



**PUBLIC BANK**

(6463-H)

**2013** Annual Report



# Safeguarding Our Brand Value

# Safeguarding **Our Brand Value**

As the global economy moves amidst challenges, we continue to enhance value whilst safeguarding the integrity of what we represent. At Public Bank, we have remained committed to a superior standard of excellence. We have focused on strategies that set the benchmark. We have delivered results towards our most vital component – you. We have ensured that our stakeholders are always in good hands.

Safeguarding our brand value encompasses all areas of our business, ensuring that in the pursuit of banking excellence, we remain steadfast in protecting and guarding our stakeholders for a sustainably stable future. This year's theme is depicted by a pair of hands protectively holding the Public Bank logo, symbolising the brand as a valuable asset, worth its weight in gold.



Best  
ACCO  
Stab  
Custome  
Effic  
Innovativ  
Int  
Public  
Effective

Visionary Leadership

Strategic Management

**FOCUS**

Accountability

Superior Returns

**Strength & Stability**

Customer Service

Efficient Growth

Quality Products

**Committed Team**

Integrity

Achievement

**Resourceful**

SAFEGUARDING OUR BRAND VALUE | ANNUAL REPORT 2013

# HIGHLIGHTS 2013



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**Chairman's Review**

# WHAT'S INSIDE



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# CORPORATE PHILOSOPHY

## PUBLIC BANK CARES ...

### For Its Customers

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

### For Its Employees

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

### For Its Shareholders

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

### For the Community It Serves

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

... WITH INTEGRITY



# CORPORATE MISSION

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

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 48th 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, 31 March 2014 at 11.00 a.m. for the following purposes:

6

## AS ORDINARY BUSINESS

- |  |                       |
|--|-----------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.  | Ordinary Resolution 1 |
| 2. To re-elect Tang Wing Chew who retires by rotation pursuant to Article 111 of the Company's Articles of Association.  | Ordinary Resolution 2 |
| 3. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:   |                       |
| i. "THAT Tan Sri Dato' Sri Dr. Teh Hong Piow, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."      | Ordinary Resolution 3 |
| ii. "THAT Tan Sri Datuk Seri Utama Thong Yaw Hong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." | Ordinary Resolution 4 |
| iii. "THAT Tan Sri Dato' Sri Tay Ah Lek, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."           | Ordinary Resolution 5 |
| iv. "THAT Dato' Sri Lee Kong Lam, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."                  | Ordinary Resolution 6 |
| v. "THAT 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 7 |
| 4. To approve the payment of Directors' fees of RM2,469,000 for the financial year ended 31 December 2013.   | Ordinary Resolution 8 |
| 5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Directors to fix the Auditors' remuneration.   | Ordinary Resolution 9 |



## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. Proposed Merger of Ordinary Shares of RM1.00 Each in PBB (PBB Shares) Listed and Quoted as "Local" and PBB Shares Listed and Quoted as "Foreign" on the Main Market of Bursa Malaysia Securities Bhd (Bursa Securities) (Proposed Merger of PBB 'L' Shares and PBB 'F' Shares)

Ordinary Resolution 10

"THAT subject to the approval of Bursa Securities being obtained, approval be and is hereby given to the Company to merge the PBB 'F' Shares with the PBB 'L' Shares listed and quoted on the Main Market of Bursa Securities without any form of compensation to shareholders, whether locals or foreigners, holding PBB 'F' Shares in their Central Depository System accounts, for the share price differential between the PBB 'L' Shares and PBB 'F' Shares, if any;

AND THAT the Directors be and are hereby authorised to give effect to the above with full power to assent to any conditions, modifications, variations and/or amendments in any manner as they shall deem fit in their absolute discretion or as may be required by the relevant authorities to deal with all matters relating thereto and to do all steps and to do all things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Merger of PBB 'L' Shares and PBB 'F' Shares."

7. Proposed Amendments to the Memorandum and Articles of Association of PBB

Special Resolution 1

"THAT, subject to the passing of Ordinary Resolution 10 above, the proposed amendments to the Memorandum and Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 6 March 2014 be and are hereby approved and in consequence thereof, the new set of Memorandum and Articles of Association incorporating the said amendments be adopted AND THAT the Directors and Secretary be and are hereby authorised to carry out all the necessary steps to give effect to the said amendments."

By Order of the Board

**Dato' Chia Lee Kee**  
MAICSA 7008270  
Company Secretary

Kuala Lumpur  
6 March 2014

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 March 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 48th Annual General Meeting (AGM).
2. The right of Foreigners to vote in respect of deposited securities is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 and the Articles of Association of the Company. Where a Foreigner, based on the General Meeting Record of Depositors, holds deposited securities in a Securities Account and such securities raise the ownership of shares in the Company by Foreigners beyond the Company's foreign shareholding limit of 30%, such Foreigner or the proxy appointed by him, in respect of such securities, shall not be entitled to exercise in any manner whatsoever any voting rights in respect of the aforesaid securities at this 48th AGM.
3. A Member entitled to attend, speak and vote at this 48th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a Member of the Company.
4. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at this 48th 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.

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

## Explanatory Notes:

### 1. Ordinary Resolution 10 – Proposed Merger of PBB Local Shares and PBB Foreign Shares

Detailed information on the proposed merger of PBB Local Shares and PBB Foreign Shares are as set out in the Circular to Shareholders dated 6 March 2014 despatched together with the PBB 2013 Annual Report.

### 2. Special Resolution 1 – Proposed Amendments to the Memorandum and Articles of Association of PBB

The proposed amendments to the Memorandum and Articles of Association of PBB are arising from the Proposed Merger of PBB Local Shares and PBB Foreign Shares and also to update references to the Banking and Financial Institutions Act, 1989 to the Financial Services Act 2013 which came into force on 30 June 2013 and to update the names of Directors to reflect the names of Board Members as at the date of adoption of the amended Articles of Association.

Detailed information on the proposed amendments to the Memorandum and Articles of Association of PBB are as set out in Appendix I of the Circular to Shareholders dated 6 March 2014 despatched together with the PBB 2013 Annual Report.

3. Dato' Yeoh Chin Kee who retires pursuant to Section 129 of the Companies Act, 1965, will not be seeking re-appointment at the 48th AGM and therefore shall retire at the conclusion of the said AGM.

## FINANCIAL YEAR 2013

### DIVIDENDS

#### 1st Interim Single Tier Dividend of 22%

Notice : 23 July 2013  
(Tuesday)

Entitlement : 12 August 2013  
(Monday)

Payment : 20 August 2013  
(Tuesday)

#### 2nd Interim Single Tier Dividend of 30%

Notice : 5 February 2014  
(Wednesday)

Entitlement : 20 February 2014  
(Thursday)

Payment : 28 February 2014  
(Friday)

### ANNOUNCEMENT OF CONSOLIDATED RESULTS

#### 23 APRIL 2013 TUESDAY

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Unaudited results for 1st quarter  
ended 31 March 2013

#### 23 JULY 2013 TUESDAY

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Unaudited results for 2nd quarter  
and half-year ended 30 June 2013

#### 22 OCTOBER 2013 TUESDAY

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Unaudited results for 3rd quarter  
ended 30 September 2013

#### 5 FEBRUARY 2014 WEDNESDAY

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Audited results for 4th quarter and  
financial year ended 31 December 2013

### ANNUAL GENERAL MEETING

#### 6 MARCH 2014 THURSDAY

NOTICE OF ANNUAL GENERAL MEETING

#### 31 MARCH 2014 MONDAY

48TH ANNUAL GENERAL MEETING

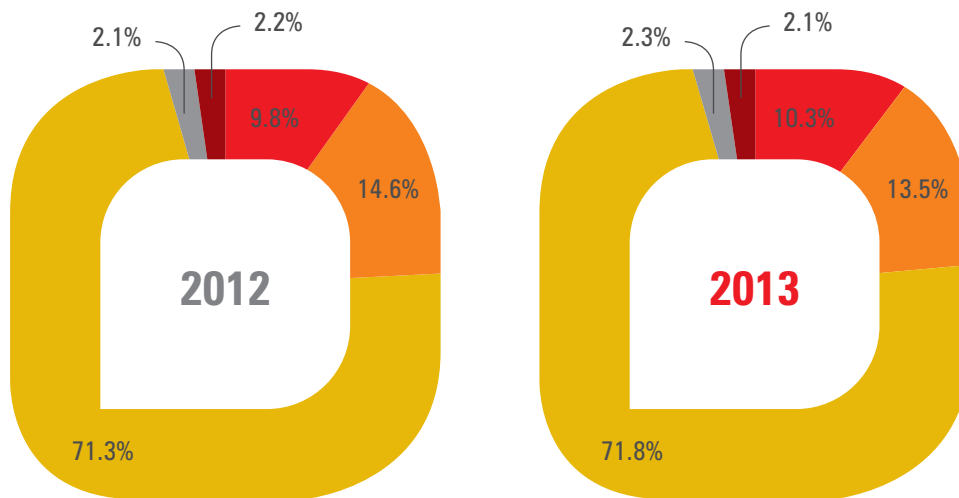
# FINANCIAL HIGHLIGHTS

	Group		Bank	
	2013	2012	2013	2012
<b>PROFITABILITY (RM'Million)</b>				
Operating revenue	15,264	14,058	11,504	10,630
Operating profit	5,655	5,329	4,747	4,711
Profit before tax expense and zakat	5,310	5,047	4,647	4,627
Net profit attributable to equity holders of the Bank	4,065	3,827	3,705	3,707
<b>KEY BALANCE SHEET DATA (RM'Million)</b>				
Total assets	305,725	274,824	252,839	228,576
Loans, advances and financing	219,416	196,052	182,405	162,969
Deposits from customers	250,873	225,042	201,872	181,688
Shareholders' equity	20,424	18,018	18,822	16,895
<b>FINANCIAL RATIOS (%)</b>				
<b>Profitability Ratios</b>				
Net interest margin on average interest bearing assets <sup>1</sup>	2.9	3.1	2.7	2.9
Net return on equity <sup>2</sup>	22.4	24.1	22.0	25.0
Return on average assets	1.8	1.9	1.9	2.1
Return on average risk-weighted assets	2.8	2.9	2.9	3.2
<b>Capital Adequacy Ratios</b>				
Common Equity Tier I capital ratio	9.3	N/A	10.9	N/A
Tier I capital ratio	11.1	11.4	13.0	13.6
Total capital ratio	14.3	14.7	14.1	14.5
<b>Asset Quality Ratio</b>				
Gross impaired loans ratio	0.7	0.7	0.6	0.6

<sup>1</sup> Excluding negotiable instruments of deposit and money market deposits which are on-lent to interbank.

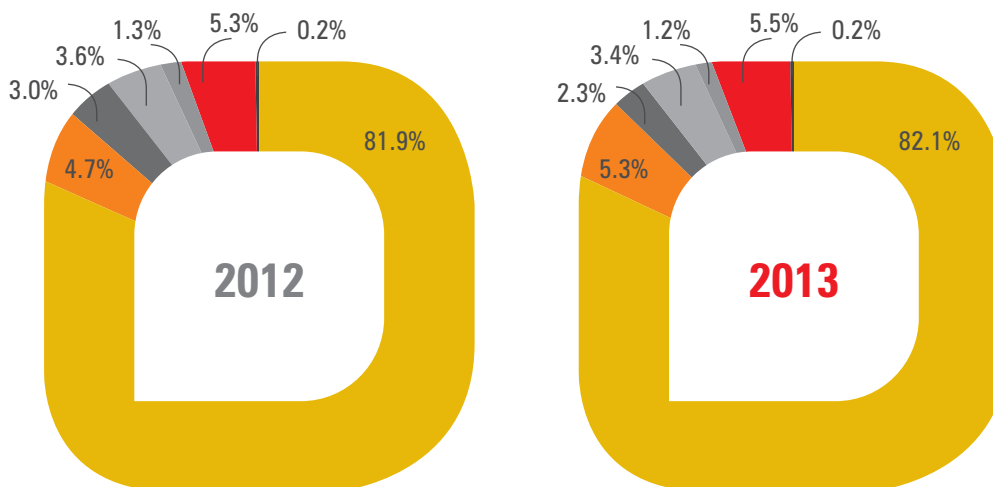
<sup>2</sup> Based on equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.

# SIMPLIFIED GROUP BALANCE SHEET



## ASSETS

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



## LIABILITIES & EQUITY

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

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

#### 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),  
FCIS (Aust), FCMI (UK), FICM (UK), FInstAM (UK)

### TAN SRI DATUK SERI UTAMA THONG YAW HONG

#### Independent Non-Executive Co-Chairman

PSM, SUMW, SIMP, DSAP, DIMP, JMN, SMP, JBS, AMN  
BA (Econs Hons), MPA (Harvard), AMP (Harvard),  
D.Econ (Hon)

### TAN SRI DATO' SRI TAY AH LEK

#### Managing Director/Chief Executive Officer

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

### DATO' SRI LEE KONG LAM

#### Non-Independent Non-Executive Director

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

### DATO' YEOH CHIN KEE

#### Non-Independent Non-Executive Director

DIMP  
FCPA (Aust), F Fin (Aust)

### DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR

#### Non-Independent Non-Executive Director

DIMP  
ACA (England & Wales), CA (M'sia), FIBM (M'sia)

### 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

## COMPANY SECRETARY

### DATO' CHIA LEE KEE

DIMP

MAICSA 7008270

Tel : 603-2176 6341

E-mail : pbbcosec@publicbank.com.my

## REGISTERED OFFICE

27th Floor, Menara Public Bank, 146 Jalan Ampang

50450 Kuala Lumpur, Malaysia

Tel : 603-2176 6341, 2163 8888

Fax : 603-2163 9917

## SHARE REGISTRAR

TRICOR INVESTOR SERVICES SDN BHD

Level 17, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur, Malaysia

Tel : 603-2264 3883

Fax : 603-2282 1886

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

## AUDITORS

MESSRS KPMG

Chartered Accountants

Level 10, KPMG Tower

8, First Avenue, Bandar Utama

47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : 603-7721 3388

Fax : 603-7721 3399

## HEAD OFFICE

Menara Public Bank, 146 Jalan Ampang

50450 Kuala Lumpur, Malaysia

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

Fax : 603-2163 9917

## WEBSITE

[www.publicbank.com.my](http://www.publicbank.com.my)

## INVESTOR RELATIONS

Tel : 603-2176 6293

E-mail : [ir@publicbank.com.my](mailto:ir@publicbank.com.my)

## AGM HELP DESK

Tel : 603-2176 6455, 2176 6458

Fax : 603-2163 9917

E-mail : [pbbcosec@publicbank.com.my](mailto:pbbcosec@publicbank.com.my)

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

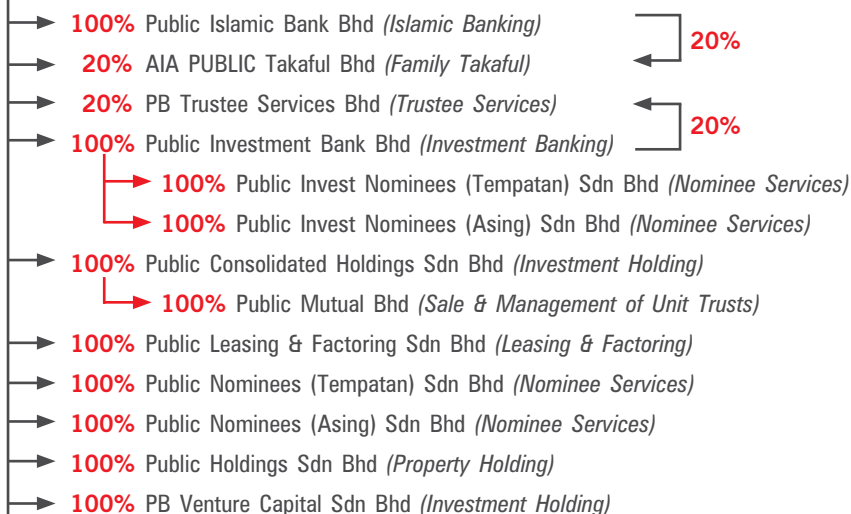
(Listed since 6 April 1967)

# GROUP CORPORATE STRUCTURE

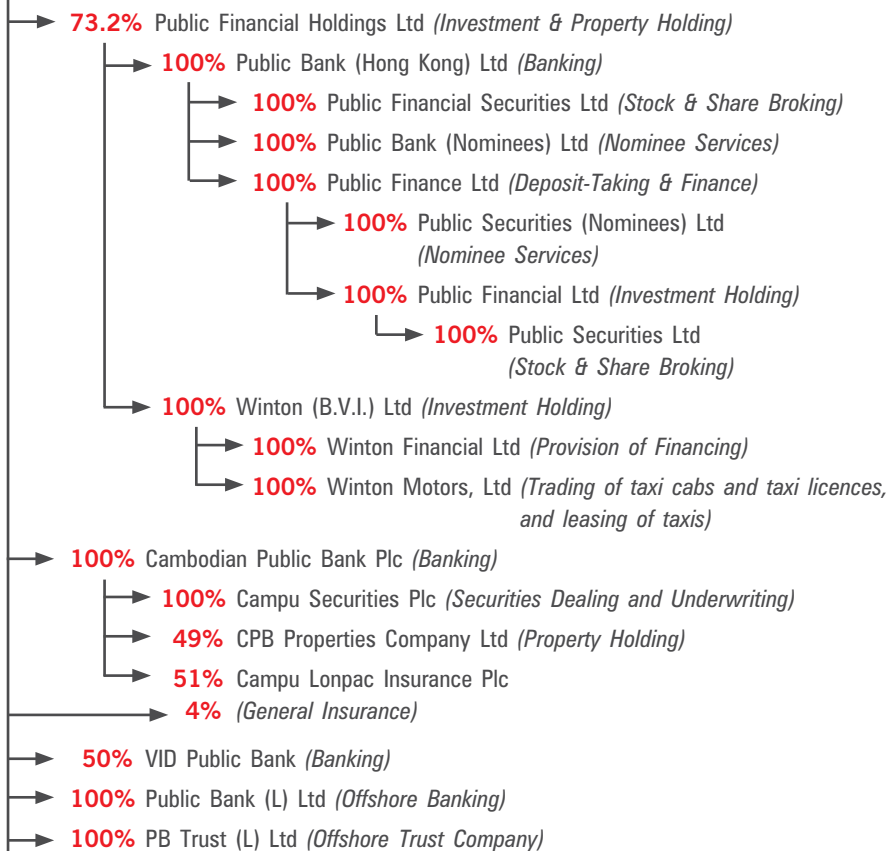
as at 27 January 2014



## MALAYSIAN COMPANIES



## OVERSEAS AND OFFSHORE COMPANIES




### Notes:

- The companies reflected above are operating subsidiaries/associated companies.
- The full list of companies under the Public Bank Group is set out in Notes 13 and 14 to the Financial Statements on pages 96 to 99 in the Financial Statements section of this Annual Report.

Safeguarding Our Brand Value  
**Strength & Stability**





A hand holding a small green plant against a backdrop of a city skyline featuring the Kuala Lumpur Tower. The hand is in the foreground, holding a small green plant. The background shows a city skyline with various buildings and the prominent Kuala Lumpur Tower. The sky is blue with some clouds.

Since inception, we have been growing from strength to strength, drawing our energy from stability in leadership, prudent financial management and business acumen. With these attributes in place, we continue to spearhead the growth of our business and our people to further entrench our reputation as one of Malaysia's most respected banks.

# CORPORATE PROFILE



## A PREMIER BANKING GROUP IN MALAYSIA

The Public Bank Group is the third largest banking group in Malaysia by asset size with total assets of RM305.73 billion as at the end of 2013. Public Bank is listed on the Main Board of the Bursa Malaysia Securities with a market capitalisation of RM68.67 billion as at the end of 2013, and is ranked second among all the public listed companies on Bursa Malaysia Securities in terms of market capitalisation.

The Public Bank Group primarily focuses on retail consumer banking business with leading market shares in financing for residential properties, commercial properties and passenger vehicles as well as in sales and management of unit trust funds in Malaysia. The Group has been achieving consistent growth in its financial performance, giving it a track record of unbroken profitability over 47 years since it commenced operations in 1966. Today, the Group delivers the best in return on equity, cost efficiency and asset quality when compared to its peer banking groups in Malaysia. As at the end of 2013, the Group achieved net return on equity of 22.4%, cost to income ratio of 30.7% and gross impaired loans ratio of 0.7%.

Today, the Group delivers the best in return on equity, cost efficiency and asset quality when compared to its peer banking groups in Malaysia. As at the end of 2013, the Group achieved net return on equity of 22.4%, cost to income ratio of 30.7% and gross impaired loans ratio of 0.7%.



## 47 YEARS OF GROWTH

Public Bank was conceptualised and established as “a bank for the public” by Tan Sri Dato’ Sri Dr. Teh Hong Piow, its Founder and Chairman. On 6 August 1966, Public Bank first opened its doors for business in Kuala Lumpur with 32 pioneer staff. Within five weeks of its first opening in Kuala Lumpur, the Bank opened a branch in Melaka, followed by another branch in Ipoh the following year. Thereafter, the Bank continued to expand its network to cover Penang, Johor Bahru and progressively covering the Peninsular and by the mid-1980s, to East Malaysia. On 6 April 1967, Public Bank was listed on Bursa Malaysia Securities (then known as the Kuala Lumpur Stock Exchange).

In the early 1990s, Public Bank began its expansion overseas and ventured into banking operations in Hong Kong, Cambodia, Vietnam, Laos and Sri Lanka.

To-date, the Public Bank Group has grown into a premier banking group with over 17,900 employees within the Group. In Malaysia, the Bank has 258 well distributed branches. The Group’s overseas operations comprise 124 branches, with 83 branches in Hong Kong, 3 branches in China, 25 branches in Cambodia, 7 branches in Vietnam, 4 branches in Laos, 2 branches in Sri Lanka and 3 representative offices in Shanghai, Shenyang and Taipei.

The Public Bank Group has expanded its service offerings over the years and become a leading financial services provider. The Group currently offers a comprehensive range of financial products and services comprising, amongst others, personal banking, commercial banking, Islamic banking, investment banking, share broking, trustee services, nominee services, sales and management of unit trust funds, bancassurance and general insurance products. The Group is serving a large customer base of individuals and business enterprises totalling over eight million customers in Malaysia and in countries in which the Group operates.

Public Islamic Bank, a wholly-owned subsidiary of Public Bank, commenced its full-fledged Islamic banking business in 2008. Its focus is on Islamic consumer financing and retail commercial financing to business enterprises.

Throughout its 47-year journey of growth, the Public Bank Group’s sustained profitability track record showed its strong commitment and capability to deliver excellence in providing banking services to its customers, evidenced by the strongly visible PB Brand. Today, the PB Brand is synonymous with superior customer service, prudent management, strong corporate governance, strong asset quality and sustainable profitability.

## FOCUSED AND CONSISTENT GROWTH STRATEGY

The Public Bank Group's growth strategy remains consistent, which is to pursue organic growth in the retail banking business, focusing on retail consumers and small and medium enterprises ("SMEs"), and striving to further increase its leadership in the retail banking market. The Group's retail banking business continues to target retail consumer and commercial loans and financing, deposits and fee-based businesses.

To drive business growth and increase its market share in retail banking, the Public Bank Group leverages on its well-established customer service infrastructure, processes and practices to deliver prompt and consistent service to meet the needs of its customers.

In the retail lending business, the Public Bank Group continues to focus on growing residential mortgages, passenger vehicle financing and lending to SMEs. Given the increasingly competitive market where loan products are highly commoditised, the Group actively competes in the market for business growth and increased market share by differentiating itself through its highly efficient customer service delivery standards. As at the end of 2013, the Public Bank Group achieved total loans and financing growth of 11.8% which is higher than the domestic banking industry's growth rate of 10.6%. Public Bank continued to lead in residential mortgages, passenger vehicle financing and commercial property financing in Malaysia, with market shares of 19.6%, 26.5% and 33.8% respectively.

The Public Bank Group has a strong franchise in the deposit-taking business. Customer deposits have been expanding steadily, both in terms of deposit customer base and the amount of deposits placed with the Group. As at the end of 2013, total deposits from customers of Public Bank in Malaysia recorded a growth rate of 11.6%, which is above the domestic banking industry's growth rate of 8.5%. This demonstrates the high level of customer confidence in Public Bank in safeguarding their funds.

Growing fee-based revenue remains a key strategic focus of the Public Bank Group, with emphasis on its unit trust business, bancassurance and various fee-generating products and services. The Public Bank Group's wholly-owned subsidiary, Public Mutual, accounts for a significant proportion of the non interest income of the Group. Public Mutual remains as a dominant player in the private sector fund management industry in Malaysia with total assets under management of RM62.50 billion, commanding a leading market share of 41.2% as at the end of 2013 due to its superior fund performance, strong distribution capabilities and strong branding.

## STRONG FINANCIAL RATINGS

The Public Bank Group continues to be accorded strong credit and financial ratings. Standard & Poor's reaffirmed Public Bank's A-long-term rating and A-2 short-term counterparty credit rating with stable outlook. Moody's Investor Service also reaffirmed Public Bank's foreign currency long-term deposit rating of A3 and short-term deposit rating of P-2, and revised its foreign currency deposit rating outlook from stable to positive following the revision of Malaysia sovereign rating outlook to positive from stable. 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.

## AWARDS AND ACCOLADES

The Public Bank Group continues to earn accolades and appreciation for its sustainable financial performance and superior management. In 2013, the Group was honoured with best bank awards and excellence in corporate governance by national and international publications, including the Minority Shareholder Watchdog Group. These were in recognition of the Group's consistent record of financial performance and distinction in the key areas expected of a banking institution by its shareholders.

Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow, continues to be honoured with awards of excellence for his sterling leadership and extraordinary achievements, as well as his invaluable contributions to the Public Bank Group, and to the banking industry in Malaysia and in the region.





## CORPORATE SOCIAL RESPONSIBILITY

The Public Bank Group remains committed to support the community as a responsible corporate citizen. The Group's corporate social responsibility ("CSR") initiatives are focused on nation building, enhancement of the marketplace, promotion of the workplace and environment conservation. The Group supports the community through programmes such as education, graduate employment, professional development and healthcare as well as support of the underprivileged.

As a long-term business strategy, the Public Bank Group will consistently invest in staff development to enhance core competencies of the staff, in order to boost their contribution, productivity and efficiency. The Group also believes that implementation of CSR will enhance the reputation and standing of the Bank, leading to greater competitiveness and higher sustainability of returns to its stakeholders.

## OUR COMMITMENT

In an increasingly competitive financial landscape, the Public Bank Group will never rest on its laurels. In spite of its success, the Group will strive harder to deliver value to its stakeholders and sustain its legacy of strong growth and leadership. To its customers, the Group commits to deliver excellent customer service and to be more innovative in providing superior financial products and services to meet increasingly sophisticated customer demand. To its shareholders and investors, the Group will continue to enhance shareholder value via excellent financial performance and strong corporate governance. To its staff, the Group will continue to invest in human capital development to enhance core competencies and productivity.

# CORPORATE MILESTONES

since 1966



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

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

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

1966



1967



1978



1987

1990

1992

➔ 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

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

➔ Establishment of Cambodian Public Bank Plc, presently a wholly-owned subsidiary in Cambodia, on 25 May 1992





- ➔ Public Bank moved to Menara Public Bank, its present landmark Head Office building in the heart of Kuala Lumpur's central business district
- ➔ Completed the acquisition of Hock Hua Bank Berhad on 31 March 2001
- ➔ Public Mutual Berhad, the largest private sector unit trust management company in Malaysia, became a wholly-owned subsidiary on 12 July 2006

1996



2007

2001



2008

2006



2012

- ➔ Establishment of Campu Lonpac Insurance Plc, a 55% subsidiary of Public Bank Group, to provide general insurance business in Cambodia
- ➔ 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
- ➔ Pre-tax profit surpassed RM5 billion for the 1st time



## CORPORATE MILESTONES

### 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 258 branches today
- 1st five months of business yielded a profit of RM71,562, the start of an unbroken profitability track record of 47 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 2013

### 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 reached 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 reached 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 reached RM3 billion

**2004**

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

**2005**

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

**2006**

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

**2007**

- Pre-tax profit surpassed RM3 billion for the 1st time
- Total loans, advances and financing exceeded RM100 billion for the 1st time

- Public Bank entered into an exclusive regional strategic alliance agreement with ING Asia/Pacific Limited for the joint development of bancassurance business, Takaful business and various other services between Public Bank and ING in the Asia Pacific region for 10 years

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

**2008**

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

**2009**

- Total assets surpassed RM200 billion for the 1st time

**2010**

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

**2011**

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

**2012**

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

**2013**

- 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



## CUSTOMER CARE

### **CUSTOMER SERVICE EXCELLENCE IS OUR COMMITMENT**

Excellence in customer service is an integral part of the Public Bank Group's strategy and has long been deeply ingrained in the Group's customer care culture. Maintaining superior customer service and exceeding customers' expectations are the underlying foundation of the Group's long-term business growth strategy. The Group's unrelenting pursuit to deliver top-notch customer service is exemplified in its corporate tagline "Excellence Is Our Commitment" and reflected in the commitment of its staff to provide excellent customer service in their dealings with customers.

The Public Bank Group continues to invest substantial resources to develop its staff and infrastructure in order to promote a "customer service culture" in its work environment and ethics geared towards achieving greater customer satisfaction. Through such investments, the Group is able to solidify its presence in the current financial market place and further promote the PB Brand franchise, a household name which is synonymous with efficient and superior customer service delivery. This, together with the long-lasting customer relationship built over the years, have enabled the Group to differentiate itself from its peers in the highly competitive market as well as contributed to the Group's business growth and success. As at the end of 2013, approximately 35% of Public Bank's individual customers have business relationship with the Bank spanning over 10 years. The long-lasting customer relationship is a testament to the Group's unwavering commitment to customer care and excellent customer service culture, conscientiously nurtured over the years.

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

Public Bank remains committed to deliver high standards of customer service as provided in its Customer Service Charter. The Charter outlines the Bank's commitment to fulfill its services and obligations in a timely and effective manner through all its available banking channels. In addition, it also provides the manner in which customers can contact the Bank to provide feedback. The Bank values feedback from customers as they form the building blocks for achieving the Bank's aspiration to provide the best services to its customers.

### MAINTAINING CUSTOMER SERVICE QUALITY STANDARDS

The Public Bank Group serves its customers through various service channels and touch points. In order to ensure consistent and uniform standards of customer service, Public Bank has established standard processes under its "Provision of Customer Service at the Front Office" and "Provision of Customer Service in Loan Delivery" since 2000 and 2003 respectively. The quantitative benchmarks set under these two processes include customers' standard waiting time ("SWT") and standard turnaround time

("STT") for each stage of loan processing which are strictly monitored. Through continuous enhancements over the years, the Bank has successfully and consistently maintained the ISO 9001:2008 certification since their implementation.

Under the "Provision of Customer Service at Front Office" processes, the quantitative benchmark of a 2-minute SWT at branch counters is set which aims to deliver quick and efficient banking services to customers at the counters. A robust performance monitoring mechanism is established to monitor, address and resolve performance lapses, leading to increased productivity and customer satisfaction. The implementation of these processes has been successful from the consistently high rate of achievement where 73% of the customers at the counters were served within the 2-minute SWT in 2013.

The "Provision of Customer Service in Loan Delivery" is extensively supported by the Public Bank Group's in-house developed electronic Loan Delivery System ("eLDS") which routes loan applications electronically from branches to the relevant approving authorities and measures the STT of each stage of the process. The eLDS and STT have been continuously enhanced to ensure faster response time in order to better serve the Group's customers in their loan applications.



Maintaining superior customer service and exceeding customers' expectations are the underlying foundation of the Group's long-term business growth strategy



### PERSONALISED FACE-TO-FACE CUSTOMER SERVICE

The Public Bank Group places great importance on customer interactions, especially personalised face-to-face interaction to nurture and maintain long-term customer relationships.

