	9
Indo-China Operations		
Cambodian Public Bank Plc	28	27
VID Public Bank (Vietnam)	7	7
Public Bank branches		
Laos	4	4
Sri Lanka	3	3

The Public Bank Group has regional presence 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 registered a commendable growth of 32.5% from RM431.9 million in 2014 to RM572.2 million in 2015 contributed by gain arising from the effect of favourable foreign exchange movement since the beginning of the year and higher profit contribution from the Group's Indo-China operations. Cambodian Public Bank registered pre-tax profit growth of 15.7% in terms of USD in 2015. Consequently, the Group's pre-tax profit from international operations contributed 8.8% to the Group's profit before tax in 2015, which was higher than 7.4% in 2014. Moving forward, the Group remains committed to expand its regional presence through organic growth and will focus on customer segments and scalable business opportunities which would create value to the Group.


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International Operations

HONG KONG

At a Glance

	2015 HKD'Million	2014 HKD'Million	Growth %
Profit before tax			
Public Financial Holdings Group	506.3	468.9	8.0
<i>of which:</i>			
Public Bank (Hong Kong) Limited [^]	178.9	151.1	18.4
Public Finance Limited	287.3	276.9	3.8
Gross loans, advances and financing			
Public Bank (Hong Kong) Limited	24,114.9	23,517.2	2.5
Public Finance Limited	5,292.5	5,021.0	5.4
Deposits from customers			
Public Bank (Hong Kong) Limited	28,585.5	26,332.4	8.6
Public Finance Limited	4,797.3	4,325.4	10.9
Gross impaired loans ratio (%)			
Public Bank (Hong Kong) Limited	0.3	0.1	0.2
Public Finance Limited	1.9	2.1	(0.2)
Total capital ratio (%)			
Public Bank (Hong Kong) Limited*	15.5	15.1	0.4
Public Finance Limited*	26.5	27.4	(0.9)

[^] profit excluding dividends from subsidiaries

* presented in accordance with Banking (Capital) Rules under Section 97C of the Banking Ordinance issued by the Hong Kong Monetary Authority

The key business segments of the Public Bank Group's Hong Kong operations comprise:

- i. Retail and commercial banking
- ii. Stock broking and wealth management services

Public Bank (Hong Kong) Limited and Public Finance Limited are the main drivers of the Group's retail and commercial banking activities in Hong Kong.



Chairman's Review – Business Operations Review

International Operations

Performance Review

The banking sector in Hong Kong continued to be challenging in 2015 with sluggish growth in exports of goods, dwindling tourist spending and drop in retail sales. The economic slowdown in Mainland China had also impacted business developments of Hong Kong enterprises with major business ties in Mainland China. Despite the challenging banking environment, the Group's operations in Hong Kong achieved a 8.0% increase in profit before tax to HKD506.3 million in 2015. The profit growth was mainly attributed to the increase in net interest income from improved net interest margin on interest-bearing assets as well as increase in fee income from stock broking and bancassurance businesses.

Despite intensified competition, Public Bank (Hong Kong) Limited reported loans growth of 2.5% or HKD597.7 million to HKD24.11 billion as at the end of 2015. Public Finance Limited which provides personal loan financing to the middle- to lower-income households and overseas contract workers recorded a higher loans growth of 5.4% or HKD271.5 million to HKD5.29 billion as at the end of 2015.

The customer deposits of Public Bank (Hong Kong) Limited and Public Finance Limited grew at a faster pace, recording growth of 8.6% and 10.9% respectively to HKD28.59 billion and HKD4.80 billion respectively as at the end of 2015.

The gross impaired loans ratio of Public Finance Limited improved to 1.9% as at the end of 2015 from 2.1% a year ago due to enhancement in its credit risk management on its personal loan financing whilst Public Bank (Hong Kong) Limited's gross impaired loans ratio continued to remain low at 0.3% as at the end of 2015.

The strategic bancassurance partnership between Public Bank (Hong Kong) Limited and AIA International Limited (Hong Kong) ("AIA") continued to grow as a result of marketing initiatives and promotional activities carried out during the year, generating an annualised new premium of HKD20.3 million in 2015. Going forward, Public Bank (Hong Kong) Limited in partnership with AIA will continue to provide comprehensive bancassurance products to meet customers' insurance and investment needs.

Branch Network

As at the end of 2015, 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.



Chairman's Review – Business Operations Review

International Operations

CAMBODIA

At a Glance

Cambodian Public Bank Plc	2015 USD'Million	2014 USD'Million	Growth %
Profit before tax	58.5	50.6	15.7
Gross loans, advances and financing	957.2	854.9	12.0
Deposits from customers	1,017.2	1,129.2	(9.9)
Gross impaired loans ratio (%)	0.7	1.3	(0.6)
Total capital ratio (%)	20.2	17.4	2.8

The Public Bank Group is involved in the retail and commercial banking, general insurance and stock broking business in Cambodia. Cambodian Public Bank Plc (“Campu Bank”) has established a strong presence in the country since May 1992 and is now the largest foreign bank in Cambodia. Campu Bank offers a comprehensive array of banking products and services. Campu Bank’s wholly-owned subsidiary, Campu Securities Plc provides stock broking services whilst its insurance subsidiary, Campu Lonpac Insurance Plc (“CLIP”) which is 55% owned by the Group offers general insurance services.

Performance Review

Campu Bank achieved another milestone performance in 2015 with profit before tax of USD58.5 million, representing a growth of 15.7% or USD7.9 million from USD50.6 million in 2014. Campu Bank’s pre-tax profit growth was mainly driven by stronger loans growth and higher fee income. Campu Bank’s consistent and good overall performance over the years has reaffirmed its position as one of the top three largest banks in Cambodia.

Campu Bank’s loan and advances achieved double digit growth of 12.0% from USD854.9 million as at the end of 2014 to USD957.2 million as at the end of 2015. However, as a result of intense competition for deposits, customer deposits dropped by 9.9% to USD1,017.2 million as at the end of 2015 from USD1,129.2 million as at the end of 2014 mainly due to withdrawal of deposits placement. During the year, Campu Bank continued to be vigilant and took proactive measures to manage potential impaired loans. As a result, Campu Bank’s gross impaired loans ratio further improved to 0.7% as at the end of 2015 from 1.3% as at the end of 2014.

In recognition of Campu Bank’s banking and management excellence, Campu Bank was awarded the “Domestic Retail Bank of the Year in Cambodia for 2015” by Asian Banking & Finance for the fourth consecutive year and “Bank of the Year in Cambodia 2015” by The Banker for the ninth time since 2001.

Branch Network

With the opening of one new branch during the year, Campu Bank now has a network of 28 branches in Cambodia. Campu Bank has identified a number of viable locations for branch expansion in 2016 to further widen its market reach in Cambodia.

Subsidiaries

CLIP which commenced business operations in 2007, remained a major player in the Cambodian general insurance sector. In 2015, CLIP recorded a higher profit before tax of 72.2% to reach USD1.3 million as a result of 14.0% growth in gross premium.



Chairman's Review – Business Operations Review

International Operations

In 2012, Campu Securities commenced its securities underwriting activities when the Cambodian Securities Exchange started operations. The underwriting and trading activities of Campu Securities is expected to contribute positively to the Group's profits moving forward once the capital market picks up momentum.

VIETNAM

VID Public Bank, the Public Bank Group's joint venture bank in Vietnam reported an increase of 2.7% in profit before tax to USD5.4 million in 2015 supported by healthy loans growth of 10.2% and deposits growth of 7.3%. Asset quality also improved as gross impaired loans ratio further dropped from 2.8% as at the end of 2014 to 2.6% as at the end of 2015.

On 23 March 2015, the State Bank of Vietnam granted approval in principle to Public Bank for the acquisition of the remaining 50% equity interest in VID Public Bank not held by the Public Bank Group for a total cash consideration of USD76.6 million. The issuance of the 100% foreign-owned bank licence by the State Bank of Vietnam is in its final stages of completion. The acquisition will augur well for the Public Bank Group to tap into new business opportunities in Vietnam and seize opportunities offered by the country's recovering economy.

LAOS OPERATIONS

Public Bank's Laos operations registered commendable growth in profit before tax of 24.4% to USD14.9 million in 2015. Total loans and advances of the Bank's Laos operations achieved double digit growth of 21.4% to USD219.3 million as at the end of 2015 whilst deposits from customers grew by 7.0% to USD135.9 million as at the end of 2015. Public Bank currently has a network of four branches in Laos. Moving forward, the Group is committed to expand its Laos operations and will offer new products and services, including debit and credit cards, to capitalise on the viable and developing economy of Laos.

SRI LANKA

Sri Lanka's economy experienced moderate improvement supported by growth in the tourism and garment manufacturing sectors. Public Bank's Sri Lanka operations recorded a profit before tax of LKR216.1 million in 2015 on the back of loans and deposits growth of 19.0% and 20.1% respectively to LKR4,140.8 million and LKR1,555.2 million respectively as at the end of 2015. To provide customers with greater convenience and access to its services, Public Bank's Sri Lanka operations launched its maiden ATM services in August 2015. As a testament of its commitment to grow its banking business in Sri Lanka, Public Bank made a capital injection amounting to LKR622 million in October 2015 to comply with Central Bank of Sri Lanka's statutory requirements for commercial banks.



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SERVING THE CUSTOMER

LEVERAGING ON TECHNOLOGY TO DELIVER CUSTOMER SERVICE

To complement personalised customer service at the branches, Public Bank continues to invest in self service banking infrastructure to enable customers to carry out their banking transactions outside the conventional banking hours. The Bank also continues to innovate and improve its online and mobile banking platforms by introducing new services as well as enhanced security measures for customers' convenience and peace of mind.

Customer Service Excellence Is Our Commitment

The Public Bank Group's corporate tagline "Excellence Is Our Commitment" encapsulates the Group's non-compromising stance to provide top-notch customer service. Over the years, the Group places great importance on customer interactions, especially personalised face-to-face interaction to nurture and maintain long-term customer relationships. While the Group leverages on technology to make banking more convenient for its customers, the Group also takes cognisance of the importance of creating a two-way interaction that is both meaningful and personal for each customer engagement as the Group believes it is the human touch that makes all the difference. The PB Brand has been built on the spirit of the handshake and is well-recognised for its delivery of superior customer service. This has ensured the Group continues to keep its competitive edge and solidify its presence in the market place.

Standard Waiting Time

Public Bank vigorously monitors its frontline counters to ensure conformance to the Standard Waiting Time ("SWT") of 2-minute. Strict monitoring of branches' performance is also carried out periodically to ensure high conformance levels to the benchmark. In 2015, conformance to the 2-minute SWT was close to 70%.

Service Ambassadors and Counter Remittance Executive

Public Bank's excellent customer service is complemented by the presence of the Bank's Service Ambassadors ("SA") and Counter Remittance Executives ("CRE") who are stationed at the Bank's branches. The role of the SA is to assist customers on all enquiries pertaining to banking matters and attend to customers' feedback and complaints. With their assistance, customers will be able to familiarise themselves with new and enhanced self service banking services and infrastructure at the branch. The CRE provides assistance in remittance services including advisory services on exchange rates and currency risks.

Uninterrupted Banking Services

The Public Bank Group has established its Business Continuity Plan and Disaster Recovery Plan to ensure delivery of smooth and uninterrupted services in the event of disaster. These plans are periodically reviewed, enhanced and tested to ensure effectiveness when the need arises.

SIRIM Certification

The Public Bank Group's ISO 9001:2008 certification for the "Provision of Customer Service at the Front Office" and "Provision of Customer Service in Loan Delivery" was reaffirmed by SIRIM in 2015. The reaffirmation of the ISO certification is a testament to the Group's firm commitment to maintain high standards of customer service.

Prompt Complaint Resolution System

Public Bank has put in place an efficient customer complaint resolution process to ensure customer complaints are addressed promptly and efficiently. Public Bank is fully committed to respond and address customer complaints within the Bank's 10-day response period benchmark.



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Serving the Customer

Listening to the Customers

The Customer Service Focus Group (“CSFG”) programme was implemented at all Public Bank’s branches to collect feedbacks and suggestions in order to address the expectations and needs of its customers. The Bank continuously strives to improve by listening to its customers and acting directly on their feedback. Through the CSFG platform, improvement to current processes and services are developed to ensure continuous enhancement to service delivery in meeting customers’ expectations.

Special Care Counters

As a responsible and caring corporate, Public Bank provides special care counters at all its branches to ensure the underprivileged customers are accorded priority services. These counters are set up to ensure that senior citizens, expectant mothers and the physically disadvantaged will be served immediately regardless of the queue length and the nature of transactions performed.

LOAN SERVICE DELIVERY

Standard Turnaround Time

Public Bank is a certified financial services provider under ISO 9001:2008 for the “Provision of Customer Service in Loan Delivery” which covers retail and corporate loans, securities documentations, credit cards and trade financing transactions. The ISO certification of customer service delivery is a testimony to the Bank’s persistent commitment in work process improvements and compliance with Standard Turnaround Time from loan origination to loan disbursement to ensure fast response time to serve customers in their loan application. 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

Public Bank relentlessly strives to improve the quality and efficiency of its loan service delivery which is vital towards building brand loyalty and customer retention. From the regular customer feedback survey conducted in 2015, more than 90% of the Bank’s customers surveyed were satisfied with the level of the Bank’s loan delivery services.





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CHANNEL MANAGEMENT

Recognising that rapidly changing technology and customer behaviour is changing the way people bank, efforts are continuously made to transform branch network and streamline physical and digital networks. The Public Bank Group's network of physical and digital channels comprises:

- ➔ Automated Teller Machines (“ATMs”)
- ➔ Cheque Deposit Machines (“CDMs”)
- ➔ Cash Deposit Terminals (“CDTs”)
- ➔ Cash Recycling Machines (“CRMs”)
- ➔ Coin Collection Machines (“CCMs”)
- ➔ Internet banking
- ➔ Mobile banking and social media

SELF SERVICE BANKING

The Public Bank Group continues to invest in self service banking infrastructure to provide customers with easy and convenient access to banking services outside conventional banking hours. As at the end of 2015, Public Bank has more than 2,000 units of self service terminals comprising Automated Teller Machines, Cheque Deposit Machines, Cash Deposit Terminals, Cash Recycling Machines and Coin Collection Machines in various off-branch and in-branch locations throughout Malaysia.

INTERNET BANKING

Public Bank's revamped internet banking platform, PBe which was launched in May 2014 continues to draw more users with its secure and fuss free banking services. PBe is accessible anytime around the clock via multiple devices with internet browsers or iOS and Android operating system. Since the new make over of the Bank's online banking portal in May 2014, PBe has been ranked

in the top ten of the “Top 30 Local Web Entities from Desktop Computers in Malaysia” by the Malaysian Digital Association and comScore Inc.

In 2015, PBe continues to maintain double digit growth in new user registration, with an increase of 27.5% and 24.1% respectively in individual and corporate customer users. During the year, the internet banking transactions also grew by 7.5% to 115 million.

Due to the encouraging response following the revamped internet banking platform, Public Bank's corporate website and Public Islamic Bank's website also underwent a sleek make over on 15 May 2015 and 28 October 2015 respectively. In order to promote the PB Brand in Sri Lanka, the Public Bank Sri Lanka's website was launched on 6 April 2015. The website for Public Bank Laos was also launched on 18 December 2015 whilst the websites for Public Bank (L) Ltd and Cambodian Public Bank Plc operations are currently being developed.

Promotional Campaigns

In support of Bank Negara Malaysia's efforts to increase online payments, Public Bank increased the number of promotional campaigns for online banking. The Bank kicked off the year with the U-Mobile Shop Till U Drop Campaign, which ran from 15 December 2014 to 15 March 2015. This campaign was well received and saw a 27.8% and 29.5% surge in transaction volume and in transaction value respectively. Public Bank also organised two campaigns with China's e-commerce giants – Alibaba's Taobao and Tmall – which offered registered members attractive cashback for online purchases. The PBe Go Online And Be Rewarded Campaign was rolled out on 1 July 2015. During the three-month campaign period, the first 100 transactions of the week with a minimum value of RM100 and the first 338 newly registered accounts of the month were entitled to a cash prize.



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Channel Management

To encourage more customers to migrate to e-payments, the Interbank Giro and Instant Transfer service fee and GST performed via PBe, PB engage and ATM were waived from 1 October to 31 December 2015. During the campaign period, transaction volume and transaction value rose by 19.7% and 21.3% respectively. Other initiatives undertaken to boost online transactions include participating in BNM's National Bill Payment Scheme ("JomPAY") which offers electronic bill payments and introducing eFD placement and withdrawal for individual customers.

another major update, which enabled customers to access additional functionalities such as JomPAY, Foreign Currency Account and Branch Locator. The Bank plans to introduce other new functionalities such as SecureSign transaction signing and Payment agent service in early 2016. As part of the Bank's initiatives to improve customer experience on the mobile platform, the Bank also enabled customers to receive promotion notification, calendar based reminder and customised widgets on their mobile devices.

As a result of these initiatives, the number of downloads for PB engage doubled to more than 235,000 in 2015. The number of individual users on PB engage also grew by 199.6% while the number of corporate users increased by 181.4% in 2015.

Spurred on by social media trend and positive results from engagement on the professional network, LinkedIn, Public Bank's official YouTube channel was introduced on 23 June 2015. Public Bank's YouTube channel showcases a selection of educational and promotional videos to guide the Bank's customers on PBe's internet banking processes and products. Public Bank's official WeChat account was also launched on 3 December 2015. Moving forward, the Bank would be able to share the latest news, happenings, promotions and campaigns via these platforms, hence opening up new avenues to meet the needs of customers.

Whilst the cyber security landscape has evolved rapidly, the fraud and malware attacks have also increased in sophistication with cyber criminals increasingly leveraging on the latest consumer trends and targeting both online and mobile banking platforms. Public Bank is mindful of the rise in cyber threats and actively initiate and roll out online security measures to monitor and counter any fraud threats. To promote cyber security awareness amongst its customers, the Bank constantly educates its customers through various mediums such as sending out e-mail blasts and brochures as well as via online advisories and quizzes.



MOBILE BANKING AND SOCIAL MEDIA

Public Bank launched its mobile banking application PB engage on 22 September 2014. The new application which is a seamless extension of PBe is designed to offer customers a secure and fuss free banking on the go. As part of Public Bank's continuous effort to improve customers' digital experience, the Bank implemented its first update of PB engage which comes with new features such as Forex Rates Inquiry and Loan Calculator on 19 March 2015. On 14 July 2015, the Bank introduced



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INFORMATION & COMMUNICATION TECHNOLOGY

The Information and Communication Technology (“ICT”) initiatives during the year focused on supporting business growth, raising productivity and efficiency as well as delivering new products and improved services. The ICT infrastructure was expanded to accommodate business expansion and big data analytics as well as to enhance the level of automation. The Public Bank Group’s ICT places high priority on complying with regulatory requirements, achieving good information technology governance and tightening data security.

ICT FOCUS IN 2015



Meeting Customer Demand

- ➔ Mobile Banking Services
- ➔ New Internet Banking Products and Features
- ➔ Internet Trade Finance System



Providing Capacity for Excellent Service Delivery

- ➔ Mainframe Upgrade for Credit Card System
- ➔ Storage Infrastructure Technology Refresh
- ➔ Enterprise Server Virtualisation



Increasing Efficiency and Productivity

- ➔ Mobility Technology for Marketing Executives
- ➔ New Commercial Card System
- ➔ Greater Technology Standardisation for Efficiency



Strengthening Security and Governance

- ➔ Mitigation of ATM Related Crime
- ➔ Anti-DDOS and Network Access Control
- ➔ Independent Resilience Assessment on Core Banking System



Ensuring Statutory and Regulatory Compliance

- ➔ Goods and Services Tax
- ➔ Credit Risk Management System
- ➔ Advanced Risk Analytics and Big Data Initiatives



Advancing ICT for Subsidiaries

- ➔ Retail Banking Transformation at Campu Bank
- ➔ New Card Services at Campu Bank
- ➔ ATM Service for Sri Lanka Operations

**Chairman's Review**
– Business Operations Review**Information & Communication Technology****MEETING CUSTOMER DEMAND**

Continuous enhancements were made to the Public Bank Group's ICT systems to meet customers' needs based on data-driven insights.

Mobile Banking Services

Following the launch of the "PB engage" mobile banking last year, the second phase unveiled new functions such as the loan calculator, branch locator, forex rate display and MyClear JomPAY bill payment. A new wallet mobile apps that leverages on the Quick Response Code technology will also be introduced for faster, secure and convenient payments at participating merchants' websites and Point-Of-Sales ("POS") terminals.

New Internet Banking Products and Features

- ➔ Fixed deposit placement and withdrawal can now be performed online via PBe internet and mobile banking
- ➔ The processing time of foreign currency remittance conducted through PBe was reduced by one working day and potential errors from redundant data entry were eliminated with the introduction of straight-through-processing
- ➔ For greater flexibility, PBe Business Banking customers can now perform future dated transactions

Internet Trade Finance System

A new Internet Trade Finance system was built on the existing core Trade Finance System with an improved user interface and enhanced process efficiency. The enhanced approval workflow reduces processing time of documents submitted via the Internet whilst the new Internet Trade Finance system, which is integrated with the core Trade Finance system ensures regulatory compliance such as anti-money laundering.

PROVIDING CAPACITY FOR EXCELLENT SERVICE DELIVERY

As part of the Public Bank Group's continuous effort to improve service delivery, the ICT infrastructure was upgraded to cater for anticipated growth and for sustaining good response time. The efforts include:

Mainframe Upgrade for Credit Card System

- ➔ Invested RM23 million to upgrade to the latest Unisys mainframe to cater for growth over the next three years
- ➔ New generation of Unisys mainframes built on Intel processors which are 20% faster than the existing proprietary processor
- ➔ The maximum Input/Output speed was increased fourfold

Storage Infrastructure Technology Refresh

- ➔ Storage capacity was increased with the upgrading of Storage Area Network for Windows and Unix systems coupled with new virtual tape libraries and the latest tape drives
- ➔ Faster processing and backup speed with use of high speed Enterprise Flash Drives and Data Domain Boost technology

Enterprise Server Virtualisation

Setting the stage for the implementation of agile Private Cloud Computing technology, the latest VMware system was used to optimise sharing of processor, memory and storage resources, speed up deployment of systems, and improve fault tolerance by migrating old physical servers to virtualised servers running on the latest version of Windows Server.



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Information & Communication Technology

INCREASING EFFICIENCY AND PRODUCTIVITY

Application systems of the Public Bank Group were enhanced or upgraded to improve efficiency of business processes and increase productivity.

Mobility Technology for Marketing Executives

Marketing executives can now complete hire purchase applications at the customer's site with a tablet. Similarly, current and savings accounts can be opened via mobile devices complete with integrated biometric readers for on-the-spot verification.

New Commercial Card System

A new commercial card system was developed to enable Public Bank's commercial card customers to make payments via the automated teller machines ("ATMs") and credit their card accounts instantly.

Greater Technology Standardisation for Efficiency

The Public Bank Group continues to improve standards of its systems and applications for greater efficiency with the use of Microsoft.NET for new systems development, Service Oriented Architecture for interoperability and virtual servers for new system deployment. With these improvements, applications such as the Loan Delivery system were adapted for common use in the Group's overseas operations, application development is accelerated and greater agility is achieved.

STRENGTHENING SECURITY AND GOVERNANCE

The Public Bank Group continues to implement proactive measures to combat fraud and ensure the safety as well as confidentiality of customer information at all times.

Mitigation of ATM Related Crime

To combat the recent surge in ATM related crime, security measures were introduced such as ink-staining technology that invalidates cash in case of robbery, white-listing programmes to prevent malware from executing, centralised monitoring on the status of the anti-malware system and full disk encryption to prevent malware from being implanted.

Anti-DDOS and Network Access Control

- ➔ For Internet security, the Group has subscribed to tier-1 Internet Service Providers to increase the bandwidth and improve clean pipe services as a mitigation against Distributed Denial-Of-Service attacks
- ➔ The Group receives the latest updates on cyber threats against financial institutions from the Financial Services Information Sharing and Analysis Centre for proactive mitigation measures to be taken
- ➔ Network access control was implemented bankwide to authenticate endpoint devices such as personal computers, servers and laptops attached to the corporate network and block unauthorised access.

Independent Resilience Assessment on Core Banking System

Consultants from a reputable firm were commissioned to conduct thorough assessments on the resilience of the core banking systems and identify appropriate actions required for improving the systems to cope with Public Bank's business needs and transaction growth. The assessment was conducted based on international standards such as ISO 27001, ISO 22301, ITIL v3 and COBIT 5.0 which covers various areas of core banking system management.

**Chairman's Review**
– Business Operations Review**Information & Communication Technology****ENSURING STATUTORY AND REGULATORY COMPLIANCE**

Continuous enhancements were made to the ICT systems to meet statutory and regulatory requirements during the year.

Goods and Services Tax (“GST”)

The Group revamped all its systems to facilitate the implementation of GST. These changes were transitioned on 1 April 2015 and the first GST payments were duly remitted the following month to the Royal Malaysian Customs. In conjunction with the GST implementation, a GST-based procurement system was set up to manage the entire procurement flow from requisition to payment which includes document scanning and storing images of tax invoices to support subsequent tax credit claim.

Credit Risk Management System

Phase 2 of the Credit Risk Management System which is currently in progress involves the development of statistical models for behavioural and application scorecards and stress-testing. Upon the completion of this phase, Public Bank's ability to assess and mitigate evolving credit risks over time will be enhanced. The solution provides forward-looking views of risk which can enhance acquisition strategies for credit worthy customers and optimise bad debt management.