One of the key-points in humanising Public Bank's services is the personalised interaction with the Bank's customers via the "Service Ambassadors" initiative. To facilitate this, Public Bank has appointed over 550 Customer Service Representatives ("CSR") across its branch network to provide face-to-face service to the Bank's customers on all matters pertaining to the delivery of banking services such as assisting customers to use the Bank's self service banking terminals, acquiring customer feedback and resolving customer issues.

Besides the CSRs, Public Bank has more than 1,380 Sales and Marketing Executives, Financial Executives, Share Investment Executives, Merchant Sales Executives and Red Carpet Banking Executives across its 258 branches in Malaysia to meet and service customers who have varying financial needs.

Public Bank has also established the Account Management Unit ("AMU") at its branches nationwide to ensure effective and systematic client account management. One of the key responsibilities of the AMU is business development to further increase the Bank's market share and the deployment of customer retention initiatives. To achieve this objective, the AMU tailors and personalises the Bank's services to meet customers' needs which create a mutually beneficial business relationship between the Bank and its valued customers.

### USING TECHNOLOGY TO DELIVER CUSTOMER SERVICE

To complement personalised customer service at the branches, Public Bank continues to invest in self service banking infrastructure to provide customers with easy access to banking services outside conventional banking hours. Public Bank has expanded its self service terminals such as Automated Teller Machines, Cheque Deposit Machines, Cash Deposit Terminals, Cash Recycling Machines and Coin Collection Machines to 1,738 units located in branches and at off-branch sites nationwide. The Bank has also taken proactive measures to ensure maximum availability or up-time of these machines for customer convenience. To keep up with the current trend of online banking, the Bank continues to improve and diversify the services provided through its internet banking and mobile banking channel by introducing new and additional services as well as enhanced security measures for customer convenience and peace of mind.

Public Bank's dedicated Customer Service helplines are also readily available to assist customers round the clock. These helplines are managed by the Bank's customer service personnel who are trained to assist customers on any inquiries on the range of services provided by the Bank.

### PROPOSED INDUSTRY BENCHMARK EXERCISE

Public Bank will participate in the Association of Banks in Malaysia's proposed industry benchmarking exercise, to be undertaken by Malaysia Productivity Corporation. Adopted from the American Customer Satisfaction model, customers are surveyed either through telephone or face-to-face interviews based on structured questionnaire. This exercise will enable the Bank to identify areas for further improvement in its customer service delivery and benchmark itself within the domestic and global banking industry in terms of customer service.



### PROMPT COMPLAINT RESOLUTION SYSTEM

As part of its customer care commitment, the Public Bank Group has put in place an efficient customer complaint resolution system to ensure customer complaints are addressed efficiently. The Bank has established a maximum 10 day benchmark for all customer complaints to be acknowledged and resolved and is fully committed to ensure that all complaints are resolved within the benchmark implemented.

### LISTENING TO THE CUSTOMER

Public Bank's commitment to continuously improve the quality and efficiency of its services is reflected in its Customer Service Focus Group ("CSFG") programme which is implemented at all its branches nationwide. This programme allows the Bank to obtain, document and address the expectations and needs of its customers through a dialogue process attended by all levels of staff at its branches.

Public Bank's "Living Our Service Values Campaign", which promotes and inculcates in branch staff the desired 7 behaviours, aims to increase customer retention and acquisition and includes the practice of **G**reeting, **U**sing name, **E**ye contact, **S**miling and **T**hanking you ("G.U.E.S.T"). Due to the encouraging results from this campaign, the Bank will continue to educate its staff and instill a sense of awareness to nurture and achieve the desired service behaviours and service values amongst its staff.

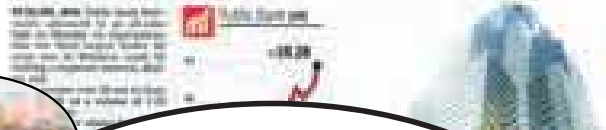
### A CUSTOMER CARING BANK

Public Bank continues to provide Special Care Counters at all branches for senior citizens, expectant mothers and the physically disadvantaged. These customers will have priority over other customers and will be served immediately regardless of the queue length or the nature of the transaction performed. To further improve the Bank's care-giving services, a queue ticketing system has been implemented to allow these customers to sit and wait in relative comfort at the Bank's premises.

# MEDIA HIGHLIGHTS 2013

## Public Bank at new high

Its shares jump on expectations of a corporate exercise



## Public Bank earnings within expectations

Public Bank raih untung RM5.31 billion



## Public Bank Q1 net profit climbs 4%

Public Bank reports record profit, overtakes CIMB Group by value



PBB, 3rd-largest in M'sia, has delivered 45 years of unbroken profitability

## Public Bank H1 profit hits RM2b

Public Bank reports record profit, overtakes CIMB Group by value



## Public Bank records higher profit, announces 22% dividend

## 大眾銀行捐10萬予 國家心臟中心



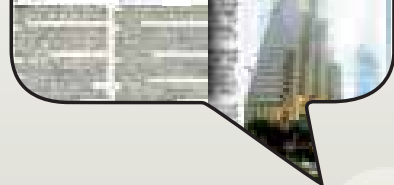
## Public Bank assistance for flood-hit customers

## Public Bank succession plan in place



## 大眾銀行撥款10萬

Supports Public Bank for top part of school expansion



Public Bank net profit for 9M13 grew 6.8 per cent



大眾銀行 全年派息52仙 獲利首破40億大關



Public Bank's entity bags awards



大眾品牌價值破91億



Public Bank founder Teh awarded BrandLaureate Banker of the Year 2013

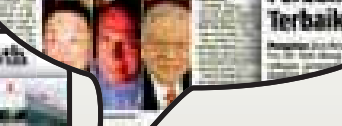


大眾銀行末季賺 10 億



Public Bank untung RM968.3 juta

Top 40 richest Malaysians



Hong Piew dipilih Tokoh Perbankan Terbaik 2013

Public Bank gets SC approval

KUALA LUMPUR: Public Bank Bhd (PBB) has obtained approval from the Securities Commission for its proposed senior medium term notes program.

Public Bank continues growth



獲利首破40億 大眾銀行末季賺10.3億




Safeguarding Our Brand Value

# Superior Returns





A hand is shown in the upper left corner, dropping a coin into a slot. The background is filled with numerous stacks of gold coins, some in sharp focus and others blurred. In the foreground, there are three distinct stacks of gold coins: a tall stack on the left, a shorter stack in the center, and another tall stack on the right. The lighting is warm, highlighting the metallic texture of the coins.

Our track record of uninterrupted profitability is testimony to the focus and commitment of our dynamic organisation. Due to the good stewardship, entrepreneurial skills and foresight of our management, Public Bank continues to achieve record profits and delivers premium returns on investment to shareholders.

# FIVE-YEAR GROUP FINANCIAL SUMMARY

**RM5.31 bil**  
PROFIT BEFORE TAX

**0.7%**  
GROSS IMPAIRED LOANS RATIO

Year Ended 31 December	2013	2012 <sup>#</sup>	2011 <sup>#</sup>	2010	2009
<b>OPERATING RESULTS (RM'Million)</b>					
Operating profit	5,655	5,329	5,200	4,738	4,015
Profit before tax expense and zakat	5,310	5,047	4,878	4,086	3,321
Net profit attributable to equity holders of the Bank	4,065	3,827	3,684	3,048	2,517
<b>KEY BALANCE SHEET DATA (RM'Million)</b>					
Total assets	305,725	274,824	250,773	226,988	217,136
Loans, advances and financing	219,416	196,052	175,953	154,864	135,336
Total liabilities	284,528	256,106	234,262	212,644	205,421
Deposits from customers	250,873	225,042	200,371	176,872	170,892
Core customer deposits	201,258	177,035	157,297	143,639	127,623
Paid-up capital	3,532	3,532	3,532	3,532	3,532
Shareholders' equity	20,424	18,018	15,813	13,692	11,023
Commitments and contingencies	87,986	79,458	70,847	69,206	61,435
<b>SHARE INFORMATION AND VALUATION</b>					
<b>Share Information</b>					
Per share (sen)					
Basic/Diluted earnings	116.1	109.3	105.2	87.2	73.3
Net dividend					
– Cash dividend	52.0	50.0	48.0	45.5	41.3
– Share dividend	–	–	–	–	1 for 68
Net assets	583.2	514.5	451.5	391.0	319.4
Share price as at 31 December (RM)					
– Local	19.40	16.28	13.38	13.02	11.30
– Foreign	19.54	16.30	13.20	13.00	11.26
Market capitalisation (RM'Million)	68,668	57,521	47,066	45,964	39,868
<b>Valuations (Local Share)</b>					
Net dividend yield (%)	2.7	3.1	3.6	3.5	3.7
Net dividend yield (including share dividend) (%)	2.7	3.1	3.6	3.5	5.1
Dividend payout ratio (%)	44.8	45.3	48.3	52.3	56.6
Dividend payout ratio (including share dividend) (%)	44.8	45.3	48.3	52.3	79.3
Price to earnings multiple (times)	16.7	14.9	12.7	14.9	15.4
Price to book multiple (times)	3.3	3.2	3.0	3.3	3.5

 **11.5%**  
CUSTOMER DEPOSITS

 **11.8%**  
GROSS LOANS

Year Ended 31 December	2013	2012 <sup>#</sup>	2011 <sup>#</sup>	2010	2009
<b>FINANCIAL RATIOS (%)</b>					
<b>Profitability Ratios</b>					
Net interest margin on average interest bearing assets <sup>1</sup>	2.9	3.1	3.3	3.4	3.2
Net return on equity <sup>2</sup>	22.4	24.1	26.8	27.1	26.1
Return on average assets	1.8	1.9	2.0	1.8	1.6
Return on average risk-weighted assets	2.8	2.9	3.2	3.1	2.8
Cost/income ratio	30.7	31.2	29.8	30.7	32.6
<b>Asset Quality Ratios</b>					
Net loan to deposit ratio	87.5	87.1	87.8	87.6	79.2
Gross impaired loans ratio	0.7	0.7	0.9	1.1	1.4
Loan loss coverage	118.5	126.0	113.8	94.2	120.3 <sup>^</sup>
<b>Capital Adequacy Ratios</b>					
Common Equity Tier I ("CET I") capital ratio	9.3	N/A	N/A	N/A	N/A
Tier I capital ratio	11.1	11.4	11.2	11.3	10.5
Total capital ratio	14.3	14.7	15.6	14.2	14.6
CET I capital (RM'Million)	18,527	N/A	N/A	N/A	N/A
Tier I capital (RM'Million)	22,079	20,512	18,341	15,936	13,125
Tier II capital (RM'Million)	6,458	5,861	7,166	4,056	5,096
Total capital (RM'Million)	28,537	26,373	25,507	19,992	18,221
<b>PRODUCTIVITY RATIOS</b>					
No. of employees	17,924	17,625	17,511	17,369	17,169
Gross loan per employee (RM'000)	12,340	11,222	10,148	9,013	8,015
Deposits per employee (RM'000)	13,996	12,768	11,443	10,183	9,953
Profit before tax per employee (RM'000)	296	286	279	235	193
<b>MARKET SHARE (%)</b>					
Domestic market share					
Loans, advances & financing	16.9	16.7	16.4	16.3	15.9
Deposits from customers	15.6	15.2	14.9	14.8	16.3
Core customer deposits	17.4	16.6	16.1	16.3	15.4

<sup>1</sup> Excluding negotiable instruments of deposit and money market deposits which are on-lent to interbank.

<sup>2</sup> Based on equity attributable to equity holders of the Bank, adjusted for dividend declared subsequent to year end.

<sup>^</sup> Restated due to the adoption of FRS 139.

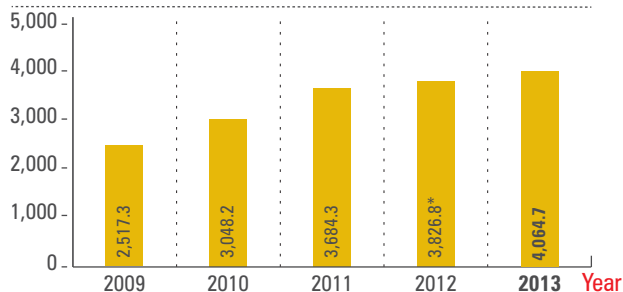
<sup>#</sup> Restated due to retrospective application of MFRS 119. For FYE2011, only relevant balance sheet items have been restated to position as at 1 January 2012.

# SUMMARY OF FIVE-YEAR GROUP GROWTH

## Net Profit Attributable To Equity Holders

**RM4,064.7 Million**

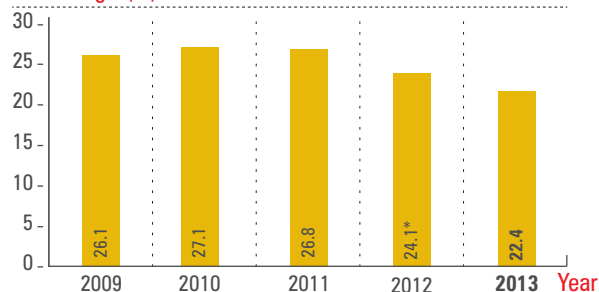
RM'Million



## Net Return On Equity

**22.4%**

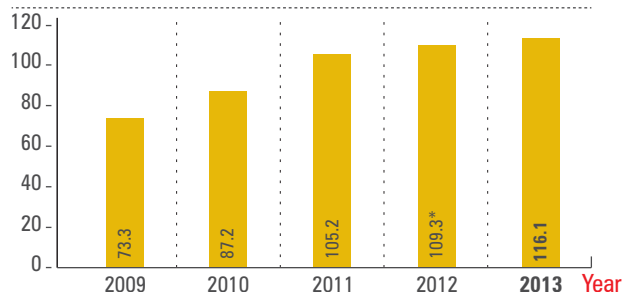
Percentage (%)



## Earnings Per Share

**116.1 Sen**

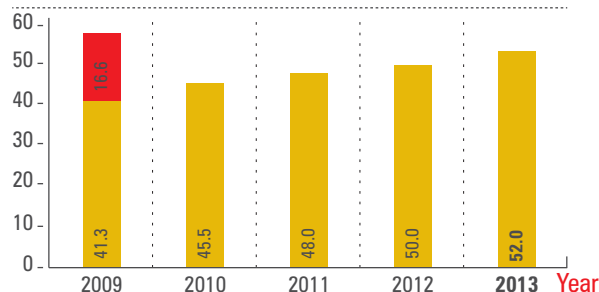
Sen



## Dividend Per Share

**52.0 Sen**

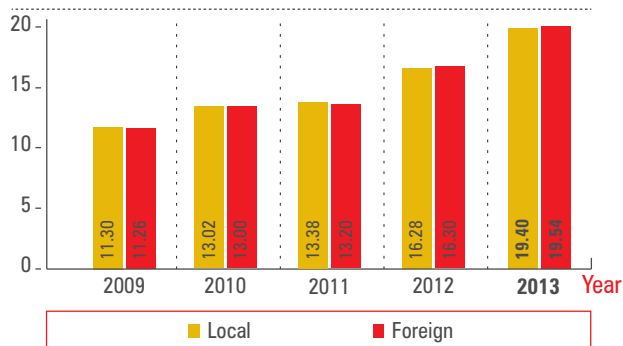
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## Share Price

**RM19.40**

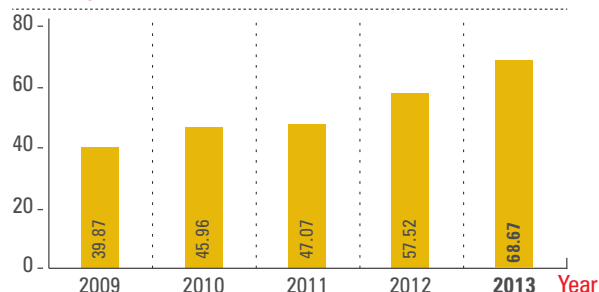
RM



## Market Capitalisation

**RM68.67 Billion**

RM'Billion

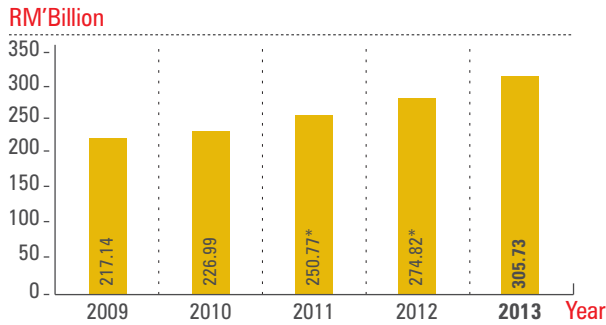


## Public Bank's Ranking by Market Capitalisation on Bursa Malaysia Securities Berhad

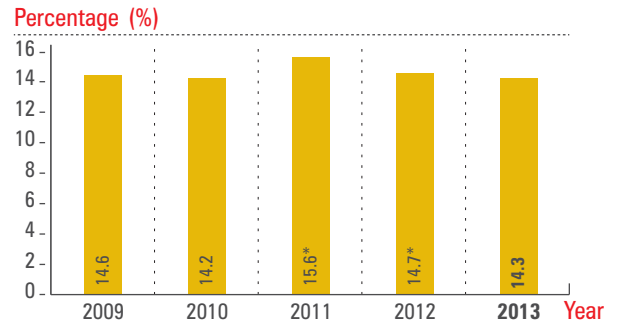
Year	2013	2012	2011	2010	2009
Ranking	2nd	2nd	5th	4th	5th

\* Restated due to retrospective application of MFRS 119

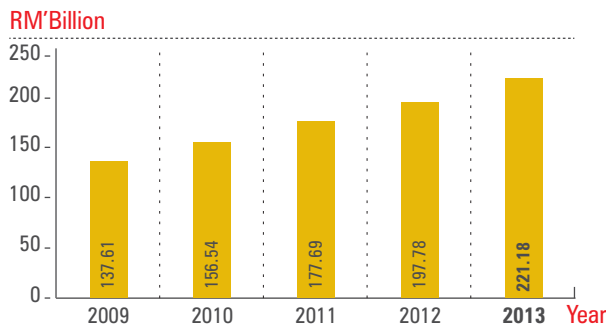
**Total Assets**  
**RM305.73 Billion**



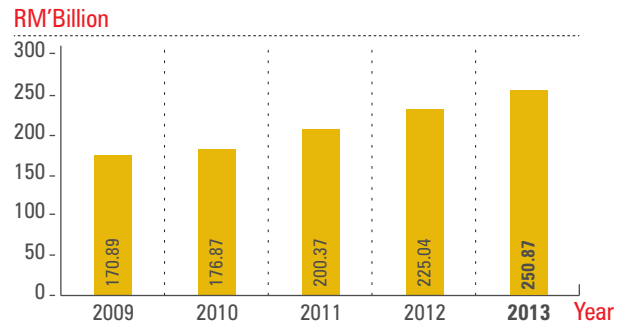
**Total Capital Ratio**  
**14.3%**



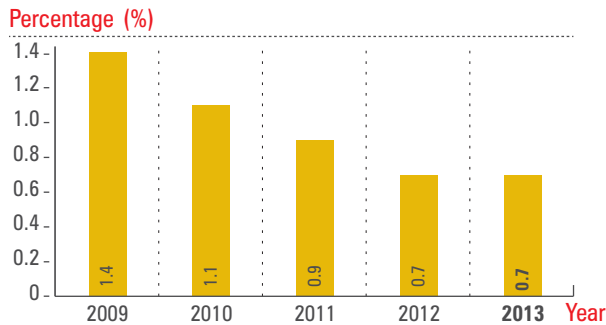
**Gross Loans, Advances and Financing**  
**RM221.18 Billion**



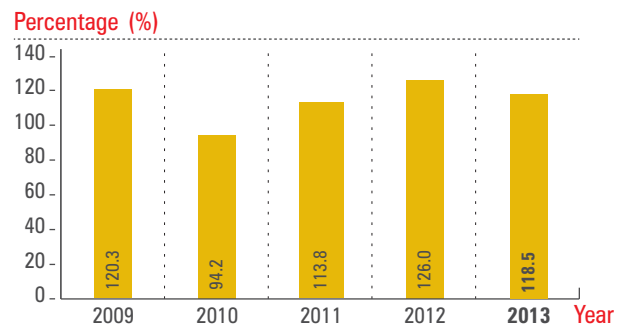
**Customer Deposits**  
**RM250.87 Billion**



**Gross Impaired Loans Ratio**  
**0.7%**



**Loan Loss Coverage**  
**118.5%**

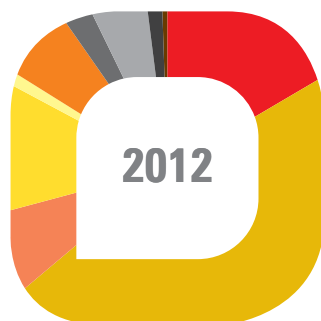


\* Restated due to retrospective application of MFRS 119

# KEY INTEREST BEARING ASSETS & LIABILITIES

	2013			2012		
	Average Balance RM'Million	Average rate %	Interest RM'Million	Average Balance RM'Million	Average rate %	Interest RM'Million
<b>INTEREST EARNING ASSETS</b>						
Loans, advances and financing	201,640	5.38	10,851	180,773	5.57	10,073
Balances with banks	30,156	2.85	859	21,423	2.67	572
Financial investments	32,831	2.99	981	34,675	3.02	1,046
<b>Total</b>	<b>264,627</b>	<b>4.80</b>	<b>12,691</b>	<b>236,871</b>	<b>4.94</b>	<b>11,691</b>
<b>INTEREST BEARING LIABILITIES</b>						
Deposits from customers	209,298	2.70	5,641	186,742	2.67	4,979
Deposits from banks	19,257	2.01	388	16,024	2.09	336
Recourse obligations on loans and financing sold to Cagamas	501	3.60	18	268	3.62	10
Debt securities issued and other borrowed funds	9,411	4.05	381	10,186	3.85	392
<b>Total</b>	<b>238,467</b>	<b>2.70</b>	<b>6,428</b>	<b>213,220</b>	<b>2.68</b>	<b>5,717</b>

# SEGMENTAL ANALYSIS



## Operating Revenue

### Domestic

- 16.0% Hire purchase
- 48.0% Retail operations
- 6.9% Corporate lending
- 11.9% Treasury and capital market operations
- 1.3% Investment banking
- 6.2% Fund management
- 2.5% Others

### Overseas

- 5.3% Hong Kong SAR
- 1.6% Cambodia
- 0.3% Other countries

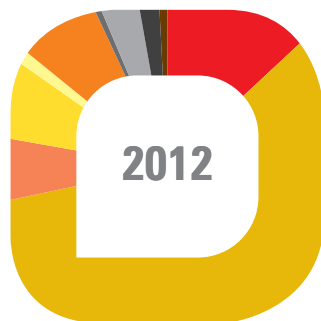
## Operating Revenue

### Domestic

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

### Overseas

- 5.0% Hong Kong SAR
- 1.6% Cambodia
- 0.5% Other countries



## Profit Before Tax

### Domestic

- 13.2% Hire purchase
- 59.2% Retail operations
- 6.4% Corporate lending
- 7.0% Treasury and capital market operations
- 0.9% Investment banking
- 7.4% Fund management
- (0.5%) Others

### Overseas

- 3.6% Hong Kong SAR
- 2.2% Cambodia
- 0.6% Other countries

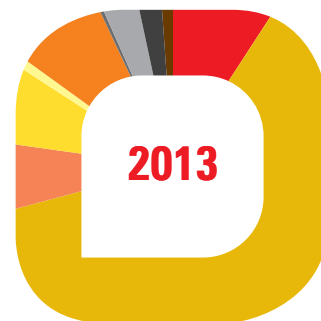
## Profit Before Tax

### Domestic

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

### Overseas

- 3.5% Hong Kong SAR
- 2.2% Cambodia
- 0.9% Other countries



## Total Assets

### Domestic

- 12.7% Hire purchase
- 51.0% Retail operations
- 7.3% Corporate lending
- 21.5% Treasury and capital market operations
- 1.3% Investment banking
- 0.1% Fund management
- 0.1% Others

### Overseas

- 4.7% Hong Kong SAR
- 1.1% Cambodia
- 0.2% Other countries

## Total Assets

### Domestic

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

### Overseas

- 4.6% Hong Kong SAR
- 1.1% Cambodia
- 0.3% Other countries



# GROUP QUARTERLY PERFORMANCE

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

	2012				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2012
<b>FINANCIAL PERFORMANCE (RM'Million)</b>					
Operating revenue	3,373.4	3,465.8	3,588.8	3,630.1	14,058.1
Net interest income and income from Islamic banking business	1,479.3	1,511.8	1,564.0	1,543.3	6,098.4
Operating profit	1,261.0	1,309.2	1,381.1	1,377.8	5,329.1
Profit before tax expense and zakat	1,231.4	1,226.1	1,298.4	1,291.3	5,047.2
Profit attributable to equity holders of the Bank	930.2	942.1	972.7	981.8	3,826.8
Earnings per share (sen)	26.6	26.9	27.8	28.0	109.3
Net dividend per share (sen)	–	20.0	–	30.0	50.0

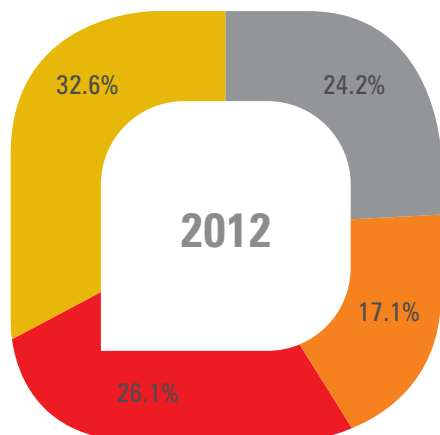


# STATEMENT OF VALUE ADDED

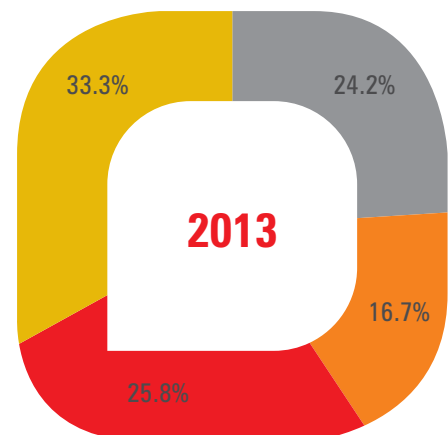
Value added is a measure of wealth created by the Public Bank Group through various business activities. The statement of value added shows the total wealth created and how it was distributed to stakeholders, including the governments, as well as reinvestment for the replacement of assets and further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

	2013 RM'000	2012# RM'000
<b>VALUE ADDED</b>		
Net interest income	5,570,538	5,254,645
Net income from Islamic banking business	837,136	843,766
Other operating income	1,750,643	1,648,298
Other operating expenses excluding staff costs and depreciation	(597,840)	(582,283)
Allowance for impairment on loans, advances and financing	(351,252)	(279,244)
Writeback of impairment/(impairment) on other assets	149	(6,626)
Share of results of equity accounted associated companies	6,406	3,985
<b>Value added available for distribution</b>	<b>7,215,780</b>	<b>6,882,541</b>
<b>DISTRIBUTION OF VALUE ADDED</b>		
<b>To employees:</b>		
Personnel costs	1,744,608	1,668,054
<b>To the governments:</b>		
Taxation	1,204,342	1,177,992
<b>To providers of capital:</b>		
Dividends paid to shareholders	1,821,105	1,751,063
Non-controlling interests	40,959	42,488
<b>To reinvest in the Group:</b>		
Depreciation	161,188	167,253
Retained profits	2,243,578	2,075,691
<b>Total distributed</b>	<b>7,215,780</b>	<b>6,882,541</b>

# Restated due to retrospective application of MFRS 119



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



Safeguarding Our Brand Value  
**Achievements**



A hand is visible on the left side of the frame, holding a large, bright yellow star. The star has a black outline and a smaller yellow star inside it. The background is a clear blue sky with scattered white clouds. A red rectangular box is positioned in the upper right quadrant of the image, containing white text.

The numerous awards and accolades bestowed on us speak volumes of our commitment to excellence. These include honours for being the best bank in Malaysia, best in corporate governance, best in investor relations and best in CSR initiatives to emerge as the most admired company in Malaysia.

# 2013 AWARDS & ACHIEVEMENTS

The numerous awards and accolades accorded to Public Bank in 2013 is an affirmation of the high degree of success of the Public Bank Group in delivering on its commitment of excellence, guided by its Corporate Mission "To Sustain The Position Of Being The Most Efficient, Profitable and Respected Premier Financial Institution in Malaysia".

These awards and recognitions also serve as an inspiration to every employee of the Group to continue its relentless pursuit of the delivery of excellence to all its stakeholders.