Advanced Risk Analytics and Big Data Initiatives

The Public Bank Group has taken the following actions which involves risk analytics and big data to improve and enhance its risk management capabilities:

- ➔ Assets and Liabilities Management solution that employs advanced risk analytics and modelling to strengthen interest rate risk and liquidity risks management
- ➔ Implementation of the Malaysian Financial Reporting Standards 9 which requires big data for the development of expected credit loss models to measure loan impairment provisions
- ➔ An online fraud monitoring system using analytics to detect fraud patterns and provide timely alerts as well as automated countermeasures to protect the Internet Banking system.

ADVANCING ICT FOR SUBSIDIARIES

The ICT systems at subsidiaries were further aligned with Head Office to provide new channels for customers.

Retail Banking System Transformation at Cambodian Public Bank Plc (“Campu Bank”)

Campu Bank replaced its retail banking system with a new in-house developed Microsoft.NET system. The new system is integrated with the existing delivery channels (such as front-end branch delivery system for over-the-counter service, self service terminals, and Internet banking) and provides a springboard for new products to be launched by Campu Bank.

New Card Services at Campu Bank

In July, Campu Bank launched a new service to accept Visa and Mastercard credit card transactions from its Internet merchants. The new service uses 3D Secure payment gateway infrastructure for better security as well as synergy and complements the existing 3D Secure authentication. Campu Bank also acquired Japan Credit Bureau card transactions for POS merchants and ATMs and will soon accept UnionPay International card transactions.

ATM Service for Sri Lanka Operations

ATMs were installed at the Narwala, Colombo and Galle branches in Sri Lanka. These will soon be linked to the LankaPay Common ATM Switch (a shared ATM network) to encourage higher usage and Common Electronic Fund Transfer System (established by the Central Bank of Sri Lanka) to reduce cheque usage.



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BRANCH PERFORMANCE – KPIs AND AWARDS

BRANCH KEY PERFORMANCE INDICES

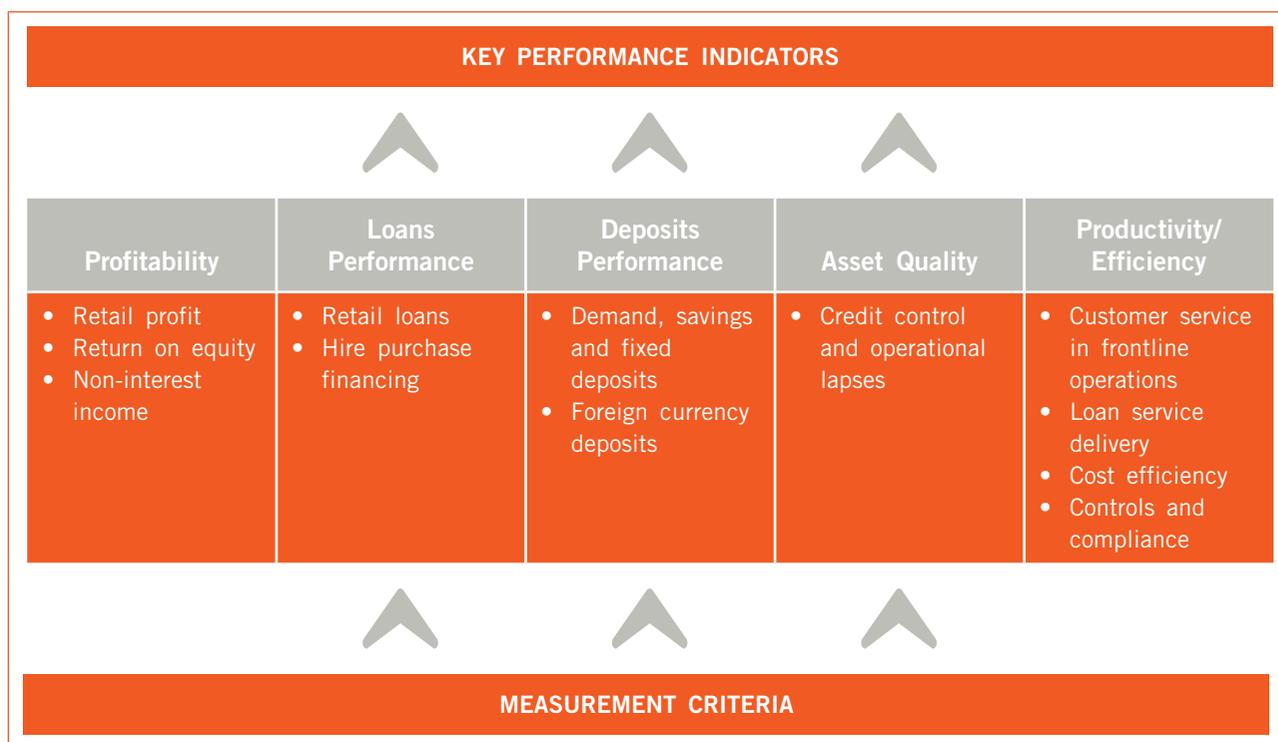
Public Bank evaluates the business performance and operational efficiency of branches with the use of Key Performance Indices (“KPIs”). All key performance factors which constitute the critical success factors of the Bank such as profitability, loans and deposits growth, asset quality, service delivery, controls and compliance as well as staff productivity and efficiency are incorporated in these KPIs. Apart from providing the mechanism for evaluating the performance of branches, these KPIs also form the basis for appraising and rewarding branch managers and other key management and supervisory staff at branches.

Public Bank's Approach

In order to drive optimum business performance, the KPIs are reviewed annually and aligned to the current operating environment as well as business strategies and objectives of Public Bank. The performance of branches are disseminated monthly to enable branches to benchmark themselves against their peers as well as to take early and appropriate measures to improve their performance. The close monitoring of branches' KPIs act as a catalyst for branches to achieve and surpass their KPIs.

Public Bank's Measurement Criteria

The KPIs included in the performance measurement of branches, branch managers and supervisory staff of branches are set out below:





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Branch Performance – KPIs and Awards

BRANCH PERFORMANCE AWARDS

Every year, the Public Bank Group accords recognition via Branch Performance Awards to the top performing branches, including those of its overseas business units, as part of its performance based reward structure. These performance rewards together with attractive cash prizes inspire branches to strive for outstanding performance in the various key performance areas.

The Branch Performance Awards for 2015 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 various categories of the Branch Performance Awards are reviewed annually to ensure alignment to the business goals and strategies of Public Bank. The selection of winners is based on stringent criteria covering key areas of business performance, loan asset quality, risk management, cost efficiency and customer service delivery. Branches are segregated into six groups based on branch size and rated against their respective peer groups.

The Winners

A total of 106 awards with cash prizes exceeding RM1.0 million were awarded to the winners of the Branch Performance Awards for 2015.

The winners of the Best Branch Awards for 2015 were as follows:

Domestic Branches

Group 1	Taman Johor Jaya Branch
Group 2	Taman Malim Jaya Branch
Group 3	Taman Taming Jaya Branch
Group 4	Stutong Branch
Group 5	Mont' Kiara Branch
Group 6	Bukit Indah Branch

Overseas Business Units

Public Bank (Hong Kong) Limited	Yuen Long Branch
Public Finance Limited	Mongkok Branch
Cambodian Public Bank	Phnom Penh Main Branch
VID Public Bank	Cho Lon Branch
Overseas Branches	Vientiane Branch

Founder and Chairman Award	Johor Bahru Branch
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For 2015, the prestigious Founder and Chairman's Award which carried a cash prize of RM50,000 and a gold crafted challenge trophy went to Johor Bahru Branch for the third consecutive year.



Outlook for 2016



The Public Bank Group's prudent management with integrity over the years has placed the Group on a solid footing to ride through challenges. In 2016, the Group will sharpen its focus in the pursuit of stable and sustainable growth in the core banking and retail business.



OUTLOOK FOR THE MALAYSIAN ECONOMY AND BANKING INDUSTRY

The Malaysian economy is expected to remain on a steady growth path, with 4.0% – 4.5% growth in gross domestic product in 2016. Domestic demand will remain the anchor of growth but at a more moderate pace, while the export sector is likely to benefit from the modest improvement in the global economy. Combined with low unemployment and accommodative monetary policy, the 2016 Budget measures should provide some support to private consumption. The ongoing major infrastructure capital spending will also help sustain investment growth. While inflationary pressure is expected to be on the upside, it will remain manageable, partly contained by low oil prices.

Despite the many economic challenges, the domestic banking system has remained strong with sound capitalisation, healthy liquidity and high asset quality. Nevertheless, 2016 will be a challenging year for the banking sector. The macro headwinds could weigh in on loans growth. The stringent lending rules to promote more sustainable household finances are also expected to continue affecting banks' lending. The deposit-taking business will continue to be highly competitive with more promotional campaigns and the offering of higher deposit rates by banks. Interest margin compression arising from intense competition will continue to affect banks' profitability. Asset quality is likely to remain sound, capitalising on the growing economy, continued job gains and sustained income growth.

Global growth concerns and the uncertainty on policy direction in some major countries will continue to contribute some volatility in the global financial markets. Malaysia as a highly open and liberalised economy is exposed to these global vulnerabilities. Against this backdrop, the country's solid and deep financial sector, and Bank Negara Malaysia's prudent policy framework will continue to be the sources of resilience to navigate the volatilities.

EXPECTATIONS AND OPPORTUNITIES

The Malaysian banking sector will continue to ride on the opportunities arising from the country's economic transformation to propel growth, and remain an important financial intermediary to support the country's development. As the macro environment challenges are likely to persist into 2016 and put pressure on banks' profitability, banks are expected to focus on enhancing operational efficiency to drive financial performance. Cost control and achieving balance sheet efficiencies will be key aspects of banks' strategies. To strengthen their market share in the intense competitive landscape, enhancing the entire customer ecosystem will continue to be banks' priority. Also, industry players will continue to compete on competitive pricing, attractive terms and product innovation.

Technology will continue to be an enabler in increasing banks' operational efficiencies. Under Bank Negara Malaysia's guidance, electronic banking has gained increased prominence among consumers. The growing electronic banking trend has also provided vast opportunities for banks to expand their businesses through digital strategies. Banks are expected to further tap on digital platforms to sharpen their competitive edge.



Opportunities will continue to come from Islamic finance. Malaysia's continuing efforts in the development of Islamic finance such as enhancing Shariah governance, fostering cross border cooperation and initiating the harmonisation of global Shariah views will place the country in the forefront of Islamic finance. As the integration of the regional economy and financial system is poised to deepen, we will see banks continue building the capability to become a more competitive intermediary to facilitate a more comprehensive and efficient financial flow.

STRATEGIES AND DIRECTIONS

The Public Bank Group's prudent management with integrity over the years has placed the Group on a solid footing to ride through challenges. In 2016, the Group will sharpen its focus in the pursuit of stable and sustainable growth in the core banking and retail business. In growing its lending business, the Group will further tap on its strength in providing financing to individuals and small and medium enterprises for the purchase of residential properties, commercial properties and passenger vehicles. To strengthen its revenue base, the non-interest income segment such as the unit trust business, bancassurance, foreign exchange related transactions and transactional banking services will remain a key focus in the Group's strategic plan. On liability management, the Group will step up efforts to compete for customer deposits to maintain its stable funding profile.

Public Islamic Bank, a wholly-owned subsidiary of Public Bank, will capitalise on the widening acceptance of Islamic finance and the country's breadth of expertise to develop its Islamic banking business. The Group's overseas operations will continue to seize opportunities that arise from the growth potential in the region.

The Public Bank Group is mindful of the rising trend of electronic banking, and will continue to extend its digital initiatives to facilitate banking convenience for customers. Having the infrastructure in place, the Group will take a more proactive role to raise customers' awareness of the benefits and convenience of electronic payments. At the same time, security of electronic banking will remain a top concern to provide confidence in the use of electronic payment. The Group will also continue to maintain its superior standard of customer service and face-to-face customer experience. With the Group's wide branch strategic network, and a strong sales and marketing force, the Group stands in good stead to sustain its strong market share in the competitive landscape.

Prudent cost management, strict and prudent credit policies, strong corporate governance, and sound risk management practices will remain crucial elements of the Public Bank Group's strategic business plan. Being mindful of the interests of other stakeholders in the environment in which its business is operating, the Group will continue to undertake corporate social responsibility initiatives for the nation, community, customers and employees.

TAN SRI DATO' SRI DR. TEH HONG PIOW

Chairman

3 February 2016



CORPORATE RESPONSIBILITY

In 2016, the Public Bank Group will be celebrating its Golden Jubilee. By any measure of corporate longevity, this is an achievement to be proud of. The commitment of its Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow to build the business on solid foundation has ensured that the Group continues to deliver sustainable value to its multiple stakeholders.





Corporate Responsibility

As the third largest banking group in Malaysia, the Public Bank Group believes that sustainable value is created when business is conducted in a responsible manner which seeks to achieve mutually supportive outcomes for all its stakeholders. When the business of the Group is conducted with integrity, its reputation and standing is enhanced, leading to greater competitiveness and creating sustainable returns in the long run for all its stakeholders. For the Group, sustainability means building a business model that is focused on delivering value creation over the long term for its customers, employees, shareholders, society and environment.

During the year, the Public Bank Group continues to maintain sustainable practices in its core business of banking which is well demonstrated in its support to its customers, its engagement with its employees, its contribution to the communities in which it operates and the conservation of the environment. As a testimony to the Group's corporate responsibility initiatives, Public Bank has been included in the FTSE4Good Bursa Malaysia Index in 2015. The FTSE4Good measures the performance of companies that meet globally recognised corporate responsibility standards.

The Group continues to uphold its long-held Corporate Philosophy which 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

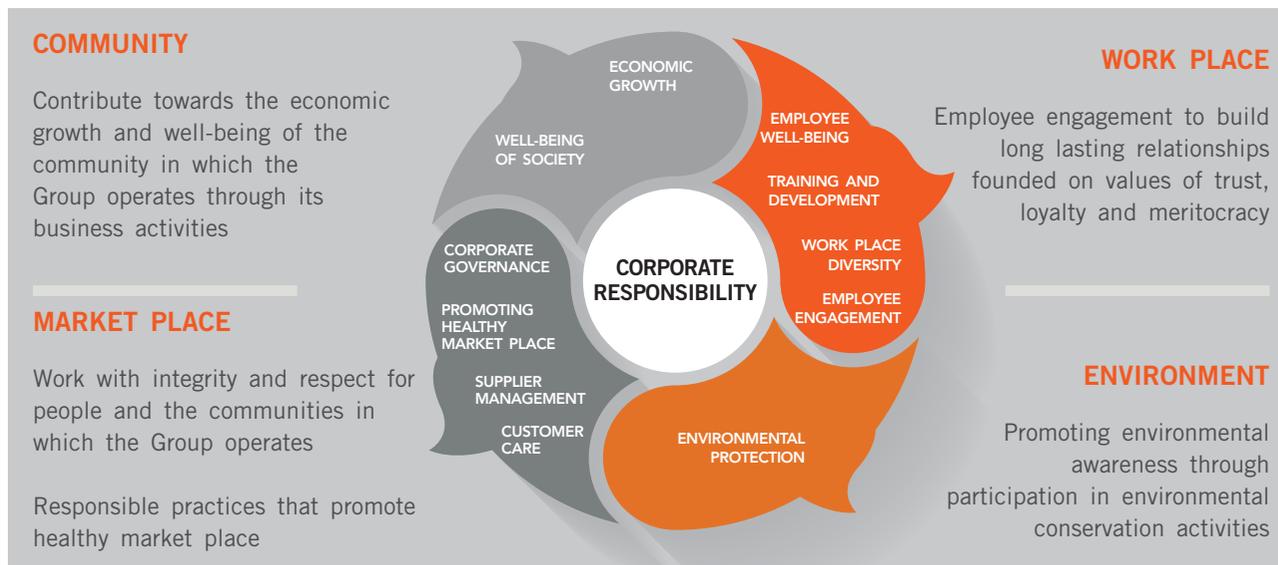
... With Integrity





Corporate Responsibility

Guided by the principles and values of the Public Bank Group's Corporate Philosophy, the Group's corporate responsibility ("CR") initiatives are focused in the four key areas of Community, Market Place, Work Place Development and Environment Sustainability.



CR IN THE COMMUNITY

Contributing to Economic Growth

As the third largest banking group in Malaysia, the Public Bank Group plays a pivotal role in the economic development of the country. Through its banking business, the Group promotes economic and social development by encouraging savings and mobilising funds towards the development of commerce and trade. Business growth creates employment opportunities, generates return to shareholders and taxes to the Government. The Group has provided financing of RM173.26 billion to individuals as at the end of 2015, of which RM87.55 billion was for the purchase of residential properties. In 2015, the Group has also supported and allocated capital to key sectors in the economy such as the small and medium enterprises ("SMEs"). More than 20% of the Group's lending portfolios are in support of the SMEs.

Supporting Home Ownership and Affordable Housing

The Public Bank Group continued to help Malaysians, particularly the low and middle income families to own their homes and increase home ownership in the country. In 2015, the Group has approved more than 49,500

housing loans, of which 64.8% was for the purchase of residential properties costing between RM100,000 and RM500,000. The Group also actively participates in the following housing schemes initiated by the Government and Bank Negara Malaysia ("BNM"):

- i. *Skim Rumah Pertamaku ("My First Home Scheme")*
To assist first time house buyers who may find saving for a down payment a challenge, Skim Rumah Pertamaku was introduced by the Government in 2011 to provide house financing of up to 100% to eligible first time house buyers, enabling them to own a house without having the need to pay 10% down payment.
- ii. *BNM Priority Sector Lending – Financing for affordable housing.*

The Public Bank Group is committed to support BNM's effort to provide end financing to house buyers from the low and medium income group via the priority sector lending. As at the end of 2015, the Group's total loan outstanding for this segment amounted to RM1.98 billion.



Corporate Responsibility

Firm Supporter of Small and Medium Enterprises and Micro Enterprises

The SME sector is a vital component of the Malaysian economy which contributes significantly to economic growth, employment and wealth creation. The Group is committed to support these businesses and ensures a significant proportion of its capital is channelled to provide financing to the SMEs. In 2015, the Group approved RM19.00 billion of business loans to SMEs, representing 29.4% of the total new domestic loans approved. The Group's total lending to SMEs has also increased by 15.2% to RM63.97 billion as at the end of 2015.

To assist the development of SMEs, the Public Bank Group also supports BNM's initiatives and financing schemes such as:

- i. BNM's priority sector lending to SMEs. The Group has consistently achieved more than the commitment set by BNM. A total of RM19.06 billion was approved under this scheme for 2015, exceeding the total target of RM10.50 billion allocated to the Group for the two year period from 2015 to 2016.
- ii. The New Entrepreneur 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 sector.

The Public Bank Group is also an active participant of guaranteed schemes offered by Credit Guarantee Corporation Malaysia Berhad ("CGC") which helps SMEs that lack collateral to obtain business funding. As at the end of 2015, the Group's total loans under various CGC guaranteed schemes amounted to RM114.5 million.

In support of the microfinance sector, the Public Bank Group provides financing to micro enterprises at reasonable financing rates. The micro financing provided by the Group to assist viable micro enterprises to access business funding include:

- i. Micro Enterprise Fund which is a fund launched by BNM to provide financing access to micro enterprises with viable business.

- ii. SmallBiz Express Guarantee Scheme which is a scheme promoted by CGC to provide business funding to viable micro enterprises that lack collateral. Public Bank is the first financial institution in Malaysia that tied-up with CGC to provide financing under this scheme.

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 166 and 167 of this annual report.

Significant Tax Payer

The Public Bank Group has been a significant contributor to the fiscal revenue and economy of the country as a result of its strong profitability track record over the years. Over the last five years, the Group's tax payments to the Government amounted to RM5.71 billion, representing a significant contribution to the society as well as to the financial well-being and development of the country.

Tackling Financial Crime

The Public Bank Group views the continuing threat of financial crime seriously and has taken various measures to manage money laundering and terrorist financing risks as well as to prevent the use of the Group's infrastructure for criminal activities.

The Public Bank Group's Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") compliance programme includes the establishment of policies and procedures on customer due diligence processes, monitoring and reporting of suspicious transactions, record retention as well as investment in technology to combat financial crime. The Group also invests substantial resources on human capital and infrastructure development to ensure effective implementation of its AML/CFT compliance programme. This includes continuously training its employees to be vigilant and familiar with the policies and procedures established so as to be well prepared in the event an actual or suspected criminal activity happens.

The Public Bank Group's Anti-Fraud Policy and Anti-Money Laundering Policy are set out in the "Ethics, Integrity and Trust" section of this annual report from page 110 to page 112.



Contributing to the Well-being of Society

During the year, the Public Bank Group continued to extend financial support with the objective of delivering positive economic and social impact to the communities in which it operates.

Education

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” which were established in 2007 continued to benefit the students of Universiti Tunku Abdul Rahman and Tunku Abdul Rahman College in their pursuit of higher education.

Cambodian Public Bank Plc contributed USD1,500 to support the “Nodojiman Japanese Song Contest” for a second consecutive year to encourage Cambodians to take up the learning of the Japanese language.

Healthcare

The Group believes the economic prosperity of a community correlates with the health and productivity of its population. For the fourth consecutive year, Cambodian Public Bank Plc supported the Nokor Tep Foundation with a donation of USD1,000 to assist the non-government organisation in their fund raising to build a 220-bed Nokortep Women’s Hospital in Phnom Penh.

Public Bank has been a strong supporter of the National Blood Bank for the last 27 years. During the year, the Bank continues to give a helping hand by organising blood donation drives at the Bank’s premises to assist the National Blood Bank stock up their supplies for emergency needs.

Community Activity

Public Bank recognises the contribution of the country’s police force to maintain law and order and shows its support by contributing to the activities of the police associations. In 2015, the Bank contributed RM40,000 to the Kelab Polis Trafik Kuala Lumpur and RM10,000 to

the Persatuan Keluarga Polis for the respective associations’ welfare activities to assist families of police officers who have perished or were incapacitated in the line of duty.

A one-day charity sale was organised at Menara Public Bank in aid of the IJN Foundation’s fund-raising activities and a total of RM7,131 was raised from the sales of IJN Foundation’s merchandise.

In conjunction with the International Red Cross and Red Crescent Day, Cambodian Public Bank Plc donated USD5,000 for the fourth consecutive year to the Cambodian Red Cross (“CRC”) to assist the CRC to carry out activities to help the poor especially in the rural areas afflicted by natural disasters such as floods and droughts.

Cambodian Public Bank Plc also sponsored USD1,500 to the annual BUAYA Club Golf Tournament for the second year. The tournament is organised to promote social interaction amongst the expatriates and working professionals residing in Cambodia.

Support of the Underprivileged

During the month of Ramadan, Public Bank treated 150 orphans from four institutions namely the Kompleks Penyayang Bakti Sungai Buloh, Asrama Penyayang Nur Iman, Rumah Charis For Children and Good Samaritan Home, Klang to a breaking of fast. Public Bank donated a total of RM61,200 for the upkeep of the four homes and presented goodie bags as well as “duit raya” to the children. For the Deepavali festival, two orphanages, Pertubuhan Kebajikan Rumah Anak Yatim Sri Sai Selangor and Persatuan Kebajikan Sweet Care Selangor & Kuala Lumpur received RM10,000 each from the Bank.

As part of the corporate social responsibility activities undertaken by the graduate trainees of Public Bank under the Public Bank’s Talent Max Programme for Graduate Trainees (“GTs”), various programmes and activities were carried out during the year which included visits to the House of Joy for the Elderly and Good Samaritan Home as well as painting a mural on the theme of Drug Abuse at Sekolah Kebangsaan Jalan Enam, Selangor.



Corporate Responsibility

CR IN THE MARKET PLACE

As a leading banking group in Malaysia, the Public Bank Group is committed to effective corporate governance and has put in place well defined Corporate Governance framework which is supported by the right culture, values and behaviour throughout the organisation. This strong corporate governance culture is well demonstrated in its transparent reporting to its various stakeholders and responsible procurement practices supported by sound management systems.

High Standards of Corporate Governance

The Public Bank Group's publicly recognised record of excellence in corporate governance continued to be validated by several corporate governance awards from respected international publications such as The Asset, Alpha Southeast Asia and Corporate Governance Asia. During the year, the Group has met the globally recognised standards for inclusion in the FTSE4Good Bursa Malaysia Index. The FTSE4Good Bursa Malaysia Index is designed to measure the performance of companies demonstrating good Environmental, Social and Governance practices.

For the full list of corporate governance and corporate social responsibility awards received by Public Bank, please refer to page 220 of this annual report.

Promoting a Healthy Market Place

Ethical Business Culture

The Public Bank Group continues to promote ethical business culture by practicing a strong culture of integrity, ethical behaviour, honesty and professionalism. The Group's zero tolerance for fraud and commitment to a strong ethical business culture helps to promote a healthy market place.

Shareholders and Investors Engagement

The Public Bank Group believes that effective communication is essential to strengthen and maintain cordial relationships with its shareholders and investors. The Group consistently engages with its shareholders and investors through investor relations activities such as general meetings of shareholders, briefings to the investment community and public disclosures of information on all significant corporate developments and business initiatives. These communications are carried

out through announcements on Bursa Malaysia, press releases and disclosures in Public Bank's corporate website and provide shareholders as well as investors with information and insights about the Group, enabling them to better understand the Group's developments and make informed investment decisions.