## ALPHA SOUTHEAST ASIA

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



2

1a

1b

1c

2012-2013  
Bank's key ratios (ROE, ROA, CAR, NIM & N  
Regional & local analysts' feedback  
Bank's financial performance  
Bank's stock performance

2012-2013  
Bank's key ratios (ROE, ROA, CAR, NIM &  
Regional & local analysts' feedback  
Bank's financial performance  
Bank's commitment to the SME segment

Most Consistent Dividend Policy  
in 2013

PUBLIC BANK  
SIGNATURE BRAND AWARDS  
BEST BRANDS  
2012-2013

**ASIA PACIFIC BRANDS FOUNDATION**

2 → The BrandLaureate Signature Brand Award for the Banking Category 2012 – 2013

**ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA**

3 → Putra Brand Awards 2013 – Silver Award for Finance Category  
2013, 2012, 2010

**ASIAN BANKING & FINANCE**

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

**BANK OF NEW YORK MELLON**

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



3

4

5

PUTRA BRAND AWARDS 2013  
The People's Choice  
SILVER  
Public Bank  
Finance

ASIAN BANKING & FINANCE  
RETAIL BANKING  
AWARDS 2013

Domestic Retail Bank of the Year  
Malaysia  
Public Bank

BNY MELLON  
STP AWARD  
PRESENTED TO  
PUBLIC BANK BERHAD, MALAYSIA  
IN RECOGNITION OF YOUR  
OUTSTANDING PAYMENT FORMATING  
AND STRAIGHT THROUGH RATE  
2012

## 2013 AWARDS & ACHIEVEMENTS

### CORPORATE GOVERNANCE ASIA

- 6 → a Corporate Governance Asia Recognition Award 2013 for Malaysia  
*2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005*
- b 3rd Asian Excellence Recognition Awards 2013:
- i – Best Corporate Social Responsibility for Malaysia  
*2013, 2012, 2011*
  - ii – Best Investor Relations Company for Malaysia  
*2013, 2012, 2011*

### DEUTSCHE BANK

- 8 → Deutsche Bank's 2012 EUR Straight-Through Processing Excellence Award  
*2012, 2011, 2010*

### CREDIT GUARANTEE CORPORATION

- 7 → 'Tiang Seri Utama' Award for Top SME Supporter in the CGC Top SME Supporters Award 2012  
*2012, 2011, 2010, 2009, 2008, 2007, 2005*



**FINANCEASIA**

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

**FROST & SULLIVAN**

10 → Automotive Finance Company of the Year 2013  
 2013, 2012, 2011, 2010, 2009, 2007

**J.P. MORGAN CHASE BANK**

11 → J.P. Morgan Quality Recognition Award 2012 for achieving best-in-class straight-through processing rates in payment transfer operations:

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

**MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG)**

12 → Malaysia-ASEAN Corporate Governance Index 2013 – The Malaysian Chapter

- a Top 5 Overall Corporate Governance  
 2013
- b Industry Excellence – Financials  
 2013



## 2013 AWARDS & ACHIEVEMENTS

### NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

- 13 → a Overall Excellence Award – Silver Award 2013
- b Best Annual Report in Bahasa Malaysia – Platinum Award 2013, 2012, 2011, 2009, 2008, 2007, 2006

### RADAR GLOBAL

- 14 → SME Bank Awards 2012 – Gold Medal for Best SME Banking Reputation 2012

### READER'S DIGEST

- 15 → Reader's Digest Trusted Brands 2013
- a Gold Award for the Bank category (Malaysia) 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004
- b Gold Award – Credit Card Issuing Bank 2013

### THE ASSET

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





**THE EDGE BILLION RINGGIT CLUB CORPORATE AWARDS**

17 → Most Profitable Company in the Finance Sector  
2013, 2011

**YAZHOU ZHOUKAN**

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

**CHAIRMAN'S AWARDS 2013**

- 19 → a Asia's Best CEO (Investor Relations) 2013 for Malaysia by Corporate Governance Asia
- b Asian Corporate Director Recognition Awards 2013 for Malaysia by Corporate Governance Asia
- c The BrandLaureate Banker of the Year Award 2012 – 2013 by Asia Pacific Brands Foundation



16a

17

19c

19b

19a

# PAST AWARDS

## ALPHA SOUTHEAST ASIA

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

## ASIAMONEY

- Overall Best Managed Company in Malaysia – Large Cap 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
- Best Domestic Bank in Malaysia 2008, 2007, 2004, 2003, 2002, 2001, 1999
- Asiamoney's Poll of Polls:
  - Best Overall Company in Malaysia for Corporate Governance 2004 – 2008
- Asiamoney Awards for Best Managed Companies
  - Malaysia's Overall Best Managed Company 2004
  - The 5th Malaysia Best Managed Companies 1999
  - Top 10 Best Managed Companies 1997
- The Best Company Overall For Investor Relations In Malaysia 2001
- The Strongest Bank in Malaysia and Fourth Strongest Bank in Asia 2001

## ASIA ENTREPRENEUR ALLIANCE WORLDWIDE

- Asia Pacific Super Excellent Brand 2008 Award

## ASIA PACIFIC BRANDS FOUNDATION

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

## ASIAN INSTITUTE OF MANAGEMENT

- Management Awards of Asia for Financial Management Category 1996

## ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA

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

## ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA AND THE EDGE

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

## AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD

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

## BANK OF NEW YORK MELLON

- Outstanding Payment Formatting and Straight-Through Rate Award 2009

## BANK CENTRAL ASIA, INDONESIA

- Asia Pacific Most Supportive Partner 2010

## BRAND FINANCE PLC

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

### DEWAN BAHASA DAN PUSTAKA

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

### DEWAN BANDARAYA KUALA LUMPUR

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

### EMERGING MARKETS INVESTOR MAGAZINE

- Best Bank In Malaysia 2001

### ENTREPRENEUR DEVELOPMENT ASSOCIATION

- 8th Asia Pacific International Honesty Enterprise Keris Award 2010

### EUROMONEY

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

### FAR EASTERN ECONOMIC REVIEW

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

### FIABCI

- Award Of Distinction For The Best Commercial Development Building 1999

### FINANCEASIA

- Best Asian Bank 2012, 2011, 2010, 2008
- Annual Asia's Best Managed Companies poll:

#### Ranked No. 1

- Best Managed Company 2011, 2010, 2009, 2008, 2007
- Best Corporate Governance 2011, 2010, 2009, 2008, 2007
- Most Committed to a Strong Dividend Policy 2011, 2010, 2008
- Best Corporate Social Responsibility 2011, 2010
- Best Investor Relations 2008
- Most Committed to Consistent Good Dividends 2007

#### Ranked No. 2

- Best Managed Company 2012
- Best Investor Relations 2010, 2009, 2007
- Most Committed to a Strong Dividend Policy 2009
- Best Corporate Social Responsibility 2009
- Best Commitment to Strong Dividends 2006

#### Ranked No. 3

- Best Investor Relations 2012
- Most Committed to a Strong Dividend Policy 2012
- Best Corporate Governance 2012, 2006
- Best Managed Company 2006
- Deal Of The Month – Public Bank's USD200 Million Hybrid Tier-1 Offering 2006
- Best Bank Capital Deal Of The Year – Public Bank's USD200 Million Hybrid Tier-1 Offering 2006
- Asia's Best Managed Companies 2005, 2004

## PAST AWARDS

### FINANCIAL INSIGHTS

- Innovation Awards 2007 for Operational Processes

### GLOBAL FINANCE

- Best Bank in Malaysia  
*2004, 2003, 2002, 2000*
- Best Emerging Market Bank in Malaysia  
*2010, 2009*
- Best Foreign Exchange Provider for Malaysia in the World's Best Foreign Exchange Providers  
*2012, 2011*

### INSTITUTIONAL INVESTOR RESEARCH GROUP

- Best Investor Relations 2004

### INSTITUTE OF PUBLIC RELATIONS MALAYSIA

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

### INVESTOR RELATIONS MAGAZINE

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

### J.P. MORGAN CHASE BANK

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

### KPMG

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

### KUALA LUMPUR STOCK EXCHANGE BERHAD

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

### MALAYSIAN BUSINESS

- Malaysian Business – CIMA Enterprise Governance Awards
  - Overall Winner  
*2011, 2010, 2009, 2008*
  - Best Return to Shareholders – First Runner-up 2011
  - Best Corporate Social Responsibility – Merit Awards 2011
  - Best Return to Shareholders  
*2010, 2009, 2008*
  - Best Corporate Social Responsibility  
*2010, 2009*
- Malaysian Business Corporate Social Responsibility Awards 2007
  - Overall Winner
  - Best Innovation in Corporate Social Responsibility Awards
- Malaysian Business Corporate Governance Merit Award  
*2006, 2005, 2004, 2003, 2002*
- Malaysian Business Corporate Social Responsibility Award  
*2005*

### MALAYSIAN CORPORATE REPORT AWARD (MACPA)

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

### MARKPLUS INC.

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

### MALAYSIA DESIGN TECHNOLOGY CENTRE

- National Creative & Innovation Award 2004

### MALAYSIAN INSTITUTE OF MANAGEMENT

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

### MALAYSIAN INVESTOR RELATIONS ASSOCIATION

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

### MALAYSIAN MERGERS AND ACQUISITIONS ASSOCIATION

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

### MINISTRY OF INTERNATIONAL TRADE & INDUSTRY

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

### MINORITY SHAREHOLDER WATCHDOG GROUP

- Malaysia Corporate Governance Index Awards
  - Corporate Governance Hall of Fame Award 2010
  - Overall Excellence Award  
2011, 2010, 2009, 2008
  - Distinction Award  
2011, 2010
  - Industry Excellence Award for Finance Sector  
2011, 2010, 2008
  - Best Conduct of AGM Award  
2011, 2010, 2009
  - Corporate Governance Challenge Trophy 2008

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

- Ranked No. 1  
2007, 2006

### NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA)

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

### 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"

## PAST AWARDS

### SMI ASSOCIATION

- Sahabat SMI Award for 2005

### STATE BANK OF VIETNAM

- Medal "For The Course Of Vietnamese Banking" 2002

### THE ASIAN BANKER

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

### TECHNOLOGY BUSINESS REVIEW

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

### THE ASIAN BANKING AWARDS 2000

- Most Outstanding Customer Service Programme Category

### THE ASSET

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

### THE BANKER

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

### THE EDGE BILLION RINGGIT CLUB CORPORATE AWARDS

- Highest Returns to Shareholders Over Three Years 2010
- Highest Returns on Equity Over Three Years 2010

### THE MALAYSIAN BOOK OF RECORDS

- Most Award-Winning Bank Certification 2010

### THE WALL STREET JOURNAL

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

### WORLD FINANCE

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

### YAZHOU ZHOUKAN

- Top 20 Chinese Businesses in Malaysia 2009

## CHAIRMAN'S PAST AWARDS


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

Safeguarding Our Brand Value

# Strategic Management





A close-up photograph of a hand moving a chess piece on a board. The hand is positioned at the top left, with fingers slightly curled. The chessboard is in the foreground, showing several pieces: a black pawn, a white pawn, a black pawn, and a white pawn. The background is a soft, out-of-focus light color. A red rectangular box is overlaid on the right side of the image, containing white text.

We continue to excel in all aspects of our business activities to consolidate our position as a top tier bank. Our time tested policies and procedures further supports our business growth strategies. With fresh insights that meet changing needs, we continue to strategise, be innovative and deliver seamless banking solutions.

# BOARD OF DIRECTORS



- Tan Sri Dato' Sri Dr. Teh Hong Piow (5th from left) flanked from left to right
- Lai Wai Keen • Tang Wing Chew • Dato' Yeoh Chin Kee • Tan Sri Dato' Sri Tay Ah Lek
- Tan Sri Datuk Seri Utama Thong Yaw Hong • Dato' Sri Lee Kong Lam
- Dato' Haji Abdul Aziz bin Dato' Dr. Omar • Lai Wan • Dato' Chia Lee Kee (Company Secretary)



# BOARD OF DIRECTORS' PROFILE

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

Non-Executive Chairman

Tan Sri Dato' Sri Dr. Teh Hong Piow, aged 83, began his banking career in 1950 and has 64 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

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 Institute of Bankers Malaysia; the Chartered Institute of Bankers, United Kingdom; the Institute of Administrative Management, United Kingdom; and the Institute of Chartered Secretaries and Administrators, Australia.

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

Tan Sri Teh attended all the 19 Board meetings which were held in the financial year ended 31 December 2013.



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

BOARD OF  
DIRECTORS' PROFILE



**TAN SRI DATUK SERI UTAMA THONG YAW HONG**  
Independent Non-Executive Co-Chairman

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

**TAN SRI DATUK SERI UTAMA THONG YAW HONG**

Independent Non-Executive Co-Chairman

Tan Sri Datuk Seri Utama Thong Yaw Hong, aged 83, was appointed as a Director of Public Bank on 23 June 1986 and was made its Chairman in October 1986. He was re-designated as Co-Chairman of Public Bank with effect from 1 July 2002. He serves as Chairman of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

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

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

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

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

Tan Sri Thong attended all the 19 Board meetings which were held in the financial year ended 31 December 2013.

**TAN SRI DATO' SRI TAY AH LEK**

Managing Director/Chief Executive Officer

Tan Sri Dato' Sri Tay Ah Lek, aged 71, has 53 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 Institute of Bankers Malaysia.

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

His directorships in other companies in the Public Bank Group include as Director of Public Investment Bank Bhd, Public Mutual Bhd, Public Islamic Bank Bhd, Public Financial Holdings Ltd, Public Bank (Hong Kong) Ltd, Cambodian Public Bank Plc and Public Bank (L) 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 2013.

BOARD OF  
DIRECTORS' PROFILE



**DATO' SRI LEE KONG LAM**  
Non-Independent Non-Executive Director

**DATO' YEOH CHIN KEE**  
Non-Independent Non-Executive Director



### **DATO' SRI LEE KONG LAM**

Non-Independent Non-Executive Director

Dato' Sri Lee Kong Lam, aged 72, has 46 years' experience in the banking and finance industry. He joined Public Bank in November 1996 as General Manager and was subsequently appointed Senior General Manager in 1997 and Executive Vice-President in 1998. He was appointed as an Executive Director of Public Bank on 28 November 2001 and was re-designated as Executive Director/Deputy Chief Executive Officer with effect from 1 October 2013. He was re-designated from Executive Director/Deputy Chief Executive Officer to Non-Independent Non-Executive Director of Public Bank with effect from 28 November 2013, following his retirement as Deputy Chief Executive Officer of Public Bank with effect from 28 November 2013. He is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Management Committee and the Credit Risk Management Committee.

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

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

His directorships in other companies within the Public Bank Group are as 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, and several other subsidiaries of Public Bank.

Dato' Sri Lee attended all the 19 Board meetings which were held in the financial year ended 31 December 2013.

### **DATO' YEOH CHIN KEE**

Non-Independent Non-Executive Director

Dato' Yeoh Chin Kee, aged 71, began his banking career in 1961 and has 53 years' experience in the banking and finance industry. He was appointed as a Director of Public Bank on 9 May 1978. He was the Executive Director of Public Bank from May 1978 to May 1997 and served as an Independent Non-Executive Director from May 1997 to September 2011. He was re-designated as Non-Independent Non-Executive Director with effect from 27 September 2011. 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.

He is a Fellow of CPA Australia and the Financial Services Institute of Australasia.

His directorships in other public companies are in LPI Capital Bhd and Lonpac Insurance Bhd.

Dato' Yeoh attended all the 19 Board meetings which were held in the financial year ended 31 December 2013.

BOARD OF  
DIRECTORS' PROFILE



**DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR**  
Non-Independent Non-Executive Director

**TANG WING CHEW**  
Independent Non-Executive Director

### **DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR**

Non-Independent Non-Executive Director

Dato' Haji Abdul Aziz bin Dato' Dr. Omar, aged 66, was appointed as an Independent Non-Executive Director of Public Bank on 5 January 2000. He was re-designated as Non-Independent Non-Executive Director with effect from 5 January 2014. He is the Co-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.

He qualified as a Chartered Accountant from the Institute of Chartered Accountants in England & Wales, and is also a Chartered Accountant of the Malaysian Institute of Accountants.

During his previous banking experiences, he became a Fellow of the Institute of Bankers Malaysia. He was the President and Chief Executive Officer of a Malaysian bank from 1986 to 1993. His 45 years' experience also include the areas of audit and accounting, taxation, property, plantation, hotelling, trading and manufacturing, both locally and abroad.

His directorships in other companies within the Public Bank Group are as Co-Chairman of Public Islamic Bank Bhd and as Director of Public Investment Bank Bhd, Public Mutual Bhd, PB Trustee Services Bhd and AIA PUBLIC Takaful Bhd. His directorships in other public companies are in LPI Capital Bhd and Lonpac Insurance Bhd.

Dato' Haji Abdul Aziz attended 18 Board meetings which were held in the financial year ended 31 December 2013.

### **TANG WING CHEW**

Independent Non-Executive Director

Tang Wing Chew, aged 69, was appointed as a Director of Public Bank on 29 March 2011. He is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

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

He has 47 years' experience in the financial services industry, ranging from research, management and project studies, training, mergers and integration, and stewardship of financial institutions. He joined Bank Negara Malaysia (BNM) in 1966 as an Assistant Economist in the Economic Research Department. During his 18 years of service with BNM, he also served as Manager (Penang Branch), Principal (BNM Staff Training Centre) and Manager (Operational Planning Division).

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

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

His directorships in other companies within the Public Bank Group are as Director of Public Investment Bank Bhd, Public Islamic Bank Bhd and Public Financial Holdings 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 2013.

BOARD OF  
DIRECTORS' PROFILE



**LAI WAN**  
Independent Non-Executive Director

**LAI WAI KEEN**  
Independent Non-Executive Director

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## LAI WAN

Independent Non-Executive Director

Lai Wan, aged 70, was appointed as a Director of Public Bank on 26 April 2012. He is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

He graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya. He is a Member of Institut Bank-Bank Malaysia.

Mr Lai has 40 years of experience in the banking and finance related industries. He had served Bank Negara Malaysia for 20 years and the last position held before his resignation in 1985 was as the Deputy Manager, Bank Examination and Internal Audit Department.

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

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

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

His directorships in other companies within the Public Bank Group are as Director of Public Islamic Bank Bhd and Public Financial Holdings Ltd.

Mr Lai attended all the 19 Board meetings which were held in the financial year ended 31 December 2013.

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## LAI WAI KEEN

Independent Non-Executive Director

Lai Wai Keen, aged 59, was appointed as a Director of Public Bank on 29 May 2012. She is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee.

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

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

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

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

Her directorship in other 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 2013.

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BOARD OF  
DIRECTORS' PROFILE



**DATO' CHIA LEE KEE**  
Company Secretary

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**DATO' CHIA LEE KEE**

Company Secretary

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

She heads the Bank's Secretariat Division.

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

**None of the Directors has:**

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

All of the Directors are Malaysians.



# LETTER TO OUR STAKEHOLDERS

**"To SAFEGUARD OUR BRAND VALUE,** the Public Bank Group is committed to the pursuit of excellence, optimum productivity and sustainable organic growth with prudent risk management."

*~ Tan Sri Dato' Sri Dr. Teh Hong Piow*



The global economy experienced yet another challenging year in 2013. Market sentiments were dampened by slow and fragmented recovery in the Eurozone from its debt crisis, slower economic growth in China as well as concerns of the high levels of public debt and sub-par economic growth in the US. The possibility of tightening of financial conditions especially in the emerging market economies due to expectations of the US Federal Reserve's tapering of its bond-buying programme also contributed to the weaker market conditions.

On the domestic front, the Malaysian economy remained largely resilient throughout 2013, supported by strong domestic demand that continued to drive growth in the economy although there were signs of moderation in the second half of 2013. The Government of Malaysia is committed to ensuring macroeconomic stability and strengthening domestic demand by implementing and executing programmes and structural reforms under the Economic Transformation Programmes, the New Economic Model of the 10th Malaysia Plan and Budget 2014. The Malaysian economy is expected to grow between 5.0% and 5.5% in 2014, while the banking system in Malaysia remains stable, reinforced by strong capitalisation, healthy liquidity and strong asset quality.

Against this backdrop, the Public Bank Group continued to excel in its performance, not only by delivering a favourable pre-tax profit of RM5.31 billion in 2013, but also sustaining its market share in its domestic core lending and deposit-taking businesses whilst maintaining its superior asset quality amid a highly competitive business environment. The Group's regional operations in Hong Kong, Cambodia, Vietnam, Laos and Sri Lanka also demonstrated resilience despite external volatility and intense market competition.

## **TO OUR SUPPORTIVE SHAREHOLDERS**

### **Delivering Another Set of Favourable Financial Results**

The performance of the Public Bank Group continued to strengthen following another favourable set of financial results in 2013. The Public Bank Group recorded a pre-tax profit of RM5.31 billion in 2013, representing a growth of 5.2% as compared to 2012. Net profit attributable to shareholders in 2013 exceeded the RM4 billion mark for the first time, increasing by 6.2% to RM4.06 billion as compared to 2012. This translated to an improved earnings per share of 116.1 sen in 2013. With the improved financial performance, the Group achieved a track record of 47 straight years of unbroken profitability since it commenced operations.



The Public Bank Group recorded a strong net return on equity ("ROE") of 22.4% in 2013. The Group is strongly encouraged, that it has once again, achieved the highest ROE amongst its peer banking groups in Malaysia, as well as one of the highest ROE when compared to other major banking groups in the Asia Pacific region. We are pleased to be able to fulfill our commitment to our shareholders for delivering continuous, consistent and sustainable returns on their investments in the Public Bank Group.

In 2013, the Public Bank Group continued to face strong competition from its banking peers, both in the domestic and overseas operations, as the latter stepped up their efforts in pursuing market share gains. Intense market competition had resulted in compression of net interest margin. Amid this challenge and the Group's mission to continue its organic growth momentum in its core lending and deposit-taking businesses, the Group focused on proactively managing the impact of compression in its net interest margin by competing effectively in providing its customers with value added differentiation, such as fast and responsive service delivery. The Group also actively pursued cross-selling opportunities with both its existing and new customers to further increase its income across a wide spectrum of services and products. As a result, total income of the Group in 2013 grew by 5.3% to RM8.16 billion as compared to 2012.

The Public Bank Group continued to observe discipline in improving productivity and managing cost prudently amid the challenging operating environment. The Group's pursuit of higher productivity level and cost efficiency in all aspects of its operations and processes had enabled the Group's operating costs to remain lean and efficient, with a low cost to income ratio of 30.7% in 2013, as compared to the banking industry's average cost to income ratio of 46.6%. With the significantly lower than industry cost to income ratio, the Group remained as the most cost-efficient banking group in Malaysia.

The balance sheet position of the Public Bank Group remained strong and robust. In 2013, the Group recorded a strong loans and financing growth of 11.8%, with total loans and financing at RM221.18 billion as at the end of 2013. The Group's domestic loans and financing growth in 2013 was at 12.0% and outpaced the domestic banking industry's loans and financing growth rate of 10.6%. This had resulted in a steady gain in the Group's market share in domestic loans and financing, achieving a total share of 16.9% as at the end of 2013.

The Group continued to focus on the growth of its lending business in the retail consumer and commercial segments, through the extension of credits to small and medium enterprises ("SMEs"), financing of residential properties and purchase of passenger vehicles. As at the end of 2013, the Group's retail consumer and commercial loans and financing portfolio collectively accounted for 86% of its total loans and financing. With the continuous support of its valued customers, the Group maintained its leading market share position in domestic financing for residential properties, commercial properties and passenger vehicles, with respective market shares of 19.6%, 33.8% and 26.5%. The Group's lending to SMEs also recorded commendable growth of 19.2% in 2013.

In tandem with the loans and financing growth, Public Bank Group's total customer deposits grew by 11.5% in 2013 to achieve RM250.87 billion as at the end of 2013. The Group's domestic customer deposits grew at a higher rate of 11.6%, comprising mainly fixed deposits, savings and current accounts, which respectively grew by 14.2%, 8.3% and 17.0% in 2013. The growth in the Group's domestic customer deposits was higher than the domestic banking industry's growth rate of 8.5%, and the Group achieved a market share of 15.6% as at the end of 2013 in respect of domestic customer deposits. The steady inflow of domestic deposits was mainly attributed to the Group's strong retail deposit franchise, comprising a large domestic depositor base of over five million customers. The sustained growth in the Group's deposit base is a testament of the customers' high level of trust and confidence in the Group and this has in turn enabled the Group to maintain a healthy and stable funding and liquidity position.

The Public Bank Group's effort in sustaining strong asset quality remained uncompromised as the Group continued to pursue its organic growth in its lending business. The Group maintained its superior asset quality with gross impaired loans ratio of 0.7% as at the end of 2013, and this was significantly lower as compared to the domestic banking industry's impaired loan ratio of 1.9%. The Group also maintained a higher and more prudent loan loss coverage ratio of 118.5% as compared to the domestic banking industry's loan loss coverage ratio of 107.6%.

### Sustaining Favourable Medium Term Performance

Notwithstanding the effects of protracted uncertainty, volatility and headwinds on the business environment that it operates in, the Public Bank Group has consistently delivered outstanding financial results, particularly over the medium term.

Since the end of 2009, the Group has achieved the following:

	2009 RM'Million	2013 RM'Million	Growth %
Total assets	217,136	305,725	40.8
Gross loans, advances and financing	137,610	221,176	60.7
Deposits from customers	170,892	250,873	46.8
Profit before tax	3,321	5,310	59.9
Net profit attributable to equity holders of the Bank	2,517	4,065	61.5
Net return on equity	26.1%	22.4% <sup>^</sup>	(3.7)
Cost to income ratio	32.6%	30.7%	(1.9)
Gross impaired loan ratio	1.4%	0.7%	(0.7)

<sup>^</sup> Delivered consistently above industry ROE

### Positioning The Strategic Direction Going Forward

#### 1. Focusing on Sustainable Organic Growth Momentum

The Public Bank Group will continue with its strategy to pursue sustainable organic growth in its lending and deposit-taking businesses. For the lending business, the Group will continue to focus on retail consumer and commercial lending, while taking cognisance of market developments and various macro prudential measures that are in force. This segment of business will continue to be supported by growth in extension of credits to SMEs, financing of residential properties and passenger vehicles. With the aim to also sustain a solid customer deposit base, the Group will also focus on growing its deposit-taking business to ensure its funding base continues to remain healthy, diversified and stable.

The growing concern of an unsustainable property market and prices in Malaysia in recent years and the need to promote the continued affordability of homes for the general public had prompted the Government of Malaysia and Bank Negara Malaysia ("BNM") to introduce further pre-emptive measures in 2013, in addition to those measures introduced since the end of 2010. The property market is expected to adjust and moderate in the short term. Likewise, to allay concern of rising household debts, BNM had also introduced several pre-emptive prudential measures aimed at addressing

excessive household indebtedness and to reinforce responsible lending practices. The Public Bank Group is fully supportive of these initiatives which will promote sustainability of the banking sector and the overall economy of Malaysia in the medium to long term.

Despite a more regulated environment, the Group will continue with its prudent and responsible lending practices which it has been implementing for years, to ensure the continued success in its core businesses. The Group will leverage on its strong PB brand and make more concerted efforts to further deepen relationships with its existing valued customers and on acquiring new customers. These will be complemented by various on-going initiatives such as introduction of new products and enhancement of existing products based on customers' needs, competitive pricing, excellent customer service, effective delivery channels and focused marketing and cross-selling initiatives.

In addition, the Public Bank Group is also supportive of the Government's efforts to develop and promote domestic economic activities in Malaysia by providing financing to SMEs. In 2013, a total of RM20.07 billion was approved for loans and financing to domestic SMEs and this accounted for 33.5% of the Group's total domestic loans and financing approved during the year. The momentum to lend to SMEs

will continue as the Group plans to expand to a more diversified SME base by enhancing its product offerings that include working capital, trade financing and remittance businesses, while seeking to broaden and deepen its relationship with its customers.

In the past, the Public Bank Group had been able to gain market share and sustain its profit growth even during challenging economic conditions. This was achieved through the Group's firm commitment to maintain its organic growth strategy and its adoption of a prudent approach in managing asset quality. We believe that with the uncertainties continuing to impact the already challenging and highly competitive operating environment, it would be imperative for the Group to further reinforce these core strategies, while remaining responsive and receptive to market changes.

## 2. *Preserving Asset Quality*

Despite recording double digit growth in its lending business year after year, the Public Bank Group takes pride for continuing to be the Malaysian banking group with the lowest impaired loan ratio of 0.7% as at the end of 2013. The Group's loan loss coverage ratio of 118.5% as at the end of 2013 also stood higher as compared to the Malaysian banking industry's loan loss coverage ratio of 107.6%. The excellent asset quality is a testament of the Group's strategic approach and prudent practices in managing the quality of its loans and financing portfolio.

Looking ahead, the Public Bank Group is conscious of the need to always maintain and preserve the superior quality of its loans and financing portfolio as the Group seeks to grow its lending business. This will be achieved by consistently adopting a combination of both preventive and proactive measures in its lending activities such as setting strict and prudent credit policies, responsible lending practices, advocating strong discipline and "know your customer" principles in the credit assessment and approval processes, and ensuring timely and efficient collection and recovery of loans and financing. The Group will not compromise these prudent credit standards and practices.

## 3. *Improving Fee-Based Revenue*

Growing fee-based revenue remains a key strategic focus of the Public Bank Group in contributing to the sustainability of its profit growth. Growing fee-based revenue attracts low or zero capital cost, and in view of the higher capital requirements on banks under the more stringent Basel III regulatory capital framework, increasing fee-based revenue will contribute to enhancing the ROE of the Group, and at the

same time promote greater efficiency in capital deployment in respect of the Group's business. In 2013, fee-based revenue of the Public Bank Group grew by 9.4% as the Group continued to mobilise its resources and strengthened the infrastructure in its unit trust, bancassurance and various other fee-based revenue businesses.

The Public Bank Group's unit trust sales and management business undertaken through its wholly-owned subsidiary, Public Mutual Berhad ("Public Mutual"), achieved commendable performance and outperformed the private unit trust industry in Malaysia in 2013. As at the end of 2013, Public Mutual remained as the market leader in the private unit trust business with 104 funds and total net asset value of over RM62.50 billion under its management, commanding a prominent leading market share of 41.2% of the private unit trust industry in Malaysia. The Group will continue to invest and enhance the infrastructure and the wide distribution network of Public Mutual, while ensuring appropriate risk management processes are in place to safeguard the investment of funds of its customers.

The Public Bank Group's strategic bancassurance partnership continued with AIA Group Ltd ("AIA") following the acquisition by AIA of the ING's insurance operations in Malaysia. The bancassurance partnership has proven to be successful as it enables the Group to provide life, health and investment-linked insurance products to its large customer pool in Malaysia and Hong Kong. The business volume from the sales of bancassurance products, measured in terms of Annualised Premium Equivalent ("APE"), has been growing since the partnership commenced in 2008. In 2013, the Group achieved APE of RM121.1 million. 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.

As an alternative to the conventional deposit products and an avenue to generate fee-based revenue, the Public Bank Group also actively offers alternative savings products such as foreign currency deposit accounts, gold investment accounts and the recently launched dual-currency investments.

Moving forward, growing fee-based revenue remains as one of the Public Bank Group's key strategies with focus on its unit trust business, bancassurance and various other fee-based generating products and services. The Group will continue to enhance its cross-selling initiatives to both existing and new customers in order to increase its fee-based revenue opportunities.



#### **4. Maintaining Liquid Balance Sheet**

The Public Bank Group has always been practising self-sufficiency in funding its lending business and this strategy is consistently applied to its overseas operations, where all the overseas units adopt their business plans to build and maintain a stable customer deposit base over the longer term to fund their lending activities. The Public Bank Group has been successful in maintaining a strong retail deposit franchise and a healthy and liquid balance sheet thus far, with the Group's net loan to deposit ratio standing at 87.5% as at the end of 2013.

The Public Bank Group will continue to maintain the self-funding strategy and strive to maintain a strong customer deposit base as it continues to organically grow its lending business.

#### **5. Advocating Cost Discipline**

When benchmarked against its peers, the Public Bank Group remained as the most cost-efficient banking group in Malaysia, with its cost to income ratio of 30.7% in 2013. The Group's cost efficiency is also one of the best in comparison with leading banks in the Asia Pacific region. This achievement is by no means an easy feat given that many major banks around the world and region have been forced to make difficult decisions to rationalise their staff force and operations in their bid to maintain a sustainable cost structure.

Acknowledging that cost management is a key driver to enhance shareholder value, the Public Bank Group is committed to observing prudent cost discipline and promoting high productivity to achieve cost efficiency. The key initiatives to be continuously undertaken by the Public Bank Group include retaining the right people to do the job, providing effective training and coaching to up-skill the staff's competency and productivity, enhancing work processes and infrastructure by emphasising on straight through processing while ensuring strict compliance with internal operating standards and procedures, and prioritising the deployment of resources and technology to where they are most effective.

#### **6. Strengthening Corporate Governance and Risk Management**

The Public Bank Group's excellence in corporate governance and accountability has long been a key contributing factor to the long-term success of the Group and these important attributes are critical for the continued public trust and confidence in the Group as a financial services provider.

The Public Bank Group's record of excellence in corporate governance and corporate conducts continued to receive external recognition. The Public Bank Group was the *Platinum winner for the The Asset Corporate Award 2013 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations*; sponsored by The Asset. The Group

was also accorded the *Corporate Governance Asia Recognition Award 2013 for Malaysia*; and the *3rd Asian Excellence Recognition Awards 2013 for Best Corporate Social Responsibility and Best Investor Relations for Malaysia*, both awards by the Corporate Governance Asia, and the *Malaysia-ASEAN Corporate Governance Index 2013 awards for Top 5 Overall Corporate Governance and Industry Excellence – Financials*, both awards by the Minority Shareholder Watchdog Group. These achievements reflected the Group's commitment to excellence in corporate governance and corporate conduct. The Group will continue to strengthen its corporate governance and ensure that good governance practices are embedded in every aspect of its operations.

In addition, effective risk management has enabled the Public Bank Group to identify and proactively manage the risks emerging from the rapidly evolving business conditions in a timely manner. On an ongoing basis, the Group will also continue to strengthen its risk management processes and invest in relevant risk management infrastructures in order to be more robust and responsive to the increasingly complex business environment.

### **Safeguarding Shareholder Value**

Safeguarding and continuously enhancing shareholder value is the best measure of a company's success. With over four decades of unbroken profit track record, the Group has consistently delivered admirable strong returns to its shareholders, even during challenging economic conditions.

The Group aims to preserve the long-term intrinsic value of its shareholders' investment in the Group by continuing to implement strategies that ensure sustainable profitability and ROE while balancing its responsibility to its customers, employees and community.

#### **1. Managing Capital Efficiently**

One of the key activities to maximising shareholder value is to proactively manage the capital structure of a company which includes the efficient allocation and utilisation of capital in generating returns. This is even more pertinent for banks under the Basel III capital framework. The Public Bank Group plans and monitors its capital positions and requirements closely. The Group ensures that the valuable and scarce capital resources are always efficiently deployed to drive optimum ROE, whilst striking a balance among the key considerations that include the need for capital to support the organic growth strategy for the Group, the need

to conserve capital to meet the more stringent Basel III regulatory capital framework which came into effect on 1 January 2013 as well as to meet shareholders' expectations of return on their investment.

As part of its capital management plan, Public Bank, had in 2013, issued a total of RM1.95 billion of Basel III-Compliant Subordinated Medium Term Notes which qualify as Tier II capital for the computation of the regulatory capital in accordance with the Capital Adequacy Framework (Capital Components) issued by BNM.

As at the end of 2013, the Public Bank Group has common equity Tier I capital ratio, Tier I capital ratio and total capital ratio of 8.8%, 10.5% and 13.8% respectively. These capital ratios are higher than the eventual Basel III requirements of 7.0%, 8.5% and 10.5% respectively that will take full effect from January 2019, subject to any additional capital buffer that may be determined by BNM.

The Public Bank Group is well-positioned to ensure compliance with the new Basel III regulatory requirements, including any additional capital buffer to be introduced by BNM, without restraining the Group's organic business growth strategy and the Group will continue to manage its capital proactively.

#### **2. Paying Dividends Consistently**

Public Bank will pay a second interim single tier dividend of 30 sen per share. The Board of Directors does not propose the payment of any final dividend.

The shareholders would receive a total net dividend of 52 sen per share for 2013, comprising the second interim single tier dividend of 30 sen, and the first interim single tier dividend of 22 sen that was paid in August 2013. The total dividends paid and to be paid to shareholders for 2013 would amount to RM1.82 billion, representing 44.8% of the Group's net earnings for 2013. This translates into a net dividend yield of 2.7% based on the share price of RM19.40 per Public Bank (Local) share as at the end of 2013.

In 2013, Public Bank (Local) share price increased by 19.2% from RM16.28 as at the end of 2012 to RM19.40 as at the end of 2013. Including the total dividends of 52 sen for 2013, a shareholder of Public Bank (Local) share would have enjoyed a total return of 22.4% for 2013, based on the closing share price of Public Bank (Local) share as at the end of 2013.

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

### 3. *Delivering Sustainable Returns to Shareholders*

The Public Bank Group had met shareholders' expectation of returns by consistently delivering admirable returns to its shareholders, both over the medium term and long term, which clearly demonstrated 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 (Local) shares at a price of RM8.85 per Public Bank (Local) share at the end of 2008 with an investment outlay of RM8,850 and held it for 5 years to the end of 2013 would have received gross dividends totaling RM2,735 and have 1,043 Public Bank (Local) shares worth RM20,234 based on the closing share price of RM19.40 per share as at the end of 2013. Together with the dividends received, this investment would have given the shareholder an annual rate of return on investment of 21.0% or a total return of 159.5% 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 2013, 135,398 Public Bank shares worth RM2,626,721 based on the share price of Public Bank (Local) shares of RM19.40 at the end of 2013. In addition, he would have received a total gross dividend of RM914,243 whilst having only invested a capital outlay of RM48,760, 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 19.6% for each of the 46 years that this shareholder has held the shares in Public Bank since it was listed in 1967.

## TO OUR VALUED CUSTOMERS

### Responding To Customers' Expectations

With the rapid advancement of information and communication technology, customers are now well-informed about the products and services offered by banks in the market. The Public Bank Group believes what truly sets the Group apart from its competitors is not its products and services alone, but the efficiency with which our staff deliver the services and the quality of services that our customers receive and experience – starting from the first touch point that brings our customers and our staff together at the beginning of the service value chain.

Whilst the Public Bank Group continues to invest in technology and resources in electronic and internet banking, and in self service delivery channels in order to provide the much sought after flexibility and convenience, the Group also strongly believes that face-to-face interaction with customers and the fostering of relationship on a personalised level will promote long-term customer loyalty, trust and value. In fact, it is by embracing this practice consistently across the Group that ensures the Group becomes the preferred choice amongst its loyal customers today.

With its extensive geographical reach and presence in the communities that it serves, together with its strong and deep customer relationship, the Public Bank Group also responds to its customers' expectations by proactively identifying and fulfilling their needs with effective and responsive banking solutions. For instance in its lending business, the Group continued to support businesses, particularly SMEs by providing them with access to credits on competitive terms. The Group has also been active in providing credit facilities under various loan and financing schemes covered by the Credit Guarantee Corporation and initiated by the Government. On top of that, in the domestic retail consumer segment, the Group had, in 2013, approved more than RM30.81 billion new loans and financing for the purchase of residential properties and passenger vehicles. The strong growth of the Group's lending business of 11.8% in 2013, which was primarily focused on retail consumers and SMEs, was a clear demonstration of the Group's commitment to support the needs of its loan and financing customers.

Given the Public Bank Group's strong reputation as a prudent and well managed organisation, together with the deposit insurance coverage by Perbadanan Insurans Deposit Malaysia, the Group provides its depositors the assurance and comfort that their hard earned savings are in the safe protection of a strong and sound repository. The Group also offers various alternative savings and investment products for customers with different risk profiles and who seek to enhance returns on their savings in the prevailing low interest rate environment.

### **Upholding Consistent Service Quality – Our Competitive Edge**

To maintain its competitive edge, the Public Bank Group sets high levels of compliance targets on its stringent loan service delivery standards and its quantitative customer service delivery standards at the frontline of branches, which include a 2-minute standard waiting time to serve customers at branch counters.

The Public Bank Group is a certified financial provider under the ISO 9001:2008 standards for the “Provision of Customer Service in Loan Delivery” and “Provision of Customer Service at the Front Office”. The ISO certification of customer service delivery standards demonstrates the Public Bank Group’s ability to achieve consistently high customer service delivery standards across its entire branch network, providing assurance to its customers that they can expect to enjoy the same consistent high level of customer experience wherever the branch is located. The Group also has in place extensive monitoring systems to evaluate the delivery of the quantitative customer service delivery standards for every customer served. These systems include processes for the rapid detection of operational lapses in meeting these standards and proactive steps taken to help the Public Bank’s service providers to meet these standards. Continuous up-skilling of staff, redeployment of resources and increasing the availability of self service terminals at branch premises are part of the proactive initiatives taken to continuously meet the high customer service delivery standards of the Group.

### **Investing In Customer Service Infrastructure**

In responding to the needs of its customers, the Public Bank Group continues to invest in improving its multi-channel customer service delivery infrastructure to enable better, convenient and seamless customer experience. In 2013, the Group increased its domestic and overseas bank branch network at various strategic locations to a total of 411.

Domestically, the Group also expanded its wide network of self service terminals by adding and replacing the Automated Teller Machines (“ATMs”) and Cash Deposit Terminals (“CDTs”) with 224 more efficient bi-functional Cash Recycling Machines (“CRMs”), 48 additional ATMs, 7 additional Cheque Deposit Machines (“CDMs”) and 17 newly introduced Coin Collection Machines (“CCMs”) during the year, bringing the Group’s total domestic network of self service terminals to 1,738 units comprising a combination of ATMs, CDMs, CRMs, CDTs and CCMs. In promoting greater customer comfort, accessibility and safety, the Group also continued to upgrade the self service

terminal lobbies in its domestic branches to house more self service terminals with improvement on the layout and security features. In addition, the Group is also a member of the Malaysian Electronic Payment System (“MEPS”) ATM network, which provides domestic customers access to more than 10,000 ATM facilities nationwide.

### **Continue To Be Our Individual Customers’ Preferred Choice**

The Public Bank Group’s persistent pursuit of the delivery of excellence in customer service has been rewarded with a high level of customer loyalty and retention, as well as brand appreciation. This strong customer allegiance is reflected in the Group’s high market share of individual customers. The Group has a 18.2% domestic market share of individual savings deposits as at the end of 2013 and an overall domestic market share of individual core customer deposits of 19.2%. The Group is also the market leader in the domestic residential mortgages and passenger vehicle hire purchase financing with market shares of 19.6% and 26.5% respectively as at the end of 2013, which are mainly financing extended to individual borrowers.

## **TO OUR COMMITTED STAFF**

### **Our People – A Key Thrust To The Group’s Achievement**

At the Public Bank Group, much of our success today is attributed to the ability of our people to understand how the organisation fits together with our stakeholders – our shareholders, customers, community, regulators, authorities – and external factors influencing our stakeholders and business environment.

Through its high performance culture of strong dedication, firm commitment and high competency, the Group has nurtured a formidable and effective workforce of over 17,900 employees, which collectively are the most valuable asset of the Group.

### **Recruiting The Right People And Nurturing Talents**

To meet the Public Bank Group’s commitment to serve its customers well and pursue its organic growth strategy, the Group places strong emphasis on the importance of its human capital. Proper human resource planning and policy setting, recruitment and capacity development are implemented to ensure that the Group always has the right people in the right place, with the right calibre, knowledge, attitude and skill sets.

The Public Bank Group also continues to invest significant management and financial resources in nurturing its talents by providing ample opportunities and space for their professional and personal development. Where applicable, staff are strongly encouraged to pursue professional certifications to further enhance their knowledge and professional development. In addition, the Group has long put in place a policy of mandatory training for all levels of staff, together with the building of special skills and expertise to meet the business needs of the Group. Reflecting our commitment to invest in human capital, a total of RM36.2 million training expenditure was incurred in 2013 alone. A wide variety of training programmes were organised throughout the year with over 34,000 participants having attended classroom courses while 47,000 participants completed e-learning courses. The training programmes organised included structured in-house and externally conducted classroom trainings, seminars, workshops and talks covering various topics from industry updates, product knowledge, management and leadership skills as well as relevant laws and regulations.

Besides equipping all level of staff with the necessary skills and capabilities to deliver the highest possible standards of performance, the skills and knowledge development provided to staff also prepare them for the structured career progression within the Public Bank Group and to fulfill the structured management succession planning aspirations of the Group. A well-trained and skilled workforce can adapt quickly to the changing needs of the Group in its quest for performance excellence, and provides the Group with the flexibility to redeploy its people without compromising on service delivery standards, thereby giving the Group a competitive edge in today's challenging market place. While special attention is given to grooming our talents from within, the Group also make use of its strong market position and brand name to attract new talents that complement the internal talents by bringing in new ideas and vibrancy to the Group.

### **Planning For Smooth Succession In Key Management Roles**

The key to the Public Bank Group's success has been the continuity of its senior management team, many of whom have been with the Group for many years. In line with the Group's objective of ensuring long-term performance excellence, the Group has established a structured succession planning process for senior management staff in all key business areas. Having put in place for many years, there are at least two candidates identified

and earmarked internally for the succession of every senior managerial position. Whilst the earmarking process is not made known to the identified candidates, the candidates are nurtured with the relevant training and skill development programmes; and job-related exposures to the relevant areas of the positions and responsibilities being planned for and in preparation of such candidates to assume the higher levels of responsibilities as set out in the structured management succession plan. Over the years, there were retirements of key senior management personnel in the Group and the vacancies were filled by internal promotion of the earmarked candidates who have the requisite experience and skills, resulting in a smooth and uninterrupted transition.

### **Rewarding Based On Performance**

The principle of the Public Bank Group's performance-based remuneration system is based on the measurement of its people's contribution to the core business performance of the Group with reference to key performance indicators that are aligned with the Group's strategies and targets. The performance-based compensation system that is equitable and transparent provides a strong motivational incentive for its people to perform to the peak of their capabilities, exhibiting traits of high productivity, teamwork and effective communication.

The Public Bank Group's approach of consistently paying high performance-driven rewards over the years encourages its people to always take forward looking holistic views when discharging their responsibilities. This promotes longer-term superior performance of the Group as the team pushes the boundaries of performance year after year in striving for high rewards not merely for monetary rewards but also for job satisfaction, and the satisfaction of personal achievement within the risk management culture of the Group.

### **Advocating Strong Work Ethics**

Another key strategy for the Public Bank Group to continue delivering profitability growth and sustainable returns to shareholders is to improve operational efficiency by enhancing the productivity of the Group's entire staff force. This is strongly emphasised by placing top priority on continuous up-skilling of its people via training, knowledge and personal development, coaching and mentoring, and by implementing a transparent and equitable performance-based remuneration system.



The productivity of the Public Bank Group, as measured by standard industry indicators, has improved consistently over the years and is well above the industry's benchmark:

	Public Bank Group			Industry Average* RM'000
	2009 RM'000	2013 RM'000	Variance %	
Gross loans per staff	8,015	12,340	▲ 54.0	8,636
Deposits per staff	9,953	13,996	▲ 40.6	10,976
Profit before tax per staff	193	296	▲ 53.4	229

\* Based on latest available industry data

### Inculcating Values Of Trust, Honesty And Integrity

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

### Paving Clear Career Paths

The Public Bank Group's commitment to its people, its transparent performance-based remuneration system, the meritocracy driven career progression and priority accorded to internal filling of vacancies by existing well-trained, qualified and experienced staff, have created a workforce that is passionately performance driven and one that seeks a career path and advancement within the Group. This is evident from the low staff attrition rate of 9% and high rate of managerial appointments of 95% which were filled by competent people within the Group in 2013.

The people in the Public Bank Group are instilled with a sense of dedication and commitment to serve with a spirit of camaraderie, mutual trust, respect and sociability.

### TO OUR COMMUNITY

As a responsible banking group, the Public Bank Group takes its corporate responsibility seriously and strives to discharge its duties ethically, responsibly and transparently to all its stakeholders that encompass the community that the Group serves and where it operates.

### Contributing To The Country's Development

Since its humble incorporation in 1966, the Public Bank Group has grown by leaps and bounds into a leading and respectable financial services provider in Malaysia. The Group takes great passion as a corporate citizen in contributing to the development, growth and stability of the Malaysian financial system. The robustness of the Malaysian financial system, in return, lays a strong foundation for a resilient economy which allows opportunities for the Government and BNM to focus their efforts on improving the socio-economic development of the country.

Through the years, the Public Bank Group has been focusing on serving retail consumers and SMEs and continues to benefit the wider community. The Public Bank Group will continue to play a proactive role in promoting the domestic and international trade activities and facilitating the circulation of money through efficient credit creation and mobilisation of customer deposits. The financial strength of the Group and its strong reputation as a trusted institution enables the Group to continue to attract significant market share of deposits to enhance the healthy liquidity position of the Group, thereby contributing to the stability of the country's overall domestic financial system.

As a responsible financier, the Group is firm in observing strict socially-responsible lending practices which take into consideration the aggregate debt obligations and the financial health of borrowers to avoid the over-gearing of borrowers and its consequential adverse impact. The Group's long established stringent lending policies and practices are in line with BNM's call for responsible lending against the background of growing concern on the escalation of household debt as well as contributing to the stability of the financial system. With the largest market share in the domestic residential mortgage business, the Group remains supportive in promoting higher level of home ownership amongst Malaysians, including affordable home ownership amongst the low to medium income Malaysians. In 2013, the Group approved more than 57,800 loans and financing for home purchases in Malaysia, of which more than 2,200 were for financing of low cost houses.

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

With its excellent track record of continuous strong financial performance, the Public Bank Group is a major contributor to the fiscal revenue of the country with tax payments totaling RM4.77 billion for the past five years since the beginning of 2009, with RM1.32 billion of taxes paid in 2013 alone. The Group endeavours to continue to maintain its favourable financial performance so that it can continuously contribute significantly and be supportive of the future development efforts of the nation over the longer term.

### **Giving Back Meaningfully To The Community**

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

Since 2007, the Public Bank Group together with the Malaysian Nature Society and in collaboration with the Ministry of Natural Resources and Environment, were involved in a multi-year tree planting and maintenance project at a flood retention pond in Cheras, Kuala Lumpur. The project was carried out with the objective of assisting the city's eco-system and to reduce the carbon footprint at the surrounding areas which form part of the flood management system in the City of Kuala Lumpur. In 2013, the Group was proud to have completed the project by handing over more than 12,000 well-matured trees to the Department of Irrigation and Drainage Wilayah Persekutuan Kuala Lumpur. The project has an annual carbon absorption rate of 275,423 kilogram upon the maturity of the planted trees. Besides establishing a green lung in the midst of an urban landscape, the trees also provide the local community with an amenity to enjoy nature with the flora and fauna of the site as the trees mature.

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

Towards the end of 2013, some of the Bank's customers and employees were badly affected by the seasonal monsoon flood in several states in Malaysia. As a socially responsible corporate citizen, the Bank activated its relief assistance programme, initiatives of which included providing six-month moratorium for monthly instalment payments for loans and financing, restructuring and rescheduling of loans and financing, as well as waiver of certain bank charges for affected customers. For the affected staff, the Bank extended special cash relief assistance to them and their families, in addition to granting compassionate leave to the affected staff to attend to their domestic affairs.

Other key CSR initiatives undertaken in 2013 included providing continued financial assistance to the IJN Foundation for the set up of a dormitory to house families of needy patients undergoing treatment in Institut Jantung Negara, and the continued support of the Universiti Tunku Abdul Rahman in its research studies in the field of banking and finance. The Public Bank Group also supports projects and events that promote healthcare, education, professional development and national pride. All these efforts reflect the integration of sustainability into our corporate culture, and the Public Bank Group's mission and strategies for its banking business.

## RECOGNITION OF EXCELLENCE

In 2013, the Public Bank Group and its management were accorded numerous awards and recognition of excellence by reputable domestic and international publications and independent organisations. These accolades served as affirmation to the success of the Group in delivering on its commitment of excellence to all its stakeholders, and they included the following:

- Domestic Retail Bank of the Year – Malaysia 2013 *by Asian Banking and Finance*
  - Automotive Finance Company of the Year 2013 *by Frost & Sullivan*
  - 3rd Asian Excellence Recognition Awards 2013 for Best Corporate Social Responsibility; and Best Investor Relations for Malaysia *by Corporate Governance Asia*
  - Trusted Brands Gold Award 2013 under the Banks in Malaysia category and Credit Card Issuing Bank Gold Award 2013 *by Reader's Digest*
  - Best Bank in Malaysia 2013 and Best SME Bank in Malaysia 2013 *by Alpha Southeast Asia*
  - Ranked as one of the top 3 companies for Most Consistent Dividend Policy category in the Alpha Southeast Asia Institutional Investor Corporate Awards 2013
  - BrandLaureate Signature Brand Award for the Banking category 2013 *by Asia Pacific Brands Foundation*
  - Most Profitable Company in the Finance Sector Award, in The Edge Billion Ringgit Club Corporate Awards 2013 *by The Edge*
  - Best Domestic Bank in Malaysia 2013 *by The Asset*
  - Malaysia-ASEAN Corporate Governance Index 2013 awards for Top 5 Overall Corporate Governance and Industry Excellence – Financials *by the Minority Shareholder Watchdog Group*
- The Public Bank Group is also delighted and honoured that Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder and Chairman of Public Bank, was again recognised for his sterling achievements and contribution to the banking industry with the Corporate Governance Asia's 3rd Asian Excellence Recognition Awards 2013 for Best CEO (Investor Relations) for Malaysia and Asian Corporate Director Recognition Award 2013 for Malaysia. In addition, he was also accorded the BrandLaureate Banker of the Year Award by the Asia Pacific Brands Foundation.
- Apart from acknowledging the outstanding achievements of the Public Bank Group and its Founder and Chairman, these awards and recognition will, to be sure, further motivate and reaffirm the commitment of the Group and its staff to continue its relentless pursuit of the delivery of excellence to all its stakeholders.
- The Asset Corporate Award 2013 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations – Platinum winner, *by The Asset*
  - "Tiang Seri Utama" award for Top SME Supporter in the CGC Top SME Supporter Award 2012 *by Credit Guarantee Corporation*
  - Best Bank in Malaysia 2013 *by FinanceAsia*
  - Corporate Governance Asia Recognition Award 2013 for Malaysia *by Corporate Governance Asia*

## OUTLOOK AND PROSPECT

The outlook of the Malaysian economy, in which the Public Bank Group largely operates, continues to be stable and supportive of growth despite uncertainties from the vulnerable external economic conditions, and signs of moderation from certain sectors domestically. The Malaysian economy is forecasted to grow between 5.0% and 5.5% in 2014, underpinned by domestic demand.

From the perspective of the banking industry, stiff competition amongst financial institutions for market share, as well as the need for higher capital conservation due to the requirements of Basel III capital framework, will continue to put pressure on pricing of products and ROE.

Going forward, in the face of these and other challenges, the Public Bank Group will need to embrace an even more aggressive pursuit of business innovation and operational efficiency in delivering on the Group's commitment to excellence to all of its stakeholders. The Group will reinforce its prudent and cost-management strategies to sustain profitability in light of the more challenging interest-margin compression environment, while continuing its focus on generating fee-based income stream to a more significant level in the medium term. On the service delivery front, the Group will uphold its superior customer service and delivery excellence. With the Public Bank Group's strong financial performance track record, backed by excellent asset quality, its healthy capital structure, and most importantly, the firm commitment to excellence of all levels of staff, the Group has the capacity to implement its key strategies to expand and grow its business, and to weather any uncertainties in 2014 and beyond.

## TARGETS FOR 2014

For 2014, the Public Bank Group's key performance targets are as follows:

Key Performance Benchmarks	2014 Targets
Net return on equity	>20%
Total capital ratio	>12%
Gross impaired loan ratio	<1%
Cost to income ratio	<32%
Gross loan growth	10% – 11%
Customer deposit growth	10% – 11%

The setting of the Public Bank Group's key performance targets for 2014 has taken into account the Group's achievements in 2013, together with the risk appetite of the Group, the regulatory requirements under the Basel III capital regime and the prevailing medium-term economic outlook.

**OUR APPRECIATION**

We would like to thank our shareholders and business partners for their ongoing trust, support, and utmost confidence in the Public Bank Group over the years.

To our valued customers, we wish to express our sincere appreciation to them for continuing to choose the Public Bank Group as their preferred financial service provider.

We deeply appreciate and acknowledge the management and staff of the Public Bank Group for their relentless commitment, dedication and loyalty in putting the Group in a strong position to face the challenges ahead and ensuring the continuing success of the Group.

Effective 28 November 2013, Dato' Sri Lee Kong Lam retired from his position as the Executive Director/Deputy Chief Executive Officer of Public Bank and was redesignated as the Non-Independent Non-Executive Director of Public Bank. The Board of Directors would like to thank Dato' Sri Lee Kong Lam for his invaluable contributions to the Group during his 17-year tenure of service.

Effective 1 October 2013, Mr. Quah Poh Keat, who has served as an Independent Non-Executive Director of Public Bank since 2008 resigned as a director and was appointed as the Deputy Chief Executive Officer of Public Bank. The Board of Directors would like to wish Mr. Quah Poh Keat every success in assuming his new role.

Lastly, the Board and Management would like to thank BNM and all other relevant authorities for their continuous invaluable advice, guidance and support.

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

**TAN SRI DATUK SERI UTAMA THONG YAW HONG**  
Co-Chairman

**TAN SRI DATO' SRI TAY AH LEK**  
Managing Director

**DATO' SRI LEE KONG LAM**  
Director

**DATO' YEOH CHIN KEE**  
Director

**DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR**  
Director

**MR. TANG WING CHEW**  
Director

**MR. LAI WAN**  
Director

**MS. LAI WAI KEEN**  
Director

Safeguarding Our Brand Value

# Best Practices

**OPERATING RESULTS (RM'N)**


Item	Value
Operating profit	116.1
Profit before tax expense and zakat	52.0
Net profit attributable to equity holders of the Bank	583.2

**BALANCE SHEET DATA**

Item	Value
Shareholders' equity	19.40
Commitments and contingencies	19.54
Other	68,668

**SHARE INFORMATION AND VALUATION**

Item	Value
Share Information	2.7
Information (sen)	2.7
Adjusted earnings	44.8
Member (RM)	44.8
(%)	16.7

A hand holding a magnifying glass over a financial document. The document contains various numbers and text, including "2013", "5,655", "5,310", "250,773", "157,297", "3,532", "15,813", "70,847", "4,738", "4,086", "3,011", "105.2", "87.2", "45.5", "391.0", and "73.3". A red text box is overlaid on the document, containing the following text:

We adhere to the principles and best practices of corporate governance. It is a fundamental part of how we discharge our duties and responsibilities towards protecting and enhancing our shareholders' value as well as ensuring that we achieve long term sustainable financial performance.

# STATEMENT ON CORPORATE GOVERNANCE

Public Bank remains steadfast in its commitment to excellence in corporate governance standards. The strong culture and values in the Bank, nurtured since the Bank's inception by the Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, and reinforced with each succeeding year, are even more important now than in earlier years given the current challenging business environment. The Bank continues to take a long-term view, striving to deliver sustainable shareholder value and to protect stakeholders' interests. The Board and Management are fully committed to maintaining professionalism, integrity and commitment at all levels, underpinned by robust procedures and risk management systems.

The Chairman serves as a bridge between the Board, Management and shareholders. The Chairman ensures that the Board is always fulfilling its fiduciary duties, including duty of care, loyalty and candor.

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

Public Bank has in 2013 complied with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012), save for one of the recommendations that the tenure of an independent director should not exceed a cumulative term of 9 years.

The Board of Directors, Management and staff are honoured that Public Bank has continued to receive accolades and recognitions in 2013 for its excellent corporate governance and outstanding financial performance. The major awards received in 2013 included the following:

## Corporate Governance Awards

- ➔ Top 5 Overall Corporate Governance Award and Industry Excellence (Financials) Award in the Malaysia-ASEAN Corporate Governance Index 2013 Awards presented by Minority Shareholder Watchdog Group
- ➔ Corporate Governance Asia Recognition Award 2013 for Malaysia presented by Corporate Governance Asia
- ➔ The Asset Corporate Platinum Award 2013 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations presented by The Asset

## Best Bank Awards

- ➔ Best Bank in Malaysia 2013 presented by FinanceAsia
- ➔ Best Domestic Bank in Malaysia 2013 presented by The Asset
- ➔ Best Bank in Malaysia 2013 presented by Alpha Southeast Asia
- ➔ Domestic Retail Bank of the Year – Malaysia 2013 presented by Asian Banking & Finance
- ➔ Best SME Bank in Malaysia 2013 presented by Alpha Southeast Asia
- ➔ Most Profitable Company in the Finance Sector Award in The Edge Billion Ringgit Club Corporate Awards 2013 presented by The Edge

## Best Corporate Reporting Award

- ➔ Overall Excellence Silver Award in the National Annual Corporate Report Awards (NACRA) 2013

The full list of the awards and accolades received by the Public Bank Group in 2013 and to-date is on pages 42 to 53 of this annual report.



## BOARD OF DIRECTORS

### Size and Composition of Board

The Board currently comprises 9 Members. The size and composition of the Board are adequate to provide for a diversity of views, facilitate effective decision making, and appropriate balance of executive, independent and non-independent directors. The Directors come from diverse backgrounds with expertise and skills in banking, finance, business, accounting, taxation, industry and legal.

The 9 Members of the Board are persons of high calibre and integrity, and they possess the appropriate skills, knowledge, experience and competencies to address key risks and major issues relating to the Bank's policies and strategies. The Directors more than adequately fulfill the fit and proper criteria as specified in the FSA and the BNM Policy Document on Fit and Proper Criteria.

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

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

Tan Sri Datuk Seri Utama Thong Yaw Hong, the Co-Chairman, had served the Government for 32 years, during which time he had held various prominent and senior positions. Upon retiring from civil service, he joined the private sector and was appointed as Chairman/Director of several large public listed corporations. Tan Sri Datuk Seri Utama Thong Yaw Hong's distinguished background and outstanding calibre have led to his appointment as a Member of the National Economic Council and also as a Senior Member of the Working Group of the Executive Committee for the National Economic Council.

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

Dato' Yeoh Chin Kee possesses extensive banking experience through his 19 years as an Executive Director and 16 years as Non-Executive Director of Public Bank. Dato' Haji Abdul Aziz bin Dato' Dr. Omar has a wealth of skills and knowledge garnered from his tenure as a past Chief Executive Officer of a Malaysian bank and from his experience in business industries relevant to the Bank's business. 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 has gained wide experience in the banking and finance related industries from his long service with BNM and finance companies, and from his tenure as a previous President/CEO of a Malaysian bank. Lai Wai Keen possesses vast experience in banking regulations, corporate communications, deposit insurance systems and protection scheme for insurance policy holders, having served BNM for over 20 years and Perbadanan Insurans Deposit Malaysia (PIDM) for more than 6 years.

The appointment of Lai Wai Keen on 29 May 2012 reflects that the Board recognises the value of a lady member of the Board and was an initial step taken by the Board towards achieving a more gender diversified Board.

The profile of each of the Member of the Board is as presented on pages 58 to 67 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 8 Non-Executive Directors, whereby more than one third are Independent Non-Executive Directors.

The 8 Non-Executive Directors include Dato' Sri Lee Kong Lam, who was an Executive Director until his re-designation as Non-Independent Non-Executive Director with effect from 28 November 2013. Dato' Sri Lee Kong Lam's re-designation to Non-Executive Director was to reduce the number and involvement of senior management/executive in the Board of Directors, in order to enhance the effectiveness of the Board in their oversight of the duties of the senior management/executive.

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

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

One of the recommendations of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and Board have determined at the annual assessment carried out that Tan Sri Datuk Seri Utama Thong Yaw Hong, who has served on the Board for 27 years, remains objective and independent-minded in his participation in deliberations and decision making of the Board and Board Committees. His tenure as Independent Non-Executive Director has neither clouded his judgment nor his assessment, and has not prejudiced his objectivity in the discharge of his roles and responsibilities as an Independent Director. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of Public Bank. Tan Sri Datuk Seri Utama Thong Yaw Hong has been demonstrably independent in carrying out his roles as a Member of the Board and Board Committees, notably in fulfilling his roles as Chairman of the Audit Committee and Risk Management Committee.

Tan Sri Datuk Seri Utama Thong Yaw Hong's designation as Independent Non-Executive Director has received the approval of BNM.

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

### Directors' Code of Ethics

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

### Duties and Responsibilities of the Board

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

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

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

The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, in order that Public Bank achieves strong financial performance for each financial year, and more importantly, delivers long-term and sustainable value to stakeholders.

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

The principal responsibilities of the Board include the following:

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

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

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

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

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

The Board has identified the Independent Non-Executive Co-Chairman, Tan Sri Datuk Seri Utama Thong Yaw Hong, as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

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

### Board Charter

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

## STATEMENT ON CORPORATE GOVERNANCE

The Board Charter covers the following key areas:

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

### **Board Meetings and Supply of Information**

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

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

At the monthly Board meetings, the Board reviews management reports on the business performance of the Bank as well as the Group and major subsidiaries, and reviews, inter-alia, the results compared to the preceding 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 Board Committees 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 any salient audit findings deliberated at the Audit Committee meetings and which require the Board's notice or direction.

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

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

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

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

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

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

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

The Board has direct access to the Senior Management and has unrestricted and immediate access to any information relating to the Bank's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board. The Deputy Chief Executive Officer attends Board meetings by invitation and the Senior Chief Operating Officer, Chief Operating Officers and Senior Management Officers are invited to attend the Board meetings to report to the Board on matters relating to their areas of responsibility, and also to brief and provide details to the Directors on recommendations or reports submitted to the Board. The Chief Financial Officer also attends Board meetings by invitation to update the Board on financial guidelines issued by BNM and new accounting standards, and to brief the Board on matters relating to the finance portfolio such as guidelines and policies to be implemented by the Bank pursuant to BNM requirements or new accounting standards, and in particular the implementation of Basel III.