Competition Act, 2010

The Competition Act, 2010 which came into force in 2012 covers the commercial activities within or outside Malaysia and highlights two key exclusions namely anti-competitive agreements and abuse of dominant position. The Act aims to promote a healthy and competitive market place by protecting the process of competition and empowering consumers so that they may obtain the best value for money products in the market. The Public Bank Group has implemented various initiatives which includes educating employees to raise awareness and revising product pricing structure, forms and agreements to ensure compliance with the Act. Information pertaining to product fees, charges and rates are also clearly disclosed in the Bank's various platforms to promote fairness and transparent business culture.

Professional Development

For the sixth year, Public Bank continued to support the Malaysian Tax Conference organised by the Inland Revenue Board of Malaysia and the Chartered Tax Institute of Malaysia with a sponsorship of RM8,000 to promote professional development in the country.

Public Bank has been the main sponsor of The National Award for Management Accounting ("NAfMA") since 2004. The NAfMA which is a prestigious management accounting award that recognises excellence in business management success received the annual sponsorship of RM60,000 from the Bank during the year.

Public Bank sponsored RM50,000 to the Malaysian Institute of Management ("MIM") for the 26th Tunku Abdul Rahman Lecture and Dinner. The Tunku Abdul Rahman Lecture was inaugurated by MIM in 1970 to commemorate the premiership of Malaysia's first Prime Minister, the late YTM Tunku Abdul Rahman Putra Al-Haj. It has since evolved into a much-welcomed and anticipated Lecture Series with the institute presenting distinguished speakers renowned for their teaching and practice of management leadership.



Supplier Management

The Public Bank Group believes in developing mutually beneficial relationships with its suppliers and regularly engages with its suppliers to ensure the Group's needs are met. The Group upholds the basic principles of trust, honesty and fairness and aims to ensure its procurement activities are transparent, objective and non-discriminatory in the selection of suppliers.

Procurement Policy and Procedures

The Public Bank Group continues to adopt strong governance culture in the management of its supply chain and this is reflected in its clear and well-defined procurement policy and procedures which demonstrate transparency and accountability. The Group's procurement policy and procedures include:

- ➔ conducting closed tender for the procurement of all standard items. Short-listed 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 comprising members from the Internal Audit Division and representatives from the respective divisions which request for the procurement.
- ➔ ensuring the best and optimum value in terms of quality, quantity and pricing is obtained. Procurement functions of the Group are centralised at Head Office in order to achieve economies of scale.
- ➔ reviewing prices of standard items periodically to ensure that the best pricing is obtained for products purchased.
- ➔ implementing an electronic requisition system to facilitate efficient processing of purchases and reducing paper usage.
- ➔ reviewing its procurement procedures and practices periodically to identify areas for further improvements.

Selection of Vendors and Service Providers

Panel vendors and service providers of the Public Bank Group are selected based on a set of stringent criteria such as:

- ➔ management background and track record of 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 product 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 is committed to drive and promote healthy and progressive development of local business enterprises by supporting and working with local companies and SMEs which 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 management's commitment and production outputs of these local enterprises. Regular reviews are also conducted to ensure the products supplied and services provided meet the requirements of the Group. These processes ensure the Group effectively monitors, manages and mitigate risks in its supply chain and promote the highest standards of conduct amongst its suppliers.

Prompt Payment to Vendors and Service Providers

The Public Bank Group recognises that cash flow is the life-line of all business enterprises, particularly the SMEs. The Group adopts prompt payment turnaround time upon receipt of invoices from all vendors and suppliers and continuously strives to ensure that all payments are made within the stipulated credit term. To shorten the payment turnaround time, the Group regularly engages with its vendors and service providers to reduce mismatched invoices or incomplete documentation in order to expedite payments.

As a responsible corporate and to support the Government's initiative to promote e-payment, the Public Bank Group will continue to migrate from paper based payments using cheques to electronic payment system. To date, more than 95% of Public Bank's bill payments to vendors and service providers are made via the electronic payment system.

Customer Care

Responsible Financing

The Public Bank Group upholds the highest level of integrity in its daily operations and pledges to deliver quality products with excellent services at a fair price to its customers. As a responsible financier, the Group adopts prudent credit policies and continuously strives to improve transparency and accessibility of its products and services to its customers. The Group has implemented various initiatives to achieve these objectives which include:

- ➔ establishing responsible lending practices and credit assessment in assessing borrower's repayment capacity.
- ➔ establishing internal control to ensure compliance with regulations and guidelines issued by the relevant authorities.
- ➔ supporting the Government and BNM's initiatives to promote a sound and sustainable household sector and property market as well as providing affordable home financing to the man on the street.
- ➔ careful evaluation of housing projects to assess viability of the projects before granting financing to developers or house buyers.
- ➔ offering commercially competitive financial products and services and ensuring terms and conditions as well as applicable fees of its products and services are transparent.
- ➔ establishing an efficient system to attend to customers' requests and complaints.
- ➔ providing solutions and assistance to borrowers with financial difficulties.
- ➔ implementing delivery channels which are benchmarked to international ISO standards.
- ➔ establishing a broad multi-channel distribution network via branches, self service terminals, internet, telephone as well as mobile and smartphone applications for better access to its services.

Socially Responsible Financial Products

In support of a green economy, the Public Bank Group strives to influence business involved in the creation of a low-carbon economy through its lending activities. The Green Technology Financing Scheme was established by the Government to promote investments in green technology. The Group has participated in the Green Technology Financing Scheme by providing loans or financing to companies that supply and utilise green technology.

In December 2014, unusually destructive floods ravaged the east coast of Malaysia. Recognising the financial difficulties faced by businesses, Public Bank was quick to respond and help businesses affected by the devastating flood. Apart from assisting through products and services, Public Bank participated in the Special Relief Facility 2015 initiated by BNM to assist SMEs to alleviate their financial difficulties due to the flood disaster. The facility is funded and administered by BNM with guarantee cover provided by Credit Guarantee Corporation Malaysia Berhad. In 2015, the Bank has granted RM25.9 million under this scheme to SMEs.

As one of the largest financial services provider in the country, the Public Bank Group continuously strives to introduce products and services which demonstrate strong product stewardship and can influence positive behaviour amongst the public. To nurture academic excellence, Public Bank established the "Star Achiever Programme" under PB Bright Star Savings Account to reward children who excel in UPSR, PT3 and SPM examinations. The Bank also offers Basic Savings Account and Basic Current Account which cater to the lower income segment customers which require only minimal account opening requirements such as minimum initial deposits of RM20 and RM500 respectively. These accounts also come with a complimentary debit card, the PB Day2Day Card, for customers' convenience. Senior citizens with an existing current account would enjoy additional savings through the waiver of service charges on the senior citizen's current account if they open a Public Bank 50 Plus Savings Account. Account holders also enjoy a host of discounts on selected insurance products from Lonpac Insurance Berhad and service charges for the creation of will under PB Trustee Services.



Product Responsibility

As a socially responsible corporate, the Public Bank Group continuously tries to ensure that its products and services are in line with the Group's corporate mission and philosophy. A set of rigorous internal approval procedures and product evaluation processes are put in place for any enhancement of existing products and new product launches. To convey credible product information accurately to customers, Public Bank adheres to the BNM's Product Transparency and Disclosure Guidelines which aim to ensure information is made in a clear, concise and timely manner.

Customer Service

Living up to the Group's corporate tagline – "Excellence Is Our Commitment", Public Bank always strives to ensure high quality services are proactively delivered to all its customers. Public Bank sets qualitative benchmarks 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. To ensure uniform and high standards of service, all domestic branches continue to be covered by the internationally recognised ISO 9001:2008 certifications. Providing priority services to the Bank's senior citizens, expectant mothers and the physically disabled further augment the Bank's commitment to be a caring corporate and to provide prompt services for customers with specific needs.

Responding to Complaints

Public Bank values feedback and complaints received from customers as they allow the Bank to review the quality and efficiency of its services. The Bank accords high importance to respond and address customers' complaints within the stipulated 10-day response period. This sense of urgency imbued in the Bank's work culture is instrumental for the development and continuous improvements of customer-centric solutions to further raise service quality.

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 or financing. These exercises aim to match customers' commitment with their reduced capacity to repay their loans or financing. In 2015, Public Bank rescheduled or restructured more than 2,000 loans or financing totaling RM86.1 million, of which RM64.6 million were in respect of residential mortgages.

Extending Loan Moratorium to Borrowers

To ease the burden of customers who experienced financial difficulties as a result of natural disasters such as flood, the Public Bank Group granted up to 6 months of loans or financing repayment moratorium to these customers. In 2015, the Group offered loans or financing repayment moratorium to more than 1,700 customers affected by floods with total loans or financing amounting to RM151.3 million.

Bantuan Rakyat 1 Malaysia 4.0 ("BR1M4.0")

For the third consecutive year, Public Bank has provided voucher encashment services at all branches nationwide to eligible recipients of the BR1M4.0. To extend the Bank's services beyond its domestic branches, the Bank also operated mobile encashment counters to service BR1M4.0 encashment at selected rural and sub-urban sites. In 2015, a total of more than 112,000 vouchers amounting to RM36.0 million were successfully paid to BR1M4.0 recipients.



Corporate Responsibility

CR IN THE WORK PLACE AND LABOUR PRACTICE

In the year 1966, Public Bank commenced its inaugural banking journey with just 62 employees. Since then, its workforce has grown steadily in tandem with the Public Bank Group's business expansion. Today, as the Group celebrates its 50 years of success and excellence with the support and dedication of more than 18,000 employees in Malaysia and the Asia Pacific Region, the Group recognises that the dedication of its human capital asset is instrumental to the achievement of this key milestone.

To sustain a dedicated and effective workforce, the Public Bank Group continues to invest in a host of Employees Value Proposition ("EVPs") to engage the hearts and minds of its employees such as:

- ➔ Well-being programmes encompassing the following key areas:
 - ensuring health and safety at the work place
 - enhancing quality of life
 - provision of fair and competitive employee benefits
- ➔ Skill and competency development
- ➔ Harmonious industrial climate for a diverse workforce
- ➔ Employee engagement

Well-being Programmes

Health and Safety

Closely adhering to the provisions of the Occupational Safety and Health Act, the Public Bank Group continues to play a proactive role to provide a safe and healthy working environment for its employees. Some of the initiatives include posting Public Bank's Safety and Health Policy in Bahasa Malaysia and English in the Bank's internal portal to ensure all employees are aware and understand their roles and responsibilities in respect of safety and health at the work place. Posters on the Bank's Safety and Health Statement are also distributed for display at branches and offices to facilitate quick reference as well as to serve as a constant reminder to all employees.

The 90 Safety and Health Committees, comprising representatives from management and employees at Public Bank's branches and Headquarters review work place safety and health issues on a quarterly basis. Such regular collaboration serve to foster joint ownership and create a conducive and comfortable working environment for employees and customers. Periodic in-house safety and health audits and inspections encompassing Hazard Identification, Risk Assessment and Risk Control, fire drills and fire safety talks are also conducted to ensure compliance with applicable laws and regulations.

Health and well-being play a crucial role in the Public Bank Group – contributing to bottom-line growth through the productivity of its employees. In the Group, all employees are encouraged to attend biennial medical check-ups at the Group's panel clinics for an update of their health status and to facilitate early detection and treatment of any serious illness. This is further supplemented by a comprehensive medical benefit scheme including specialist treatment and hospitalisation for employees and their immediate families. To inculcate awareness on the importance of personal health and to promote a healthy lifestyle amongst employees, the Group regularly works with health service providers including specialist hospitals and fitness centres to coordinate health related talks and fitness programmes for employee participation.

During the height of the haze menace in 2015, the Public Bank Group, as a caring employer, circulated advisory to guide employees on ways to manage the haze hazard and distributed face masks to employees as protective measure.



Quality of Life

The Public Bank Group is committed to provide a long-term stable employment for its employees. In addition to a competitive remuneration package, the Group seeks to provide a high and sustainable quality of life to its employees with a wide array of employee benefits. These include the provision of low interest or interest-free loans designed to assist employees to acquire comfortable dwellings and means of transport and for the purchase of computers as well as further education, be it to upgrade their knowledge and skill or for pursuit of hobbies and interests.

Other initiatives to enhance work-life balance include a user-friendly leave management system to enable employees to better plan their leave and vacations. A relief pool has been tasked to render operational assistance at branches and other business centres to enable employees to go on leave or vacation with minimal disruption on work efficiency and productivity. In 2015, 226 relief employees have been mobilised to provide assistance for such purposes.

Taking cognisance of its employees' domestic obligations, the Public Bank Group has incorporated family-friendly features in its employees' scheme which include:

- ➔ compassionate leave for unforeseen circumstances such as floods and critical illness or death of family members.
- ➔ extended maternity leave to all eligible post natal mothers beyond what is legally required.
- ➔ paternity leave for male employees to take care of their newborn.
- ➔ sabbatical leave with duration ranging from a few months to a few years to enable employees to pursue further studies or to attend to family matters.
- ➔ examination leave for employees to sit for examination.
- ➔ child care allowance for eligible employees with young children to alleviate the cost of child care services.

- ➔ subsidy for purchase of hospitalisation and surgical insurance to cover employees' immediate family.
- ➔ option for muslim employee to leave work early during the fasting month to enable them to break fast on time.

To provide some healthy diversion from work, the Public Bank Group organises various sporting competitions, social gatherings and annual dinners to foster a sense of camaraderie and team spirit amongst employees. The Group's corporate libraries which are well-stocked with a comprehensive range of reading materials serve as conducive resource centres to provide employees with reference materials and self-help literature to pursue their hobbies and recreational interest. Public Bank's e-library has also been set-up to enable all employees to access virtual reference books relating to business and banking, management, computers and information technology through the Bank's in-house Learning Management System.

As part of its holistic well-being programme for employees, the Public Bank Group conducts stress management workshops for all level of employees to help them cope with stress and better manage their commitment, personal health and lifestyle. In 2015, a total of 13 such programmes and workshops were conducted for the benefit of all levels of employees.

To enable employees to sustain a quality lifestyle post-retirement, the Public Bank Group provides various income replacement plans in the form of Defined Contribution Scheme ("DCS") and Defined Benefit Scheme ("DBS") for different categories of employees. This is over and above the statutory Employees Provident Fund contribution scheme. In 2015, a total of RM187.6 million and RM15.6 million were paid out under the DCS and DBS respectively.



Corporate Responsibility

In times of need, the Public Bank Group has always been there with a helping hand to assist its employees. When severe floods hit the country, the Group had provided affected employees with monetary assistance and other relief measures such as unrecorded leave and moratorium on monthly instalments of their various loan repayments. In 2015, the Group provided various relief assistance which benefited 250 employees from its Malaysian east coast branches who were affected by the flood disasters. In cases of death and long term incapacitation sustained by employees while in service, the Group provides relief via its various employee protection insurance policies. In 2015, the Group had paid out RM2.7 million to employees and their next-of-kin in the form of permanent disability and death benefits.

Employee Benefits

To provide its employees with a competitive and equitable remuneration package, the Public Bank Group regularly monitors and reviews market development on compensation and benefits for benchmarking purposes via industry specific reward surveys as well as surveys on other industries. The Group continued to reward all levels of employees generously during the year based on their contribution to the Group's performance. To encourage high performance and promote employee engagement, handsome cash rewards were also awarded to branches for delivery of outstanding performance in selected Key Performance Indicators. As employees progress within the Group, additional defined benefits and perks will be accorded as part of their career progression incentives to commensurate with their bigger roles and responsibilities.

Other welfare programmes include corporate tie-ups with selected service providers and business partners for offers and corporate discounts for employees' benefits such as:

- ➔ special corporate rates for vacation in hotels.
- ➔ corporate discounts for purchase of selected vehicles.
- ➔ promotional packages by established telcos and computer vendors.
- ➔ corporate membership at fitness centres.
- ➔ festive or seasonal promotions at selected food and beverage outlets.

The Public Bank Group values long serving employees and accord long service award for their contribution and loyalty to the Group. In 2015, 1,852 employees who have served the Group for 10 years or more were presented with specially minted long service award medallions in appreciation of their loyal service.

Skill and Competency Development

Human capital development is part of the Public Bank Group's talent management and succession planning strategy. To grow a sustainable pipeline of industry relevant talents, the Group continues to invest substantial resources on training and development to empower its employees to deliver the highest performance standard and to prepare them for career progression.

The Public Bank Group's training and coaching on technical development and certification programmes are conducted under structured in-house classroom training, on the job mentoring as well as external training. To provide flexibility and ease of knowledge management for employees, the Group continues to leverage on its e-platform to widen the reach of training to more employees. In 2015, more than 35,000 participants completed classroom training while nearly 72,000 participants completed a wide range of e-learning courses on product knowledge, management and leadership skills as well as relevant laws and regulations.

The Public Bank Group continues to promote its strong culture of learning by sponsoring employees for various certification programmes and award incentives upon employees' attainment of work-related qualifications to proliferate professionalism amongst its employees.



Harmonious Industrial Climate for a Diverse Workforce

Taking cognisance that the ability to embrace diversity can galvanise a multi-faceted workforce into organisational strength, the Public Bank Group is committed to create a conducive industrial climate for its workforce. As part of its commitment, the Group has undertaken the following initiatives:

- ➔ employment of local citizen via its short-listing procedure.
 - ➔ embracing diversity and equality towards its employees and business associates regardless of race, religion, gender, age, sexual orientation, disability and nationality. This includes being mindful of the ethnic mix in the workforce and taking steps to translate information to relevant languages before disseminating to employees.
 - ➔ provision of fair and equitable employment terms to all employees.
 - ➔ according equal opportunities for career advancement based on merit. This is supported by a well-established and 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. In Public Bank's Malaysian operations, women occupied 43.1% of management positions as at the end of 2015, up from 41.8% as at the end of 2014; whilst 44.1% of top management position were held by women.
 - ➔ extending employment opportunities to people with disabilities such as the visually impaired and providing 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.
- Guided by the provisions of the local laws such as the Employment Act 1955 and Industrial Relations Act 1967 as well as the Code of Conduct for Industrial Harmony, the Public Bank Group continues to:
- ➔ practise mutual respect and maintain cordial relationships with various bank employee unions in support of employees' right to freedom of association and the right to collective bargaining.
 - ➔ monitor and ensure employees' working hours or overtime are within the provision of the law.
 - ➔ ensure all employees are fairly remunerated with wages exceeding the stipulated minimum wage.
 - ➔ adopt an open door policy to allow employees access to appropriate channels of communication for feedback and grievance resolution. Public Bank's Policy On Staff Conduct and Discipline which include specific provisions on sexual harassment ensure all employees, irrespective of status, positions, religion, gender are treated with dignity and free from any harassment, humiliation or intimidation.
 - ➔ ensure all allegations of misconduct are given close attention, handled with sensitivity and promptly resolved. Employees who were found guilty had been dealt with appropriately according to the severity of the offence.

Employees Engagement

The Public Bank Group continues to undertake the following initiatives to ensure continuous employee engagement:

- ➔ prioritising promotion of employees from within to provide upward opportunities to performing employees. To date, more than 92.8% of the Group's managerial employees were promoted from within. In addition, 42.6% of the domestic workforce has served for 15 years or more, reflecting the success of the Group's employee retention policies.
- ➔ on boarding of new employees – new employees undergo a series of induction programmes to enable them to be oriented to Public Bank's culture. To facilitate smooth assimilation and engagement of new



Corporate Responsibility

graduate trainees recruited under the Public Bank Talent Max Programme, designated employees from Human Capital Management (“HCM”) will make periodic contacts with the trainees during their first year of service to establish a relationship with them and gain their feedback on the progress of their training. This interaction also serves as an avenue for the trainees to raise problems or issues that they may encounter to enable HCM to provide the necessary counseling or appropriate remedy.

- ➔ management seminars and sales convention – these annual events provide key team players within the Public Bank Group a platform to share business strategies and best practices.
- ➔ “Still Surging Ahead” campaign – engaged employees feel vested and would seek to influence improvement at the work place. In conjunction with the celebration of the Public Bank Group’s 50th anniversary in 2016, the Group launched the “Still Surging Ahead” contest in 2015 to invite employees to submit articles on their experience with the Group as well as their suggestions for improvement to bring the Group to a higher level of performance for the next decade.
- ➔ “Chairman’s New Year Message” – Towers Watsons, a global survey consultant has reported in their 2015 survey findings that leadership continues to be the No. 1 key influence in employee engagement. At the commencement of each new year, the Founder and Chairman of the Public Bank Group, Tan Sri Dato’ Sri Dr. Teh Hong Piow will send a personalised new year message to convey his greetings and appreciation for employees’ hardwork and contribution as well as share the Group’s thrust and goals for the coming year. This serves to align direction with business priorities and invigorates team spirit, employee morale and engagement within the Group.

ENVIRONMENTAL CSR

Green Building

The Public Bank Group’s 40-storey Public Mutual Head Office building located at Jalan Raja Chulan, Kuala Lumpur which has been under construction since 2011, is expected to be completed in 2016. Based on the building’s green building designs and features, 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. Some of the green building designs include:

- ➔ use of specially designed sunshades and low-emissivity double glazing glass windows and reflector to allow more light but less heat into the building.
- ➔ orientation of 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.
- ➔ use of rainwater harvesting system to reduce dependence on potable water. A large proportion of the roof area has been designed to maximise catchment of rainwater.
- ➔ combination of micro-sprinkler and drip irrigation for purposes of watering the landscaped area and minimise wastage of water.
- ➔ incorporating landscape garden on top of the tower and podium block as well as the creation of a 2-meter high green wall along the perimeter of the building to reduce ambient temperature as well as heat transmission into the building.



Corporate Responsibility

- ➔ use of under-floor air displacement system whereby conditioned air will be supplied from bottom up to cool the office space in a more efficient manner.
- ➔ provision of a sky-light opening 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.
- ➔ installation of photovoltaic cell 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.
- ➔ installation of daylight sensors to activate office lightings and energy saving bulbs to minimise power consumption.
- ➔ re-generation of useful electrical energy when the lifts are set in motion.
- ➔ provision of designated parking areas in the building for bicycles and electric motorcycles to encourage environmentally friendly modes of transportation.

The Public Bank Group has ensured via its strict screening process that only contractors with a good track record on Environmental, Health and Safety Policies and Practices were short-listed and selected for the project. During the construction process, the appointed Project Manager had also been tasked to ensure that the selected contractors adhere to the green building construction principles and required safety measures at all times until completion of the building. Since the commencement of the construction, the contractors have achieved more than 3 million construction man hours with zero injury time. In addition, about 85% of the waste products at the site have also been recycled or reused to avoid disposal of waste to landfill site.

Sound Environmental Practices

The Public Bank Group emphasises environmental sustainability in the course of its business operations in order to minimise its carbon footprint. Various initiatives have been implemented which include, among others, the following:

- ➔ automation of the Group's business delivery processes such as electronic loan delivery system, electronic loan review system, electronic loan request system, electronic disbursement tracking system as well as administrative processes such as human capital management system, equipment service record system, stock requisition system and electronic payment system. All these have resulted in a significant reduction of paper usage.
- ➔ recycling all waste papers and non-usable paper products to reduce environment degradation.
- ➔ enhancement of existing energy audit process for all buildings occupied by the Group so as to seek ways to further reduce power consumption. This includes continuously improving management and operations of electrical energy installations such as cooling tower, chiller, air-conditioning system and office lightings.
- ➔ encouraging employees, vendors and service providers to work with electronic documents to reduce use of hard copy documents.
- ➔ participating in the Earth Hour Event whereby all non-essential lights at Menara Public Bank were switched off to promote awareness of environment conservation.
- ➔ in collaboration with the "HP Planet Partner Recycle Program" launched together with the computer vendor, the Public Bank Group continues to seek ways to prolong the operational life span of its electronic equipment through HP's remanufacturing and refurbishment programmes as well as undertaking responsible disposal of items which cannot be reused, recycled or reclaimed.