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2013, as reflected below:

Name of Director	Scheduled Board Meetings <sup>2</sup>	Attendance at Board Meetings
<b>Non-Independent</b>		
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 Director</i>	19	19
Dato' Yeoh Chin Kee <i>Non-Executive Director</i>	19	19
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Non-Executive Director</i>	19	18
<b>Independent</b>		
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Non-Executive Co-Chairman</i>	19	19
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
Quah Poh Keat <sup>1</sup> <i>Non-Executive Director</i>	13	13

Notes:

<sup>1</sup> Resigned on 1 October 2013

<sup>2</sup> Reflects the number of meetings scheduled during the time the Director held office

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 notice to the Directors and Principal Officers to notify them of 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 taken and 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 Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the financial industry and business landscape both domestically and internationally.

During the financial year 2013, the Members of the Public Bank Board had attained training on areas relevant to their duties and responsibilities as Directors by attending external seminars/talks and internally facilitated sessions and through reading materials. The Directors had attended the high level Financial Institutions Directors' Education (FIDE) Programme developed by BNM and PIDM in collaboration with the International Centre for Leadership in Finance (ICLIF). The FIDE Programme is designed with a specific focus on financial sector issues and challenges, and leverages on international and local experts in the field of corporate governance and financial services industry. The Directors also keep up-to-date with market developments and related issues through Board discussion meetings with the Deputy Chief Executive

Officer, Senior Chief Operating Officer, Chief Operating Officers, Chief Financial Officer and other Senior Management Officers, and through the Bank's management seminars.

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 2013 included the following areas:

#### ➔ **Corporate Governance/Risk Management**

- Talk on Managing the Risks of Fraud
- Risk Appetite, Risk Tolerance, Risk Profiling and Quality of Risk Management
- Nominating Committee Programme
- The Malaysian Code on Corporate Governance 2012 And Statement on Risk Management
- ASEAN Corporate Governance Scorecard 2013
- Advocacy Session on Corporate Disclosure for Directors
- Financial Institutions Directors' Education (FIDE) Elective Programme: Board IT Governance & Risk Management Programme
- FIDE Elective Programme: The Nomination Committee/ Remuneration Committee Programme
- Audit Committee Institute Breakfast Roundtable 2013

#### ➔ **Board Leadership**

- Bursa Malaysia Sustainability Training for Directors and Practitioners
- FIDE Forum: Managing Talent at Board and Management
- International Centre for Leadership in Finance Leaders Room: 60 Minutes with David Schmittlein on "Leading a Learning Organisation in an Age of Change"
- Board Chairman Series: The Role of Chairman
- Leadership Energy Summit Asia (LESA) 2013

#### ➔ **Banking, Finance & Economy**

- Malaysian Financial Reporting Standards Update 2012/2013
- Communicasia 2012: Bridging Communication Borders, Optimising Business Opportunities
- FIDE Forum: Breakfast Talk on The Personal Data Protection Act 2010: Issues and Implications

- Anti-Money Laundering and Counter Financing of Terrorism Conference 2013
- Forensic Accounting
- FIDE Forum: Breakfast Talk on Successful Corporate Banking – Focus on Fundamentals: An Ernst & Young Survey of Corporate Financial Executives
- Reforming the Banking Industry – A Catalyst for Change and Capitalising on Opportunities (Financial Services Act 2013)
- FIDE Forum: Dialogue Session on Financial Services Act 2013 and Islamic Financial Services Act 2013
- Anti-Money Laundering and Anti-Terrorism Financing Act: The Law & Compliance
- Malaysian Institute of Accountants Conference 2013

#### ➔ **Islamic Banking**

- 10th Islamic Financial Services Board Summit – The Future of the Islamic Financial Services Industry: Resilience, Stability and Inclusive Growth
- Fundamental of Takaful and Shariah Governance Framework

#### ➔ **Information Technology**

- Government by Design – How Technology Can Drive More Effective Government

### **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 established by the Board is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decision.

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 of Directors whose current term of appointment as approved by BNM is due to expire, and submitting their recommendation to the Board for decision on the submission of application to BNM for the re-appointment of the Director concerned.

### **Re-Appointment and Re-Election of Directors**

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

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

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

### **Directors' Remuneration**

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

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

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

## STATEMENT ON CORPORATE GOVERNANCE

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

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2013 are as follows:

RM'000	Salary	Fees	Bonus	Other Emoluments	Benefits-in-kind	Total
<b>Executive Directors</b>						
Tan Sri Dato' Sri Tay Ah Lek	2,340	236	6,575	1,954	37	11,142
Dato' Sri Lee Kong Lam <sup>1</sup>	1,788	216	4,425	1,443	35	7,907
	4,128	452	11,000	3,397	72	19,049
<b>Non-Executive Directors</b>						
Tan Sri Dato' Sri Dr. Teh Hong Piow	–	320	–	17,891	32	18,243
Tan Sri Datuk Seri Utama Thong Yaw Hong	–	320	–	464	–	784
Dato' Sri Lee Kong Lam <sup>2</sup>	–	20	–	13	–	33
Dato' Yeoh Chin Kee	–	236	–	148	–	384
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	–	236	–	200	–	436
Quah Poh Keat <sup>3</sup>	–	177	–	124	–	301
Tang Wing Chew	–	236	–	146	–	382
Lai Wan	–	236	–	133	–	369
Lai Wai Keen	–	236	–	131	–	367
	–	2,017	–	19,250	32	21,299
<b>Total</b>	<b>4,128</b>	<b>2,469</b>	<b>11,000</b>	<b>22,647</b>	<b>104</b>	<b>40,348</b>

*Notes:*

- <sup>1</sup> This represents the remuneration paid to this Director from 1 January 2013 as an Executive Director until his re-designation as Non-Independent Non-Executive Director on 28 November 2013.
- <sup>2</sup> This represents the remuneration paid to this Director subsequent to his re-designation as Non-Independent Non-Executive Director.
- <sup>3</sup> This represents the remuneration paid to this Director until his resignation on 1 October 2013.

### COMMITTEES ESTABLISHED BY THE BOARD

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

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

### Board Committees

#### ■ Audit Committee

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

The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 119 and 120 of this annual report.

The Audit Committee meets at least once a month.



The attendance of Members at the Audit Committee meetings held in 2013 is reflected as follows:

Name of Committee Members	Scheduled Meetings <sup>3</sup>	Attendance at Audit Committee Meetings
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Independent Non-Executive</i>	16	16
Dato' Sri Lee Kong Lam <sup>1</sup> <i>Non-Independent Non-Executive</i>	1	1
Dato' Yeoh Chin Kee <i>Non-Independent Non-Executive</i>	16	16
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Non-Independent Non-Executive</i>	16	15
Tang Wing Chew <i>Independent Non-Executive</i>	16	16
Lai Wan <i>Independent Non-Executive</i>	16	16
Lai Wai Keen <i>Independent Non-Executive</i>	16	16
Quah Poh Keat <sup>2</sup> <i>Independent Non-Executive</i>	12	12

**Notes:**

<sup>1</sup> Appointed as Member on 9 December 2013

<sup>2</sup> Ceased as Member on 1 October 2013

<sup>3</sup> Reflects the number of meetings scheduled during the time the Director held office

### ■ Nomination Committee

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

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

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

## STATEMENT ON CORPORATE GOVERNANCE

The Nomination Committee upon its annual assessment carried out for financial year 2013, was satisfied that:

- ➔ The size and composition of the Public Bank Board is optimum with appropriate mix of knowledge, skills, attributes and core competencies
- ➔ The Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Bank's operations
- ➔ All the Directors continue to uphold the highest governance standards in their conduct and that of the Board
- ➔ All the Members of the Board are well qualified to hold their positions as Directors of Public Bank in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities
- ➔ All the Directors comply with the fit and proper criteria approved by the Board which are consistent with the FSA and BNM Policy Document on Fit and Proper Criteria
- ➔ The Independent Directors comply with the definition of Independent Director as defined in the BNM Guidelines on Corporate Governance and the Bursa Malaysia Main Market Listing Requirements
- ➔ Tan Sri Datuk Seri Utama Thong Yaw Hong, Independent Non-Executive Director, is demonstrably independent, and his length of service on the Board of 27 years does not in any way interfere with his exercise of objective judgement or his ability to act in the best interests of Public Bank
- ➔ The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of Public Bank, as they hold either one or only a few directorships in the public listed companies as described below:
  - Holding only one directorship: 5 directors
  - Holding two directorships: 3 directors
  - Holding four directorships: 1 director

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 2013 is reflected as follows:

Name of Committee Members	Scheduled Meetings <sup>5</sup>	Attendance at Nomination Committee Meetings
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Independent Non-Executive</i>	7	7
Dato' Sri Lee Kong Lam <sup>1</sup> <i>Non-Independent Non-Executive</i>	1	1
Dato' Yeoh Chin Kee <i>Non-Independent Non-Executive</i>	7	7
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Non-Independent Non-Executive</i>	7	7
Tang Wing Chew <i>Independent Non-Executive</i>	7	7
Lai Wan <sup>2</sup> <i>Independent Non-Executive</i>	3	3
Lai Wai Keen <sup>3</sup> <i>Independent Non-Executive</i>	N/A	N/A
Quah Poh Keat <sup>4</sup> <i>Independent Non-Executive</i>	4	4

**Notes:**

<sup>1</sup> Appointed as Member on 9 December 2013

<sup>2</sup> Appointed as Member on 1 October 2013

<sup>3</sup> Appointed as Member on 5 January 2014

<sup>4</sup> Ceased as Member on 1 October 2013

<sup>5</sup> Reflects the number of meetings scheduled during the time the Director held office

■ **Remuneration Committee**

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

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

- ➔ To review annually and recommend to the Board the overall remuneration policy for Directors, CEO, Deputy CEO and key Senior Management Officers to ensure that rewards commensurate with their contributions to the Bank's growth and profitability; and that the remuneration policy supports the Bank's objectives and shareholder value and is consistent with the Bank's culture and strategy
- ➔ To review annually the performance of the CEO, Deputy CEO and key Senior Management Officers and recommend to the Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and which are competitive and consistent with the Bank's objectives, culture and strategy

- ➔ To ensure that the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board
- ➔ Keeps abreast of the terms and conditions of service of the CEO, the Deputy CEO and key Senior Management Officers including their total remuneration package for market comparability; and reviews and recommends changes to the Board whenever necessary
- ➔ Keeps abreast of the remuneration packages for Members of Board Committees to ensure that they commensurate with the scope of responsibilities held and reviews and recommends changes to the Board whenever necessary

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

The attendance of Members at the Remuneration Committee meetings held in 2013 is reflected as follows:

Name of Committee Members	Scheduled Meetings <sup>5</sup>	Attendance at Remuneration Committee Meetings
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Independent Non-Executive</i>	4	4
Dato' Sri Lee Kong Lam <sup>1</sup> <i>Non-Independent Non-Executive</i>	1	1
Dato' Yeoh Chin Kee <i>Non-Independent Non-Executive</i>	4	4
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <i>Non-Independent Non-Executive</i>	4	4
Tang Wing Chew <i>Independent Non-Executive</i>	4	4
Lai Wan <sup>2</sup> <i>Independent Non-Executive</i>	N/A	N/A
Lai Wai Keen <sup>3</sup> <i>Independent Non-Executive</i>	N/A	N/A
Quah Poh Keat <sup>4</sup> <i>Independent Non-Executive</i>	2	2

Notes:

<sup>1</sup> Appointed as Member on 9 December 2013

<sup>2</sup> Appointed as Member on 5 January 2014

<sup>3</sup> Appointed as Member on 5 January 2014

<sup>4</sup> Ceased as Member on 1 October 2013

<sup>5</sup> Reflects the number of meetings scheduled during the time the Director held office

## ■ Risk Management Committee

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

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

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

The salient terms of reference of the Risk Management Committee on PBB Group's Compliance Function are as follows:

- ➔ Oversees the overall compliance with applicable laws and regulations, internal policies and approved limits
- ➔ Reviews and approves compliance framework, policies and methodologies in assessing the compliance profile and effectiveness of the compliance controls
- ➔ Ensures appropriate infrastructure, resources, processes and systems are in place for compliance assessment and supports initiatives that are directed at improving and continuing to the effectiveness of the compliance function

# STATEMENT ON CORPORATE GOVERNANCE

The Risk Management Committee holds monthly meetings.

The attendance of Members at the Risk Management Committee meetings held in 2013 is reflected as follows:

Name of Committee Members	Scheduled Meetings <sup>3</sup>	Attendance at Risk Management Committee Meetings
Tan Sri Datuk Seri Utama Thong Yaw Hong <i>Independent Non-Executive</i>	12	12
Dato' Sri Lee Kong Lam <sup>1</sup> <i>Non-Independent Non-Executive</i>	1	–
Dato' Yeoh Chin Kee <i>Non-Independent Non-Executive</i>	12	12
Dato' Haji Abdul Aziz bin Dato' Dr. Omar <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
Lai Wai Keen <i>Independent Non-Executive</i>	12	12
Quah Poh Keat <sup>2</sup> <i>Independent Non-Executive</i>	9	9

Notes:

<sup>1</sup> Appointed as Member on 9 December 2013

<sup>2</sup> Ceased as Member on 1 October 2013

<sup>3</sup> Reflects the number of meetings scheduled during the time the Director held office

## ■ Credit Risk Management Committee

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

- ➔ Evaluates and assesses the adequacy of strategies to manage the overall credit risk associated with the Bank's activities
- ➔ Evaluates risks under stress scenarios and the capacity of the capital to sustain such risk
- ➔ The Credit Risk Management Committee holds monthly meetings

## Board Executive Committee

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

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

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

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

## Management Committee and Main Working Committees

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

### ■ Management Committee

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

### ■ Group Human Resource Committee

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

#### ■ Credit Committee

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

#### ■ Operational Risk Management Committee

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

#### ■ Assets & Liabilities Management Committee

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

#### ■ Share Investment Committee

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

#### ■ IT Steering Committee

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

#### ■ Business Continuity Management Committee

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

#### Indemnification of Directors and Officers

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

#### Whistle-Blowing

In addition to the extensive fraud prevention and detection infrastructure that is in place, Public Bank also has formalised an effective framework on whistle-blowing, specifically the Anti-Fraud Policy.

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

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

## 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 the disclosures made to the stakeholders and the regulatory authorities.

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

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

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

#### Related Party Transactions

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

Details of these transactions are set out under Note 42 to the Financial Statements on pages 149 to 156 in the Financial Statements section of this annual report.

#### Internal Controls

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

The size and complexity of the operations of Public Bank and the Public Bank Group involve the management of a wide variety of risks. The nature of these risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Bank's and the Group's systems of internal controls are designed

to provide reasonable and not absolute assurance against the risk of material errors, frauds or losses occurring. The Risk Management Committee meets monthly to ensure that the accountability for managing the significant risks identified is clearly assigned and that identified risks affecting the Bank and the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of Public Bank and the Public Bank Group is reviewed by the Audit Committee during its periodic meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Bank and the Group. Internal Audit Division checks for compliance with regulatory requirements, policies and standards and the effectiveness of internal control structures across the Bank and the Group.

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 116 and 117 of this annual report.

#### Audit Committee

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

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

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 121 and 122 of this annual report.

#### Relationship With External Auditors

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

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

Non-Audit Services. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

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

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2013 to the external auditors are set out below:

	Bank RM'000	Group RM'000
<b>Fees paid/payable to KPMG</b>		
➔ Audit	1,049	1,602
➔ Audit-Related	327	407
– Validation of Perbadanan Insurans Deposit Malaysia Returns	150	205
– Half-year Limited Review	150	175
– Statement of Internal Control (Domestic)	13	13
– Statement of Internal Control (Overseas)	8	8
– Corporate Governance (Overseas)	6	6
➔ Non-Audit*	74	116
<b>Fees paid/payable to other auditors</b>		
➔ Audit	183	1,665
➔ Audit-Related	–	345
– Independent Assessment of New Stock Trading System (Overseas)	–	117
– Review of Banking Return (Overseas)	–	103
– Half-year Limited Review (Overseas)	–	66
– Review of Deposit Protection Scheme (Overseas)	–	35
– Statement of Internal Control (Overseas)	–	24
➔ Non-Audit*	–	51
<b>Total</b>	<b>1,633</b>	<b>4,186</b>

\* The non-audit fees paid/payable to the external auditors were for consultancy services on accounting and taxation matters and for preparation, review and submission of tax returns. The provision of these services by the external auditors to the Bank and the Group was cost effective and efficient owing to their knowledge and understanding of the operations of the Bank and the Group.

## STATEMENT ON CORPORATE GOVERNANCE

### **STRENGTHENING RELATIONSHIP WITH SHAREHOLDERS**

The Public Bank Group continues to place great emphasis on strengthening the Group's relationship with shareholders as it is one of the key components to upholding the principles and best practices of corporate governance for the Group.

As part of the effort in strengthening its relationship with shareholders, the Group maintains its commitment to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public. This practice of disclosure of information is not just established to comply with the requirements of Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, it also adopts the best practices as recommended in the MCCG 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining extensive communication with its shareholders strengthens the mutual relationship with the Group, which enhances shareholders' understanding of the Group as well as their ability in making informed investment decisions.

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

Pursuant to the BNM's Risk Weighted Capital Adequacy Framework (RWCAF), Public Bank has adhered to the requirements by providing the required disclosures and information in its annual report to comply with the Pillar 3 disclosures. The disclosures under the Pillar 3 aim to provide a consistent and comprehensive disclosure framework that enhances the comparability of the requisite information among banking institutions and further promote improvements in their risk management practices. These disclosures and additional risk management information would assist in providing greater transparency and further clarity on the risk exposures, risk assessment processes, the capital structure and capital adequacy of the Public Bank Group.

Moreover, the Public Bank Group always strives to voluntarily make available in the Public Bank's annual report information and disclosures that extend well beyond the regulatory requirements in order to provide more extensive information which enable various stakeholders to have better appreciation of the Group's business strategies, operations, performance, challenges and quality of management.

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. All information to shareholders is available on the corporate website of Public Bank as soon as it is announced or published.

The annual general meeting of Public Bank is another key avenue of the Group's engagement with its shareholders. It provides a useful forum for shareholders to engage directly with the Bank's Directors and Senior Management. 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.

At the annual general meeting of Public Bank, the Chairman of Public Bank 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. Printed copies of this review are also made available to shareholders upon their request and to the media. 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.

Public Bank always endeavours to enhance the level of transparency in disclosure of information. Apart from the above engagement with stakeholders through annual reports and general meetings, Public Bank also makes announcement of quarterly results and other announcements to Bursa Malaysia to provide stakeholders with key information regarding the Group. To promote wider publicity and dissemination of information that is made public, Public Bank also issues press releases to the media on all significant corporate developments and business initiatives to keep the investment community and shareholders updated on the progress and strategic development of the business of the Public Bank Group.



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

In addition to the annual reports, press releases and analyst briefings presentation slides, the Group's website also stores in archive all other corporate and financial information that had been made public, such as the quarterly announcement of the financial

results of the Public Bank Group, announcements and disclosures made pursuant to the disclosure requirements of Bursa Malaysia Main Market Listing Requirements and other corporate information on Public Bank.

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

### 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 2013	6 March 2014	65	30 June 2014
Annual Report 2012	21 February 2013	52	30 June 2013
<b>2013 Quarterly Results</b>			
1st Quarter	23 April 2013	23	31 May 2013
2nd Quarter	23 July 2013	23	31 August 2013
3rd Quarter	22 October 2013	22	30 November 2013
4th Quarter	5 February 2014	36	28 February 2014

The Public Bank Group has consistently been able to achieve early issuance of annual reports and releases of quarterly financial results, even though BNM's approval is needed prior to the issuance of these reports, while at the same time maintaining an extensive level of disclosure of financial information which is essential to shareholders and investors. The Public Bank Group always strives to enhance its engagement and communication with its shareholders and investors, in order to maintain the Group's high standards of accountability and transparency.

## INVESTOR RELATIONS

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

The investor relations function enables the Public Bank Group to maintain its on-going engagement through active dialogue and effective communication with the investing community and research analysts to enable them to make informed investment decisions. Amid ongoing uncertainty in the external environment and increased volatility in global financial markets, the regular dialogues provide comprehensive, transparent and well-rounded information that helps the investing community to better understand the Group's performance, business strategies and prospects. This creates favourable investor support and opinion on the Group which eventually contributes towards enhancing the corporate value of the Group.

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

### Senior Management Personnel in Investor Relations Activities

#### Public Bank

- Tan Sri Dato' Sri Tay Ah Lek, *Managing Director/Chief Executive Officer*
- Chang Siew Yen, *Chief Operating Officer*
- Ng Seiw Kuan, *Director of Corporate Planning & Strategy*
- Yik Sook Ling, *Chief Financial Officer*

#### Public Financial Holdings Limited

- Tan Yoke Kong, *Executive Director*

Apart from the regulatory public statements required by Bursa Malaysia, Public Bank issues press releases and conducts briefings to equity and fixed-income securities research analysts and fund managers in conjunction with the release of the Public Bank Group's half yearly and annual results announcements. In addition to providing comprehensive insights into its financial performance, the Group also recognises the importance of communicating its business strategies, updates on the progress of the Group's current business initiatives as well as its financial performance during these briefings. In order to convey a uniform message across all external communications, the information presented during these briefings is concurrently posted on the Group's corporate website at [www.publicbank.com.my/corporate](http://www.publicbank.com.my/corporate) to promote accessibility of information to all market participants.

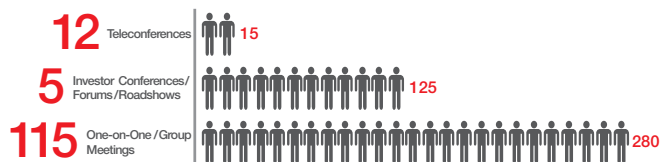
In order to maintain close connection with global investors, the Senior Management Officers of the Public Bank Group continue to participate in presentations and investor meetings at investor conferences and forums that are held domestically and regionally. The Group's management personnel responsible for investor relations activities 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 host teleconferences with them.

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

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

**Investor Relations Activities in 2013**

Number of Investors Met



The extensive investor relations activities of the Public Bank Group and the high level of investor interest in Public Bank have led to a wide coverage of the Group by stock brokerage and equity research firms. This is reflected in a total of 27 contributors to the earnings estimates for Public Bank.

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

**Primary Contacts for Investor Relations Matters****PUBLIC BANK****Chang Siew Yen***Chief Operating Officer*

Chang Siew Yen is a qualified accountant. She joined Public Bank in 2005 as Deputy Director of Finance Division. She was subsequently promoted to 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 Finance Division, Corporate Planning & Strategy Department and Information and Technology Division.

**Contact Details**

Telephone number: +603-21767460

E-mail: [changsiwey@publicbank.com.my](mailto:changsiwey@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](mailto:ngseiwkuan@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 Head of Finance Division and Chief Financial Officer in July 2012.

**Contact Details**

Telephone number: +603-21773310

E-mail: [yiksookling@publicbank.com.my](mailto:yiksookling@publicbank.com.my)**PUBLIC FINANCIAL HOLDINGS LIMITED****Tan Yoke Kong***Executive Director*

Tan Yoke Kong is a qualified accountant. He has over 32 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](mailto:yktan@publicbank.com.hk)**INVESTOR RELATIONS UNIT****Denise Fong Po Yen***Corporate Planning & Strategy Department***Contact Details**

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This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 13 January 2014.

# RISK MANAGEMENT

In 2013, the downside risk remained significant in view of protracted external uncertainties and the announcement on the planned Quantitative Easing (“QE”) tapering in June 2013 by the Federal Reserve which was followed by its deferment sparked further volatilities in the global financial market. While such external business environment remains challenging, Bank Negara Malaysia (“BNM”) has introduced pre-emptive measures to manage household leverage. The enactment of the Financial Services Act 2013 and Islamic Financial Services Act 2013 introduces new regulatory requirements, reaffirms Malaysia’s commitment to further strengthen the regulatory and supervisory regime of Malaysia’s financial sector.

Amidst the challenging operating environment and evolving regulatory landscape, the Public Bank Group’s business strategies remained unchanged. The Group stayed focused on serving and building sustainable relationships with its customers. Within the Group’s core presence, the Group is mindful of the potential impact of the excess liquidity on asset prices and to this end, has reinforced pre-emptive measures to maintain its asset quality. The meeting of the regulatory requirements, including the new liquidity rules, will raise overall costs. In preparation, the Group has broadened its funding sources and tapped long-term stable funds from the wholesale markets apart from its continued pursuit for retail funds.

The Public Bank Group’s key areas of risk are within the Group’s risk appetite. The risk framework, policies, systems, procedures and processes are incessantly reviewed, refined and established to enhance and reinforce the strong risk culture across the Group as well as to proactively identify emerging risks.

With its commitment to strong corporate governance and implementation of sound risk management principles and best practices, the Public Bank Group is able to maintain its growth performance and earnings momentum without compromising on its asset quality. The Group has been practising prudent lending policies which are consistent with BNM’s further measures to bring down the level of household debt in Malaysia.

## RISK MANAGEMENT FRAMEWORK

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

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



### Risk Governance

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

<b>ESTABLISH RISK APPETITE &amp; POLICY</b>	<b>Board of Directors</b>	<b>AUDIT COMMITTEE</b>
	<b>Risk Management Committee</b>	
<b>ENSURE IMPLEMENTATION OF RISK POLICY AND COMPLIANCE</b>	<b>Dedicated Risk Committees</b>	
	Assets & Liabilities Management Committee	
	Credit Risk Management Committee	
	Operational Risk Management Committee	
	<b>Shariah Committee</b>	
	<b>Independent Risk Management and Control Units</b>	
	Banking Operations	
	Credit Control, Administration and Supervision	
Risk Management		
Compliance		
<b>IMPLEMENT AND COMPLY WITH RISK POLICY</b>	<b>Business Units</b>	
	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 framework 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 defense against risk, are responsible for identifying, mitigating and managing risk within their lines of business. These units ensure that their day-to-day business activities are carried out within the established risk policies, procedures and limits.

### ***Audit Committee***

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

### Risk Appetite

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

*“The Public Bank Group shall remain focused on retail operations and 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 loan 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 expected cash outflows.*

*In its pursuit for organic business growth, 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 rating.”*

### Risk Management Processes

The key risk management processes for the main risk areas of the Public Bank Group are set out below.

Risk Area	Definition	Risk Management Processes
Credit Risk (including credit concentration risk, counterparty credit risk and country risk)	Credit risk is the potential loss of revenue as a result of defaults by the borrowers/ customers or counterparties through lending/financing, hedging, trading and investing activities	<ul style="list-style-type: none"> <li>➔ Strong credit culture across the credit personnel in the Public Bank Group</li> <li>➔ Established credit risk policies, guidelines and procedures</li> <li>➔ Clearly defined discretionary powers for parties involved in the credit approving process</li> <li>➔ Periodic review of credit risk rating scoresheet to ensure its relevance</li> <li>➔ Credit concentration model to measure credit concentration risk</li> </ul>
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"> <li>➔ Review of economic conditions and implications</li> <li>➔ Established market risk policies and limits</li> <li>➔ Prohibition of derivative trading activities</li> <li>➔ Periodic assessment and hedging of interest rate/rate of return risk and foreign exchange risk of structural net open position</li> </ul>
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"> <li>➔ Pursue growth of core customer deposits</li> <li>➔ Accumulation of liquefiable assets</li> <li>➔ Secure long-term funds via issuance of senior debts and/or capital instruments</li> <li>➔ Subsidiaries are required to attain self-funding position</li> <li>➔ Periodic liquidity stress test and contagion risk assessment</li> </ul>

**Risk Management Processes (Cont'd.)**

Risk Area	Definition	Risk Management Processes
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"> <li>➔ Day-to-day management of operational risk through comprehensive system of internal control</li> <li>➔ New product or service introduced as well as variations are subject to a product evaluation process which assesses the readiness of the Public Bank Group to introduce the said products or services</li> <li>➔ Tools and methods are applied to identify and manage operational risk within an acceptable level</li> </ul>
Reputation Risk	Reputation risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts, staff, community, other relevant parties or regulators (collectively known as stakeholders) that can adversely affect the Public Bank Group's ability to maintain existing, or establish new, business relationships and continued access to sources of funding	<ul style="list-style-type: none"> <li>➔ Governed by good corporate governance and compliance culture as well as ethical and trustworthy culture in conducting business</li> <li>➔ Maintaining efficient customer service and delivery channels</li> </ul>
Strategic Risk	Strategic risk arises from inappropriate business goals, failure in formulation, evaluation and selection or improper implementation of business strategies, lack of response to market demands and compatibility to external changes	<ul style="list-style-type: none"> <li>➔ Managed through an integrated process whereby the risk appetite, strategic business direction, budget and business plans are aligned, with appropriate oversight by the Board and senior management</li> <li>➔ Periodic review on market demands and refine the business strategies to address changes in the market place</li> </ul>
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 BNM and the SAC of Securities Commission	<ul style="list-style-type: none"> <li>➔ Governed by the Shariah Governance Framework and the Policy and Procedures on Shariah Compliance which set out the governance structure, roles of the Shariah key functions and other processes to ensure all operations and business activities are in compliance with Shariah requirements</li> <li>➔ Sponsoring staff to acquire Shariah certification to enhance knowledge and upgrade skills on Shariah matters</li> </ul>



**Risk Management Processes (Cont'd.)**

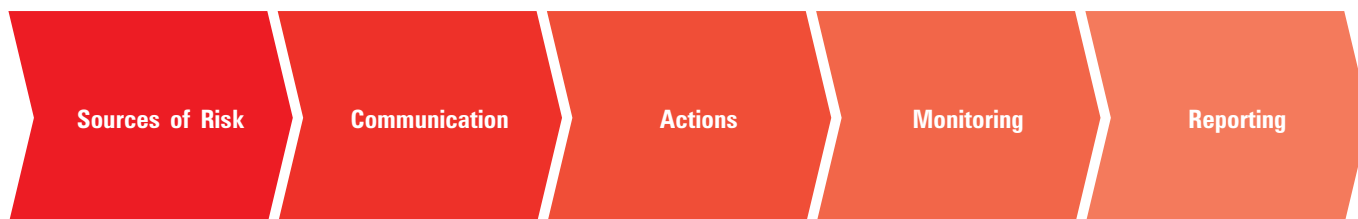
Risk Area	Definition	Risk Management Processes
Displaced Commercial Risk	Displaced commercial risk ("DCR") is the risk of Public Islamic Bank Berhad bearing the credit and market risk losses as a result of paying a return that exceeds the actual return that was supposedly to be earned by the Investment Account Holders based on the contractual profit sharing ratio	<ul style="list-style-type: none"> <li>➔ DCR policy sets out the governance and the roles and responsibilities of the Board and senior management</li> <li>➔ Use of Profit Equalisation Reserves</li> </ul>
Residual Credit Risk	Risk of loss or increase of other risks such as legal, operational, liquidity and market risks as a result of the acceptance of collateral and guarantees which are not properly executed and managed	<ul style="list-style-type: none"> <li>➔ The Residual Credit Risk Management Framework sets out the processes and procedures over the management of collateral and guarantees accepted to mitigate credit risk</li> <li>➔ Periodic reports to identify potential residual credit risk</li> </ul>
Model Parameter Risk	Risk that the parameters used in the appropriate mission-critical models are inappropriate or inaccurate, leading to either direct losses, compliance risk, or reputation losses	<ul style="list-style-type: none"> <li>➔ Review the development on parameters selected/ used</li> <li>➔ Monitoring of model outputs</li> <li>➔ Independent model validation by experienced modeling staff</li> </ul>
Capital Risk	Risk that the Public Bank Group has insufficient capital resources to meet regulatory requirements and to support business growth and strategic objectives	<ul style="list-style-type: none"> <li>➔ Governed by the Capital Management Framework, Capital Management Processes and Capital Deficiency Plan</li> <li>➔ Periodic review of capital plan by the Board</li> <li>➔ Established internal capital targets and ongoing monitoring</li> </ul>

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

- i. Note 44 to the financial statements (pages 158 to 204 of the Annual Report 2013)
- ii. Pillar 3 Disclosure (pages 259 to 318 of the Annual Report 2013)

### Identification and Management of Emerging Risk

The Public Bank Group practises the following process to identify and manage emerging risks:



During the year, the emerging risk management is further augmented by the implementation of the Risk Identification Plan to instill disciplined and forward-looking identification of emerging risk events which may stem from internal practices and/or external forces across all entities within the Public Bank Group. This is followed by a comprehensive assessment of each identified risk event to assess its implications on the Group and the outcome of the assessments are escalated to the Board and senior management for better risk-informed decision making.

#### Risk Culture

The inculcation of a risk awareness culture is a key aspect of an effective enterprise-wide risk management framework and the following are key factors of risk culture:

- ➔ 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

#### KEY RISK MANAGEMENT INITIATIVES

##### Enhancement to Risk Management Infrastructures and Strengthening Risk Governance

- ➔ Building a centralised repository of credit risk data to improve credit risk analytics, modeling, reporting, validation of credit risk models
- ➔ Upgraded the management information system for anti-money laundering/combating the financing of terrorism to include system solution for conducting Customer Due Diligence as well as monitoring and detection of suspicious transactions

- ➔ Realignment of the oversight by the Board and senior management to enhance effectiveness of risk management of the overseas operations
- ➔ Reviewed the effectiveness of the key independent and risk management control units, including a revamp of the performance appraisal of these units

##### Enhancement to the Risk Management Approaches

- ➔ Reviewed the Credit Risk Rating (“CRR”) scoresheet as a continuous process to ensure the scoresheet incorporates the developments in the market place and to enhance predictiveness of the scoresheet
- ➔ Addressed the risk of vulnerable borrowers via the setting of identification criteria, prudent debt service ratio and centralisation of approving authority at Head Office for vulnerable borrowers
- ➔ Established additional risk framework and policies to drive the identification of Pillar 2 risks across all entities within the Public Bank Group, such as framework for credit concentration risk management and credit model risk management
- ➔ Issued senior notes and subordinated notes totaling RM400 million and RM1,950 million respectively as a source of long-term funds and to enhance the capital and liquidity positions of the Public Bank Group

- ➔ Established the policy on USD/MYR Price Contribution in accordance to BNM's circular on Currency Fixing Reference for Pricing of Foreign Exchange Contracts Involving Ringgit which requires licensed Banking Institutions to use Onshore USD/MYR fixing as a reference for pricing of foreign exchange contracts involving Ringgit
- ➔ Assessed the implications of the impending QE tapering on the Public Bank Group and formulated strategies to minimise potential impact
- ➔ Strengthened premises security including enhancing security controls at self-service terminals to combat the rising theft of Automated Teller Machines/Cash Deposit Terminals as well as establishment of contingency plan to mitigate risk of termination of security guard services provided by outsourced vendors
- ➔ Streamlined the various compliance functions to improve the effectiveness of the compliance controls in preventing and detecting non-compliances of the business operations including beefing up resource capabilities by increasing the number of compliance officers at head office and branches and where possible, manual frontline processes are automated
- ➔ Continuous evaluation of the information technology system of the Public Bank Group to assess the susceptibility of the Group's information system to emerging cyber attacks and other information security threats and conducted risk and control assessments to address the plausible issues relating to information security concerns and areas that could disrupt the Group's business operations

### **Reinforcing Measures on Anti-Money Laundering/ Combating the Financing of Terrorism ("AML/CFT")**

- ➔ Implementation of risk-based approach in identifying, assessing and understanding money laundering/terrorist financing risks in relation to the various risk factors and tailoring appropriate risk controls as well as establishing proper policies and procedures to mitigate the risks
- ➔ Upgraded systems and work processes to facilitate a risk-based approach in conducting Customer Due Diligence and enhanced the monitoring and detection of suspicious transactions
- ➔ Increased surveillance of branches' compliance with AML/CFT control measures through regular onsite reviews by compliance officers
- ➔ Enrichment of training programs to ensure staff are retrained and kept abreast with the changing risk and regulatory landscape relating to AML/CFT
- ➔ Sponsoring staff to pursue professional qualifications in AML/CFT to further enhance staff knowledge on AML/CFT

# ETHICS, INTEGRITY & TRUST

Through the years, the Public Bank Group has been recognised with numerous awards and commendations of excellence, including many repeat of Best Bank and Best Corporate Governance awards by domestic and international institutions of high repute.

Such achievements would not have been possible without the public confidence and trust garnered over the years from customers, employees, shareholders and the communities at large. Riding on this momentum, the Public Bank Group continues to invest substantial resources to raise the bar on integrity and ethical practices in its corporate culture.

Some of the key efforts taken to inspire professionalism and integrity amongst its employees include:

## FIT AND PROPER POLICY FOR KEY RESPONSIBLE PERSONS

The establishment of the Fit and Proper policies and procedures to be in line with the policies of Bank Negara Malaysia ("BNM") and other regulatory bodies. This is to ensure that key positions in the Public Bank Group are led by personnel who fulfills 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 support of BNM and the Securities Commission's effort 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 provisions of the Capital Markets and Services Act 2007 as follows:

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

## CODE OF ETHICS

As the tenet of good business practice includes compliance with applicable laws and regulations, the Public Bank Group has adopted the Code of Ethics under BNM guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry ("BNM/GP7") as part of the Bank's Rules and Regulations to guide its employees based on the following principles:

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

## ANTI-FRAUD POLICY

The Anti-Fraud Policy stipulates that all employees in the Public Bank Group are required to play their roles and responsibilities in preventing, detecting and disclosing any fraudulent activities, improprieties or irregularities, including any attempted fraud. As a whistle blowing instrument, the policy also provides the avenues for employees to escalate their reports to the designated authorities as well as enforcement of disciplinary actions on those proven to have engaged in fraudulent acts.

The core of the Anti-Fraud Policy's objectives are 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

Advocating the Government's and BNM's initiatives and efforts to combat against the use of the banking system for illicit and money laundering activities as well as the financing of terrorist activities, the Public Bank Group continues to enhance its infrastructure with risk-based procedures and processes. A key component of such initiatives is the Group's Anti-Money Laundering Policy which sets out the followings:

- 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

## NURTURING EXEMPLARY CORPORATE CONDUCT

The Public Bank Group takes numerous measures to engage its employees to continuously practice, internalise and comply with the various policies, guidelines and codes of conduct, specifically with the following:

- Incorporation of applicable guidelines and policies in the offer letter and service undertaking to be read, understood and acknowledged by all employees upon their appointment
- Reiteration of the guidelines and policies during their induction programme
- Reminders via staff circulars from time to time
- Extensive training on the standards of conduct expected of Public Bank Group's employees to:
  - Enhance staff knowledge on regulatory requirements
  - Enable staff to understand and realise the ethical standards set by the Group
  - Equip staff with skills to handle ethical dilemmas with integrity
  - Equip staff with skills to detect early warning signs of fraud and malpractices
  - Ensure staff comply with the Group's codes of conduct
- Extensive supervisory control and procedures in the Group's daily operations to ensure scrupulous dealings are integral to the Group's corporate culture
- Conducting stringent and vigorous pre-employment screening on potential incumbents in order to prevent or minimise infiltration of undesirable elements into the staff force
- Conducting checks and monitoring on employee compliance of such guidelines or policies by the Internal Audit Team on a regular basis
- Adopting strategic risk governance on employee remuneration to enable "claw-back" in the event of fraud and misconduct

## ZERO TOLERANCE FOR VIOLATIONS

To minimise the exposure to reputational risks arising from unethical or fraudulent conduct by its employees, the Public Bank Group enforces appropriate disciplinary action on employees who have contravened or breached the Group's rules, regulations or policies.

## AN ETHICALLY CONSCIENTIOUS INSTITUTION

Resolute in perpetuating its heritage of exemplary corporate conduct, the Public Bank Group often imposes more stringent standards than those mandated by applicable laws to guide and nurture employees to embrace the Group's virtues and impeccable work ethics which are synonymous with the PB Brand.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RESPONSIBILITY

The Board of Directors (“Board”) is responsible for the adequacy and effectiveness of the Public Bank Group’s (“the Group”) risk management and internal control system. The Board ensures that the system manages the Group’s key areas of risk within an acceptable risk profile to increase the likelihood that the Group’s policies and business objectives will be achieved. The Board continually reviews the system to ensure that this 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 as and when there are 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*.

Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

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

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

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

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

- ➔ The Board Executive Committee was established by the Board to manage the business of Public Bank (“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.
- ➔ The Internal Audit Divisions and Compliance Divisions of the Bank and its major subsidiaries check for compliance with policies and procedures and highlight significant findings in respect of any non-compliance. In addition, the Internal Audit Divisions assess the operating effectiveness of their risk management and internal control systems during their audits. Audits are carried out by Internal Audit Divisions on all units and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Bank’s and its respective subsidiaries’ Audit Committees. The audit findings are submitted to the Bank’s Audit Committee and the respective subsidiaries’ Audit Committees, as the case may be, for review at their monthly or periodic meetings.
- ➔ The Audit Committees of the Bank and its major subsidiaries review internal control issues identified by the respective Internal Audit Divisions, the external auditors, regulatory authorities and management, and evaluate the adequacy and effectiveness of their risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources. The minutes of the Audit Committee meetings are tabled to the respective Boards of the Bank and its major subsidiaries on a monthly or periodic basis. Further details of the activities undertaken by the Audit Committee of the Bank are set out in the Audit Committee Report.

- ➔ The Risk Management Committee was established by the Board to assist the Board to oversee the overall management of all identified risks of the Group and the overall compliance with applicable laws and regulations, internal policies and approved limits including the Group's internal capital requirements. The other committees set up to manage specific areas of risk for the Group are the Credit Risk Management Committee which manages credit risk; the Assets & Liabilities Management Committee which manages market and liquidity risks and the Operational Risk Management Committee which manages operational risk.
- ➔ 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.
- ➔ The Group's Internal Capital Adequacy Assessment Process ("ICAAP") is established for the capital adequacy assessment of the Group taking into consideration its risk profile and business strategies. It involves setting the Group's risk appetite, identifying risk areas that are applicable to the Group, assessment of the risks and quantification of capital required to cover any such identified risks in setting its internal capital targets.
- ➔ The Group Risk Appetite which is developed as part of the ICAAP provides the direction to the Bank and its operating subsidiaries in drawing up business plans and in managing all identified risks. Annual business plans and annual budgets of the Group's major operating subsidiaries are reviewed and approved by their respective Boards. The performance of the Bank's business units and operating subsidiaries is assessed against the approved budgets and actions are taken to address variances identified and are escalated to the respective Boards on a monthly or periodic basis.
- ➔ 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.
- ➔ The Boards, the Board Executive Committees and/or the Risk Management Committees of the Bank and its major subsidiaries receive and review reports from management on a regular basis. These reports include management reports which highlight the key financial and operating statistics, as well as legal and regulatory matters. The Boards, the Board Executive Committees and/or the Risk Management Committees deliberate on the reports and where necessary, ensure that appropriate actions are taken to resolve the matters.
- ➔ 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.
- ➔ The Group Compliance Framework is established to outline the governance structure on compliance risk management functions and control responsibilities. 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.

### 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 issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2013, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of risk management and internal controls within the Group.

RPG 5 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 Directors and management thereon.

# AUDIT COMMITTEE REPORT



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**1 TAN SRI DATUK SERI UTAMA  
THONG YAW HONG**

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

**2 DATO' HAJI ABDUL AZIZ BIN DATO' DR. OMAR**  
**Co-Chairman/Independent Non-Executive Director**

*DIMP  
ACA (England & Wales), CA (M'sia), FIBM (M'sia)*

**3 DATO' SRI LEE KONG LAM**  
**Member/Non-Independent Non-Executive Director**

*SSAP, DIMP  
CA (M'sia), FCPA (Aust), FCIB (UK)*

**4 DATO' YEOH CHIN KEE**  
**Member/Non-Independent Non-Executive Director**

*DIMP  
FCPA (Aust), F Fin (Aust)*

**5 TANG WING CHEW**  
**Member/Independent Non-Executive Director**

*BA (Hons)*

**6 LAI WAN**  
**Member/Independent Non-Executive Director**

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

**7 LAI WAI KEEN**  
**Member/Independent Non-Executive Director**

*BEd (Hons), LLB*



## 1. ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee (“Committee”) meetings held during 2013 are as follows:

Name of Committee Members	Attendance at Committee Meetings
<b>Tan Sri Datuk Seri Utama Thong Yaw Hong</b> Chairman/Independent Non-Executive Director	16/16
<b>Dato’ Haji Abdul Aziz bin Dato’ Dr. Omar*</b> Co-Chairman/Independent Non-Executive Director	15/16
<b>Dato’ Sri Lee Kong Lam**</b> Member/Non-Independent Non-Executive Director	1/1
<b>Dato’ Yeoh Chin Kee</b> Member/Non-Independent Non-Executive Director	16/16
<b>Quah Poh Keat***</b> Member/Independent Non-Executive Director	12/12
<b>Tang Wing Chew</b> Member/Independent Non-Executive Director	16/16
<b>Lai Wan</b> Member/Independent Non-Executive Director	16/16
<b>Lai Wai Keen</b> Member/Independent Non-Executive Director	16/16

\* Redesignated to Non-Independent Non-Executive Director and Member with effect from 5 January 2014

\*\* Appointed as a Member with effect from 9 December 2013

\*\*\* Ceased to be a Member with effect from 1 October 2013

## 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/Co-Chairman**
  - ➔ The Chairman and the Co-Chairman of the Committee shall be approved by the Board of Directors and shall be an independent non-executive director.
  - ➔ The Chairman or the Co-Chairman shall be a member of the Malaysian Institute of Accountants (“MIA”).
- c. At least one member of the Committee:
  - i. must be a member of the MIA; or
  - ii. if he is not a member of the MIA, he must have at least three years working experience and:
    - ➔ he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - ➔ he 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 four times a year.

## 2.3 Quorum

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

## 2.4 Secretary

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

## 2.5 Rights

The Committee shall have the authority to:

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

## 2.6 Responsibilities and Duties

The responsibilities and duties of the Committee shall be:

### a. Risk Management

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

### b. Internal Audit

- ➔ To approve the appointment, replacement and dismissal of the Group Chief Internal Auditor.
- ➔ To review the adequacy of the scope, functions, competency and resources of Internal Audit Division and that it has the necessary authority to carry out its work.
- ➔ To evaluate the performance and decide on the remuneration of the internal auditors.

### c. External Audit

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

### d. Audit Reports

To review the:

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

### e. Financial Reporting

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

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

### f. Related Party Transactions

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

### g. Other Matters

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

### 3. SUMMARY OF ACTIVITIES

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

#### 3.1 Financial Reporting

- a. Reviewed the quarterly and half-yearly unaudited financial results of Public Bank and the Public Bank Group before recommending them for approval by the Board of Directors.
- b. Reviewed the annual audited financial statements of Public Bank and the Public Bank Group with the external auditors prior to submission to the Board of Directors for their approval. The review was to ensure that the 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 approved accounting standards in Malaysia;
  - Guidelines/Policy Document issued by Bank Negara Malaysia; and
  - Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

#### 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 Contingency Management.
- h. Reviewed the investigative reports tabled during the year and ensured appropriate remedial actions/ measures were taken.

#### 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 2013 included the following areas:

### a. Corporate Governance/Risk Management

- ➔ Talk on Managing the Risks of Fraud
- ➔ Risk Appetite, Risk Tolerance, Risk Profiling and Quality of Risk Management
- ➔ Nominating Committee Programme
- ➔ The Malaysian Code on Corporate Governance 2012 And Statement on Risk Management
- ➔ ASEAN Corporate Governance Scorecard 2013
- ➔ Advocacy Session on Corporate Disclosure for Directors
- ➔ Financial Institutions Directors' Education (FIDE) Elective Programme: Board IT Governance & Risk Management Programme
- ➔ FIDE Elective Programme: The Nomination Committee/Remuneration Committee Programme
- ➔ Audit Committee Institute Breakfast Roundtable 2013

### b. Board Leadership

- ➔ Bursa Malaysia Sustainability Training for Directors and Practitioners
- ➔ FIDE Forum: Managing Talent at Board and Management

- ➔ International Centre for Leadership in Finance (ICLIF) Leaders Room: 60 Minutes with David Schmittlein on "Leading a Learning Organisation in an Age of Change"
- ➔ Board Chairman Series: The Role of Chairman
- ➔ Leadership Energy Summit Asia (LESA) 2013

### c. Banking, Finance & Economy

- ➔ Malaysian Financial Reporting Standards Update 2012/2013
- ➔ Communicasia 2012: Bridging Communication Borders, Optimising Business Opportunities
- ➔ FIDE Forum: Breakfast Talk on The Personal Data Protection Act 2010: Issues and Implications
- ➔ Anti-Money Laundering and Counter Financing of Terrorism Conference 2013
- ➔ Forensic Accounting
- ➔ FIDE Forum: Breakfast Talk on Successful Corporate Banking – Focus on Fundamentals: An Ernst & Young Survey of Corporate Financial Executives
- ➔ Reforming the Banking Industry – A Catalyst for Change and Capitalising on Opportunities (Financial Services Act 2013)
- ➔ FIDE Forum: Dialogue Session on Financial Services Act 2013 and Islamic Financial Services Act 2013
- ➔ Anti-Money Laundering and Anti-Terrorism Financing Act: The Law & Compliance
- ➔ Malaysian Institute of Accountants Conference 2013

### d. Audit

- ➔ Material on Internal Audit Function

### e. Islamic Banking

- ➔ 10th Islamic Financial Services Board Summit – The Future of the Islamic Financial Services Industry: Resilience, Stability and Inclusive Growth
- ➔ Fundamental of Takaful and Shariah Governance Framework

### f. Information Technology

- ➔ Government by Design – How Technology Can Drive More Effective Government

## 5. INTERNAL AUDIT FUNCTION

The Committee is supported by the Internal Audit Division in the discharge of its duties and responsibilities. Internal Audit Division provides independent and objective assessment on the adequacy and effectiveness of the risk management, internal controls and governance processes. 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 achieve acceptable risk exposures consistent with Public Bank and the Public Bank Group's risk management policy. In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made.

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 functions 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 functions, 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 2013 are as follows:

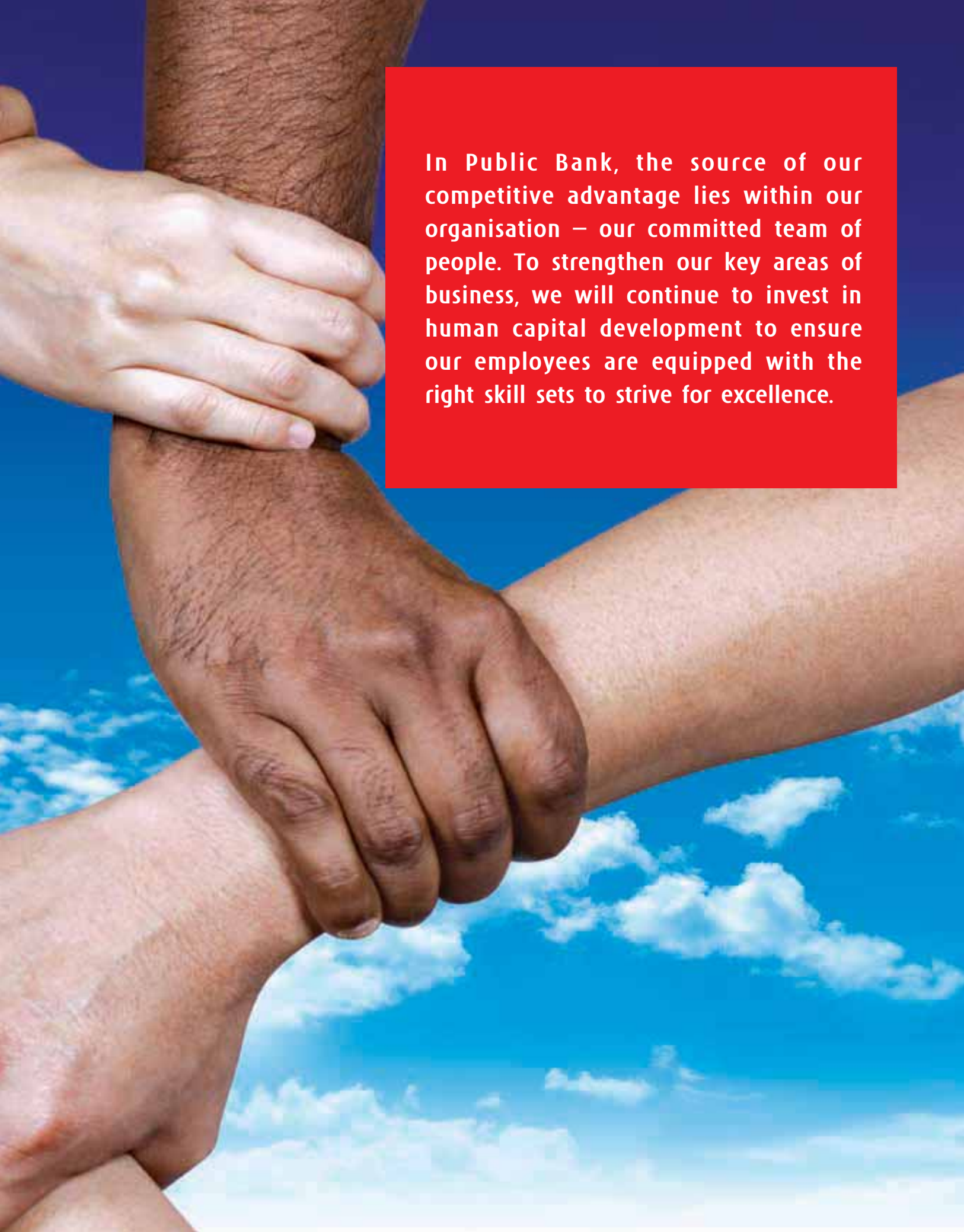
	<b>RM'000</b>
Bank	21,449
Group	29,241

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

Safeguarding Our Brand Value

# Committed Team





In Public Bank, the source of our competitive advantage lies within our organisation – our committed team of people. To strengthen our key areas of business, we will continue to invest in human capital development to ensure our employees are equipped with the right skill sets to strive for excellence.

# BOARD EXECUTIVE COMMITTEE



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

*Chairman*

A respected banking entrepreneur with a banking career spanning more than 62 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 53 years experience. A pioneer staff of Public Bank in 1966, he held several portfolios over the years including the Executive Vice President position in Public Finance and Public Bank. He was appointed Executive Director of Public Bank in 1997 and Managing Director/Chief Executive Officer in 2002. He sits on the Board of Directors of several subsidiary companies in the Public Bank Group.



**QUAH POH KEAT**

*Deputy Chief Executive Officer*

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

# GROUP MANAGEMENT PROFILE

## **1 DATO' CHANG KAT KIAM**

*Senior Chief Operating Officer,  
Public Bank Berhad*

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

## **2 CHANG SIEW YEN**

*Chief Operating Officer,  
Public Bank Berhad*

Ms Chang, a qualified accountant, joined Public Bank in 2005 as Deputy Director of Finance Division and 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 and was redesignated Chief Operating Officer in October 2013. She oversees the Bank's Finance, Corporate Planning & Strategy and Information Technology.

## **3 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, Property, Banking Operations, Credit Administration & Supervision and HP Credit Control.



**1** **TEOH CHENG SOON**

*Chief Executive Officer,  
Public Investment Bank Berhad*

Holder of a Bachelor of Arts (Hons) degree in Economics from the University of Malaya. Mr Teoh started his career as an Assistant Economist with Bank Negara Malaysia in 1968. He held several positions during the 16 years he was attached to the central bank. He was attached to several companies in the financial services industry before joining the Public Bank Group in 1998 initially as the Executive Director of Operations, then as the Chief Operating Officer of the Group's stock broking company and has been the Chief Executive Officer of Public Investment Bank since 2006.

**2** **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 33 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 Division. En. Abu Hassan was transferred to Public Islamic Bank in 2010 as General Manager and appointed to his current position in early 2011.

**3** **YEOH KIM HONG**

*Chief Executive Officer,  
Public Mutual Berhad*

Ms Yeoh, a qualified accountant and certified financial planner, has more than 18 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 Committee of Public Mutual. Ms Yeoh has played an active role in the development of the unit trust industry. She holds the position of Director in the Federation of Investment Managers Malaysia (FIMM) and is a member of the Rules 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.



**1 TAN YOKE KONG**

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

Mr Tan, a qualified accountant, has over 32 years experience in the banking and finance industry. He was seconded from Public Bank to Hong Kong in 1991 and was appointed Executive Director of Public Financial Holdings Limited, a company listed on the Stock Exchange of Hong Kong, in 1992. Mr Tan was appointed to his current position as Executive Director & Chief Executive of Public Bank (Hong Kong) Limited after its acquisition by the Group in 2006. Prior to this, he was the General Manager & Chief Executive of Public Finance Limited. Mr Tan had served as the Vice Chairman of The Deposit Taking Companies Association and as a member of The Deposit-Taking Companies Advisory Committee in Hong Kong for several years prior to his appointment in Public Bank (Hong Kong). Mr Tan is a Fellow member of the Association of Chartered Certified Accountants, UK and an Associate member of the Institute of Chartered Secretaries and Administrators, UK.

**2 LEE HUAT OON**

*General Manager/Chief Executive,  
Public Finance Limited*

Mr Lee, a qualified accountant, has more than 26 years experience in the banking and finance industry. He joined the Public Bank Group's Hong Kong operations in 1995 and was appointed Chief Executive of Public Finance Limited in 2006. Mr Lee is also an Executive Director of Public Finance Limited and Public Financial Holdings Limited, a company listed on the Hong Kong Stock Exchange. He is currently the Acting Chairman of The Deposit Taking Companies Association, a member of The Deposit-Taking Companies Advisory Committee, a member of the Banking and Finance Industry Training Board in Hong Kong and a director of The Hong Kong Mortgage Corporation Limited.

**3 PHAN YING TONG**

*Country Head,  
Cambodian Public Bank Plc*

Holder of Masters degree in Business Administration, Mr Phan has a total of 32 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. Mr Phan is the Country Head of Cambodian Public Bank Plc which has 25 branches located throughout Cambodia.



# HEADS OF DIVISION



## **1** ABD RAZAK BIN MD DALI

*Senior General Manager,  
Public Affairs Division*

Holder of Masters degree in Science (Corporate Communication). Joined Public Bank in 1977, experienced in branch banking and appointed Head of Public Affairs Division in 1994. Responsible for the Bank's public relations, corporate communication, advertising and sports portfolio.



## **2** CHAN CHEW FUNG

*Senior General Manager,  
Corporate Banking*

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



## **3** DATO' CHIA LEE KEE

*Senior General Manager,  
Secretariat Division*

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





4



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**4 LIM THEN FUI**

*Group Chief Internal Auditor*

Mr Lim, a qualified accountant, has a total of 34 years experience in Bank Negara Malaysia and commercial banking. Joined Public Bank in 2001 and held the positions of Head of Risk Management Division and Head of Compliance Division in 2007 and 2013 respectively. Appointed Group Chief Internal Auditor in October 2013 to oversee the Group's Internal Audit portfolio.

**5 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 Division and Chief Financial Officer in July 2012.

**6 EDDIE CHAN KOK KWAI**

*General Manager,  
Credit Administration & Supervision Division*

Holder of Bachelor of Economics degree, FSD and AIBM. Joined Public Bank in 1982 and appointed Head of Credit Administration and Supervision Division in 1992. Responsible for credit control and recovery of impaired retail loans. Mr Chan was promoted to General Manager in 2011.

## HEADS OF DIVISION



### **7 KOAY SEOK KHIM**

*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.



### **8 MARLENE GOH**

*General Manager,  
Human Resource Division*

Holder of Bachelor of Social Science degree and has been in the HR field for the past 31 years. Has been with Public Bank since 1983. Appointed Director of Human Resource Division in 2011 and oversees the Group's Human Resource portfolio. Promoted to General Manager in July 2012.



### **9 PATRICK LIM YOUNG LENG**

*General Manager,  
Compliance Division*

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



**10 TAN TECK KONG**

*General Manager,  
Information Technology Division*

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



**11 TUAN HAJI A WAHAB BIN A RAMAN**

*Director,  
Security Division*

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 Division.



**12 CHAN CHIEW PENG**

*Director,  
Retail Financial Services Division*

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 Division in September 2012.

## HEADS OF DIVISION



### **13 CHOO YEW CHING**

*Director,  
Credit Operations Division*

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 Division in October 2013.



### **14 JASMINE LOH SOOK LING**

*Director,  
Risk Management Division*

Ms Jasmine Loh, a qualified accountant, has a total of 23 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 Division in January 2013.



### **15 LIM LYE PING**

*Director,  
Treasury Division*

Holder of Bachelor of Economics degree. Joined Public Bank in 1994 and has more than 19 years experience in treasury operations. Appointed Head of Treasury Division in May 2012.



### **16 QUAH EWE LEE**

*Director,  
Banking Operations Division*

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 Division in July 2012 before his current appointment as Head of Banking Operations Division in October 2013.



17

**17 SIM GOAY CHYE**

*Director,  
Property Division*

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 Division in 2004.

**18 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 27 years experience in the card industry. Appointed Head of Division in January 2014.



18



19

**19 WONG MAN HOE**

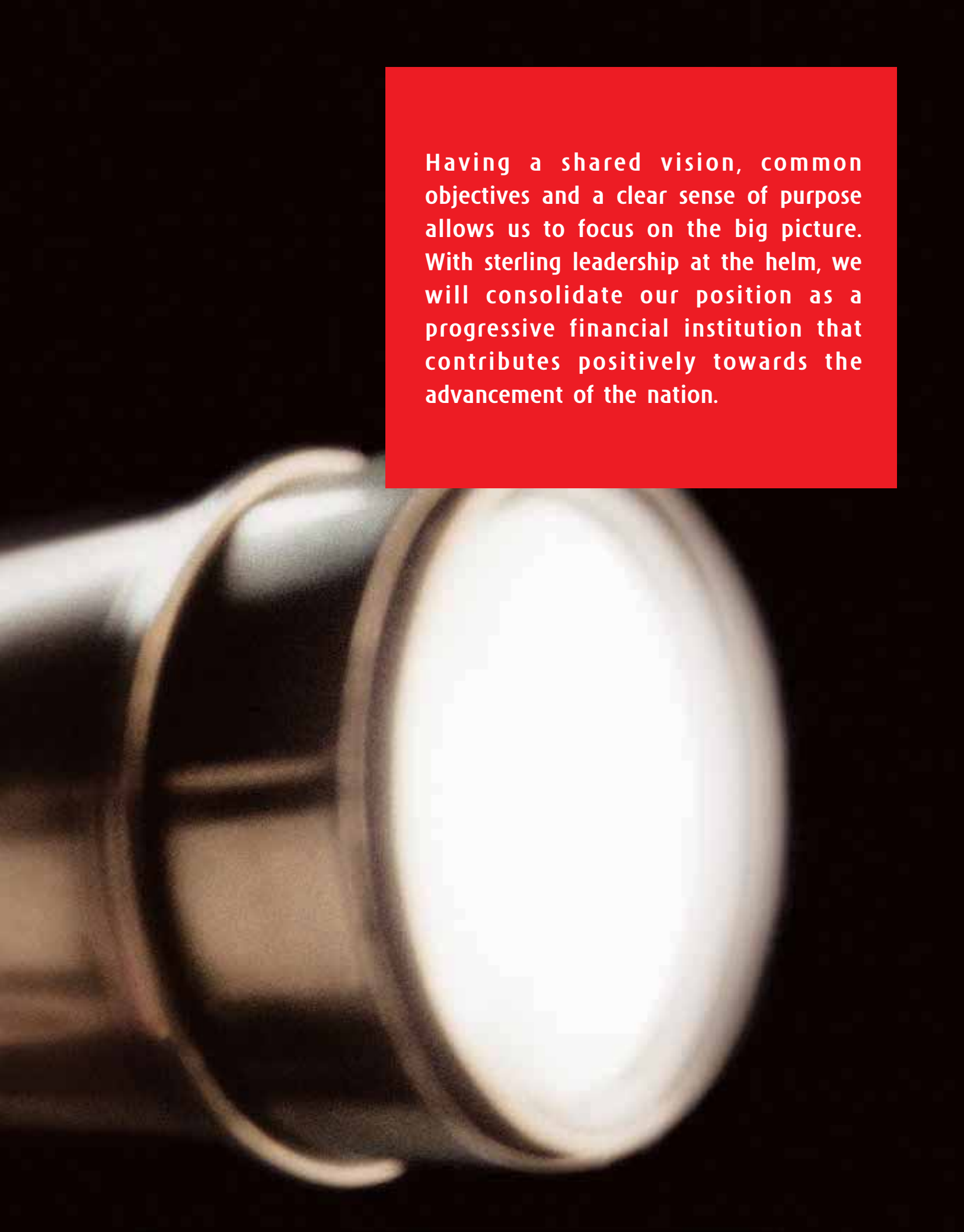
*Director,  
HP Operations*

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.