**Corporate
Responsibility****STATISTICS****Economic Indicators**

		2015 RM'000	2014 RM'000
Economic value generated	Revenue	19,181,550	16,860,071
Economic value distributed	Operating cost	9,635,768	8,186,714
	Employee wages and benefits	2,077,956	1,878,614
	Other operating costs	837,201	727,251
	Dividend paid	2,153,143	1,957,883
	Taxes paid	1,204,337	1,278,197
Financial capacity support:	Credit creation	28,403,002	23,868,250
Capital & value formation	Wealth accumulation [^]	24,616,913	25,666,987

[^] Net annual increase in customer deposits


AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY
(i) Corporate Governance Asia
(a) 5th Asian Excellence Recognition Awards 2015

- ➔ Best Corporate Social Responsibility for Malaysia
- ➔ Best Investor Relations Company for Malaysia
- ➔ Best Corporate Communications Team for Malaysia
- ➔ Best Environmental Responsibility for Malaysia

(b) Corporate Governance Asia Recognition Award 2015 for Malaysia (Icon on Corporate Governance)
(ii) FinanceAsia
Asia's Best Companies Poll 2015

- ➔ Ranked No. 1 in the "Most Committed to Paying Good Dividends" category

(iii) Visa International
Global Service Quality Performance Award 2014

- ➔ Chargeback-to-Sales Ratio – Non Fraud Acquirer category

(iv) The Asset
The Asset Platinum Corporate Award 2015 for All-Round Excellence in:

- ➔ Financial Performance
- ➔ Management
- ➔ Corporate Governance
- ➔ Social Responsibility
- ➔ Environmental Responsibility
- ➔ Investor Relations

(v) Minority Shareholder Watchdog Group
MSWG-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 – The Malaysian Chapter:

- ➔ Excellence Award for Top 5 Corporate Governance and Performance (Overall)
- ➔ Excellence Award for Long-Term Value Creation (Overall Category)
- ➔ Industry Excellence – Financial
- ➔ Merit Award for Corporate Governance Disclosures

(vi) FTSE4Good Bursa Malaysia Index

Top 34 companies in the FTSE4Good Bursa Malaysia Index



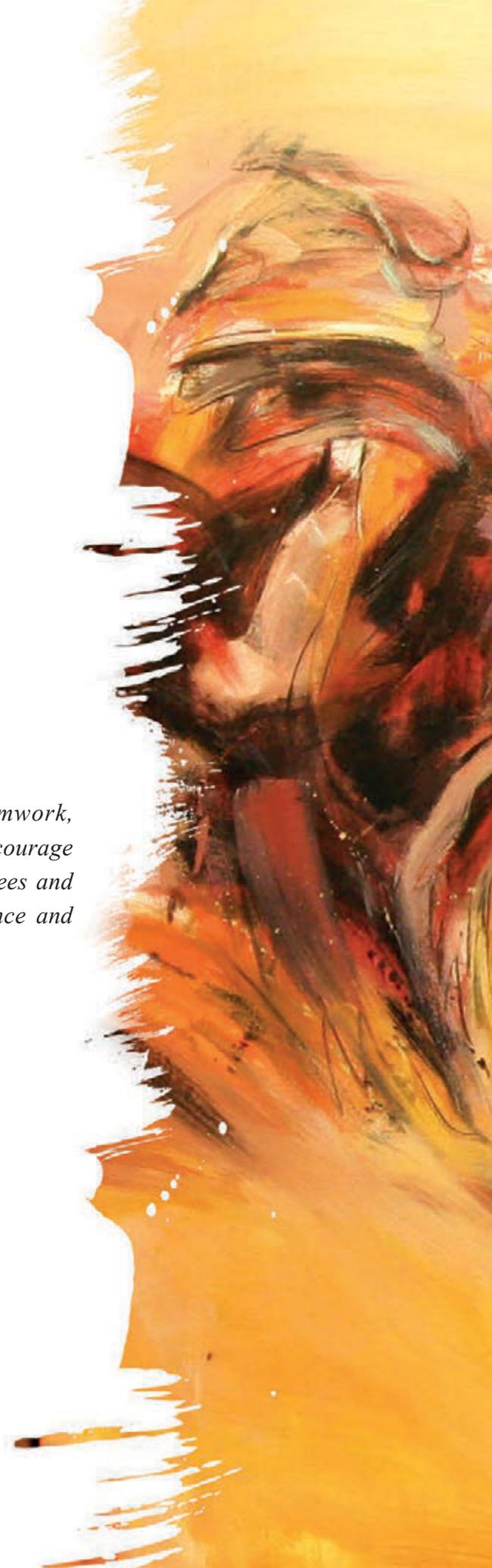
Corporate Responsibility

PERFORMANCE DATA

HUMAN RESOURCE – MALAYSIA	2015	2014	HUMAN RESOURCE – MALAYSIA	2015	2014
WORKPLACE			Employee turnover breakdown by non-supervisory age group (%)		
Supervisory (%)	66.7	65.3	< 30	77.8	80.2
Non-supervisory (%)	33.3	34.7	30 to < 40	16.2	13.0
Female (%)	59.9	60.0	40 to < 50	5.5	6.1
Male (%)	40.1	40.0	50 and above	0.5	0.7
Age group (%)			PERFORMANCE MANAGEMENT		
< 30	34.9	36.6	Total number of employees appraised (%)	96.3	95.7
30 to < 40	31.6	32.1	Total number of staff awarded bonus (%)	95.6	94.7
40 to < 50	24.3	22.8	STAFF DEVELOPMENT		
50 and above	9.2	8.5	Employee participation in training:		
Diversity (%)			Classroom (Headcount)	35,813	34,075
Malay	37.2	37.7	E-learning (Headcount)	71,168	38,592
Chinese	56.0	55.5	Average no. of participants per training programme	26	27
Indian	6.5	6.5	Average training budget per employee (RM)	2,844	2,579
Others	0.3	0.3	Total hours of training per employee	31	29
Service in the Group (%)			Staff training as percentage of salaries cost (minimum statutory requirement of 2.5%)	3.16	3.32
< 1 year	7.3	7.8	EMPLOYEE WELFARE		
1 to < 5 years	18.2	18.6	Total amount of staff loans approved (RM'000)	327,053	344,264
5 to < 15 years	31.9	32.6	Total outstanding amount of staff loans (RM'000)	1,618,899	1,463,957
15 years and above	42.6	41.0	Benefits paid under the Group's protection insurance policies:		
Women in management (%)	43.1	41.8	(i) Personal Accident Insurance (RM'000)	121	0
Women in top management (%)	44.1	43.7	(ii) Group Term Life Insurance (RM'000)	2,581	3,670
Total no. of recruitment (Headcount)					
Supervisory	1,321	1,374			
Non-supervisory	180	205			
Total no. of promotion (Headcount)					
Supervisory	597	945			
Non-supervisory	158	216			
EMPLOYEE TURNOVER (%)					
Supervisory	10.2	10.2			
Non-supervisory	4.1	5.1			
Employee turnover breakdown by supervisory age group (%)					
< 30	79.2	80.0			
30 to < 40	12.7	13.4			
40 to < 50	5.4	4.9			
50 and above	2.7	1.7			

Teamwork

We are committed to creating an environment of teamwork, collaboration and communication in our workplace. We encourage the exchange of ideas and information between our employees and we are always exploring new ways to maximise performance and results in all aspects of our business.







Human Capital Development



As Public Bank looks to celebrate its 50th Golden Jubilee, it is important to garner an appreciation for the Bank's illustrious past. A unique culture which has proven to withstand the test of time.

Success depends on ALL OUR PEOPLE sharing a thirst: a thirst for exploring new territory, a thirst for pushing limits, and a thirst for the rigour and challenges of a fast-moving business.

Public Bank believes that talent grows talent and it is our responsibility to facilitate an environment that support employees' professional growth, allow them to contribute meaningfully to the organisation's priority and develop pride in their work.

REINFORCING A PERFORMANCE DRIVEN CULTURE

Public Bank stimulates a performance culture, giving employees scope to make their decisions in an environment where we encourage sharing of successes, working together and getting ahead. This is why our culture is about plural pronouns – WE, US and OURS – instead of I, ME, and MINE. Our people value teamwork. We work together across our businesses – as "ONE PUBLIC BANK" – as we help customers achieve financial success.

Our employees make the difference for our customers. That is why a strong performance culture is a key enabler for our strategic goals. We empower our employees, provide them with the tools they need and encourage them to act on their own initiative and put customer first.

Linking human capital assets and approaches to business performance outcomes are critical to improving human capital capabilities. To help drive optimum business performance, Key Performance Indicators are continuously reviewed and revised to reflect current work demands.

The current global economic and financial environment is being confronted with new challenges and uncertainties. The overriding concern is to develop the intangible and tangible assets of the Bank to secure its long term profitability.



**Human
Capital Development**

TALENT DEVELOPMENT FOR PBB MARKET PLACE

We believe our 18,000 employees are resources to be invested in, not expenses to be managed. We take a long-term view when it comes to developing and improving the skills and competencies of our employees.

Knowledge and Learning thus continue to work closely with the different business units to align human capital development programmes with Public Bank’s business needs and drive performance. Through active partnership with the various business units, our training curriculum integrates business strategies and action plans with the required skills set for organisation effectiveness.

To ensure value, training needs are periodically assessed and reviewed in line with the ever-changing operating and business environment. In October 2015, a Skill Gap Self Discovery Exercise was carried out nationwide. This exercise enables the participants to know themselves better by identifying their blind spots. “We sometimes do not know what we do not know” and it is important that we consciously address the issue. This also helps us to determine what our employees need to accomplish their objectives and improve performance.

The future belongs to the competent. We need to be multi-faceted in our competence. This means developing the habit of learning everywhere, every day. We are stepping up our various training and development activities but also increasing the expectation we have on our employees to take responsibility and actively work on their own competencies and skills. Our 70:20:10 (Experiential: Coaching & Mentoring: Formal Learning) structured integrated learning framework ratio, emphasises on-the-job learning to help our people develop greater passion for self-learning as well as provide them with a holistic learning programme. Employees are encouraged to take personal ownership of their development by upgrading their skills, taking on expanded responsibilities and cross-rotational roles.

Using the 70:20:10 framework gives us a structure to populate the most appropriate interventions (formal, informal and learner/stakeholder driven) for each component, with measures for success at each stage and a clear aim to put the learning path in the hands of the learners.

Blended Learning: 70:20:10 Framework

70%	20%	10%
<p>DO (Results)</p> <ul style="list-style-type: none"> • Post course projects & tasks • On-the Job • Action Learning Projects • Ongoing informal learning • Post Programme Assessment 	<p>SHARE (Skills)</p> <ul style="list-style-type: none"> • Manager coaching behind identified gaps • Peer coaching • Networking • Sharing experience, learning & best practice 	<p>LEARN (Knowledge)</p> <ul style="list-style-type: none"> • Current state assessment • Classroom training programmes • e-Learning • Attaining professional qualification



Human Capital Development

To encourage our employees to improve their skills, the Group also offers a sponsorship scheme for certification and professional courses. Our core credit employees were placed under a credit certification programme namely the Professional Credit Certification (“PCC”) whilst our frontline employees undergo the Chartered Banker Pathway by Asian Institute of Chartered Banker (“AICB”). Employees are also encouraged to become certified through qualification such as Certificate In Internal Auditing for Financial Institution, Certification in Anti-Money Laundering/Counter Financing of Terrorism, Certified Financial Planner, Certified Documentary Credit Specialist, and Certification in Islamic Banking & Finance. In 2015, Public Bank recorded the highest number of graduates during the AICB Graduation.

To further instill professionalism, Public Bank’s training approach has been supplemented by competency checks at various timelines to ensure that appropriate knowledge is imparted and retained. These include Mastery Test and Executive Assessment Exercise which double up as one of the key criteria for promotion to the next level of corporate ladder as well as an analysis of developmental gaps.

At Public Bank, we value our employees and have a consistent approach to training and development across the Bank. From a learning and development viewpoint, our consistent approach to training and development across the organisation ensure that we have a unified culture and a set of standards that transcend business, product and regional lines.

Managing talent effectively by filling critical roles with competent and committed people is a competitive necessity that provides a performance edge. Our secret of competitiveness is therefore our ability to inculcate and instill Public Bank’s best work practices, habits and values in all employees. Through active dissemination of our corporate values not only within our local network but also our regional presence, we are able to solidify our corporate identity. This high degree of alignment have enabled us to create a work culture that unleashed the power of the entire workforce to focus their daily energies into delivering results.

The work that we do here at Public Bank would not be possible without the strength of a diverse and skilled pool. The Bank maintains a strong commitment to providing all our people with the opportunity to grow through learning and development, which in turn helps to achieve business objectives and drive excellent customer service.





Human Capital Development

FOSTERING STRONG LEADERSHIP AND TALENT MANAGEMENT

The role of leaders inspiring and engaging their employees has never been more important. Public Bank has developed a new framework for senior leadership development to strengthen our leadership capabilities and support career mobility, succession planning and development activity.

Public Bank looks closely into the selection process of senior appointments, to ensure our leaders have the right capabilities and live our values. The objective is to achieve a balance between internal mobility and opportunity as well as attracting top external talent to selected roles where fresh experience and new perspectives can provide strategic advantage.

We have focused on ensuring that our leadership initiatives equip leaders for the challenges ahead. We need to ensure the suitability of employees for what regulators consider to be “key risk positions”. Leadership is now being looked at from a different perspective. Achieving this aim will support the long term performance of Public Bank.

We have recently completed the multi-level talent review. These sessions play the critical role in spotting the right talents for the right roles as well as develop these potential talents via our various leadership acceleration programmes.

Focus has also been given to equip managers with effective managerial skills to inculcate awareness and monitoring performance as well as developing skills to ensure employee engagement. To enhance performance management, we reinforced the importance of KPI setting and cascading in order to achieve challenging corporate goals. Managers continue to be trained on tools and techniques for KPI cascading to ensure that branch and organisation targets are met.





Human Capital Development



In order to ensure that our performance measures remain relevant to the changing business landscape, our Leadership Competency Model has been reviewed in order to drive the behaviour that bring long term value creation. The Performance Management System has also been enhanced for greater ease and objectivity in assessing and providing performance feedback to employees in a timely manner. Our Coaching and Mentoring programmes emphasise the importance of on-the-job development and performance management.

In Public Bank, we have built what could be called a life cycle talent management and career development curriculum to make sure we get plenty of new talent at the entry level and that we develop that talent to rise in the organisation, guaranteeing a more stable organisation that never lacks of internally grown expertise.

Gen Yers are the next layer of leadership for Public Bank. Consistent with global trends, Gen Yers form about 46.5% of the Bank's executives. Public Bank's talent development program for Management Trainees, the PB TalentMax Programme is a business-centric trainee programme that aims to produce bankers who are well rounded in their selected business streams. The PB TalentMax Programme spans over one-year, incorporating classroom training, on-the-job training, projects or learning

assignments as well as attachment at relevant Head Office divisions. Each trainee's progress is also closely monitored by an appointed mentor. In 2015, we trained and graduated 366 trainees. We are proud that the PB TalentMax Programme has been granted Full Accreditation by the Finance Accreditation Agency ("FAA") in 2015.

PERFORMANCE BASED REWARD STRATEGY

Public Bank has a clearly defined and documented reward strategy, which embodies our values and beliefs. A framework of reward structures and performance management processes and metrics helps to ensure that our employees can contribute towards the culture we aspire to inculcate. This means enabling them to meet their personal and career objectives, foster teamwork and work in harmony in the communities in which we operate.

The primary objective of our remuneration policy is to retain and recruit highly qualified employees and new talent. Financial compensation is not the only factor making Public Bank an attractive employer. Our organisation culture, development possibilities, opportunities for mobility and other benefits are cited as important factors for employees.



Human Capital Development

Our approach to performance management allows us to provide clarity for our people about how their individual contribution links to our ambition, reward the behaviour that support our values, and hold employees to account for behaviour and performance that do not.

Public Bank is constantly reviewing its compensation packages with a view to ensure its flexibility and competitiveness while striking a good balance between fairness and differentiation, orientation towards short-term and long-term results and cost efficiency. The Bank has achieved important results on these two objectives both from an operations point of view and with a view of future improvement.

EMPLOYEE ENGAGEMENT

Employee engagement is a key priority in enhancing our work culture and making Public Bank a vibrant and productive work place.

Public Bank believes in the full engagement of people at the work place. We believe that engagement combines commitment and organisational citizenship. Engagement is another way of staying actively involved. Feeling part of a successful team is also part of the engagement process. Individuals who feel valued want to contribute to the success of the organisation.

Each year we survey our employees to understand what engages them at work. The more engaged our employees are, the more connected they are to our culture and our mission and values. We encourage open and honest communication in decision making. Employment issues and financial, economic, regulatory and competitive factors affecting Public Bank's performance are regularly shared with our employees.

The strengthening of our people, policies and practices required an honest assessment of where we are and where we want to be and what we could do better so that we can continue to do the right thing for our customers, shareholders and employees. This we performed by engaging all quarters across the organisation, not only in Malaysia but also in Hong Kong, Cambodia, Vietnam, Laos and Sri Lanka to participate in Public

Bank "Still Surging Ahead" Contest 2015. We have always believed that the voice of our people is the best as we would know our business best and would want to contribute so that the Bank can do better to achieve a higher level of performance in the next decade.

Another key component to ensure that we are able to keep our people engaged and motivated is to provide a conducive and nurturing work environment, with focus on mental and physical health. We recognise that the changes within and outside Public Bank place more pressure on our employees. The Bank is committed to looking after its employees' well-being in the belief that a healthy body and mind will have a positive impact on their professional and personal life.

Public Bank's Employee Assistance Programmes provide employees with avenue to deal with work and outside pressure. Among them are Total Wellness workshops covering key health tips, suitable food and exercises, and stress management. Managing Your Finances workshops were also conducted so that employees can further improve their money management skills.

To provide a social safety net for employees to continue to sustain a quality lifestyle and peace of mind after retiring from Public Bank, the income replacement plans in the form of Defined Benefit Scheme is set up over and above the statutory Employees Provident Fund scheme to cater for different category of employees in the Bank. In 2015, RM15.6 million was paid under the Defined Benefit Schemes.

STILL SURGING AHEAD

Human Capital forms the backbone in every organisation. In Public Bank, our 50 year legacy as a premier bank in Malaysia showcases the close alignment of human capital strategies with business priorities. We recognise that there is a financial symbiosis between the Group and its human capital – a sense that one cannot thrive without the other. Notwithstanding the external uncertainties ahead, we intend to surge ahead; executing our growth strategy with determination and hard work as we seek to strengthen our business and grow our market share both domestically and regionally.



Calendar of Significant Events 2015

CORPORATE



13 JANUARY

Cambodian Public Bank hosted a visit by a delegation from Resona Bank Ltd., the fourth largest bank in Japan.

9 FEBRUARY

More than 1,500 sales personnel attended the National Sales Convention 2015 at Sunway Resort Hotel & Spa, Bandar Sunway, Selangor. The theme for this year was 'Enhancing Stakeholders' Value'.



14 MARCH

A total of 1,415 managers and officers from within Malaysia as well as abroad gathered at Sunway Resort Hotel & Spa for the Public Bank Management Seminar 2015. The theme for the seminar was 'Enhancing Stakeholders' Value'.



20 MARCH

Public Financial Holdings Limited held its 24th Annual General Meeting at Kowloon Shangri-La, Hong Kong.



**Calendar of Significant
Events 2015****24 MARCH**

AIA Hong Kong hosted a Sales Rally 2015 which carries the theme 'Leap to the Peak' at AIA Tower in Central Hong Kong for Public Bank Hong Kong in recognition of the Bank's top AIA sales performers and branches for their contribution.

**30 MARCH**

Public Bank held its 49th Annual General Meeting ("AGM") at Shangri-La Hotel, Kuala Lumpur. A record turnout of 5,600 shareholders attended the AGM.

8 APRIL

Public Bank received a visit from 38 delegates from the Alliance for Financial Inclusion Data Working Group which consist of central banks and financial regulatory bodies from 35 developing countries at Menara Public Bank, Kuala Lumpur.

**2 MAY**

2,000 Unit Trust Consultants attended the Public Mutual 26th National Sales Convention at Sunway Resort Hotel & Spa, Bandar Sunway, Selangor.



Calendar of Significant Events 2015



3 MAY

Top performing Unit Trust Consultants were acknowledged for their achievements at the Public Mutual Annual Awards Nite 2015 which was held at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor.

4 MAY

The Cambodian Public Bank Chbar Ampov Branch moved to a new and larger premise situated at No. 16, National Road No. 1, Sangkat Chbar Ampov 1, Khan Chbar Ampov, Phnom Penh, Cambodia.



6 MAY



Public Investment Bank signed an underwriting agreement with Xin Hwa Holdings Berhad, an integrated logistics service provider for its Initial Public Offering Exercise.

**Calendar of Significant
Events 2015****3 JULY**

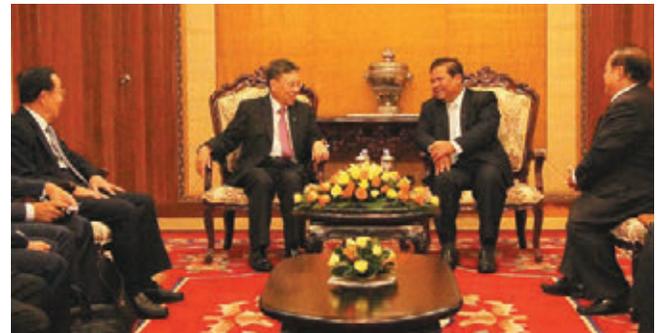
Tan Sri Dato' Sri Tay Ah Lek, Managing Director of Public Bank led a delegation on a courtesy visit to H.E. Nguyen Phuoc Thanh, Deputy Governor of the State Bank of Vietnam in Hanoi, Vietnam.

**6 JULY**

Public Bank signed a Memorandum of Understanding with Saitama Resona Bank Ltd. and Kinki Osaka Bank Ltd. to promote and strengthen cooperation between the banks to jointly develop business opportunities.

20 AUGUST

Tan Sri Dato' Sri Tay Ah Lek, Managing Director of Public Bank and Members of the Board of Cambodian Public Bank paid a courtesy visit to the Governor of National Bank of Cambodia, H.E. Chea Chanto.





Calendar of Significant Events 2015

CORPORATE SOCIAL RESPONSIBILITY



13 FEBRUARY

IJN Foundation held a one-day fund raising event via sales of IJN merchandise at Menara Public Bank, Kuala Lumpur.

28 MARCH

Public Bank joined the world wide Earth Hour programme to promote environmental awareness by switching off all lights at Menara Public Bank for an hour from 8:30 p.m.



18 APRIL

A mural art painting was organised by Graduates Trainees of the PB TalentMax Frontline Module II at Sekolah Kebangsaan Jalan Enam, Bandar Baru Bangi, Selangor.

8 MAY

In conjunction with the International Red Cross and Red Crescent Day, Cambodian Public Bank donated USD5,000 for the fourth consecutive year to help the needy especially in the rural areas afflicted by natural disasters such as floods and droughts.



**Calendar of Significant
Events 2015****16 MAY**

Graduate Trainees from PB TalentMax visited the Good Samaritan Home in Klang as part of their Social Responsibility activities.

**20 JUNE**

Graduate Trainees of the PB TalentMax Credit Module II visited the House Of Joy for the Elderly and donated food items and cleaning supplies to the home.

6 JULY

In the spirit of Ramadan, Public Bank treated 150 orphans from four orphanages to break fast at Renaissance Kuala Lumpur Hotel. Each home received a donation of RM5,000 whilst the children received 'duit raya' of RM100 and goodie bag each from the Bank.

**20 AUGUST**

Public Bank sponsored RM50,000 towards the 26th Tunku Abdul Rahman Lecture and Dinner organised by the Malaysian Institute of Management at Shangri-La Hotel, Kuala Lumpur.

3 SEPTEMBER

Public Bank contributed RM60,000 to the National Award for Management Accounting (NAfMA) 2015 being the second year sponsorship of a five-year grant to assist NAfMA to promote management accounting excellence in the country.



Calendar of Significant Events 2015



11 & 28 SEPTEMBER

Public Bank hosted 80 undergraduates from Sunway University and Monash University Malaysia respectively for a study tour in Menara Public Bank.

5 & 6 NOVEMBER

In conjunction with the Deepavali festival, Public Bank donated RM20,000 to Pertubuhan Kebajikan Rumah Anak Yatim Sri Sai Selangor and Persatuan Kebajikan Sweet Care Selangor & Kuala Lumpur. Each home received RM5,000 whilst the children of the two homes received shopping vouchers worth RM100 each.



24 NOVEMBER

A blood donation drive was held at Menara Public Bank to assist the National Blood Centre to stock-up their blood bank.

23 DECEMBER

The staff of Public Bank Group generously donated over RM40,000 in a Christmas Wish Tree charity drive with Yayasan Sunbeams Home and Malaysia Lotus Charity Care Centre Association as the beneficiaries. The homes received RM10,000 each whilst the children and elderly received the balance of the donation.



**Calendar of Significant
Events 2015****STAFF RELATIONS****10 JANUARY**

Public Bank Group, Hong Kong Sports Club organised a one-day nature trip to Kadoorie Farm and Botanic Garden for its staff and their family members.

**22 FEBRUARY**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman, hosted a Chinese New Year Open House to usher in the Lunar Year of the Goat for members of the Board and management staff at the Sunway Resort Hotel & Spa, Bandar Sunway, Selangor.

**14 MARCH**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman presented the Branch Performance Awards to top performing branches with the prestigious Founder & Chairman Award going to the Johor Bahru branch for the third consecutive year.

**14 MARCH**

Winners of the 'Making A Difference' (M.A.D) campaign received their prizes from Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman at a prize presentation ceremony held at the Sunway Pyramid Convention Centre, Bandar Sunway, Selangor.





Calendar of Significant Events 2015



25 MARCH

A total of 122 sales staff from the Regional Sales and Support, Unit Trust and Bancassurance qualified for a trip to South Africa, Hong Kong and Macau respectively, under the Incentive Trip Challenge 2014.

13 MAY

Cambodian Public Bank organised a five-day/four-night incentive trip to Hong Kong and Macau for 427 of its staff in recognition of their contribution towards the Bank's outstanding business performance for 2013 and 2014.



30 MAY

The Public Bank Group, Hong Kong held its 2015 Annual Dinner at the Kowloon Bay International Trade & Exhibition Centre.



8 AUGUST

Public Bank held its 49th Anniversary Banquet at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor.



**Calendar of Significant
Events 2015****24 OCTOBER**

Public Bank Wilayah Persekutuan/Selangor Regions I, II, III, IV & V held a joint 49th Anniversary Dinner at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor.

**22 NOVEMBER**

The Public Bank Group Sports Club organised its annual Futsal Tournament at Uptown Sports, Bandar Baru Bangi, Selangor. A total of RM7,350 in cash prizes were awarded to the winners.