Safeguarding Our Brand Value

# Visionary Leadership





Having a shared vision, common objectives and a clear sense of purpose allows us to focus on the big picture. With sterling leadership at the helm, we will consolidate our position as a progressive financial institution that contributes positively towards the advancement of the nation.

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

# OVERVIEW

## HIGHLIGHTS OF 2013

### NET PROFIT

**RM4.06 bil**

2012: RM3.83 bil - restated\*

 6.2%

### LOAN GROWTH

2013: RM221.18 bil

2012: RM197.78 bil

 **11.8%**

### NET RETURN ON EQUITY

2012: 24.1%\*

**22.4%**

### COST TO INCOME RATIO

2012: 31.2%\*

**30.7%**

### GROSS IMPAIRED LOANS RATIO

2012: 0.7%

**0.7%**

### COMMON EQUITY TIER I CAPITAL RATIO

2012: 8.4%#\*

**8.8%#**

### TOTAL CAPITAL RATIO

2012: 14.1%#\*\*@

**13.8%#**

### PRE-TAX PROFIT

**RM5.31 bil**

2012: RM5.05 bil - restated\*

 5.2%

### DEPOSIT GROWTH

2013: RM250.87 bil

2012: RM225.04 bil

 **11.5%**

### EARNINGS PER SHARE

**116.1 sen**

2012: 109.3 sen - restated\*

 6.2%

### TOTAL ASSETS

2013: RM305.73 bil

2012: RM274.82 bil - restated\*

 **11.2%**

\* Restated due to retrospective application of MFRS 119

# After deducting second interim dividend declared subsequent to year end

@ Based on Basel II capital ratio requirements

## OVERALL BUSINESS ENVIRONMENT



The economic environment in 2013 remained mixed mainly due to a protracted Eurozone crisis and slower growth from the global economic powerhouses – the United States and China. The United States economy expanded at a moderate pace due to recovery in the labour and housing markets, but the Eurozone remained in recession as governments continued with austerity measures to restore fiscal discipline whilst demand for Chinese products slowed down. Although Asia's economic growth moderated as a result of these conditions, the region's long-term prospects remained sound as intra-regional trade continue to expand and a growing affluent consumer base offered a buffer against the weak economic conditions of the advanced economies.

Despite the global uncertainties, the Malaysian economy demonstrated commendable resilience; with GDP expected to grow between 4.5% and 5.0% in 2013 fuelled by strong domestic demand and increased investment activities by both the private and public sectors. Consumption benefited from a slew of targeted fiscal policies and people-friendly measures implemented as a result of Budget 2013 whilst investment activities continued to be strong as a result of the progress of projects under the Economic Transformation Programme ("ETP"). Looking ahead, the economic growth momentum is expected to be sustained on the back of resilient domestic demand and expansion in private investments driven by a pickup in the pace of the rollout of ETP projects. Against this backdrop, the Malaysian economy is projected to grow between 5.0% and 5.5% in 2014 supported by an environment of stable employment and manageable inflation.

Monetary policies remained supportive of growth, with the Overnight Policy Rate and Statutory Reserve Requirement maintained at 3% and 4% respectively despite continued weakness and uncertainties in the global economy. Bank Negara Malaysia has introduced further measures to ensure responsible and sustainable lending practices in its effort to address concerns regarding the country's high household debt levels. Coupled with easing in consumer spending as a result of the Government's rationalisation of subsidies, credit growth in the retail sector is expected to moderate. Going forward, the banking sector is likely to face greater challenges and pressures. Besides coping with stiff competition and increasing complexities in the financial market, banks will have to bear higher costs as new regulatory measures are introduced. However, the resilience and stability of the banking system will continue to be supported by strong capitalisation and firm asset quality.

The Public Bank Group delivered another set of good results despite the uncertain external environment, which is a tribute to its continued execution of a proven and sustainable business model. The Group's strategy remains focused on its core businesses of lending to retail customers and small and medium enterprises as well as retail deposit-taking. In the uncertain times ahead, the Group will continue to exercise prudence and move nimbly and carefully to avoid stumbling. The Group will also continue to strive for higher standards and improved performance in order to maintain the strong momentum that it has built over the years.

# SUMMARY OF GROUP FINANCIAL PERFORMANCE



## AT A GLANCE

	2013	2012	Growth %
<b>Profitability (RM'Million)</b>			
Profit before tax expense and zakat	5,310	5,047*	5.2
Net profit attributable to shareholders	4,065	3,827*	6.2
Earnings per share (sen)	116.1	109.3*	6.2
<b>Balance Sheet (RM'Million)</b>			
Total assets	305,725	274,824*	11.2
Gross loans, advances and financing	221,176	197,783	11.8
Deposits from customers	250,873	225,042	11.5
Shareholders' equity	20,424	18,018*	13.3
<b>Financial Indicators</b>			
Net return on equity	22.4%	24.1%*	(1.7)
Cost to income ratio	30.7%	31.2%*	(0.5)
Gross impaired loans ratio	0.7%	0.7%	–
Loan loss coverage	118.5%	126.0%	(7.5)
Net loan to deposit ratio	87.5%	87.1%	0.4
Total capital ratio <sup>#</sup>	13.8%	14.1% <sup>@*</sup>	(0.3)
Tier I capital ratio <sup>#</sup>	10.5%	10.8% <sup>@*</sup>	(0.3)
Common equity Tier I capital ratio <sup>#</sup>	8.8%	8.4%*	0.4

\* Restated due to retrospective application of MFRS 119

@ Based on Basel II capital ratio requirements

# After deducting second interim dividend declared subsequent to year end

## GROUP FINANCIAL SUMMARY

### Steady Profit Growth

- ➔ Pre-tax profit grew by 5.2% to RM5.31 billion in 2013.
- ➔ Net profit attributable to shareholders increased by 6.2% to RM4.06 billion in 2013.
- ➔ Earnings per share rose 6.2% to 116.1 sen.
- ➔ Net return on equity remained strong at 22.4% in 2013.
- ➔ Top amongst Malaysian banking groups in terms of cost efficiency. Cost to income ratio of 30.7%, as compared to the banking industry's average cost to income ratio of 46.6%.

### Strong Balance Sheet Growth

- ➔ Gross loans, advances and financing increased by 11.8% or RM23.39 billion to RM221.18 billion as at the end of 2013 on the back of strong domestic loan growth of 12.0%.
- ➔ Customer deposits grew by 11.5% or RM25.83 billion to RM250.87 billion as at the end of 2013 with domestic customer deposits growing by 11.6%.
- ➔ Total assets expanded by 11.2% or RM30.90 billion to RM305.73 billion from RM274.82 billion a year ago driven by healthy growth in loans and deposits.
- ➔ Net loan to deposit ratio remained stable and healthy at 87.5% as at the end of 2013.

### Excellent Asset Quality

- ➔ Ranks no.1 in terms of asset quality with gross impaired loans ratio of 0.7% as at the end of 2013, significantly lower as compared to the Malaysian banking industry's gross impaired loans ratio of 1.9%.
- ➔ Loan loss coverage remained high at 118.5% as at the end of 2013.

### Healthy Capital Position

- ➔ Common equity Tier I capital ratio, Tier I capital ratio and total capital ratio continued to be healthy at 8.8%, 10.5% and 13.8% respectively as at the end of 2013.

The Board of Directors declared a second interim single tier dividend of 30 sen per ordinary share bringing the total dividend for 2013 to 52 sen per ordinary share as compared to total dividend of 50 sen per ordinary share in 2012. Total dividend paid or payable in 2013 amounted to RM1.82 billion, representing 44.8% of the Group's net profit for 2013.

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**SEGMENTAL PROFITABILITY**

**(i) Profit Before Tax By Business Segment**

	2013		2012 <sup>^</sup>	
	RM'Million	% of Contribution	RM'Million	% of Contribution
<b>Domestic Operations</b>				
<i>comprise of:</i>				
<i>Retail</i>	3,287	61.9	2,986	59.2
<i>Hire Purchase</i>	495	9.3	668	13.2
<i>Fund Management</i>	426	8.0	372	7.4
<i>Corporate Lending</i>	339	6.4	322	6.4
<i>Treasury and Capital Market</i>	374	7.1	353	7.0
<i>Investment Banking</i>	49	0.9	44	0.9
<i>Others*</i>	(13)	(0.2)	(23)	(0.5)
<b>Total domestic operations</b>	<b>4,957</b>	<b>93.4</b>	<b>4,722</b>	<b>93.6</b>
<b>Overseas Operations</b>	<b>353</b>	<b>6.6</b>	<b>325</b>	<b>6.4</b>
<b>Total overseas operations</b>	<b>353</b>	<b>6.6</b>	<b>325</b>	<b>6.4</b>
<b>Profit before taxation</b>	<b>5,310</b>	<b>100.0</b>	<b>5,047</b>	<b>100.0</b>

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

<sup>^</sup> *Restated due to retrospective application of MFRS 119*

- ➔ Retail Operations continued to be the key income driver of the Public Bank Group, accounting for 61.9% of the Group's pre-tax profits in 2013, followed by Hire Purchase Operations and Fund Management Operations which contributed 9.3% and 8.0% respectively to the Group's pre-tax profits.
- ➔ Retail Operations reported pre-tax profits of RM3,286.7 million in 2013, reflecting an increase of 10.1% or RM300.5 million as compared to 2012. The increase in pre-tax profits was a result of higher net interest and financing income due to healthy growth in loans and deposits as well as higher fee income.
- ➔ Hire Purchase Operations reported a lower pre-tax profit of RM495.4 million in 2013 as compared to RM668.3 million in 2012, a 25.9% decline mainly due to lower lending margins and higher allowance for loan impairment.
- ➔ Fund Management Operations registered commendable results with pre-tax profits growth of 14.5% to RM426.2 million in 2013 from RM372.2 million in 2012 as a result of healthy growth in net asset value of funds under management.
- ➔ Corporate Lending recorded an increase in pre-tax profits to RM339.3 million in 2013 from RM322.3 million in 2012 mainly due to higher net interest income and bad debt recoveries partially offset by lower fee income.
- ➔ Treasury and Capital Market Operations' pre-tax profits increased by 6.1% to RM374.3 million in 2013 from RM352.6 million in 2012, mainly due to higher net interest income on treasury gapping, funding and liquidity management activities and higher foreign exchange income.
- ➔ Investment Banking Operations registered satisfactory results with pre-tax profits of RM48.6 million in 2013, representing a growth of 10.2% from 2012 mainly due to higher brokerage income on stock broking activities.

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

	2013		2012 <sup>^</sup>	
	RM'Million	% of Contribution	RM'Million	% of Contribution
<b>In Malaysia</b>	<b>4,957</b>	<b>93.4</b>	4,722 <sup>^</sup>	93.6
<i>of which:</i>				
<i>Public Bank Berhad*</i>	<b>3,959</b>	<b>74.6</b>	3,734 <sup>^</sup>	74.0
<i>Public Islamic Bank Berhad</i>	<b>473</b>	<b>8.9</b>	544 <sup>^</sup>	10.8
<i>Public Mutual Berhad</i>	<b>426</b>	<b>8.0</b>	372	7.4
<i>Public Investment Bank Berhad</i>	<b>48</b>	<b>0.9</b>	44 <sup>^</sup>	0.9
<b>Outside Malaysia</b>	<b>353</b>	<b>6.6</b>	325	6.4
<i>of which:</i>				
<u>Hong Kong operations</u>	<b>184</b>	<b>3.5</b>	181	3.6
– <i>Public Finance Ltd*</i>	<b>111</b>	<b>2.1</b>	117	2.3
– <i>Public Bank (HK) Ltd*</i>	<b>60</b>	<b>1.1</b>	40	0.8
<u>Cambodian operations</u>				
<i>Cambodian Public Bank Plc</i>	<b>117</b>	<b>2.2</b>	109	2.2
<b>Profit before taxation</b>	<b>5,310</b>	<b>100.0</b>	5,047	100.0

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

<sup>^</sup> Restated due to retrospective application of MFRS 119

- Domestic operations remained the main contributor to the Public Bank Group's pre-tax profits, accounting for 93.4% of the Group's pre-tax profits in 2013. Overseas operations which made up the remaining portion contributed 6.6% to the Group's pre-tax profits.
- Overseas operations registered an increase of 8.6% in pre-tax profits to RM352.9 million in 2013 as a result of higher profit contribution from the operations in Cambodia and the Bank's branches in Laos which registered double digit growth in loans and deposits.

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**LOANS, ADVANCES AND FINANCING**

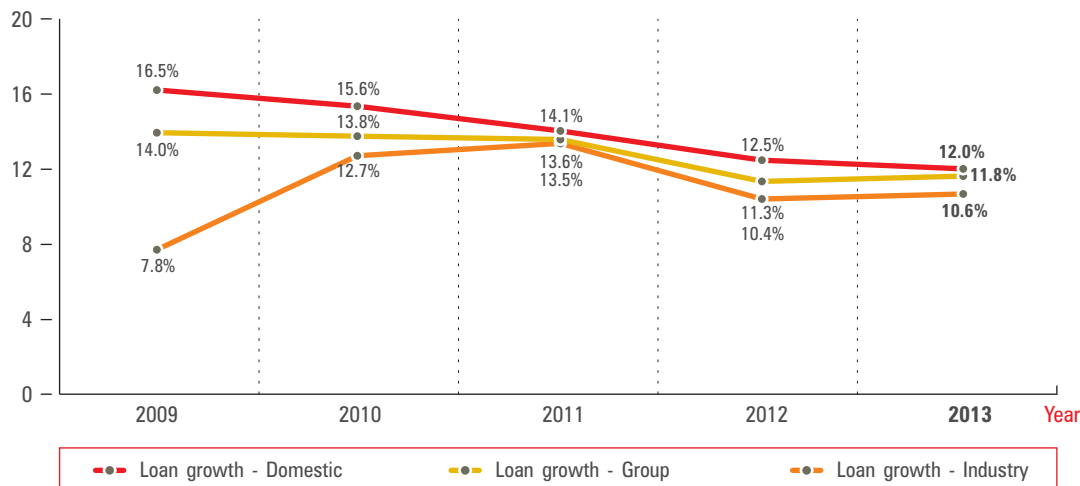
**Consistently Above - Industry Loan Growth**

	Outstanding (Gross)		Growth Rate	
	2013	2012	2013 %	2012 %
<b>LOANS, ADVANCES AND FINANCING</b>				
<b>Domestic (RM'Million)</b>	<b>206,635</b>	184,542	<b>12.0</b>	12.5
of which:				
Public Bank (RM'Million)	<b>183,555</b>	164,138	<b>11.8</b>	13.5
Public Islamic Bank Berhad (RM'Million)	<b>23,205</b>	20,423	<b>13.6</b>	4.8
<b>Overseas (RM'Million)</b>	<b>14,541</b>	13,241	<b>9.8</b>	(2.7)
of which:				
Public Bank (Hong Kong) Ltd (HKD'Million)	<b>22,582</b>	22,413	<b>0.8</b>	(2.3)
Public Finance Ltd (HKD'Million)	<b>4,586</b>	4,682	<b>(2.1)</b>	1.0
Cambodian Public Bank Plc (USD'Million)	<b>741</b>	679	<b>9.1</b>	11.1
<b>Group (RM'Million)</b>	<b>221,176</b>	197,783	<b>11.8</b>	11.3

- The Public Bank Group's gross loans, advances and financing increased by 11.8% or RM23.39 billion to RM221.18 billion as at the end of 2013, from RM197.78 billion as at the end of 2012.
- Domestic loan growth was stronger at 12.0% in 2013 which was above the Malaysian banking industry's growth rate of 10.6%.
- Overseas loans grew at a lower rate mainly due to the challenging operating environment and stiff competition in Hong Kong. However, the Group's Cambodian operations continued to record healthy loan growth of 9.1%.

**Loan Growth vs Industry**

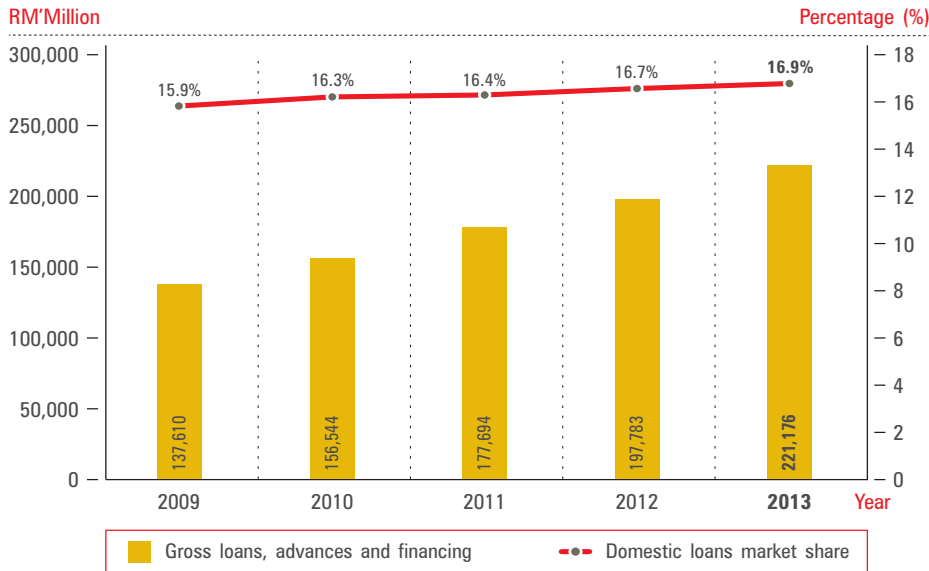
Percentage (%)



- The Group's domestic loan growth rates have consistently outpaced the industry's loan growth rates over the last five years.

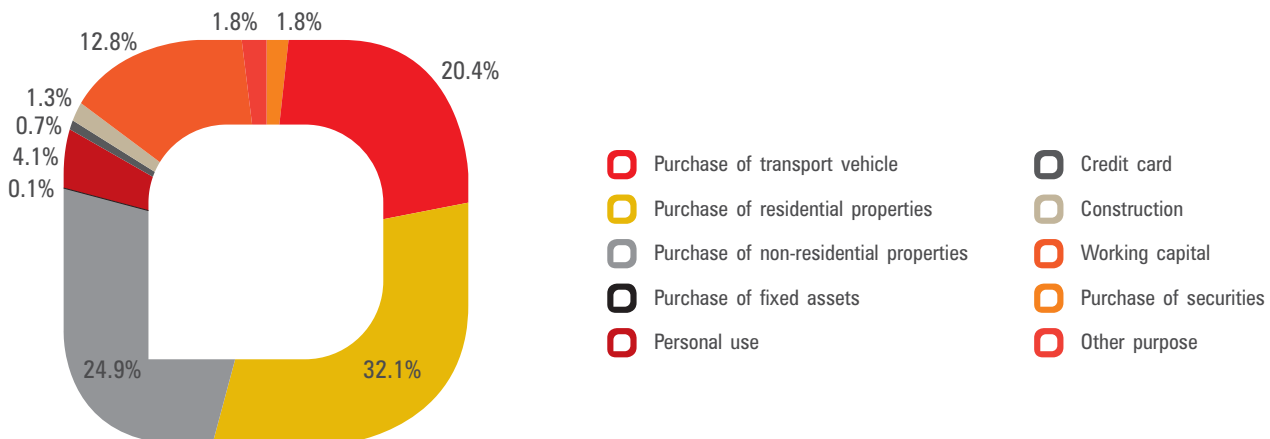


**Gross Loans - Outstanding Balance and Market Share**



➤ The Public Bank Group's strong loans growth at above industry loan growth rates have led to increasing market share over the years. The Group's domestic loan market share increased further to 16.9% as at the end of 2013, from 16.7% a year ago. The Group continued to command market leadership in domestic lending for residential properties, commercial property financing and passenger vehicles financing with market shares of 19.6%, 33.8% and 26.5% respectively as at the end of 2013.

**2013 Gross Loans - Economic Purposes**



➤ The Public Bank Group continued to prioritise its lending activities on the retail sector, being loans for the financing of residential properties, passenger vehicles and commercial lending to SMEs which accounted for 73.5% of the Group's loan portfolio as at the end of 2013.

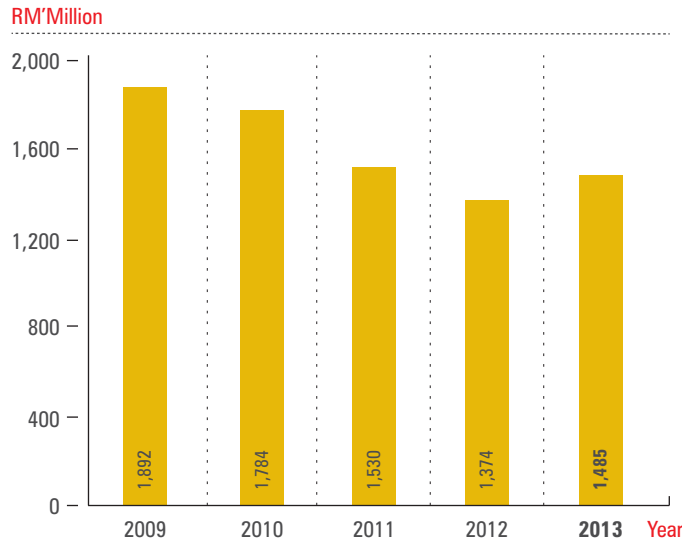
➤ The Group's strong loans growth is mainly driven by lending to SMEs and financing for residential properties which grew at an impressive rate of 19.2% and 16.0% respectively to RM46.47 billion and RM70.93 billion respectively as at the end of 2013. Loans for the financing of passenger vehicles increased by 6.9% to RM45.16 billion as at the end of 2013.

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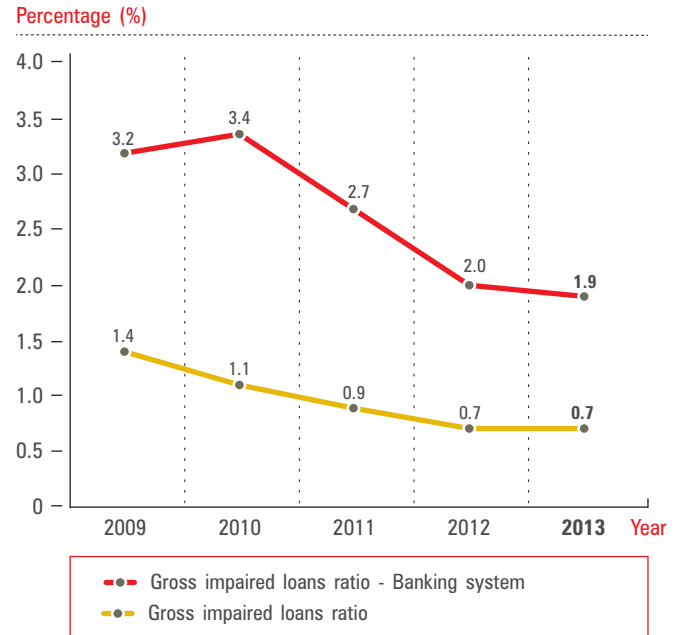
**ASSET QUALITY**

**Sustaining Strong Asset Quality**

**Gross Impaired Loans**



**Gross Impaired Loans Ratio vs Industry**



- The Public Bank Group has been able to consistently maintain its superior asset quality as a result of the Group's strong emphasis on stringent and prudent credit policies as well as putting in place efficient and effective credit approval and recovery processes.
- Total gross impaired loans increased by 8.1% or RM110.7 million to RM1.48 billion, a smaller increase as compared to total gross loans, advances and financing which reported a growth of 11.8% in 2013. Hence gross impaired loans ratio continued to be sustained at a low level of 0.7% as at the end of 2013.
- The Group's gross impaired loans ratio has consistently improved from 1.4% as at the end of 2009 to its lowest level of 0.7% currently.
- Over the past five years, the Group's gross impaired loans ratio has consistently remained approximately one-third that of the banking industry's gross impaired loans ratio.

GROSS IMPAIRED LOANS RATIO BY TYPE	Public Bank Group		Industry Average
	2013	2012	
	%	%	%
<b>Consumer</b>			
Housing Loans	0.7	0.7	1.5
Hire Purchase	0.8	0.6	1.3

GROSS IMPAIRED LOANS BY GEOGRAPHICAL LOCATIONS	2013	2012
	RM'Million	RM'Million
<b>Gross Impaired Loans</b>	<b>1,485</b>	<b>1,374</b>
Domestic	1,364	1,213
Overseas	121	161

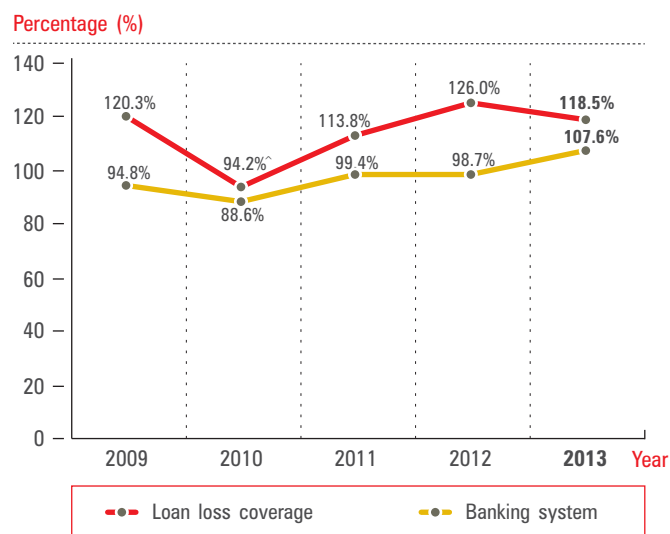
GROSS IMPAIRED LOANS RATIO	2013	2012
	%	%
<b>Domestic</b>	<b>0.7</b>	<b>0.7</b>
of which:		
Public Bank	0.6	0.6
Public Islamic Bank	0.9	0.9
<b>Overseas</b>	<b>0.8</b>	<b>1.2</b>
of which:		
Public Bank (Hong Kong) Ltd	0.2	0.5
Public Finance Ltd	2.7	2.8
Cambodian Public Bank Plc	1.8	3.0
<b>Group</b>	<b>0.7</b>	<b>0.7</b>

- The Group's gross impaired loans ratio in the consumer sector remained well below the banking industry average. The gross impaired loans ratio for housing loans and hire purchase financing stood at 0.7% and 0.8% respectively as at the end of 2013, well below the industry average of 1.5% and 1.3% respectively.

➤ Domestic asset quality remained strong. For a second consecutive year, the domestic gross impaired loans ratio sustained at 0.7%. This was achieved despite strong domestic loan growth of 12.0% in 2013. The domestic gross impaired loans ratio was also the lowest amongst the Malaysian banking groups.

➤ The asset quality of the Group's overseas operations strengthened as reflected by the lower gross impaired loans and gross impaired loans ratio of RM120.5 million and 0.8% respectively as at the end of 2013, from RM161.5 million and 1.2% respectively as at the end of 2012.

#### Loan Loss Coverage



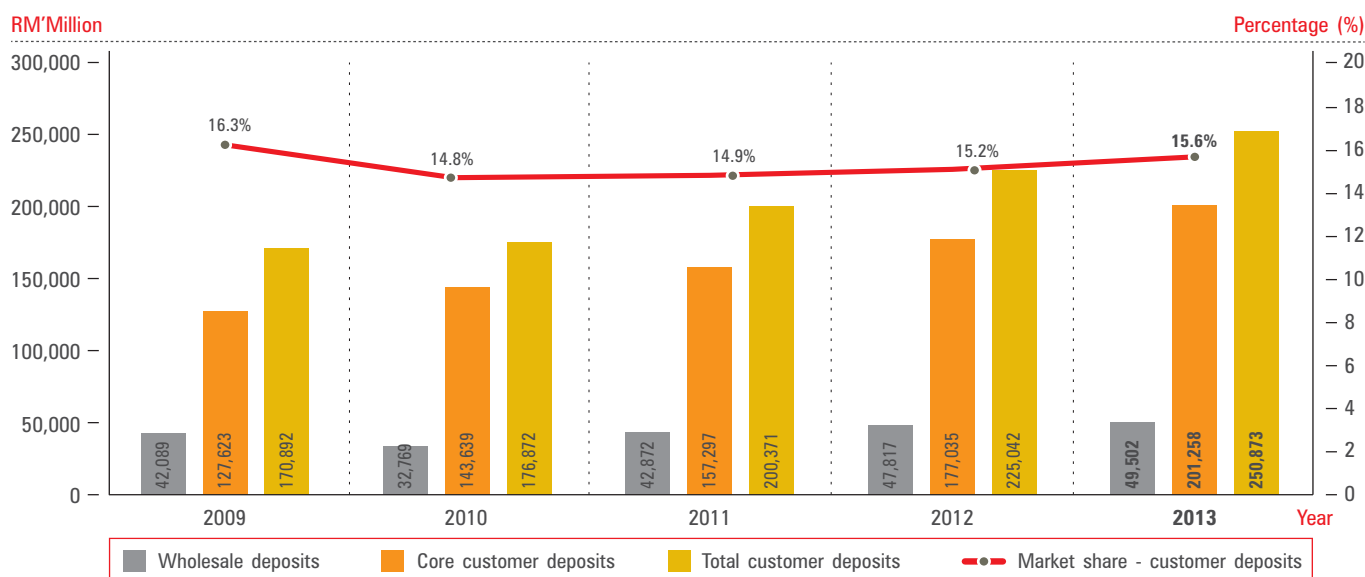
^ Decrease in loan loss coverage due to write back of excess brought forward collective assessment allowance as a result of retrospective application of MFRS 139

- The Group also maintained high loans reserves as reflected by the prudent loan loss coverage of 118.5% as at the end of 2013 which was above the banking industry's coverage ratio of 107.6%.
- The Group's total loan loss allowance of RM1.76 billion as at the end of 2013 was more than the gross impaired loans of RM1.48 billion despite that more than 90% of the impaired loans are secured.