**13 DECEMBER**

The Public Bank Group Sports Club held a Bowling Tournament at Mega Lanes, Endah Parade, Kuala Lumpur for the Group's staff with RM4,040 in prize money given away.



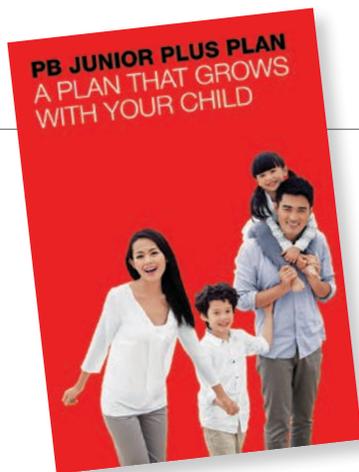
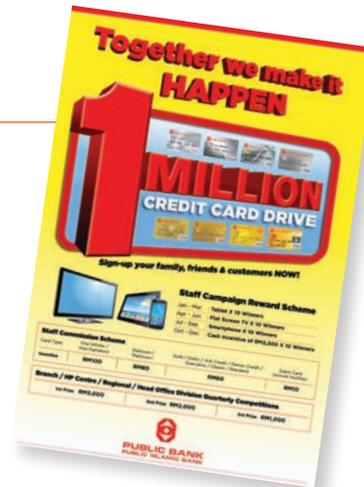


Calendar of Significant Events 2015

PRODUCTS AND SERVICES

1 JANUARY

PB Card Services & Support launched the One Million Card Drive Campaign amongst all staff in a drive to achieve a one-million credit card base.



15 JANUARY

Public Bank Berhad and AIA Berhad jointly launched the PB Junior Plus Plan for children between ages 14 days and 15 years to provide coverage and benefits upon diagnosis of 36 critical illness or death.

28 JANUARY

The Public Islamic Bank Visa Platinum Credit Card-i and Visa Gold Credit Card-i were launched to offer the market with Shariah-compliant credit cards under Ujah concept.



5 MARCH



Public Bank participated in the Ministry of Tourism and Culture's annual Malaysia My Second Home ("MM2H") Seminar 2015 as part of a Visit Malaysia and MM2H fact-finding trip.

**Calendar of Significant
Events 2015****24 MARCH**

In line with Bank Negara Malaysia's initiative to promote e-payments, Public Bank held a forum for government and corporate clients at the Kuala Lumpur Golf & Country Club to give an in-depth presentation of the Bank's online Collection and Cash Management services including the National Bill Payment Service – JomPay.

1 APRIL

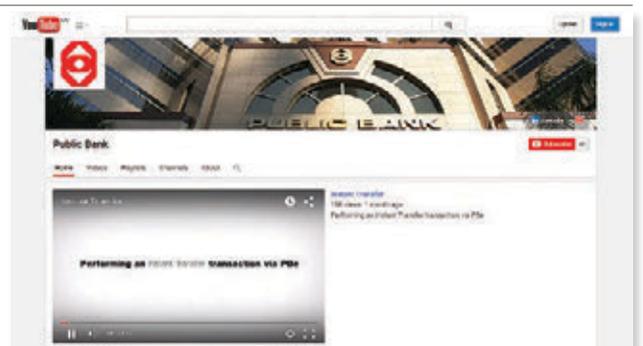
Public Bank in partnership with Petron Malaysia launched the new PB-Petron Visa Gold Credit Card and PB-Petron Visa Debit card which offer Petron customers with up to 5% cash rebate on fuel purchases.

**23 MAY**

Public Investment Bank in collaboration with Bursa Malaysia organised an investment talk titled 'Women & Investing: Take Control of Your Wealth' exclusively for Public Bank's Red Carpet Banking female customers which was held at Aloft Kuala Lumpur Sentral.

4 JUNE

Public Bank expanded its online presence with the launching of its official YouTube channel. The channel showcases a selection of educational and promotional videos to help guide customers on PBe's online banking processes and products.





Calendar of Significant Events 2015

AWARDS AND ACCOLADES



10 FEBRUARY

The Asia Pacific Brands Foundation presented the inaugural The BrandLaureate Billion Dollar Brand Award 2014-2015 in Financial Banking to Public Bank and The BrandLaureate Platinum Best Brands Award 2014-2015 in Financial Services – Unit Trust Funds category to Public Mutual.

9 MARCH

Public Mutual swept five awards at The Edge-Lipper Malaysia Fund Awards 2015 for PB ASEAN Dividend Fund (3 years), PB China Pacific Equity Fund, PB ASEAN Dividend Fund (5 years), Public Far-East Telco & Infrastructure Fund and Public SmallCap Fund.



12 MARCH

Public Bank bagged the Best Performance Award from Lembaga Zakat Selangor for being the top collection agent via online banking for the year 2014.

12 MARCH

Public Mutual was accorded the 2015 Morningstar Malaysia Fund Awards for Public Islamic Opportunities Fund in the Best Islamic Malaysia Equity Fund category.



14 MARCH

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman was awarded the Banker Extraordinaire 2015 by The Asset, the Global Chinese Entrepreneur Lifetime Achievement Award 2015 by Yazhou Zhoukan and The BrandLaureate Icon Of Icons – The King of Banking by the Asia Pacific Brands Foundation.

**Calendar of Significant
Events 2015****20 MARCH**

FinanceAsia ranked Public Bank No. 1 as Malaysia's Public Company for Most Committed to Paying Good Dividends in their Annual Asia's Best Companies Poll 2015.

27 MARCH

Public Mutual won two awards at the 2014 Asia Asset Management Best of the Best Awards for Malaysia Islamic Retail Fund House of the Year and Malaysia Best Retail House.

30 MARCH

Public Bank received the Global Chinese Business 1000: Largest Financial Enterprise Award 2015 by Yazhou Zhoukan.

1 APRIL

Public Mutual was awarded the Islamic Finance News Islamic Investor Awards 2014 for the Best Investor Relations.

**10 APRIL**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman was conferred Asia's Best CEO (Investor Relations) 2015 for Malaysia for the fifth consecutive year by Corporate Governance Asia in their 5th Asian Excellence Recognition Awards 2015.

10 APRIL

For the fifth consecutive year, Public Bank was awarded the Best Corporate Social Responsibility for Malaysia and Best Investor Relations Company for Malaysia by Corporate Governance Asia in the Corporate Governance Asia's 5th Asian Excellence Recognition Awards 2015. The Bank also won the Best Corporate Communications Team and Best Environmental Responsibility for Malaysia.





Calendar of Significant Events 2015



14 APRIL

For the seventh time, Public Bank was awarded the 2015 Frost & Sullivan Malaysia Automotive Finance Company of the Year by Frost & Sullivan.

14 APRIL

Public Bank's ability to maintain an outstanding Straight-Through Processing rates was again recognised with two coveted awards: MT103 and MT202 Elite J.P. Morgan Quality Recognition Awards for 2014. This is the 13th consecutive year that Public Bank received these awards.



16 APRIL

The Bank of New York Mellon presented Public Bank with the Straight-Through Processing Award 2014 for the fifth consecutive year.

20 MAY

The Global Finance magazine named Public Bank the Best Bank in Malaysia 2015 for the eighth time.

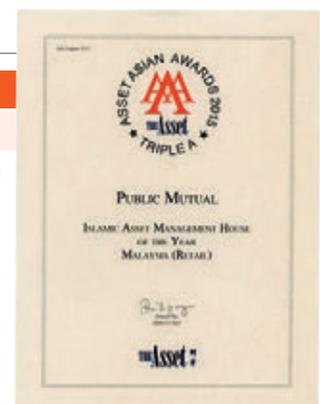
21 MAY

Visa International awarded Public Bank with the Global Service Quality Performance Award 2014 in the 'Chargeback-to-Sales Ratio – Non Fraud Acquirer' category.



8 JUNE

Public Mutual was accorded The Asset Triple A Islamic Finance Awards 2015 for the Best Islamic Retail Asset Management House in Malaysia for the fifth consecutive year.



**Calendar of Significant
Events 2015****16 JUNE**

Public Bank was honoured with two awards by Reader's Digest, namely the Trusted Brands Gold Award 2015 for the Bank category in Malaysia for the 12th consecutive year and the Credit Card Issuing Bank Gold Award 2015 for the third straight year. Public Mutual was also awarded the Reader's Digest Trusted Brand Platinum Award 2015 for the Investment Fund Company category in Malaysia for the sixth consecutive year.

**8 JULY**

Public Bank was accorded the Domestic Retail Bank of the Year – Malaysia 2015 by the Asian Banking & Finance magazine for the seventh time.

16 JULY

Public Bank won the Euromoney Best Bank in Malaysia Award 2015 for the 12th time.

**21 JULY**

Cambodian Public Bank was awarded the USD 2014 Straight-Through-Processing Excellence Award by Deutsche Bank, New York for the fourth consecutive year.

28 JULY

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman was awarded the William "Bill" Seidman Lifetime Leadership Achievement in Financial Service Industry Award 2015 by The Asian Banker.





Calendar of Significant Events 2015



11 AUGUST

Public Bank won The BrandLaureate Special Edition World Awards as a Premier Corporate Brand 2015 whilst Public Mutual won The BrandLaureate Special Edition World Awards 2015 for Brand Excellence in Financial Services – Unit Trust Funds by the Asia Pacific Brands Foundation.

21 AUGUST

For the sixth consecutive year, Public Bank won the Silver Award in Banking, Investment and Insurance category of the Putra Brand Awards 2015 organised by the Association of Accredited Advertising Agents Malaysia.

27 AUGUST

FinanceAsia, a leading Hong Kong-based financial publication, awarded Public Bank the Best Bank in Malaysia 2015 for the 17th consecutive year.

3 SEPTEMBER

Public Bank was awarded the Bronze 2014 EURO Straight-Through Processing (“STP”) Excellence Award for achieving outstanding STP rates in payment transfer operations by Deutsche Bank AG, Frankfurt for the fifth consecutive year.



8 SEPTEMBER

Alpha Southeast Asia awarded Public Bank the Best Bank in Malaysia 2015 for the ninth consecutive year since 2007.

**Calendar of Significant
Events 2015****16 SEPTEMBER**

Public Bank was the winner of Asiamoney's Best Domestic Bank in Malaysia Award 2015 for the ninth time.

**13 OCTOBER**

Public Bank received the Strongest Bank by Balance Sheet in Malaysia 2015 Award from The Asian Banker for the second time.

17 NOVEMBER

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman received the Asian Corporate Director Recognition Award 2015 for Malaysia and Public Bank was awarded the Corporate Governance Asia Recognition Award 2015 for Malaysia presented by Corporate Governance Asia.

20 NOVEMBER

The Asset magazine once again declared Public Bank as the 'Best Domestic Bank in Malaysia' for the 14th consecutive year since 2002.

26 NOVEMBER

The National Corporate Reports Awards ("NACRA") 2015 acknowledged Public Bank 2014 Annual Report with the Silver award in the Overall Excellence for Most Outstanding Annual Report and the Gold award for Best Annual Report in Bahasa Malaysia.





Calendar of Significant Events 2015

10 DECEMBER

The Minority Shareholder Watchdog Group (“MSWG”) in its Annual MSWG-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015 – The Malaysian Chapter awarded Public Bank the Excellence Award for Top 5 CG and Performance (Overall), Industry Excellence – Financial, Excellence Award for Long Term Value Creation (Overall Category) and Merit Award for CG Disclosures.



15 DECEMBER

For the seventh consecutive year, Public Bank was accorded The Asset Platinum Corporate Award 2015 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations.

21 DECEMBER

Public Bank’s commitment to responsible business practice had met the globally recognised standards for inclusion in the FTSE4Good Bursa Malaysia Index which measures the performance of companies demonstrating good Environmental, Social and Governance (ESG) practices.



FTSE4Good



Bursa Malaysia Listing Requirements Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”):

(i) Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from corporate proposals in prior years have been used for working capital, general funding and other corporate purposes, as intended.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.

(ii) Share Buy Back

There were no shares bought back by Public Bank during the year. All the PBB Shares bought back in previous years are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2015, the number of 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 2015 and there were no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2015.

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 2015.

Disclosed in accordance with Appendix 9C, Part A, item 16 of the Listing Requirements of Bursa Malaysia.

(v) Sanctions and/or Penalties

There was no sanction and/or penalty imposed on Public Bank and its subsidiary companies, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2015.

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 2015 amounted to RM1,041,000 and RM534,000 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 2015.

Disclosed in accordance with Appendix 9C, Part A, item 19 of the Listing Requirements of Bursa Malaysia.



**Bursa Malaysia Listing
Requirements Compliance Information****(viii) Profit Guarantee**

There was no profit guarantee given by Public Bank and its subsidiary companies during the financial year ended 31 December 2015.

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 2015 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 sustained moderate expansion in 2015, following subdued recovery in advanced economies and widespread slowdown in emerging market and developing economies. In the United States of America (“US”), after a weather-related slowdown in the first quarter of 2015, the economy picked up moderately, driven by improved private consumption and investment as well as continued recovery in the housing market. The strengthening of the labour market and low oil prices contributed to increased private consumption. Recovery in the euro area remained at a modest pace. Improved domestic demand was supported by the European Central Bank’s (“ECB”) expansionary monetary policy and low commodity prices, while the weaker euro has lent some support to the export sector. However, the economy continued to struggle with high unemployment, crisis legacies and deflationary pressure. In Japan, having contracted in the second quarter of 2015, economic growth for the whole year is expected to be low, as weak domestic demand dragged on growth.

Amid rising global growth concerns and benign inflationary pressures during the year, the overall policy stance remained accommodative across the major advanced economies. In the US, the Federal Reserve (“Fed”) raised the target range for the federal funds rate by 25 basis points to 0.25% – 0.50% in December 2015, citing improvement in the US labour market conditions and confidence that US inflation will rise to its 2.0% objective over the medium term. The monetary policy remains accommodative and the US Fed suggested that future increases of federal funds rate would be gradual.

In the euro area, the ECB kept interest rates on the main refinancing operations, marginal lending facility and deposit facility low at 0.05%, 0.30% and -0.20%, respectively since September 2014 and committed to maintain its asset purchase programme until late 2016. However, as inflation rate stayed near zero and economic recovery remained slow, the ECB in December 2015, further lowered its deposit rate to -0.30% and extended its asset purchase programme to March 2017. Meanwhile, the Bank of Japan (“BOJ”) kept its policy rate at 0% in 2015 to stimulate consumption and investment activity. The BOJ also maintained its annual expansion of ¥80 trillion asset purchase programme since November 2014.

In the Asian region, growth moderated largely due to the impact of persistently low commodity prices, economic structural constraints and the spillover effects of economic rebalancing in China. China’s economy was on a gradual moderating path as the country continued its structural adjustment to unwind excess capacity in the property market and investment activity. Many countries in the region also faced pressure of currency depreciation and reduced capital flows due to slower economic expansion and the anticipation of US interest rate hike. Exports were weak despite the currency depreciation. However, the region’s economy continued to be supported by domestic demand. Monetary policy remained generally accommodative in the region, with several central banks lowering their policy rates to support growth amid subdued inflationary pressure.

II. MALAYSIAN ECONOMY: REVIEW

In 2015, the Malaysian economy was faced with increasing challenges arising from low commodity prices, volatility in the financial markets and the weak external environment. However, domestic demand had remained supportive of the economy, with private sector investment and consumption activities anchoring continued expansion of the economy. For the whole year of 2015, the Government expects gross domestic product (“GDP”) to grow between 4.5% and 5.5%.

During the year, after a strong 5.6% GDP growth in the first quarter of 2015, the Malaysian economy expanded at a more moderate pace of 4.9% and 4.7% respectively in the second and third quarters of 2015 (Table 1). Private sector activities moderated as consumers adjusted to the implementation of the Goods and Services Tax (“GST”) on concerns of higher prices. The depreciation of the ringgit had also weighed heavily on consumer and business sentiment. However, the Government’s pro-growth policies and measures, continued wage growth and the stable labour market condition continued to support the economy. On the external sector, the weak export performance was largely due to the contraction in commodity exports and resource-based manufactured exports. However, net exports rebounded in the third quarter of 2015, spurred by the expansion in manufactured exports, amid a weaker ringgit.



Malaysian Economy: Review and Outlook

Table 1

Malaysia: GDP by Expenditure Components, 2014-2015 (at constant 2010 prices)

	% Annual Change			
	2014	2015		
		1Q	2Q	3Q
Aggregate Domestic Demand	5.9	7.9	4.6	4.0
Private Sector	7.9	9.6	5.7	4.4
<i>Consumption</i>	7.0	8.8	6.4	4.1
<i>Investment</i>	11.0	11.7	3.9	5.5
Public Sector	0.4	2.5	0.9	2.8
<i>Consumption</i>	4.4	4.1	6.8	3.5
<i>Investment</i>	-4.7	0.5	-8.0	1.8
Net Exports	12.8	-10.2	-10.5	3.3
<i>Exports of Goods and Services</i>	5.1	-0.6	-3.7	3.2
<i>Imports of Goods and Services</i>	4.2	1.0	-2.8	3.2
GDP	6.0	5.6	4.9	4.7

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2015.

On the supply side, all economic sectors registered a broad-based expansion, led by the construction and manufacturing sectors (Table 2). The construction sector grew markedly, largely supported by a faster expansion in civil engineering and specialised construction activities. The improved growth in the manufacturing sector was supported by better performance in the export-oriented industries particularly the electronics and electrical cluster.

Table 2

Malaysia: GDP by Economic Activity, 2014-2015 (at constant 2010 prices)

	% Annual Change			
	2014	2015		
		1Q	2Q	3Q
Agriculture	2.1	-4.7	4.6	2.4
Mining	3.3	9.6	6.0	5.3
Manufacturing	6.2	5.6	4.2	4.8
Construction	11.8	9.7	5.6	9.9
Services	6.5	6.4	5.0	4.4
GDP	6.0	5.6	4.9	4.7

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2015.



Malaysian Economy: Review and Outlook

Headline inflation averaged 2.1% in 2015. Inflation rate, after remaining low in the first three months of the year, trended higher in April 2015, reflecting the impact of the implementation of GST on consumer prices (Graph 1). Inflation rate surged further in July 2015 due to the effects of a fuel-price hike and higher import prices amid a weaker ringgit. However, inflationary pressure in the year was contained by the subdued global inflation as well as lower retail fuel prices amid the weak global crude oil prices. During the year, labour market conditions remained stable, with the unemployment rate sustaining at low levels of between 3.0% and 3.2% (Graph 2).

Graph 1

Malaysia: Headline Inflation, 2015



Source: Department of Statistics, Malaysia, Consumer Price Index, various issues.

Graph 2

Malaysia: Unemployment Rate, 2015



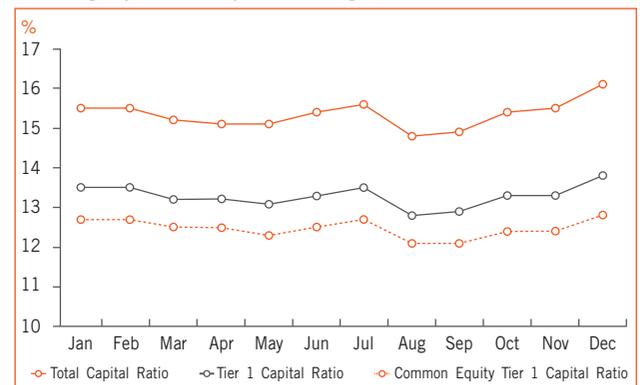
Source: Department of Statistics, Malaysia, Labour Force Statistics, various issues.

Banking System

The Malaysian banking system remained resilient and supportive of economic activities in 2015, despite signs of increased volatility in the financial markets. The banking system was also well-managed and well-capitalised to navigate volatilities and uncertainties in the operating environment. For banks, the Common Equity Tier 1 (“CET1”) Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio remained high at 12.8%, 13.8% and 16.1% respectively as at end-December 2015 (Graph 3), well above the minimum regulatory levels. Gross impaired loans ratio remained low and stable at 1.6% as at end-December 2015 (Graph 4). Meanwhile, loan-to-deposit ratio increased to 88.7% during the period as growth in total loans outpaced that of total deposits (Graph 5).

Graph 3

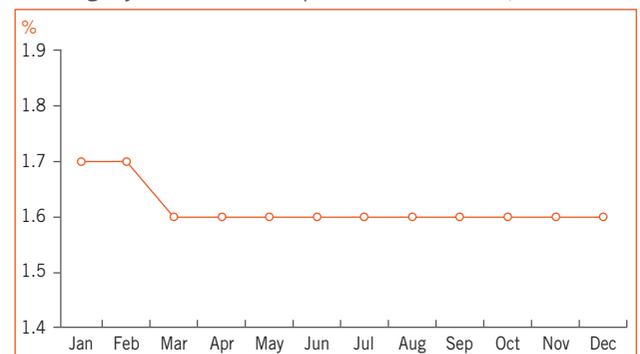
Banking System: Capital Strength, 2015



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2015.

Graph 4

Banking System: Gross Impaired Loans Ratio, 2015



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2015.



Malaysian Economy: Review and Outlook

Graph 5

Banking System: Loan-Deposit Ratio**#, 2015



Notes: *Deposits exclude deposits accepted from banking institutions. Loans exclude loans sold to Cagamas and loans extended to banking institutions.

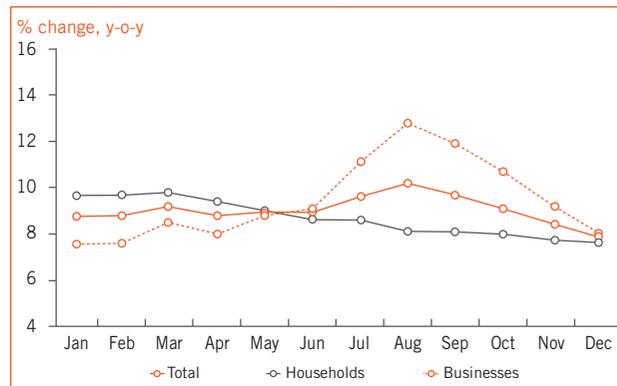
#From July 2015 onwards, loans also exclude financing funded by Islamic Investment Accounts. However, data from July, August and September 2015 are based on the previous classification as data based on new classification are not readily available.

Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2015.

During the year, loan growth of the banking system continued to be spurred by the expansion of households and business lending. As at the end of December 2015, the banking system recorded a loan growth of 7.9% y-o-y (Graph 6). Growth in business loans was strong, with a 8.0% y-o-y growth as at the end of December 2015. Meanwhile, lending to the household sector grew at a more moderate pace of 7.7% y-o-y at end-December 2015, as tighter credit conditions and Bank Negara Malaysia's macroprudential measures to promote a more sustainable household finances continued to take effect. Growth in total deposits of the banking system moderated to 1.8% y-o-y at end-December 2015 (Graph 7), contributed by moderate growth in demand deposits, saving deposits and other deposits, while fixed deposits declined.

Graph 6

Banking System: Loan Growth, 2015



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2015.

Graph 7

Banking System: Deposit Growth, 2015



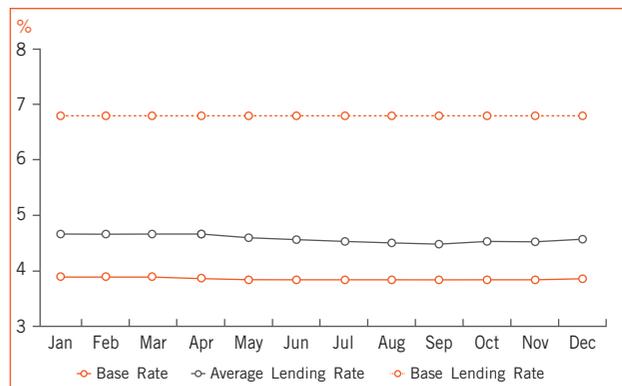
Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2015.

**Malaysian Economy:
Review and Outlook****Monetary Policy**

In 2015, monetary policy in Malaysia remained accommodative and supportive of economic growth amid moderate global economic outlook and heightened downside risks to growth. During the year, Bank Negara Malaysia held the Overnight Policy Rate (“OPR”) at 3.25%, unchanged since July 2014. In line with the stable OPR, lending rates (Graph 8) and deposit rates (Graph 9) were broadly steady throughout the year. During the year, the Statutory Reserve Requirement ratio remained unchanged at 4.00% since July 2011.

Graph 8

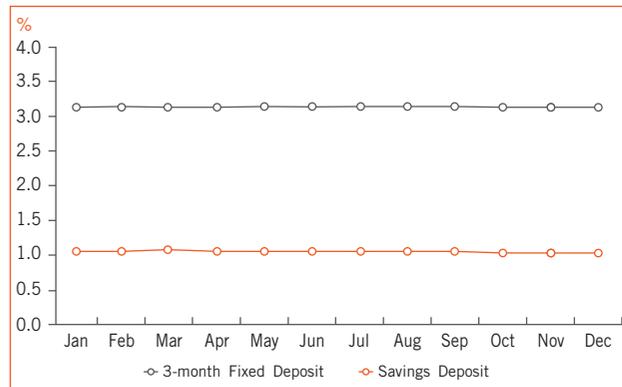
Banking System: Lending Rates of Commercial Banks, 2015



Source: Bank Negara Malaysia, *Monthly Statistical Bulletin, December 2015*.

Graph 9

Banking System: Deposit Rates of Commercial Banks, 2015



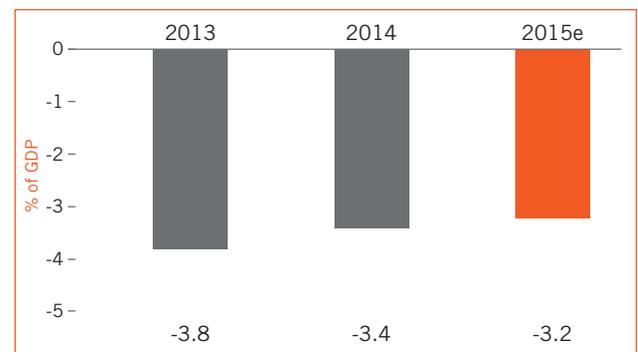
Source: Bank Negara Malaysia, *Monthly Statistical Bulletin, December 2015*.

Fiscal Policy

In 2015, the Government continued its structural reforms as it remained committed to fiscal consolidation aimed at achieving a balanced budget in 2020. The reform initiatives included the implementation of GST and rationalisation of subsidies. The GST, which is a broad-based consumption tax, was introduced on 1 April 2015 at a 6.0% rate. Meanwhile, the subsidy rationalisation, which saw the managed float fuel pricing mechanism extended to petrol RON95 and diesel in December 2014, led to a substantial reduction in fuel subsidies. With the measures taken by the Government to enhance revenue and rationalise expenditure, fiscal deficit is expected to further narrow to 3.2% of GDP in 2015 from 3.4% of GDP in 2014 (Graph 10). Also, the Federal Government debt is expected to be capped at 55.0% of GDP in 2015 (end-September 2015: 53.7%).

Graph 10

Malaysia: Federal Government Fiscal Balance, 2013-2015



Note: e Estimate

Source: Ministry of Finance, Malaysia, *Economic Report, 2015/2016*.

Monetary Aggregates

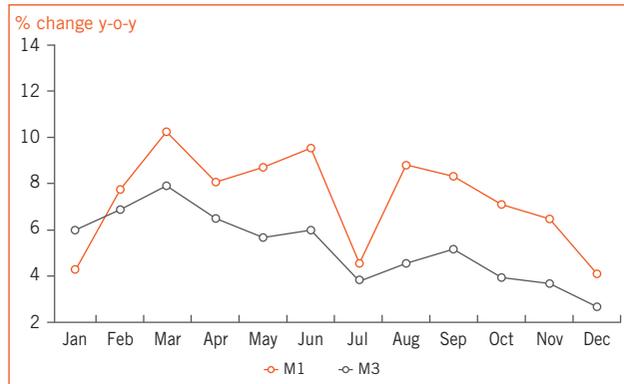
Monetary aggregates continued to expand steadily in 2015, in tandem with economic activity. In December 2015, growth in narrow money or M1 moderated to 4.1% y-o-y, while that of broad money or M3 slowed to 2.7% y-o-y (Graph 11). During the month, the slower expansion in M3 reflected a slowdown in demand for funds by the private sector and slower growth in net foreign assets.



Malaysian Economy: Review and Outlook

Graph 11

Malaysia: Monetary Aggregates, 2015



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2015.

External Position

Malaysia's external position moderated in 2015 due to continued weakness in external demand, lower commodity prices and a softer ringgit. Although the current account of the balance of payments recorded a smaller surplus in the third quarter of 2015 (Table 3) amid a challenging external environment, it should remain positive for the whole of 2015. Malaysia's international reserves remained ample, despite having fallen since June 2015, with the overall reserves standing at US\$95.3 billion as at the end of December 2015 (Graph 12). The reserves position was sufficient to finance 8.5 months of retained imports and was 1.1 times the short-term external debt. As at end-September 2015, Malaysia's total external debt remained at a manageable level of 73.4% of GDP (end-June: 68.4% of GDP). The increase in external debt reflected the valuation effect from the depreciation of ringgit against most regional and major currencies.

Table 3

Malaysia: Current Account Balance, 2014-2015

	2014		2015		
	3Q	4Q	1Q	2Q	3Q
Current Account Balance (RM'billion)	7.1	5.7	10.0	7.6	5.1
% of Gross National Income	2.7	2.1	3.7	2.7	1.8

Source: Bank Negara Malaysia, Quarterly Bulletin, Third Quarter 2015.

Graph 12

Malaysia: International Reserves, 2015



Source: Bank Negara Malaysia, Press Statements on International Reserves.

Ringgit Exchange Rate

The Malaysian ringgit faced volatility in 2015, in tandem with the trend of regional currencies. The ringgit weakness was driven by subdued investor sentiment mainly triggered by the plunge in global commodity prices, the triple rounds of devaluation of the Chinese yuan in August 2015, global growth concerns and negative sentiments arising from domestic developments. The uncertainties over the timing of US Fed normalising its interest rate had also caused downward pressure on the ringgit, leading the ringgit to fall by 21.9% to a record low level of RM4.4725 against the US dollar on 29 September 2015.

The ringgit had since gained some ground. As at end-December 2015, the ringgit weakened against the US dollar (-18.6%), the pound sterling (-14.5%), the euro (-9.4%) and the Japanese yen (-17.9%). Against the regional currencies, the ringgit fell against the Singapore dollar (-12.9%), the Chinese renminbi (-14.7%), the Indonesian rupiah (-9.70%), the Thai baht (-10.9%), the Philippines peso (-14.7%) and the Korean won (-12.3%).



Malaysian Economy: Review and Outlook

III. PROSPECTS, 2016

Global Economy: Modest Growth

In 2016, the global economy is expected to pick up and gather some modest pace. However, driven by country-specific factors, growth outlook across regions and main economies will remain uneven. In the advanced economies, the higher growth reflects a continuation of recovery in the US, Japan and the euro area amid narrowing output gaps. The US will mainly be supported by private consumption underpinned by an improving housing sector and strengthening labour market. Meanwhile, the euro area and Japan will continue to benefit from accommodative policies. Inflation in the advanced economies is expected to increase in 2016, but remain below their respective central banks' targets.

In the emerging market and developing economies, growth is projected to continue on a moderation path and outlook varies across countries. The Chinese economy is expected to face a smooth slowdown. While rebalancing measures will continue to take place, government policies are likely to remain broadly accommodative to avoid a sharp slowdown. However, the spillovers from China's slower growth pose challenges to other economies due to its significant influence on commodity prices and global trade. In addition, volatility in financial markets is expected amid policy shifts in major economies. As the US Fed has signalled that the federal funds rate will hike gradually in 2016, uncertainties remain on the prospects of further capital outflows and pressure on emerging market currencies. A stronger US dollar and higher interest rates could lead to higher cost of debt servicing. Furthermore, prolonged weak global oil prices are likely to continue to weigh on oil exporters. Downside risks also remain heightened arising from global geopolitical tensions. However, domestic demand in the region will continue to hold up to support growth.

Malaysia: Moderate Growth

Amid the challenging economic environment, the Malaysian economy is projected to record a GDP growth of between 4.0% and 4.5% in 2016. Domestic demand will continue to be the main growth driver, underpinned by sustained private sector activities. Growth in private investments will be supported by continued measures and implementation of projects under the national transformation programmes, and the Eleventh Malaysia Plan 2016-2020, which is the final 5-year plan before the 2020 deadline for Malaysia to achieve a high income nation status. Strong economic fundamentals, such as high savings and stable employment will support private consumption. Measures under the 2016 Budget are also expected to provide some cushion to relieve the burden of rising living costs.

The external sector performance is expected to be modest. While manufactured exports are likely to benefit from the ongoing recovery in the global economy and a weak ringgit, the still low commodity prices will continue to weigh on export earnings. On inflation, the weak ringgit is likely to continue to exert upward pressure on import prices. However, inflationary pressure is expected to be partially cushioned by weak commodity prices and low global inflation. The impact of the implementation of GST on prices is likely to gradually wane in 2016.

Meanwhile, monetary policy will continue to remain supportive of economic growth amid the benign inflation outlook. In addition, Malaysia's resilient financial institutions, well-developed financial markets and flexible exchange rate will continue to support economic growth, as well as ensure volatile capital flows are well intermediated.



Investor Information

STOCK MARKET PERFORMANCE IN 2015

- ➔ In contrast to the previous year, 2015 saw a better start for the FTSE Bursa Malaysia Composite Index (“FBM KLCI”) which rose steadily throughout to register a 3.9% gain for the first quarter. The gain was achieved on the back of the lifted market sentiment and on announcement of Malaysia’s fourth quarter 2014 Gross Domestic Product (“GDP”) growth of 5.7%, higher than the previous quarter’s 5.6%, despite the impending implementation of the Goods and Services Tax effective April 2015.
- ➔ Increased optimism surrounding the health of the US economy together with the growing belief that an interest rate hike was not as imminent drove investors further into equities, with the FBM KLCI testing its all-time high of 1,896.2 points attained in 2014, but only managed to hit 1,867.5 in the second quarter of 2015. The European Central Bank also embarked on its quantitative easing programme during the period, adding to the buoyant mood early on. The fervor was short-lived however, with increasingly poor data released out of China calling to question the true extent of its economic health and its impact on the world. Malaysia’s economic growth moderated, with a 5.6% GDP growth announced for the first quarter of 2015. Sentiment in the local bourse changed fairly quickly, mirrored by the FBM KLCI’s 6.8% slide in the second quarter of the year.
- ➔ Market conditions worsened in the third quarter, exacerbated by the US Federal Reserve’s reluctance to raise its benchmark interest rates in September when most of the investment community had been expecting them to do so, calling to question whether the health of the US economy was really as strong as reported. China’s surprise devaluation of its Renminbi spooked global markets as well, sentiment of which was already being rattled by persistently weak economic data releases out of the country. Malaysia’s announcement of a weaker 4.9% GDP growth for the second quarter of 2015 did not help, resulting in another 5.0% slide in the FBM KLCI during the third quarter of 2015 which had incidentally recovered from a 10.2% slump at its lowest point in August.
- ➔ The government’s announcement of a RM20 billion infusion into the market at the start of the fourth quarter to buy undervalued stocks through ValueCAP shifted sentiment toward the positive again, with the FBM KLCI rising 5.9% in just two weeks. China’s successive interest rate and reserve requirement ratio cuts to encourage investments and consumer spending to bolster economic growth, and the European Central Bank’s readiness to expand on its monetary stimulus provided some support. Crude oil prices and the Malaysian Ringgit remained weak however, and presented challenges to our economic growth. Malaysia’s third quarter 2015 GDP growth of 4.7% announced during the quarter is reflective of such. The FBM KLCI registered a 4.4% (71.47 points) gain during the period as year-end market activity provided a boost to markets. The FBM KLCI ended 2015 at 1,692.51 points, 3.9% or 68.74 points lower compared to 2014’s closing of 1,761.25 points.



PUBLIC BANK SHARE PRICE PERFORMANCE IN 2015

Highlights

SHARE PRICE

2015: RM18.52
2014: RM18.30

MARKET CAPITALISATION

2015: RM71.90 Billion
2014: RM71.04 Billion

EARNINGS PER SHARE

2015: 131.1 Sen
2014: 123.7 Sen

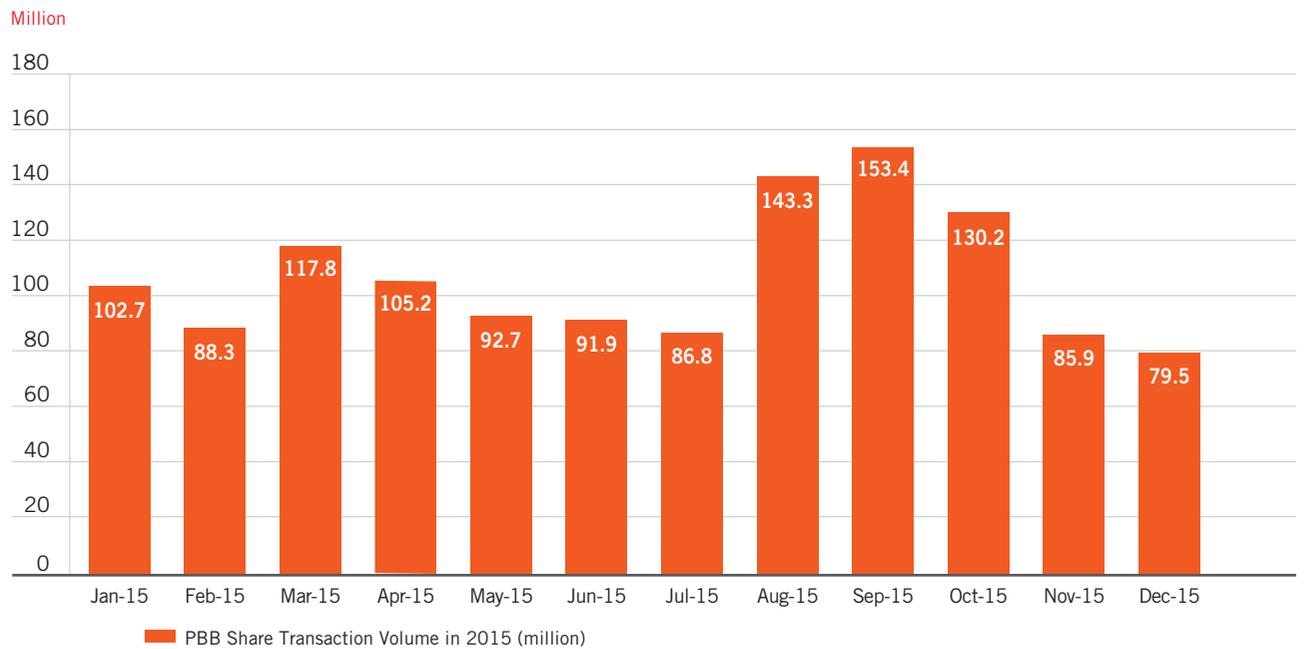
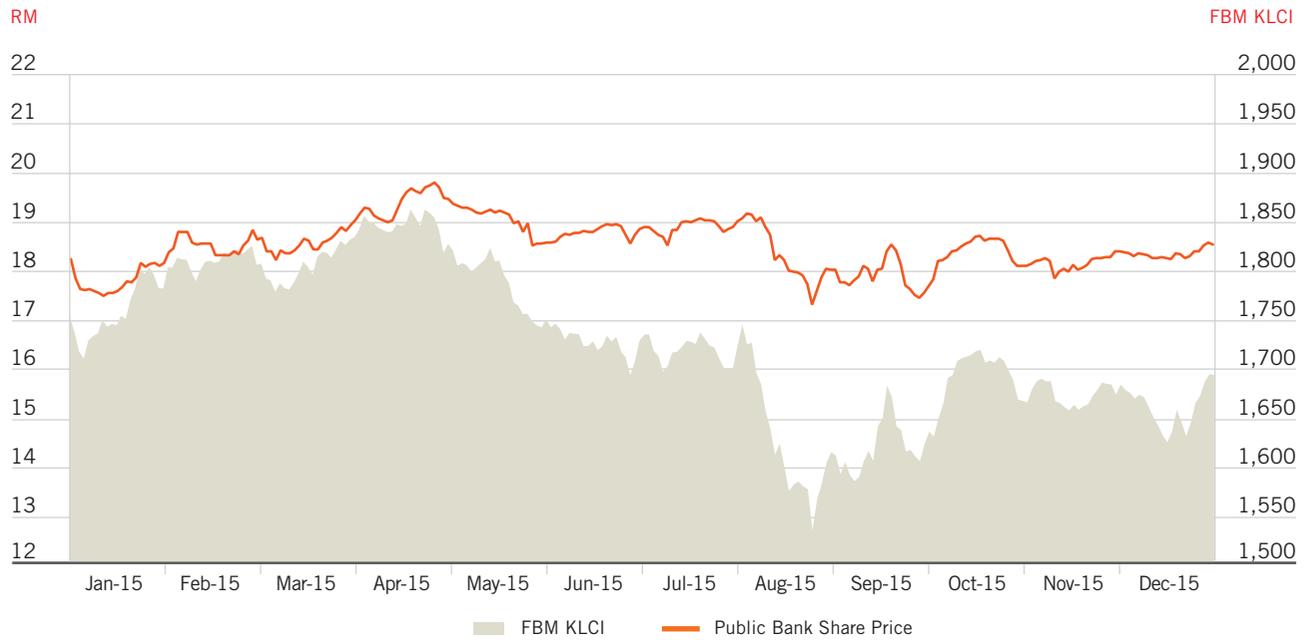
DIVIDEND PER SHARE

2015: 56 Sen
2014: 54 Sen

- ➔ The strength of the Public Bank Group continued to be evidenced in 2015, with its share price outperforming all its Malaysian banking peers, large and small. While Public Bank's share price increased marginally by 1.2% to RM18.52 from RM18.30 at the end of 2014, the cumulative 56 sen dividend paid for the year would see shareholders of Public Bank making a higher 4.3% gain on their investments. Despite the challenging market environment, the Group outperformed both the FBM KLCI which had declined 3.9% for the year, and the Bursa Malaysia Finance Index which had slipped 9.8% in the same period.
- ➔ The first quarter of 2015 saw Public Bank share prices tracking the performance of the broader market somewhat, gaining 3.2% while the FBM KLCI rose a slightly stronger 3.9%. The second quarter was when the Public Bank Group distinguished itself from the rest with its share price outperforming the market. The slight decline in Public Bank's share price by 0.8% was nowhere near the FBM KLCI's 6.8% tumble, underpinned by the announcement of the Group's first quarter 2015 net profit growth of 15.2% to RM1.17 billion. Considering the shock global markets went into in the third quarter of the year where performances were the worst since 2008, a flight to safety particularly from foreign investors was seen. In this period, Public Bank's share price weakened a little more pronounced than the benchmark FBM KLCI amid concerns of margin compression affecting all financial institutions owing to increasing competitive pressures. While sentiment is temporary, quality is permanent and true to the Group's strength and stability in adversity, Public Bank shares outperformed the market again in the final quarter of the year despite the tumultuous period. This reflection of investor confidence in the management and prospects of the Group was borne out by the announcement of the Group's cumulative third quarter 2015 net profit of RM3.57 billion which was a growth of 9.3% against the previous corresponding period.
- ➔ As at the end of 2015, Public Bank share price ended at RM18.52, an increase of 1.2% from RM18.30 at the end of 2014.
- ➔ Public Bank's market capitalisation rose to RM71.90 billion as at the end of 2015, up by 1.2% from RM71.04 billion as at the end of 2014.
- ➔ Average daily volume and value of Public Bank shares traded in 2015 stood at 5.2 million shares (2014: 4.9 million shares) and RM95.8 million (2014: 94.9 million) respectively.



Public Bank Share Price and Transactions in 2015





Analysis of Shareholdings

As at 26 January 2016

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	8,669	11.43	248	0.33	255,802	*1	8,669	*1
100 – 1,000	14,885	19.62	447	0.59	6,687,804	0.17	212,739	*1
1,001 – 10,000	36,540	48.19	2,584	3.41	119,160,750	3.09	10,989,935	0.29
10,001 – 100,000	9,059	11.95	1,769	2.33	232,743,560	6.03	53,245,147	1.38
100,001 – 193,074,701 (less than 5% of issued shares*2)	907	1.20	722	0.95	912,106,689	23.62	1,136,705,973	29.44
193,074,702 (5% of issued shares*2) and above	2	*1	–	–	1,389,376,975	35.98	–	–
Total	70,062	92.39	5,770	7.61	2,660,331,580	68.89	1,201,162,463	31.11
Grand Total	75,832 (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 2016.



Analysis of Shareholdings

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY AND IN SUBSIDIARY COMPANY BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Shares Held in the Company

Name	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares Held	% of Issued Shares ^{*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	893,918,771 ^{*1}	23.15	918,630,053	23.79
Tan Sri Dato' Sri Tay Ah Lek	4,888,845	0.13	1,389,745 ^{*2}	0.03	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 2016.

Shares Held in Subsidiary Company

– Shares Held in Public Financial Holdings Limited

Name	Direct Interests	
	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Tay Ah Lek	350,000	0.03

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and deemed interests of 918,630,053 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.

**Analysis of
Shareholdings****SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS**

Name	Direct Interests		Deemed 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	893,918,771 ^{*1}	23.15	918,630,053	23.79
Consolidated Teh Holdings Sdn Bhd	840,136,075	21.76	53,782,696 ^{*1}	1.39	893,918,771	23.15
Employees Provident Fund Board	603,732,468	15.63	–	–	603,732,468	15.63

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 2016.

TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER 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>	549,240,900	14.22
3. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)</i>	62,457,287	1.62
4. AmanahRaya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	62,000,200	1.61
5. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i>	54,859,390	1.42
6. AmanahRaya Trustees Berhad <i>Amanah Saham Bumiputera</i>	54,000,000	1.40
7. HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund</i>	50,563,300	1.31
8. AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia</i>	47,790,100	1.24
9. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited For Government Of Singapore (C)</i>	47,623,728	1.23
10. Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt An For Eastspring Investments Berhad</i>	46,043,988	1.19
11. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	40,424,421	1.05
12. Kumpulan Wang Persaraan (Diperbadankan)	38,355,782	0.99



Analysis of Shareholdings

	Name	No. of Shares Held	% of Issued Shares*
13.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For The Bank Of New York Mellon (Mellon Acct)</i>	32,792,128	0.85
14.	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)</i>	31,484,746	0.82
15.	LPI Capital Bhd	29,550,765	0.77
16.	HSBC Nominees (Asing) Sdn Bhd <i>BNP Paribas Secs Svs Lux For Aberdeen Global</i>	27,884,525	0.72
17.	Tan Sri Dato' Sri Dr. Teh Hong Piow	24,711,282	0.64
18.	AmanahRaya Trustees Berhad <i>As 1Malaysia</i>	24,305,400	0.63
19.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (U.K.)</i>	23,079,386	0.60
20.	LPI Capital Bhd	22,693,739	0.59
21.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	21,406,973	0.55
22.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	20,684,310	0.54
23.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For RBC Investor Services Trust (Clients Account)</i>	20,246,717	0.52
24.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>SSBT Fund DRNA For Aberdeen Emerging Markets Fund</i>	19,459,200	0.50
25.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (JPMELAB AIF APG)</i>	18,725,590	0.48
26.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For AIA Bhd</i>	15,992,182	0.41
27.	HSBC Nominees (Asing) Sdn Bhd <i>HSBC Bk Plc For Abu Dhabi Investment Authority (AGUS)</i>	13,993,499	0.36
28.	HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Matthews Pacific Tiger Fund</i>	12,771,594	0.33
29.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC For Saudi Arabian Monetary Agency</i>	12,760,880	0.33
30.	Public Invest Nominees (Tempatan) Sdn Bhd <i>Public Bank Group Officers' Retirement Benefits Fund</i>	12,580,832	0.33
		2,278,618,919	59.01

Note:

* Excluding a total of 20,644,304 PBB shares bought-back by PBB and retained as treasury shares as at 26 January 2016.



Authorised and Issued Share Capital

AUTHORISED SHARE CAPITAL

The authorised share capital as at 26 January 2016 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 2016 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
11.10.1989	218,500*	Exercise of share options under Public Bank Berhad Employees' Share Option Scheme (PBB ESOS) at option price of RM3.80 per share	357,218,500
02.05.1990	1,237,500*	Exercise of share options under PBB ESOS at option price of RM3.80 per share	358,456,000



Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
15.06.1990	119,485,333*	Capitalisation of share premium account and general reserve account (Bonus Issue 1:3)	477,941,333
06.08.1990	71,691,200*	Rights Issue 1:5 at RM2.20 per share	549,632,533
08.10.1990	138,500*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	549,771,033
12.04.1991	3,828,850*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,599,883
24.09.1991	334,300*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	553,934,183
25.03.1992	114,700*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	554,048,883
15.04.1993	1,038,701*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	555,087,584
01.10.1993	9,912,337*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	564,999,921
20.04.1994	3,434,479*	Exercise of share options under PBB ESOS at option price of RM2.76 per share	568,434,400
05.10.1994	1,113,000*	Exercise of share options under PBB ESOS at option price of RM7.84 per share	569,547,400
27.12.1994	50,000,000*	Issue and private placement of 50,000,000 new shares as follows: – 35,000,000 PBB local shares at RM8.28 per share – 15,000,000 PBB foreign shares at RM10.62 per share	619,547,400
18.04.1996	25,500*	Exercise of share options under PBB ESOS at option price of RM7.84 per share	619,572,900
07.08.1996	206,524,300*	Capitalisation of share premium account (Bonus Issue 1:3)	826,097,200
25.10.1996	143,541*	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,240,741
12.05.1997	358,850*	Exercise of share options under PBB ESOS at option price of RM5.88 per share	826,599,591
06.01.1998	165,319,918*	Capitalisation of share premium account (Bonus Issue 1:5)	991,919,509
09.03.1998	165,319,918*	Rights Issue 1:5 at RM2.00 per PBB local share and at RM2.28 per PBB foreign share	1,157,239,427
11.02.1999	8,007,750*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,165,247,177
11.05.1999	35,500*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,165,282,677
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

**Authorised and
Issued Share Capital**

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
07.06.1999	1,077,950*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,171,097,492
02.07.1999	12,063,250*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,183,160,742
08.12.2000	11,899,125*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,195,059,867
15.02.2001	1,662,500*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,196,722,367
31.03.2001	213,140,892*	New PBB local shares issued in exchange for 125,377,000 ordinary shares of RM1.00 each in Hock Hua Bank Bhd (HHB) pursuant to terms of merger of PBB and HHB	1,409,863,259
23.04.2001	422,958,977*	Capitalisation of share premium account and retained profits (Bonus Issue 3:10)	1,832,822,236
11.12.2001	996,387*	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,833,818,623
12.03.2002	1,025,362*	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,834,843,985
12.07.2002	458,710,997*	Capitalisation of share premium account (Bonus Issue 1:4)	2,293,554,982
13.09.2002	13,570,954*	Exercise of share options under PBB ESOS as follows: – 1,488,329 shares at option price of RM2.04 per share – 12,082,625 shares at option price of RM4.44 per share	2,307,125,936
08.10.2002	7,153,442*	Exercise of share options under PBB ESOS as follows: – 412,567 shares at option price of RM2.04 per share – 6,740,875 shares at option price of RM4.44 per share	2,314,279,378
12.12.2002	247,675*	Exercise of share options under PBB ESOS as follows: – 130,050 shares at option price of RM2.04 per share – 117,625 shares at option price of RM4.44 per share	2,314,527,053
14.03.2003	153,158*	Exercise of share options under PBB ESOS as follows: – 112,408 shares at option price of RM2.04 per share – 40,750 shares at option price of RM4.44 per share	2,314,680,211
09.04.2003	37,907*	Exercise of share options under PBB ESOS at option price of RM2.04 per share	2,314,718,118
13.06.2003	202,598,923*	New PBB local shares issued in exchange for 135,065,949 ordinary shares of RM1.00 each in Public Finance Bhd (PFB) pursuant to terms of privatisation of PFB	2,517,317,041
16.07.2003	629,329,261*	Capitalisation of share premium account (Bonus Issue 1:4)	3,146,646,302
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



Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.09.2003	2,804,031*	Exercise of share options under PBB ESOS as follows: – 75,156 shares at option price of RM1.64 per share – 2,728,875 shares at option price of RM3.56 per share	3,157,788,131
08.09.2003	2,902,623*	Exercise of share options under PBB ESOS as follows: – 67,856 shares at option price of RM1.64 per share – 1,595,142 shares at option price of RM3.56 per share – 1,239,625 shares at option price of RM3.40 per share	3,160,690,754
12.09.2003	7,001,644*	Exercise of share options under PBB ESOS as follows: – 54,489 shares at option price of RM1.64 per share – 4,948,530 shares at option price of RM3.56 per share – 1,998,625 shares at option price of RM3.40 per share	3,167,692,398
24.09.2003	1,216,063*	Exercise of share options under PBB ESOS as follows: – 6,250 shares at option price of RM1.64 per share – 915,688 shares at option price of RM3.56 per share – 294,125 shares at option price of RM3.40 per share	3,168,908,461
15.10.2003	3,518,818*	Exercise of share options under PBB ESOS as follows: – 15,169 shares at option price of RM1.64 per share – 2,515,399 shares at option price of RM3.56 per share – 988,250 shares at option price of RM3.40 per share	3,172,427,279
27.10.2003	2,054,251*	Exercise of share options under PBB ESOS as follows: – 3,313 shares at option price of RM1.64 per share – 1,457,938 shares at option price of RM3.56 per share – 593,000 shares at option price of RM3.40 per share	3,174,481,530
29.10.2003	6,748,111*	Exercise of share options under PBB ESOS as follows: – 32,993 shares at option price of RM1.64 per share – 3,781,268 shares at option price of RM3.56 per share – 2,933,850 shares at option price of RM3.40 per share	3,181,229,641
06.11.2003	4,913,239*	Exercise of share options under PBB ESOS as follows: – 39,115 shares at option price of RM1.64 per share – 3,806,374 shares at option price of RM3.56 per share – 1,067,750 shares at option price of RM3.40 per share	3,186,142,880
13.11.2003	1,202,135*	Exercise of share options under PBB ESOS as follows: – 5,040 shares at option price of RM1.64 per share – 961,220 shares at option price of RM3.56 per share – 235,875 shares at option price of RM3.40 per share	3,187,345,015
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

**Authorised and
Issued Share Capital**

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
01.12.2003	1,417,894*	Exercise of share options under PBB ESOS as follows: – 16,324 shares at option price of RM1.64 per share – 1,062,070 shares at option price of RM3.56 per share – 339,500 shares at option price of RM3.40 per share	3,195,020,369
04.12.2003	68,000*	Exercise of share options under PBB ESOS at option price of RM3.56 per share	3,195,088,369
22.12.2003	2,297,250*	Exercise of share options under PBB ESOS as follows: – 13,484 shares at option price of RM1.64 per share – 1,889,391 shares at option price of RM3.56 per share – 394,375 shares at option price of RM3.40 per share	3,197,385,619
26.12.2003	9,214,108*	Exercise of share options under PBB ESOS as follows: – 20,525 shares at option price of RM1.64 per share – 6,642,458 shares at option price of RM3.56 per share – 2,551,125 shares at option price of RM3.40 per share	3,206,599,727
27.01.2004	1,883,267*	Exercise of share options under PBB ESOS as follows: – 4,547 shares at option price of RM1.64 per share – 1,680,345 shares at option price of RM3.56 per share – 198,375 shares at option price of RM3.40 per share	3,208,482,994
20.02.2004	483,813*	Exercise of share options under PBB ESOS as follows: – 457,313 shares at option price of RM3.56 per share – 26,500 shares at option price of RM3.40 per share	3,208,966,807
01.03.2004	1,024,066*	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873
03.03.2004	13,717,282*	Exercise of share options under PBB ESOS as follows: – 38,231 shares at option price of RM1.64 per share – 10,718,176 shares at option price of RM3.56 per share – 1,647,375 shares at option price of RM3.40 per share – 1,313,500 shares at option price of RM4.60 per share	3,223,708,155
05.03.2004	28,660,157*	Exercise of share options under PBB ESOS as follows: – 253,907 shares at option price of RM1.64 per share – 28,406,250 shares at option price of RM3.56 per share	3,252,368,312
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



Authorised and Issued Share Capital

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: – 38,252 shares at option price of RM1.64 per share – 6,166,723 shares at option price of RM3.56 per share – 867,350 shares at option price of RM3.40 per share – 1,503,500 shares at option price of RM4.60 per share	3,286,393,123
06.04.2004	1,919,157*	Exercise of share options under PBB ESOS as follows: – 1,703,532 shares at option price of RM3.56 per share – 69,625 shares at option price of RM3.40 per share – 146,000 shares at option price of RM4.60 per share	3,288,312,280
13.04.2004	4,016,890*	Exercise of share options under PBB ESOS as follows: – 3,078,890 shares at option price of RM3.56 per share – 405,000 shares at option price of RM3.40 per share – 533,000 shares at option price of RM4.60 per share	3,292,329,170
16.04.2004	1,233,902*	Exercise of share options under PBB ESOS as follows: – 10,500 shares at option price of RM1.64 per share – 1,017,652 shares at option price of RM3.56 per share – 85,750 shares at option price of RM3.40 per share – 120,000 shares at option price of RM4.60 per share	3,293,563,072
17.08.2004	11,152,166	Exercise of share options under PBB ESOS as follows: – 13,349 shares at option price of RM1.64 per share – 6,270,567 shares at option price of RM3.56 per share – 857,550 shares at option price of RM3.40 per share – 2,299,700 shares at option price of RM4.60 per share – 1,711,000 shares at option price of RM4.92 per share	3,304,715,238
30.08.2004	12,767,404	Exercise of share options under PBB ESOS as follows: – 57,078 shares at option price of RM1.64 per share – 7,127,076 shares at option price of RM3.56 per share – 618,450 shares at option price of RM3.40 per share – 2,372,800 shares at option price of RM4.60 per share – 2,592,000 shares at option price of RM4.92 per share	3,317,482,642
09.09.2004	1,649,681	Exercise of share options under PBB ESOS as follows: – 908,831 shares at option price of RM3.56 per share – 67,350 shares at option price of RM3.40 per share – 260,500 shares at option price of RM4.60 per share – 413,000 shares at option price of RM4.92 per share	3,319,132,323
27.09.2004	623,819	Exercise of share options under PBB ESOS as follows: – 8,125 shares at option price of RM1.64 per share – 344,819 shares at option price of RM3.56 per share – 63,375 shares at option price of RM3.40 per share – 136,000 shares at option price of RM4.60 per share – 71,500 shares at option price of RM4.92 per share	3,319,756,142

**Authorised and
Issued Share Capital**

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
28.09.2004	1,737,912	Exercise of share options under PBB ESOS as follows: – 795,637 shares at option price of RM3.56 per share – 120,875 shares at option price of RM3.40 per share – 347,900 shares at option price of RM4.60 per share – 473,500 shares at option price of RM4.92 per share	3,321,494,054
04.10.2004	4,621,593	Exercise of share options under PBB ESOS as follows: – 33,767 shares at option price of RM1.64 per share – 2,569,876 shares at option price of RM3.56 per share – 267,650 shares at option price of RM3.40 per share – 1,187,300 shares at option price of RM4.60 per share – 563,000 shares at option price of RM4.92 per share	3,326,115,647
26.10.2004	1,755,048	Exercise of share options under PBB ESOS as follows: – 665,498 shares at option price of RM3.56 per share – 71,650 shares at option price of RM3.40 per share – 527,400 shares at option price of RM4.60 per share – 490,500 shares at option price of RM4.92 per share	3,327,870,695
19.11.2004	4,569,277	Exercise of share options under PBB ESOS as follows: – 187,546 shares at option price of RM1.64 per share – 2,491,856 shares at option price of RM3.56 per share – 289,375 shares at option price of RM3.40 per share – 1,212,000 shares at option price of RM4.60 per share – 388,500 shares at option price of RM4.92 per share	3,332,439,972
25.11.2004	20,935,350	Exercise of share options under PBB ESOS as follows: – 31,710 shares at option price of RM1.64 per share – 9,479,777 shares at option price of RM3.56 per share – 653,600 shares at option price of RM3.40 per share – 4,162,263 shares at option price of RM4.60 per share – 6,608,000 shares at option price of RM4.92 per share	3,353,375,322
03.12.2004	2,392,002	Exercise of share options under PBB ESOS as follows: – 1,183,077 shares at option price of RM3.56 per share – 140,300 shares at option price of RM3.40 per share – 604,125 shares at option price of RM4.60 per share – 464,500 shares at option price of RM4.92 per share	3,355,767,324
28.01.2005	20,743,000	Exercise of share options under PBB ESOS at option price of RM4.92 per share	3,376,510,324
31.01.2005	2,415,001	Exercise of share options under PBB ESOS as follows: – 15,475 shares at option price of RM1.64 per share – 985,926 shares at option price of RM3.56 per share – 104,200 shares at option price of RM3.40 per share – 954,400 shares at option price of RM4.60 per share – 355,000 shares at option price of RM4.92 per share	3,378,925,325



Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
07.02.2005	10,466,250	Exercise of share options under PBB ESOS as follows: – 2,406,250 shares at option price of RM3.56 per share – 2,250,000 shares at option price of RM4.60 per share – 5,810,000 shares at option price of RM4.92 per share	3,389,391,575
21.02.2005	7,511,743	Exercise of share options under PBB ESOS as follows: – 26,106 shares at option price of RM1.64 per share – 3,364,187 shares at option price of RM3.56 per share – 377,950 shares at option price of RM3.40 per share – 2,883,000 shares at option price of RM4.60 per share – 860,500 shares at option price of RM4.92 per share	3,396,903,318
25.02.2005	639,342	Exercise of share options under PBB ESOS as follows: – 6,094 shares at option price of RM1.64 per share – 236,373 shares at option price of RM3.56 per share – 14,875 shares at option price of RM3.40 per share – 291,000 shares at option price of RM4.60 per share – 91,000 shares at option price of RM4.92 per share	3,397,542,660
01.08.2005	12,813,748	Exercise of share options under PBB ESOS as follows: – 14,482 shares at option price of RM1.64 per share – 1,382,291 shares at option price of RM3.56 per share – 194,275 shares at option price of RM3.40 per share – 1,397,700 shares at option price of RM4.60 per share – 6,670,000 shares at option price of RM4.92 per share – 3,155,000 shares at option price of RM6.37 per share	3,410,356,408
31.10.2005	2,114,074	Exercise of share options under PBB ESOS as follows: – 1,063 shares at option price of RM1.64 per share – 442,561 shares at option price of RM3.56 per share – 96,950 shares at option price of RM3.40 per share – 424,800 shares at option price of RM4.60 per share – 1,014,500 shares at option price of RM4.92 per share – 134,200 shares at option price of RM6.37 per share	3,412,470,482
09.11.2005	3,737,523	Exercise of share options under PBB ESOS as follows: – 1,269 shares at option price of RM1.64 per share – 1,429,354 shares at option price of RM3.56 per share – 238,525 shares at option price of RM3.40 per share – 1,537,875 shares at option price of RM4.60 per share – 204,000 shares at option price of RM4.92 per share – 326,500 shares at option price of RM6.37 per share	3,416,208,005
15.11.2005	660,400	Exercise of share options under PBB ESOS as follows: – 163,100 shares at option price of RM3.56 per share – 61,700 shares at option price of RM3.40 per share – 390,100 shares at option price of RM4.60 per share – 45,500 shares at option price of RM4.92 per share	3,416,868,405

**Authorised and
Issued Share Capital**

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.12.2005	504,684	Exercise of share options under PBB ESOS as follows: – 217,309 shares at option price of RM3.56 per share – 35,375 shares at option price of RM3.40 per share – 202,500 shares at option price of RM4.60 per share – 23,500 shares at option price of RM4.92 per share – 26,000 shares at option price of RM6.37 per share	3,417,373,089
13.01.2006	3,553,363	Exercise of share options under PBB ESOS as follows: – 2,587 shares at option price of RM1.64 per share – 391,750 shares at option price of RM3.56 per share – 77,325 shares at option price of RM3.40 per share – 519,300 shares at option price of RM4.60 per share – 71,000 shares at option price of RM4.92 per share – 86,000 shares at option price of RM6.37 per share – 2,405,401 shares at option price of RM5.67 per share	3,420,926,452
18.01.2006	115,100	Exercise of share options under PBB ESOS as follows: – 8,600 shares at option price of RM3.56 per share – 83,500 shares at option price of RM4.60 per share – 23,000 shares at option price of RM4.92 per share	3,421,041,552
08.02.2006	329,363	Exercise of share options under PBB ESOS as follows: – 45,938 shares at option price of RM3.56 per share – 2,425 shares at option price of RM3.40 per share – 27,500 shares at option price of RM4.60 per share – 7,500 shares at option price of RM4.92 per share – 7,000 shares at option price of RM6.37 per share – 239,000 shares at option price of RM5.67 per share	3,421,370,915
28.02.2006	3,922,364	Exercise of share options under PBB ESOS as follows: – 302 shares at option price of RM1.64 per share – 234,931 shares at option price of RM3.56 per share – 20,125 shares at option price of RM3.40 per share – 293,500 shares at option price of RM4.60 per share – 63,500 shares at option price of RM4.92 per share – 255,000 shares at option price of RM6.37 per share – 3,055,006 shares at option price of RM5.67 per share	3,425,293,279
09.03.2006	8,050,287	Exercise of share options under PBB ESOS as follows: – 1,282 shares at option price of RM1.64 per share – 296,195 shares at option price of RM3.56 per share – 3,125 shares at option price of RM3.40 per share – 314,600 shares at option price of RM4.60 per share – 108,000 shares at option price of RM4.92 per share – 402,390 shares at option price of RM6.37 per share – 6,924,695 shares at option price of RM5.67 per share	3,433,343,566
14.03.2006	12,000	Exercise of share options under PBB ESOS at option price of RM5.67 per share	3,433,355,566



Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
14.08.2006	1,960,920	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 2,094 shares at option price of RM1.64 per share - 94,596 shares at option price of RM3.56 per share - 11,625 shares at option price of RM3.40 per share - 212,500 shares at option price of RM4.60 per share - 40,000 shares at option price of RM4.92 per share - 115,000 shares at option price of RM6.37 per share - 1,485,105 shares at option price of RM5.67 per share 	3,435,316,486
22.08.2006	13,588,150	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 17,923 shares at option price of RM1.64 per share - 411,452 shares at option price of RM3.56 per share - 44,250 shares at option price of RM3.40 per share - 555,000 shares at option price of RM4.60 per share - 72,900 shares at option price of RM4.92 per share - 319,000 shares at option price of RM6.37 per share - 12,167,625 shares at option price of RM5.67 per share 	3,448,904,636
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

**Authorised and
Issued Share Capital**

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: – 4,092 shares at option price of RM1.64 per share – 161,211 shares at option price of RM3.56 per share – 18,793 shares at option price of RM3.40 per share – 349,600 shares at option price of RM4.60 per share – 78,000 shares at option price of RM4.92 per share – 1,655,200 shares at option price of RM6.37 per share – 2,286,200 shares at option price of RM5.67 per share	3,460,237,872
15.12.2006	2,407,500	Exercise of share options under PBB ESOS as follows: – 30,700 shares at option price of RM3.56 per share – 1,800 shares at option price of RM3.40 per share – 82,200 shares at option price of RM4.60 per share – 59,000 shares at option price of RM4.92 per share – 729,000 shares at option price of RM6.37 per share – 1,504,800 shares at option price of RM5.67 per share	3,462,645,372
22.12.2006	179,500	Exercise of share options under PBB ESOS as follows: – 17,500 shares at option price of RM4.60 per share – 50,000 shares at option price of RM6.37 per share – 112,000 shares at option price of RM5.67 per share	3,462,824,872
25.01.2007	7,252,589	Exercise of share options under PBB ESOS as follows: – 473 shares at option price of RM1.64 per share – 184,208 shares at option price of RM3.56 per share – 14,800 shares at option price of RM3.40 per share – 234,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,230,108 shares at option price of RM6.37 per share – 3,545,000 shares at option price of RM5.67 per share	3,470,077,461
30.01.2007	16,102,248	Exercise of share options under PBB ESOS as follows: – 5,228 shares at option price of RM1.64 per share – 68,187 shares at option price of RM3.56 per share – 29,000 shares at option price of RM3.40 per share – 254,031 shares at option price of RM4.60 per share – 60,200 shares at option price of RM4.92 per share – 11,004,802 shares at option price of RM6.37 per share – 4,680,800 shares at option price of RM5.67 per share	3,486,179,709
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: – 16,239 shares at option price of RM3.56 per share – 775 shares at option price of RM3.40 per share – 35,100 shares at option price of RM4.60 per share – 11,000 shares at option price of RM4.92 per share – 1,971,000 shares at option price of RM6.37 per share – 764,500 shares at option price of RM5.67 per share	3,488,978,323



Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 8,000 shares at option price of RM3.56 per share - 1,000 shares at option price of RM3.40 per share - 48,500 shares at option price of RM4.60 per share - 25,500 shares at option price of RM4.92 per share - 2,387,000 shares at option price of RM6.37 per share - 979,000 shares at option price of RM5.67 per share 	3,492,427,323
23.02.2007	118,000	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 3,500 shares at option price of RM4.60 per share - 49,000 shares at option price of RM6.37 per share - 65,500 shares at option price of RM5.67 per share 	3,492,545,323
14.05.2007	5,659,529	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 22,492 shares at option price of RM1.64 per share - 75,283 shares at option price of RM3.56 per share - 24,350 shares at option price of RM3.40 per share - 185,000 shares at option price of RM4.60 per share - 43,500 shares at option price of RM4.92 per share - 3,516,279 shares at option price of RM6.37 per share - 1,792,625 shares at option price of RM5.67 per share 	3,498,204,852
17.05.2007	7,553,346	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 3,371 shares at option price of RM1.64 per share - 114,070 shares at option price of RM3.56 per share - 31,507 shares at option price of RM3.40 per share - 216,500 shares at option price of RM4.60 per share - 54,300 shares at option price of RM4.92 per share - 4,608,696 shares at option price of RM6.37 per share - 2,524,902 shares at option price of RM5.67 per share 	3,505,758,198
30.05.2007	224,369	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 9,369 shares at option price of RM3.56 per share - 6,500 shares at option price of RM4.60 per share - 2,500 shares at option price of RM4.92 per share - 128,000 shares at option price of RM6.37 per share - 78,000 shares at option price of RM5.67 per share 	3,505,982,567
04.06.2007	2,962,800	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> - 43,000 shares at option price of RM3.56 per share - 1,000 shares at option price of RM3.40 per share - 117,000 shares at option price of RM4.60 per share - 34,000 shares at option price of RM4.92 per share - 1,931,000 shares at option price of RM6.37 per share - 836,800 shares at option price of RM5.67 per share 	3,508,945,367
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

**Authorised and
Issued Share Capital**

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
10.07.2007	1,974,411	Exercise of share options under PBB ESOS as follows: – 379 shares at option price of RM1.64 per share – 47,133 shares at option price of RM3.56 per share – 91,000 shares at option price of RM4.60 per share – 15,500 shares at option price of RM4.92 per share – 1,201,900 shares at option price of RM6.37 per share – 618,499 shares at option price of RM5.67 per share	3,510,953,678
17.07.2007	7,444,206	Exercise of share options under PBB ESOS as follows: – 82,283 shares at option price of RM3.56 per share – 19,925 shares at option price of RM3.40 per share – 95,575 shares at option price of RM4.60 per share – 16,100 shares at option price of RM4.92 per share – 6,428,923 shares at option price of RM6.37 per share – 801,400 shares at option price of RM5.67 per share	3,518,397,884
20.07.2007	727,500	Exercise of share options under PBB ESOS as follows: – 3,000 shares at option price of RM3.56 per share – 21,000 shares at option price of RM4.60 per share – 10,000 shares at option price of RM4.92 per share – 512,000 shares at option price of RM6.37 per share – 181,500 shares at option price of RM5.67 per share	3,519,125,384
14.11.2007	6,071,344	Exercise of share options under PBB ESOS as follows: – 727 shares at option price of RM1.64 per share – 68,822 shares at option price of RM3.56 per share – 450 shares at option price of RM3.40 per share – 138,900 shares at option price of RM4.60 per share – 26,000 shares at option price of RM4.92 per share – 4,763,700 shares at option price of RM6.37 per share – 1,072,745 shares at option price of RM5.67 per share	3,525,196,728
16.11.2007	1,834,280	Exercise of share options under PBB ESOS as follows: – 32,006 shares at option price of RM3.56 per share – 29,075 shares at option price of RM3.40 per share – 86,969 shares at option price of RM4.60 per share – 16,000 shares at option price of RM4.92 per share – 1,117,231 shares at option price of RM6.37 per share – 552,999 shares at option price of RM5.67 per share	3,527,031,008
26.11.2007	849,375	Exercise of share options under PBB ESOS as follows: – 9,700 shares at option price of RM3.56 per share – 19,075 shares at option price of RM3.40 per share – 38,000 shares at option price of RM4.60 per share – 19,500 shares at option price of RM4.92 per share – 479,800 shares at option price of RM6.37 per share – 283,300 shares at option price of RM5.67 per share	3,527,880,383
17.12.2007	11,000	Exercise of share options under PBB ESOS at option price of RM6.37 per share	3,527,891,383



Authorised and Issued Share Capital

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
21.01.2008	701,527	Exercise of share options under PBB ESOS as follows: – 46,600 shares at option price of RM3.56 per share – 125 shares at option price of RM3.40 per share – 19,000 shares at option price of RM4.60 per share – 8,500 shares at option price of RM4.92 per share – 481,302 shares at option price of RM6.37 per share – 146,000 shares at option price of RM5.67 per share	3,528,592,910
05.02.2008	710,476	Exercise of share options under PBB ESOS as follows: – 11,109 shares at option price of RM3.56 per share – 4,700 shares at option price of RM4.60 per share – 8,000 shares at option price of RM4.92 per share – 502,167 shares at option price of RM6.37 per share – 184,500 shares at option price of RM5.67 per share	3,529,303,386
18.02.2008	1,595,474	Exercise of share options under PBB ESOS as follows: – 10,262 shares at option price of RM3.56 per share – 50 shares at option price of RM3.40 per share – 61,862 shares at option price of RM4.60 per share – 10,500 shares at option price of RM4.92 per share – 1,090,800 shares at option price of RM6.37 per share – 422,000 shares at option price of RM5.67 per share	3,530,898,860
21.02.2008	65,000	Exercise of share options under PBB ESOS as follows: – 2,500 shares at option price of RM4.60 per share – 41,500 shares at option price of RM6.37 per share – 21,000 shares at option price of RM5.67 per share	3,530,963,860
05.03.2008	748,792	Exercise of share options under PBB ESOS as follows: – 2,121 shares at option price of RM1.64 per share – 23,221 shares at option price of RM3.56 per share – 4,750 shares at option price of RM3.40 per share – 37,700 shares at option price of RM4.60 per share – 17,500 shares at option price of RM4.92 per share – 462,400 shares at option price of RM6.37 per share – 201,100 shares at option price of RM5.67 per share	3,531,712,652
12.03.2008	213,182	Exercise of share options under PBB ESOS as follows: – 18,982 shares at option price of RM3.56 per share – 11,500 shares at option price of RM4.60 per share – 5,500 shares at option price of RM4.92 per share – 123,000 shares at option price of RM6.37 per share – 54,200 shares at option price of RM5.67 per share	3,531,925,834
01.08.2014	350,212,513	Rights Issue 1:10 at RM13.80 per share	3,882,138,347

* 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 2015

Area	No. of Properties		Net Book Value (RM'000)
	Freehold	Leasehold	
DOMESTIC			
PUBLIC BANK BERHAD			
Kuala Lumpur	2	–	237,642
Perak Darul Ridzuan	1	–	240
Sarawak	–	1	11
PUBLIC MUTUAL BERHAD			
Kuala Lumpur	1	1	8,570
Johor Darul Takzim	–	1	761
Pahang Darul Makmur	1	–	1,598
Pulau Pinang	1	–	1,730
Sarawak	–	2	2,372
Selangor Darul Ehsan	1	1	5,451
PUBLIC HOLDINGS SDN BHD			
Kuala Lumpur	5	4	447,893
Johor Darul Takzim	4	–	70,476
Kedah Darul Aman	1	–	1,425
Melaka	–	2	1,106
Pahang Darul Makmur	1	–	88
Perak Darul Ridzuan	3	1	4,769
Pulau Pinang	8	1	5,259
Sabah	–	2	2,640
Sarawak	1	3	4,428
Selangor Darul Ehsan	1	2	39,229
OVERSEAS			
CAMBODIAN PUBLIC BANK PLC			
Phnom Penh	1	–	70,638
PUBLIC FINANCIAL HOLDINGS GROUP			
Hong Kong	–	31	519,406

Note:

The details of the top 10 properties as included in the above summary are disclosed in the following page.



Top 10 List of Properties Owned by Public Bank Group

As at 31 December 2015

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)
Lot 59, Section 57 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia	Under development of a 40-storey office block including a 4-level commercial podium with a 6-level basement carpark	Future Public Bank's Jalan Raja Chulan branch and Public Mutual New Head Quarters	Freehold	-	-	58,865 (gross) Net lettable 39,588	24-4-2006 (R)	394,377
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	-	21 Years	46,436	2-1-1995	237,459
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	827 Years (26-6-2842)	38 Years	5,451	30-5-2006**	134,916
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	45 Years (18-2-2060)	33 Years	1,465	2-5-1994 (R)	107,173
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	-	6 Years	18,149	14-10-2009	70,638



Top 10 List of Properties Owned by Public Bank Group

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Public Bank Tower 19 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Malaysia	30-storey office tower (L/B)	Public Bank's Johor Bahru Branch; office space rented to third parties and a related party	Freehold	–	21 Years	36,222	12-8-1991 (R)	67,357
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	35 Years (27-5-2050)	28 Years	2,215	30-6-1994 (R)	59,215
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	887 Years (14-8-2902)	48 Years	1,464	11-6-1993	48,821
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	81 Years (2-9-2096)	18 Years	31,669	3-9-1997	32,521
Wisma Public Bank 300 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	14-storey office building (L/B)	Public Bank's Tiong Nam Branch	Freehold	–	28 Years	10,395	27-8-2003 (R)	24,144

Notes:*(L/B) Land and building**(R) Revaluation was performed as at 31 December 2015**** The acquisition date of 30 May 2006 is the date such property was acquired upon acquisition of Public Bank (Hong Kong) Limited by Public Financial Holdings Group**Public Financial Holdings Group hold the land portion of all properties by means of leases, in Hong Kong SAR.*



INTERNATIONAL NETWORK





Group Corporate Directory



PUBLIC BANK

HEAD OFFICE

Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Malaysia

Tel : 03-2176 6000
03-2176 6666
03-2163 8888
03-2163 8899

Fax : 03-2163 9917

Swift : PBBEMYKL

Cable : "PBBKLCITY" Kuala Lumpur

www.publicbankgroup.com

FEDERAL TERRITORY

Bandar Sri Damansara	03-6272 5694 03-6272 5741	Labuan	087-414 201 087-414 278
Bandar Sri Permaisuri	03-9171 9966 03-9172 6388	Medan Idaman	03-4023 4478 03-4023 4467
Bangsar	03-2282 8929 03-2282 8930	Mont' Kiara	03-6203 6363 03-6203 6787
Bintang Walk	03-2142 7969 03-2144 7807	Overseas Union Garden	03-7785 6409 03-7785 6410
Bukit Damansara	03-2095 4278 03-2095 4922	Pandan Indah	03-9274 2495 03-9274 2496
Changkat Thambi Dollah	03-2145 4492 03-2145 4498	Pandan Jaya	03-9281 2199 03-9286 3149
Jalan Bukit Bintang	03-2144 5755 03-2144 5759	Salak South	03-7980 5190 03-7980 2921
Jalan Hang Lekiu	03-2078 7077 03-2078 8115	Segambut	03-6252 7052 03-6252 7054
Jalan Ipoh	03-4042 7487 03-4042 7488	Selayang	03-6120 5099 03-6136 8644
Jalan Kelang Lama	03-7981 1211 03-7981 1212	Sentul	03-4042 1811 03-4042 1509
Jalan Kuchai Lama	03-7984 3413 03-7980 4377	Seri Petaling	03-9058 5711 03-9058 5712
Jalan Pasar	03-2142 9110 03-2142 9144	Setapak	03-4021 9341 03-4021 9343
Jalan Raja Chulan	03-2141 8255 03-2141 8366	Starparc Point	03-4143 2888 03-4143 6988
Jalan Raja Laut	03-2693 0722 03-2693 0828	Taman Cheras	03-9130 7840 03-9131 4182
Jalan Sultan Sulaiman	03-2070 2711 03-2070 9793	Taman Connaught	03-9101 7152 03-9102 3649
Jalan Sungei Besi	03-9221 4771 03-9221 5655	Taman Desa	03-7983 7811 03-7983 7812
Jalan Tun H.S. Lee	03-2070 2121 03-2070 2234	Taman Maluri	03-9285 9994 03-9285 7203
Jalan Tun Sambanthan	03-2272 5930 03-2273 6494	Taman Melawati	03-4105 2003 03-4105 2004
Jinjang	03-6252 3355 03-6252 3356	Taman Midah	03-9130 0533 03-9130 0234
Kepong	03-6257 0032 03-6257 4690	Taman Tun Dr. Ismail	03-7729 4672 03-7729 9440
KL City Main Office	03-2176 7888 03-2163 8866	Tiong Nam	03-2693 9555 03-2693 9528
		Wangsa Maju	03-4142 8577 03-4142 8579



Group Corporate Directory

JOHOR

Bandar Baru Permas Jaya	07-388 3252 07-388 3253	Kota Tinggi	07-883 4192 07-883 4195	Sutera Utama	07-559 1788 07-557 6299
Batu Pahat	07-432 0798 07-433 2460	Kulai	07-663 4166 07-663 4167	Taman Daya	07-353 1122 07-353 8282
Bukit Indah	07-238 2878 07-238 3966	Mersing	07-799 2695 07-799 2697	Taman Desa Cemerlang	07-861 6450 07-861 6587
Bukit Pasir	06-985 6878 06-985 7261	Muar	06-951 7505 06-951 7520	Taman Johor Jaya	07-354 6755 07-355 0095
Chaah	07-926 2001 07-926 2002	Parit Raja	07-454 2855 07-454 2857	Taman Munsyi Ibrahim	07-234 6820 07-234 6821
Endau	07-794 4051 07-794 4155	Pekan Nenas	07-699 5352 07-699 5594	Taman Perling	07-234 4608 07-234 4919
Jalan Abdullah	06-951 8753 06-951 8760	Pontian Kecil	07-687 9601 07-687 9602	Taman Sentosa	07-331 2266 07-331 6521
Johor Bahru	07-218 6877 07-218 6888	Segamat	07-931 3900 07-931 3930	Tampoi	07-237 7184 07-237 7519
Kahang	07-788 2294 07-788 2295	Simpang Renggam	07-755 0510 07-755 0511	Tangkak	06-978 2123 06-978 2124
Kluang	07-771 2185 07-772 7643	Skudai	07-557 0007 07-557 0008	Ulu Tiram	07-861 3291 07-861 3292

KEDAH

Alor Setar	04-731 5411 04-731 5412	Jitra	04-917 4926 04-917 4927	Pulau Langkawi	04-966 7372 04-966 7373
Changlun	04-924 1085 04-924 1457	Kuala Ketil	04-416 3010 04-416 3278	Sik	04-469 5691 04-469 5764
Gurun	04-468 6143 04-468 6325	Kulim	04-490 1090 04-490 1096	Sungai Petani	04-421 7622 04-421 7623
Jalan Kota	04-731 0559 04-731 1384	Pokok Sena	04-782 2000 04-782 2008		

KELANTAN

Gua Musang	09-912 2600 09-912 2602
Kota Bharu	09-744 6944 09-744 7143
Kuala Krai	09-966 4027 09-966 4028
Tanah Merah	09-955 6139 09-955 6244
Wakaf Siku	09-746 1881 09-747 0111

MELAKA

Air Keroh	06-232 7208 06-232 7209	Taman Melaka Raya	06-281 7527 06-281 8804
Batu Berendam	06-317 6200 06-317 6204	Tengkera	06-283 2052 06-283 2054
Masjid Tanah	06-384 7712 06-384 7713		
Melaka	06-283 0233 06-289 2809		
Taman Malim Jaya	06-334 6397 06-334 6404		

**Group Corporate
Directory****NEGERI SEMBILAN**

Bahau	06-454 4102 06-454 4103	Kuala Pilah	06-481 2277 06-481 2299	Rasah	06-762 0623 06-762 5144
Gemas	07-948 1770 07-948 1780	Nilai	06-799 1066 06-799 1067	Seremban	06-763 0661 06-763 0662
Kuala Kelawang	06-613 6925 06-613 6926	Port Dickson	06-647 2942 06-647 2943	Tampin	06-441 2511 06-441 2512

PAHANG

Benta	09-323 8621 09-323 8622	Genting Highlands	03-6436 0088 03-6436 0145	Kuantan	09-517 8288 09-517 9822
Bentong	09-222 5653 09-222 5659	Jalan Beserah	09-567 8461 09-568 8088	Mentakab	09-277 5800 09-277 5801
Brinchang	05-491 1590 05-491 2682	Jerantut	09-266 1917 09-266 1972	Raub	09-355 3471 09-355 3502
Bureau de Change Resorts Hotel, Genting Highlands	03-6101 1237	Kemayan	09-240 9824 09-240 9866	Temerloh	09-296 5652 09-296 5653
		Kuala Lipis	09-312 2066 09-312 2077	Triang	09-255 3480 09-255 3481

PERAK

Ayer Tawar	05-672 6399 05-672 6400	Jalan Yang Kalsom	05-253 1998 05-253 1514	Simpang Pulai	05-357 5360 05-357 5361
Bagan Serai	05-721 2842 05-721 2843	Jelapang	05-526 4014 05-526 4015	Sitiawan	05-691 3526 05-691 3527
Bercham	05-546 8140 05-548 3888	Kampar	05-465 1044 05-465 2160	Sungai Siput	05-598 4114 05-598 6116
Bidor	05-434 1252 05-434 1253	Kamunting	05-808 1110 05-808 1112	Taiping	05-807 2551 05-808 4291
Chemor	05-201 1124 05-201 1125	Kuala Kangsar	05-776 9894 05-776 9895	Tanjong Malim	05-459 7602 05-459 7603
Gunung Rapat	05-313 1646 05-313 1649	Menglembu	05-281 1014 05-281 4978	Tanjong Piandang	05-725 5327 05-725 7941
Ipoh Garden	05-548 0951 05-548 0952	Pantai Remis	05-677 1251 05-677 1252	Teluk Intan	05-621 2325 05-622 3282
Ipoh Main Office	05-253 0115 05-253 1034	Parit Buntar	05-716 0078 05-716 0079		
Jalan Pasir Putih	05-321 9892 05-322 1658	Pusing	05-288 4077 05-288 4078		
Jalan Sultan Idris Shah	05-255 1068 05-255 1069	Seri Manjung	05-688 2927 05-688 2987		

PERLIS

Kangar	04-976 3311 04-976 3413
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Group Corporate Directory

PULAU PINANG

Bagan Ajam	04-331 7822 04-331 7823	Jalan Datuk Keramat	04-226 4571 04-228 1045	Prai	04-390 1241 04-390 1246
Bandar Baru Air Itam	04-828 4088 04-828 6088	Jalan Macalister	04-227 6842 04-227 6843	Pulau Pinang	04-261 3415 04-261 6755
Bandar Bayan Baru	04-643 8200 04-643 8390	Jalan Raja Uda	04-324 5229 04-324 5297	Pulau Tikus	04-227 1890 04-227 8744
Bandar Seberang Jaya	04-390 4513 04-390 4592	Jelutong	04-281 3227 04-282 5230	Relau	04-644 3102 04-644 3112
Bukit Mertajam	04-539 2205 04-539 2207	Kepala Batas	04-575 9085 04-575 9086	Simpang Ampat	04-588 2419 04-588 2436
Butterworth	04-332 9837 04-332 9839	Lebuh Macallum	04-262 8442 04-262 7732	Sungai Nibong	04-656 2288 04-658 6000
Jalan Air Itam	04-828 8591 04-828 8595	Nibong Tebal	04-593 2216 04-593 1433	Taman Bandar Raya	04-530 0288 04-530 1951

SABAH

Beaufort	087-214 844 087-214 869	Jalan Pantai	088-236 800	Lido	088-217 125 088-245 687
City Parade	088-251 812 088-251 813	Keningau	087-335 841 087-335 846	Papar	088-912 522 088-912 523
Donggongan	088-722 780 088-723 780	Kota Belud	088-977 784 088-977 807	Prima Square	089-202 288 089-202 289
Inanam	088-429 112 088-429 113	Kota Kinabalu	088-239 611 088-239 612	Putatan	088-771 811
Jalan Apas	089-913 262 089-913 606	Lahad Datu	089-884 020 089-884 021	Sandakan	089-214 257
				Tawau	089-761 311 089-761 322

SARAWAK

Batu Niah	085-737 111	Kuching City	082-417 922	Pelita	085-415 728
Bintangor	084-693 622	Li Hua	084-216 996	Sarikei	084-652 490
Bintulu	086-331 433 086-331 434	Limbang	085-212 443 085-216 751	Sibu	084-316 511 084-320 088
China Street	085-417 227 085-417 228	Marudi	085-755 000 085-755 009	Sri Aman	083-323 031 083-323 032
Jalan Central	084-335 677	Medan Sentral	086-318 883	Stutong	082-363 889
Jalan Penrissen	082-613 377	Miri	085-412 944 085-412 955	Wisma Saberkaas	082-419 889 082-428 800
Jalan Tun Zaidi	082-245 220 082-245 271	Mukah	084-871 900		
Kapit	084-797 652 084-797 677	Padungan	082-489 904 082-489 905		

**Group Corporate
Directory****SELANGOR**

Ampang	03-4256 2333 03-4256 2636	Klang	03-3342 3567 03-3342 3569	Shah Alam	03-5510 0567 03-5510 1313
Bandar Bukit Tinggi	03-3323 1661 03-3323 6006	Kota Damansara	03-6148 2766 03-6148 3766	SS2	03-7874 0436 03-7874 1933
Bandar Mahkota Cheras	03-9019 8788 03-9019 8898	Kuala Selangor	03-3289 4193 03-3289 4194	Subang Jaya	03-5633 2420 03-5633 2421
Bandar Puchong Jaya	03-5882 1888 03-5882 1889	Pandamaran	03-3167 2830 03-3167 2831	Sungai Buloh	03-6156 1983 03-6156 2056
Bandar Puteri Puchong	03-8062 7799 03-8062 8899	Petaling Jaya New Town	03-7957 0007 03-7957 0211	Sungai Chua	03-8736 0228 03-8737 0228
Bandar Sunway	03-5636 0713 03-5636 0722	Petaling Jaya Old Town	03-7783 5785 03-7783 6566	Sungai Jarom	03-3191 2031 03-3191 2032
Banting	03-3181 3081 03-3187 2466	Port Klang	03-3167 4550 03-3167 4668	Sungai Pelek	03-3141 1236 03-3141 1237
Batang Kali	03-6057 2401 03-6057 2402	Rawang	03-6091 8654 03-6091 8662	Taman Chi Liung	03-3371 8212 03-3371 8433
Bukit Beruntung	03-6028 2168 03-6028 2170	Sabak Bernam	03-3216 2500 03-3216 2805	Taman Equine	03-8938 1988 03-8938 2020
Damansara Jaya	03-7729 8588 03-7729 8590	Sea Park	03-7873 8931 03-7873 8932	Taman Indah	03-9075 5202 03-9075 5211
Damansara Utama	03-7728 9376 03-7728 9406	Section 14	03-7958 2585 03-7958 2586	Taman Mayang	03-7803 0124 03-7803 9247
Jalan Tapah	03-3341 9036 03-3343 5193	Sekinchan	03-3241 1263 03-3241 1264	Taman Muda	03-4296 1806 03-4296 1935
Kajang	03-8733 5752 03-8734 4240	Semenyih	03-8723 8811 03-8723 8812	Taman Sentosa Klang	03-5161 3369 03-5161 3476
Kampung Baru Subang	03-7846 8012 03-7846 8986	Seri Gombak	03-6188 6712 03-6188 9611	Taman Sri Muda	03-5121 6394 03-5121 6395
Kapar	03-3250 0916 03-3250 0917	Seri Kembangan	03-8939 2000 03-8939 2001	Taman Taming Jaya	03-8961 2460 03-8961 4980
Kelana Jaya	03-7803 1267 03-7803 4928	Seri Setia	03-7874 1944 03-7874 1966	USJ	03-5631 0776 03-5635 0617

TERENGGANU

Chukai	09-859 4069 09-859 5962
Kuala Dungun	09-848 2511 09-848 2549
Kuala Terengganu	09-622 6016 09-622 6122



Group Corporate Directory

OVERSEAS BRANCHES

Sri Lanka

Colombo Branch

#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
Fax : 94-11-257 3958
Swift : PBBELKX
E-mail : pbbslk@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 Phovanvihan District
Savannakhet Province
Lao P.D.R.
Tel : 856-41-252 131/132
Fax : 856-41-252 133
E-mail : pbbsvn@publicbank.com.la

Sikhai Branch

006, Luangphabang Road
Meuangwa Tha Village
Sikhottabong District
Vientiane, Lao P.D.R.
Tel : 856-21-219 869/870
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.
Tel : 856-31-218 111
856-31-218 112
Fax : 856-31-218 113
E-mail : pbbpks@publicbank.com.la

SUBSIDIARIES

Public Islamic Bank Berhad

Head Office:
14th Floor
Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur, Malaysia
E-mail : islamicbkg@
publicislamicbank.com.my
Website : www.publicislamicbank.
com.my
Tel : 03-2176 6000
Fax : 03-2162 2224

Kampung Baru Branch

1-1, 1-2, 2-3, Plaza RAH
No. 111, Jalan Raja Abdullah
Kampung Baru
50300 Kuala Lumpur, Malaysia
Tel : 03-2692 7269
03-2692 8749
Fax : 03-2692 7188
03-2698 7699

Putrajaya Branch

66, Jalan Diplomatik
Presint 15
62050 Putrajaya, Malaysia
Tel : 03-8888 7878
Fax : 03-8881 1366

Public Nominees (Tempatan) Sdn Bhd

6th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel : 03-2162 6077
Fax : 03-2162 6078

Public Nominees (Asing) Sdn Bhd

6th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel : 03-2162 6077
Fax : 03-2162 6078

Public Investment Bank Berhad

Head Office
25th Floor
Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur, Malaysia
E-mail : pivb@publicinvestbank.
com.my
Website : www.publicinvestbank.com
Tel : 03-2166 9382
Fax : 03-2166 9362

**Group Corporate
Directory****Branch Office:**

27th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia
Tel : 03-2268 3000
03-2031 3733
Fax : 03-2268 3167
03-2268 3178

**Public Invest Nominees
(Tempatan) Sdn Bhd**

27th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia
Tel : 03-2268 3000
Fax : 03-2268 3167

**Public Invest Nominees (Asing)
Sdn Bhd**

27th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia
Tel : 03-2268 3000
Fax : 03-2268 3167

Public Mutual Berhad

Block B
Sri Damansara Business Park
Persiaran Industri,
Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia
E-mail : mktg@publicmutual.com.my
Website : www.publicmutual.com.my
Tel : 03-6279 6800
Fax : 03-6277 9800
(28 branches and 1 agency office
nationwide)

Public Holdings Sdn Bhd

8th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel : 03-2176 6000
03-2176 6666
Fax : 03-2163 9903

PB Trust (L) Ltd

Level 8(B), Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000
Federal Territory of Labuan, Malaysia
E-mail : pbtrust@pbtrust.com.my
Website : www.pbtrust.com.my
Tel : 6087-411 898
6087-412 336
Fax : 6087-451 193

Public Bank (L) Ltd

Level 8 (A) & (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000
Federal Territory of Labuan, Malaysia
Tel : 6087-411 898
Fax : 6087-413 220
Swift : PBLLMYKA

Public Financial Holdings Limited

2/F, Public Bank Centre
120, Des Voeux Road Central
Central, Hong Kong
E-mail : investor@publicbank.com.hk
Website : www.publicfinancial.com.hk
Tel : 852-2541 9222
Fax : 852-2815 9232

Public Finance Limited

Room 1105-7, Wing On House
71, Des Vouex Road Central
Central, Hong Kong
E-mail : info@publicfinance.com.hk
Website : www.publicfinance.com.hk
Tel : 852-2525 9351
Fax : 852-2845 0681
(42 branches in Hong Kong)

Public Financial Limited

Room 1105-7, Wing On House
71, Des Vouex Road Central
Central, Hong Kong
Tel : 852-2525 9351
Fax : 852-2845 0681

Public Securities Limited

Room 1101-03, Wing On House
71, Des Voeux Road Central
Central, Hong Kong
E-mail : cs@publicsec.com.hk
Website : www.publicsec.com.hk
Tel : 852-3929 2800
Fax : 852-2845 5240

**Public Securities (Nominees)
Limited**

Room 1101-03, Wing On House
71, Des Voeux Road Central
Central, Hong Kong
Tel : 852-3929 2850
Fax : 852-2845 5240

Winton (B.V.I.) Limited

Room 1101-1110, 11th Floor
Phase 1, Argyle Centre
688 Nathan Road, Mongkok
Kowloon, Hong Kong
Website : www.wintongroup.com.hk
Tel : 852-2391 9388
Fax : 852-2391 5366
(9 branches in Hong Kong)

Public Bank (Hong Kong) Limited

2/F, Public Bank Centre
120, Des Vouex Road Central
Central, Hong Kong
E-mail : contact@publicbank.com.hk
Website : www.publicbank.com.hk
Tel : 852-2541 9222
Fax : 852-2541 0009
(32 branches in Hong Kong,
3 branches in Shenzhen, China and
1 representative office each in
Shanghai and Shenyang, China)


Cambodian Public Bank Plc

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
Website : www.campubank.com.kh
www.cpbebank.com
Tel : 855-23-222 880/
222 881/222 882
(General Lines)
Fax : 855-23-222 887
Swift : CPBLKHPP
(28 branches in Cambodia)

Campu Securities Plc

6th 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 : campusec@campusecurities.
com.kh
Website : www.campusecurities.com.kh
Tel : 855-23-999 880
855-23-998 860
Fax : 855-23-999 883

Campu Lonpac Insurance Plc

7th 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 : enquiries@campulonpac.
com.kh
Website : www.campulonpac.com.kh
Tel : 855-23-998 200/986 279
Fax : 855-23-986 308

ASSOCIATED COMPANIES
PB Trustee Services Berhad

17th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel : 03-2176 6623/6651/
7674/7939
Fax : 03-2164 3285

AIA Public Takaful Berhad

99, Jalan Ampang
50450 Kuala Lumpur, Malaysia
E-mail : my.customer@aiapublic.
com.my
Website : www.aiapublic.com.my
Careline : 1 300 88 8922
Fax : 03-2056 3690

VID Public Bank

Hanoi
Head Office
7th Floor, Prime Centre Building
53, Quang Trung Street
Hai Ba Trung District
Hanoi, Vietnam
E-mail : vidho@vidpublicbank.com.
vn (Hanoi HO)
Website : www.vidpublicbank.com.vn
Tel : 844-3943 9130
(General Director)
844-3943 8999
844-3943 9011
844-3943 9012
Fax : 844-3943 9005
Swift : VIDPVN5
(7 branches in Vietnam)

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

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 50th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 28 March 2016 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 50th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 28 March 2016 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.	Re-election of Lai Wai Keen as Director				
2.	Re-appointment of Tan Sri Dato’ Sri Dr. Teh Hong Piow as Director				
3.	Re-appointment of Tan Sri Dato’ Sri Tay Ah Lek as Director				
4.	Re-appointment of Dato’ Sri Lee Kong Lam as Director				
5.	Re-appointment of Tang Wing Chew as Director				
6.	Re-appointment of Lai Wan as Director				
7.	Approval of payment of Directors’ fees				
8.	Re-appointment of Messrs Ernst & Young as Auditors and authority to the Directors to fix the Auditors’ remuneration				

Signed this _____ day of _____ 2016.

* Delete if inapplicable.

Signature of Member/Common Seal

Notes:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 March 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 50th Annual General Meeting (AGM).
- A Member entitled to attend, speak and vote at this 50th 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 50th 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before this 50th AGM.

Please fold here to seal

Please fold here

To: Share Registrar
Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

STAMP

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PAST AWARD-WINNING ANNUAL REPORTS

2014 ANNUAL REPORT

NACRA Award

- Most Outstanding Annual Report – Silver Award
- Best Annual Report in Bahasa Malaysia – Gold Award

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 – Platinum Award

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

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

- 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



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.publicbankgroup.com