## CUSTOMER DEPOSITS

### Healthy Customer Deposit Growth

#### Deposits - Outstanding Balance and Market Share

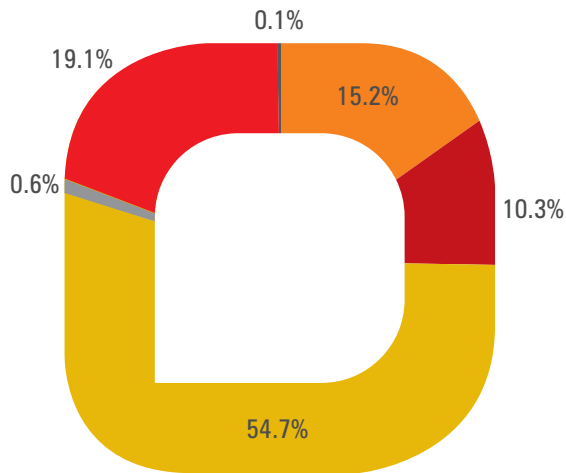


- ➔ The Public Bank Group's deposit from customers grew by 11.5% or RM25.83 billion to RM250.87 billion as at the end of 2013. Core customer deposits increased by 13.7% or RM24.22 billion to RM201.26 billion as at the end of 2013 whilst wholesale deposits which comprised money market deposits and negotiable instruments of deposits also expanded by 3.5% or RM1.69 billion to RM49.50 billion as at the end of 2013. As a result, the Group's domestic market share of customer deposits further increased to 15.6% as at the end of 2013, from 15.2% a year ago.

	Outstanding (Gross)		Growth Rate	
	2013	2012	2013 %	2012 %
<b>TOTAL CUSTOMER DEPOSITS BY ENTITY</b>				
<b>Domestic (RM'Million)</b>	<b>235,142</b>	210,680	<b>11.6</b>	13.0
of which:				
Public Bank (RM'Million)	201,872	181,688	11.1	14.0
Public Islamic Bank Berhad (RM'Million)	28,401	23,703	19.8	18.3
<b>Overseas (RM'Million)</b>	<b>15,731</b>	14,362	<b>9.5</b>	3.1
of which:				
Public Bank (Hong Kong) Ltd (HKD'Million)	25,384	25,009	1.5	3.3
Public Finance Ltd (HKD'Million)	4,050	3,830	5.7	10.8
Cambodian Public Bank Plc (USD'Million)	940	907	3.6	17.6
<b>Group (RM'Million)</b>	<b>250,873</b>	225,042	<b>11.5</b>	12.3

- ➔ Domestic customer deposits grew at a faster pace, increasing by 11.6% to RM235.14 billion as at the end of 2013 whilst customer deposits of the Group's overseas operations expanded by 9.5% to RM15.73 billion as at the end of 2013 despite stiff competition for customer deposits in Hong Kong and Cambodia.

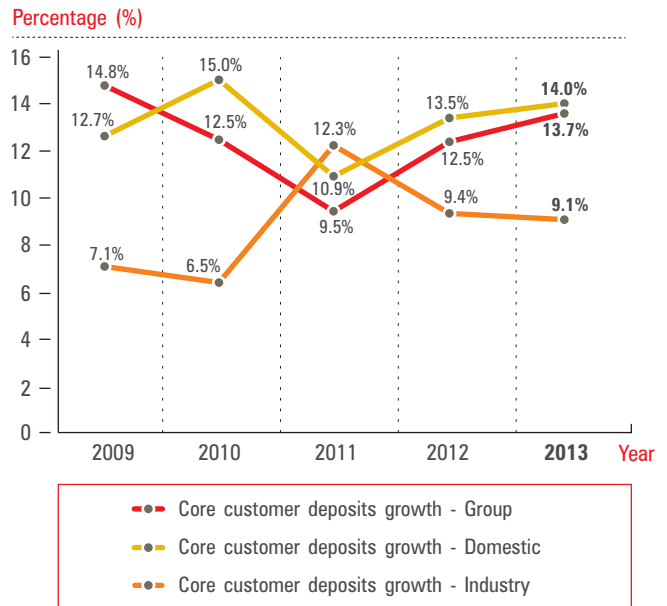
**2013 Customer Deposit Mix**



- Demand deposits
- Savings deposits
- Fixed deposits
- Negotiable instrument of deposits
- Money market deposits
- Other deposits

- ➔ Core customer deposits comprising of demand deposits, savings deposits and fixed deposits represent 80.2% of the Group's total deposits from customers.
- ➔ The Group continued to focus on growing its core customer deposits, especially low cost deposits comprising demand deposits and savings deposits, which accounted for 25.5% of total deposits from customers.

**Core Customer Deposit Growth vs Industry**



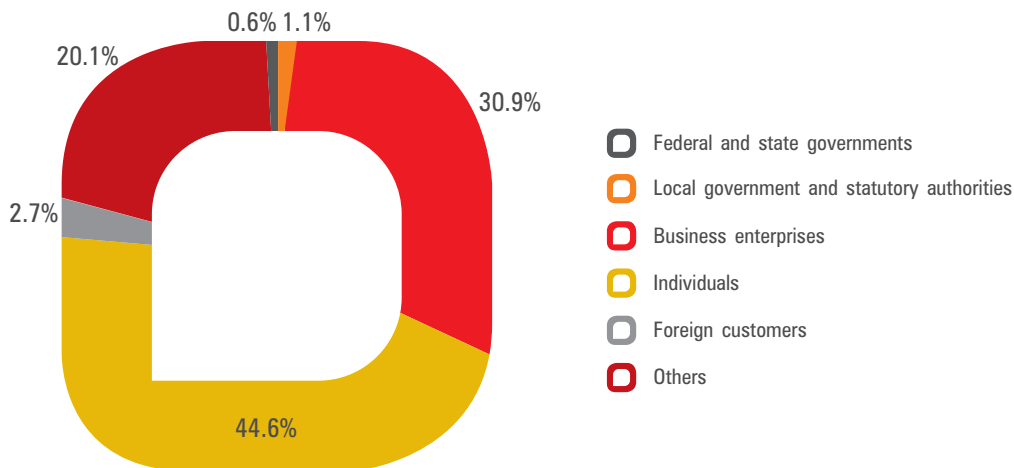
- ➔ The Group's core customer deposits growth remained strong mainly supported by its strong retail deposit franchise with a large domestic depositor base of over five million customers.
- ➔ The Group's domestic core customer deposits growth rate of 14.0% outpaced the domestic industry's growth rate of 9.1% in 2013, resulting in improved market share of its domestic core customer deposits from 16.6% as at the end of 2012 to 17.4% as at the end of 2013.

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	Outstanding		Growth Rate %	Industry Average %
	2013 RM'Million	2012 RM'Million		
<b>DOMESTIC CORE CUSTOMER DEPOSITS</b>				
Demand deposits	36,386	31,094	17.0	12.8
Savings deposits	23,054	21,293	8.3	6.5
Fixed deposits	126,255	110,542	14.2	8.1
	<b>185,695</b>	<b>162,929</b>	<b>14.0</b>	<b>9.1</b>
Market Share	<b>17.4%</b>	<b>16.6%</b>		

➔ Domestic core customer deposits growth was mainly driven by steady inflows of fixed deposits, low cost demand and savings deposits which grew by 14.2%, 17.0% and 8.3% respectively in 2013, and were above the Malaysian banking industry's growth rates of 8.1%, 12.8% and 6.5% respectively.

**2013 Customer Deposits By Type of Customers**



➔ As at the end of 2013, 44.6% of the Group's customer deposits comprised deposits from individuals.

## FUNDING AND LIQUIDITY

### Stable Funding and Liquidity Position

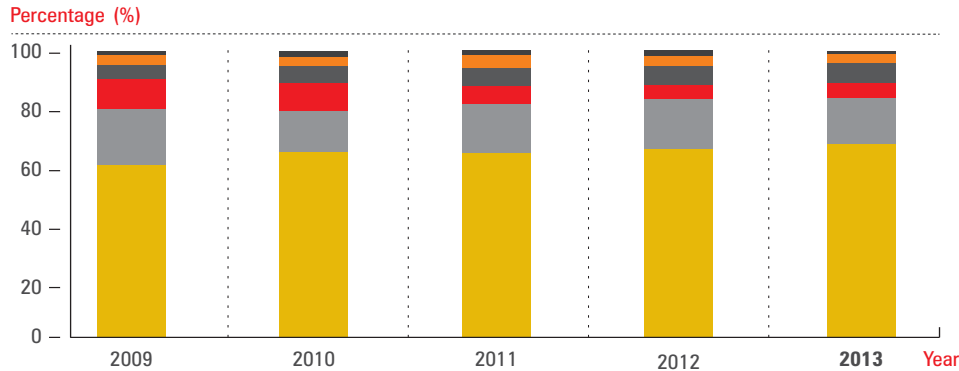
FUNDING PROFILE	Outstanding			
	2013 RM'Million	2012 RM'Million	Growth Rate %	Composition %
<b>Deposits from Customers</b>				
Core customer deposits	201,258	177,035	13.7	67.1
Wholesale deposits	49,502	47,817	3.5	16.5
Other deposits	113	190	(40.4)	0.0
<b>Other Deposits and Borrowings</b>				
Deposits from banks	16,176	12,849	25.9	5.4
Bills and acceptances payable	1,573	3,049	(48.4)	0.5
Borrowings	463	865	(46.4)	0.2
Recourse obligations on loans sold to Cagamas	500	501	(0.3)	0.2
<b>Debt Capital</b>				
Senior Medium Term Notes	399	–	100.0	0.1
Tier II subordinated notes	5,433	4,938	10.0	1.8
Innovative Tier I capital securities	1,958	1,956	0.1	0.7
Non-innovative Tier I stapled securities	2,117	2,188	(3.3)	0.7
<b>Equity Capital</b>				
Equity	20,424	18,018 <sup>^</sup>	13.3	6.8
	<b>299,916</b>	<b>269,406</b>	<b>11.3</b>	<b>100.0</b>

<sup>^</sup> Restated due to retrospective application of MFRS 119

- The Public Bank Group's total funding increased by 11.3% or RM30.51 billion to RM299.92 billion as at the end of 2013. The increase was mainly due to increase in core customer deposits which grew by RM24.22 billion.
- The Group's equity capital and long-term debt capital funding which comprise Senior Medium Term Notes, Subordinated notes, Innovative Tier I capital securities and Non-innovative Tier I stapled securities represent 10.1% of the total funding base of the Group.
- The Group's core sources of funding are core customer deposits and wholesale deposits which formed 67.1% and 16.5% respectively of the Group's total funding.

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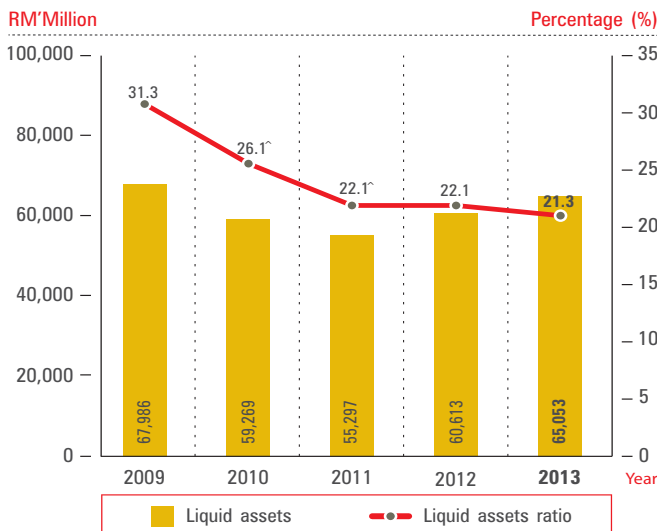
**Group Funding Profile**



YEAR		2009	2010	2011	2012	2013
	Core customer deposits	59.9%	64.6%	64.1%	65.7%	67.1%
	Wholesale deposits	19.7%	14.7%	17.5%	17.8%	16.5%
	Deposits from banks	10.6%	9.6%	6.4%	4.8%	5.4%
	Equity	5.2%	6.2%	6.4%	6.7%	6.8%
	Debt capital funding	3.5%	3.2%	4.3%	3.3%	3.3%
	Others	1.1%	1.7%	1.3%	1.7%	0.9%

➤ The Public Bank Group has a well diversified funding base with an increasing weighting to customer funding, particularly on core customer deposits. The Group's core customer deposits as a percentage of total funding has grown from 59.9% in 2009 to 67.1% in 2013, in line with the Group's strategy to grow core customer deposits. These cost efficient long-term sources of funding ensures the strong liquidity level of the Group and underpins the Group's ability to grow volume and market share in its core lending business.

**Liquid Assets Profile**



<sup>^</sup> Restated due to retrospective application of MFRS 139

➤ As at the end of 2013, the Group's liquid assets stood at RM65.05 billion, representing 21.3% of the Group's total assets.



## KEY PERFORMANCE INDICATORS

The table below summarises the key performance indicators of the Public Bank Group and targets for 2014 set by the Group:

	2009	2010	2011	2012	2013	2014 Targets
<b>KEY PERFORMANCE INDICATORS</b>						
<b>Profitability (%)</b>						
Net return on equity	26.1	27.1	26.8	24.1 <sup>^</sup>	22.4	> 20%
Cost to income ratio	32.6	30.7	29.8	31.2 <sup>^</sup>	30.7	< 32%
<b>Asset Quality (%)</b>						
Gross impaired loans ratio	1.4	1.1	0.9	0.7	0.7	< 1%
<b>Balance Sheet (RM' Billion)</b>						
Assets	217.1	227.0 <sup>#</sup>	250.8 <sup>#^</sup>	274.8 <sup>^</sup>	305.7	–
Gross loans	137.6	156.5	177.7	197.8	221.2	10% – 11% growth
Deposits	170.9	176.9	200.4	225.0	250.9	10% – 11% growth

<sup>#</sup> Restated due to retrospective application of MFRS 139

<sup>^</sup> Restated due to retrospective application of MFRS 119

The Public Bank Group's strong performance in 2013 reflects the Group's long-standing focus and commitment on building size and market share by managing capital and resources prudently to achieve sustainable profitability over the long-term. The macro key performance objectives of the Group remained focused on pursuing growth in profitability and balance sheet as well as sustaining its high quality loan portfolio and improving its productivity.

### PROFITABILITY

Strong profitability as reflected by high net return on equity of 22.4% in 2013, driven by healthy loans and deposits growth and superior asset quality.

Further improvement in productivity as reflected by cost to income ratio of 30.7%, sustaining the Group's position as the most cost efficient banking group in Malaysia.

### ASSET QUALITY

Asset quality remained sound with continued conservative levels of provisioning.

The Group's gross impaired loans ratios remained low at 0.7% as at the end of 2013 and ranked top in the domestic banking industry.

### BALANCE SHEET STRENGTH

The Public Bank Group has demonstrated consistently strong financial and business performance over the past five years. Since the end of 2009, total assets rose from RM217.14 billion to RM305.73 billion as at the end of 2013. Total loans and deposits grew from RM137.61 billion and RM170.89 billion respectively to RM221.18 billion and RM250.87 billion respectively as at the end of 2013, achieving double digit growth annually.

### TARGETS FOR 2014

For 2014, the Group's key performance targets are to sustain net return on equity of more than 20% and cost to income ratio of below 32%, whilst maintaining a low gross impaired loans ratio of below 1%.

The Group is also targeting to achieve between 10% and 11% growth in gross loans and deposits in 2014.

## 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 in Malaysia.

	2013			2012		
	Public Bank Group	Latest Industry Average	Rank#	Public Bank Group	Latest Industry Average	Rank#
<b>KEY FINANCIAL INDICATORS</b>						
<b>Profitability (%)</b>						
Pre-tax return on average equity	28.1	17.5	1	30.4 <sup>^</sup>	17.5	1
Pre-tax return on average assets	1.8	1.6	1	1.9 <sup>^</sup>	1.6	1
Cost to income ratio	30.7	46.6	1	31.2 <sup>^</sup>	46.6	1
<b>Productivity (RM'000)</b>						
Pre-tax profit/employee	296	229	1	286 <sup>^</sup>	229	1
Gross loans/employee	12,340	8,636	1	11,222	8,636	1
Deposits/employee	13,996	10,976	1	12,768	10,976	1
<b>Asset Quality (%)</b>						
Gross impaired loans ratio	0.7	1.9	1	0.7	2.0	1
Loan loss coverage	118.5	107.6	3	126.0	98.7	2
<b>Growth Rate (%)</b>						
Gross loans (domestic)	12.0	10.6	NA	12.5	10.4	NA
Customer deposits (domestic)	11.6	8.5	NA	13.0	8.4	NA

# Benchmarked against the five largest domestic commercial banking groups

NA Not available

<sup>^</sup> Restated due to retrospective application of MFRS 119

The Public Bank Group continued to maintain its market leadership in loans and deposits whilst keeping productivity high and asset quality stable. The Group's assets represent 13.5% of the domestic industry's total assets as at the end of 2013 whilst domestic market share of gross loans and customer deposits stood at 16.9% and 15.6% respectively as at the end of 2013.

### PROFITABILITY

- ➔ The Public Bank Group maintained 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 28.1% and 1.8% respectively were above the banking industry's average of 17.5% and 1.6% respectively.
- ➔ The Group's cost to income ratio of 30.7% was the lowest amongst Malaysian banking groups and was well below the industry's average of 46.6%.

## PRODUCTIVITY

- In an environment of intense competition, the Group's strategy to maintain its profitability growth is to enhance the productivity of its staff.
- The Group continued to rank no. 1 in terms of productivity per employee amongst its domestic commercial banking peers with pre-tax profit per employee, gross loans per employee and deposits per employee increasing by 3.5%, 10.0% and 9.6% to RM296,000, RM12.3 million and RM14.0 million respectively as at the end of 2013.

## ASSET QUALITY

- The Public Bank Group remained the clear leader in the domestic commercial banking sector in terms of asset quality.
- The Group's gross impaired loans ratio of 0.7% as at the end of 2013 was approximately one-third of the industry average of 1.9%.
- The Group's loan loss coverage stood at 118.5% as at the end of 2013, higher than the industry average of 107.6%.

The tables below compare the key financial indicators of the Public Bank Group with those of the key 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 %
<b>Public Bank Group</b>	22.4	30.7	0.7
<b>Malaysia</b>			
Malayan Banking Berhad	14.9	48.8	1.8
CIMB Group Holdings Berhad	16.0	58.1	3.4
RHB Capital Berhad	11.2	51.5	2.9
Hong Leong Bank Berhad	16.3	44.2	1.4
AMMB Holdings Berhad	14.6	47.8	1.9

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

The Public Bank Group successfully maintained its leading position amongst domestic commercial banking groups in Malaysia in terms of profitability, asset quality and cost efficiency. The Group's net return on equity of 22.4% ranked top amongst its Malaysian domestic peers whilst its gross impaired loans ratio and cost to income ratio remained the lowest at 0.7% and 30.7% respectively as compared to the other domestic banking groups.

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 BENCHMARKING AGAINST BANKING INDUSTRY'S PERFORMANCE

**COMPARISON AGAINST LEADING REGIONAL BANKS**

Banks	Net Return on Equity %	Cost to Income Ratio %	Gross Impaired Loans Ratio %
<b>Public Bank Group</b>	22.4	30.7	0.7
<b>SINGAPORE</b>			
DBS Group	11.3	42.6	1.2
UOB	12.2	42.9	1.2
OCBC	11.5	42.2	0.8
<b>HONG KONG</b>			
Hang Seng Bank	19.0 <sup>@</sup>	32.2	0.2
Hongkong and Shanghai Bank Corporation Limited of Hong Kong ("HSBC HK")	19.3 <sup>#</sup>	39.9 <sup>#</sup>	0.4
<b>AUSTRALIA</b>			
ANZ Bank	14.9	44.6	0.9
Commonwealth Bank of Australia	18.2	45.0	0.8
National Australia Bank	14.5	42.6	1.7
<b>CHINA</b>			
Industrial and Commercial Bank of China	23.0	26.1	0.9
Bank of China	18.7	29.1	1.0
China Construction Bank	23.4	25.6	1.0
Agricultural Bank of China	23.1	32.8	1.2

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

# Exclude one-off gain on disposal of investment in Ping An Insurance (Group) Company of China Limited and gain on reclassification of Industrial Bank Co. Limited.

@ Exclude gain on reclassification of Industrial Bank Co. Limited.

The Public Bank Group's key financial ratios remained competitive when benchmarked against the leading banks in the Asia Pacific region. The Group's gross impaired loans ratio of 0.7% was amongst the top three whilst its cost to income ratio of 30.7% and net return on equity of 22.4% ranked fourth respectively when compared to the leading regional banking groups.

## CAPITAL MANAGEMENT

The Public Bank Group proactively manages its capital structure to improve the efficiency of its capital to enhance shareholders' returns whilst maintaining a strong and robust capital position to support the Group's business growth. This involves on-going review and approval by the Board of Directors of the level and composition of the Group's capital, assessed based on the following key objectives:

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

### Capital Planning

The Public Bank Group's capital management activities are governed by its Group Capital Management Framework, which has been enhanced by its Internal Capital Adequacy Assessment Process ("ICAAP"). The Group's ICAAP involves a comprehensive assessment of all material risks that it 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. This involves the preparation of detailed strategic capital management plan over the medium term horizon of three years which takes into consideration the Group's business and strategic plans, operating environment, target capital ratios as well as expectations of its various stakeholders. In addition, capital stress tests are also conducted to understand how sensitive the core assumptions are to the adverse effect of plausible stress scenarios and evaluate how the Group can continue to maintain adequate capital under such stress scenarios. The actual market stresses which occurred in recent years have been employed to enhance the stress scenarios used. Based on these assessments, the Group sets its internal capital targets incorporating sufficient capital buffers to withstand any unexpected economic shocks.

### Regulatory Environment

The regulators have introduced significant capital reforms in response to the problems faced by many banking institutions as a result of the global financial crisis. Since 2010, the Basel Committee on Banking Supervision ("BCBS") has issued a series of capital reforms ("Basel III") designed to strengthen the resilience of the global banking system but has left it to the respective local jurisdictions to implement these changes. Under these capital reforms, banking institutions are expected to maintain a higher level of capital, particularly common equity capital.

On 28 November 2012, Bank Negara Malaysia ("BNM") issued its Basel III Capital Adequacy Framework with a phased-in timeline from 1 January 2013 to 1 January 2019, which are in line with the BCBS's recommended phased-in requirement. The Public Bank Group has adopted the BNM's Capital Adequacy Framework with effect from 1 January 2013. Under BNM's Capital Adequacy Framework, the minimum capital adequacy ratios are progressively increased from 1 January 2013 to 1 January 2019 and are inclusive of the phased introduction of a new capital conservation buffer of 2.5%. Additional capital requirements, including a new counter-cyclical buffer ranging from 0% to 2.5%, will be detailed out by BNM at a later stage. 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 Tier I and Tier II capital instruments. In addition, previously issued Tier I and Tier II capital instruments which do not contain these stringent write-off or conversion features will be gradually phased-out from inclusion in regulatory capital, commencing from 1 January 2013.

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CAPITAL MANAGEMENT

**Capital Adequacy Ratios**

The table below shows the capital composition and capital adequacy ratios of the Public Bank Group and Public Bank as at the end of 2013:

	2013	
	Public Bank Group RM'Million	Public Bank RM'Million
Equity Capital	18,527	18,296
Additional Tier I Capital Instruments	3,510	3,510
Regulatory adjustments	42	–
Tier I Capital	22,079	21,806
Tier II Capital	6,458	1,780
Capital Base	28,537	23,586
Risk-weighted assets	199,723	167,440

	2013	
	Public Bank Group %	Public Bank %
<b>After Deducting 2nd Interim Dividends</b>		
CET I capital ratio	8.8	10.3
Tier I capital ratio	10.5	12.4
Total capital ratio	13.8	13.5

	2013		
	Public Bank Group %	Public Bank %	Minimum Basel III Requirements* in 2019
<b>After Deducting 2nd Interim Dividends</b>			
Based on final rules with effect from 1 January 2019**			
CET I capital ratio	8.7	7.8	7.0
Tier I capital ratio	10.5	9.8	8.5
Total capital ratio	13.8	13.5	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 introduced 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.

The Group's and the Bank's CET I, Tier I and total capital ratio after deducting second interim dividends remained healthy at 8.8%, 10.5% and 13.8% respectively and 10.3%, 12.4% and 13.5% respectively as at the end of 2013, and were well above the minimum regulatory capital requirements.

## Capital Initiatives

Efficient capital management is a priority in view of the more stringent capital requirements of Basel III. The Public Bank Group's 3-year capital has been continuously realigned to take into account the latest capital requirements set out in BNM's Basel III capital requirements.

The capital planning process involves efficient balancing between the debt capital and equity capital components whilst ensuring healthy level of capital to meet minimum Basel III capital requirements. To achieve this objective, the following significant capital initiatives were undertaken by the Public Bank Group:

### (i) Debt Capital

In May 2013, Public Bank fully redeemed RM1,400 million of Subordinated Notes which was due for call. In July 2013, the Bank established a 30-year RM10 billion Basel III – Compliant Tier II Subordinated Medium Term Notes Programme, and issued a total of RM1,950 million of Subordinated Notes from this programme from September 2013 to November 2013.

As at the end of 2013, the Public Bank Group has a total of RM9.51 billion debt capital outstanding comprising:

	RM' Billion
<b>Non-Basel III (old-style)*</b>	
Innovative Tier I Hybrid capital	1.96
Non-innovative Tier I stapled capital securities	2.12
Subordinated notes	3.48
<b>Basel III compliant</b>	
Subordinated notes	1.95
	<b>9.51</b>

\* Debt capital instruments issued prior to 1 January 2013

The debt capital instruments which do not meet Basel III standards will be gradually phased-out. However, this will not significantly impact the Public Bank 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 capital that will be gradually phased-out over a 10 year transition period commencing 1 January 2013. Moving forward, the Group will continue to closely assess market conditions to ensure continuous issuance of debt capital instrument in the most cost efficient manner, for the refinancing of the old-style debt securities and to support continuous business growth.

### (ii) Equity Capital

The Public Bank Group's and Public Bank's CET I capital ratios, after deducting the second interim dividend, of 8.8% and 10.3% respectively as at the end of 2013 were above the minimum Basel III requirements of 7%, subject to any further capital buffers which are yet to be introduced by BNM. The Group is well-positioned to sustain its equity capital levels above BNM's Basel III requirements through its proactive capital management initiatives and its ability to continue to generate capital growth through strong profit generation capacity and excellent asset quality.

The Public Bank Group has a total of 29.8 million of treasury shares held, being shares bought back previously. These shares are available for sale which will consequently enhance the Group's common equity capital.

The Group will continue to monitor closely the impending capital buffer requirements to be introduced by BNM and assess the need for further enhancement of its equity capital in line with regulatory requirements and business needs.

### (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. Even with the more stringent capital requirements under Basel III and the implementation of the Public Bank Group's ICAAP, the Group maintained a healthy dividend payout of 44.8% in 2013. Based on its unbroken profitability track record and strong asset quality, the Group is confident that it will be able to maintain its healthy dividend payout.

## Commitment to Efficient Capital Management

The Public Bank Group will continue to monitor ongoing developments affecting regulatory capital requirements as well as related capital market developments and is committed to build the most optimum capital structure possible to enable it to support the Group's business growth whilst maximising its shareholder value.

## CREDIT RATINGS

<b>PUBLIC BANK BERHAD</b>	<b>Long Term</b>	<b>Short Term</b>
RAM	AAA	P1
Moody's	A3	P-2
Standard & Poor's	A-	A-2
Standard & Poor's ASEAN Regional Scale Rating	axAA	axA-1

In September 2013, 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 accorded to the Bank was based on its reputable franchise in the consumer segment as well as among small and medium enterprises, underscored by its solid profit track record and superior asset quality. Concurrently, RAM also reaffirmed the long-term ratings of the Bank's Subordinated Medium Term Notes Programme of up to RM5.0 billion, RM1.2 billion Innovative Tier I Capital Securities and Non-Cumulative Perpetual Capital Securities Programme of up to RM5.0 billion at AA1, AA2 and AA2 respectively. The Group's Senior Medium Term Notes Programme of up to RM5.0 billion and Basel III-Compliant Tier II Subordinated Medium Term Notes Programme of up to RM10.0 billion which were newly set up in 2013 were assigned AAA and AA1 ratings respectively by RAM.

In November 2013, Moody's Investors Service reaffirmed Public Bank's long-term deposit rating of A3 and short-term deposit rating of P-2.

In November 2013, Standard & Poor's ("S&P") reaffirmed Public Bank's long-term credit rating of A- and short-term credit rating of A-2 with a stable outlook. The reaffirmation of the ratings were based on Public Bank's strong business position, strong liquidity, above average funding position as well as adequate earnings, capital and risk positions. S&P also reaffirmed Public Bank's long term credit rating of axAA and short-term credit rating of axA-1 under the Asean Regional Scale Rating.



# BUSINESS OPERATIONS REVIEW

## DOMESTIC RETAIL BANKING & FINANCING OPERATIONS



### At a Glance

	2013	2012	Growth %
<b>Segment profit (RM'Million)</b>	<b>3,782.1</b>	<b>3,654.6</b>	<b>3.5</b>
Retail operations	3,286.7	2,986.2	10.1
Hire purchase	495.4	668.4	(25.9)
<b>Gross loans, advances and financing (RM'Billion)</b>	<b>180.65</b>	<b>160.88</b>	<b>12.3</b>
Retail operations	137.47	120.44	14.1
of which:			
– Residential properties	67.54	58.00	16.4
– SME	43.89	36.57	20.0
– Personal loans	7.26	7.52	(3.4)
Hire purchase	43.18	40.44	6.8
<b>Loans approval (RM'Billion)</b>	<b>51.73</b>	<b>52.21</b>	<b>(0.9)</b>
Retail operations	36.92	37.48	(1.5)
of which:			
– Residential properties	16.00	17.31	(7.6)
– SME	20.07	16.96	18.3
Hire purchase	14.81	14.73	0.6
<b>Gross impaired loans ratio (%)</b>	<b>0.7</b>	<b>0.7</b>	<b>–</b>
Retail operations	0.7	0.7	–
of which:			
– Residential properties	0.7	0.7	–
– SME	0.7	0.8	(0.1)
Hire purchase	0.8	0.6	0.2

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## 2013 HIGHLIGHTS

- ➔ Remained market leader in residential property financing, commercial property financing and passenger vehicle hire purchase financing with market shares of 19.6%, 33.8% and 26.5% respectively.
- ➔ Pre-tax profits of retail operations grew by 10.1%.
- ➔ Hire purchase operations recorded a 25.9% decline in profit due to lower lending margins and higher loan loss impairment allowance.
- ➔ Residential property financing and passenger vehicle hire purchase financing grew by 16.4% and 6.8% respectively. In particular, SME lending registered commendable growth of 20.0%.
- ➔ Gross impaired loans ratio of residential properties, passenger vehicle hire purchase financing and SME lending remained low at 0.7%, 0.8% and 0.7%.

The Public Bank Group has a strong market position in domestic retail banking, comprising consumer credit and small and medium enterprises ("SME") lending. In 2013, these two segments collectively achieved strong lending growth of 12.3% and improved market shares, accounting for 87.4% of the Group's total domestic lending portfolio as at the end of 2013.

## DOMESTIC CONSUMER CREDIT

The Public Bank Group's domestic consumer credit comprise:

- Residential property financing
- Passenger vehicle hire purchase financing
- Personal consumer financing
- Credit and debit cards
- Share margin financing

### Residential Property Financing

Property development remains a key driver of the Malaysian economy with residential property being the main focus of property developers.

Despite the implementation of Bank Negara Malaysia ("BNM")'s responsible lending guidelines, the demand for residential properties remained strong as evidenced by the domestic banking industry's growth in residential property loans of 13.5% in 2013.

### Performance review

Notwithstanding stiff competition, narrowing margins and new regulations, the Public Bank Group's domestic lending to the residential property sector increased by 16.4% or RM9.53 billion to RM67.54 billion as at the end of 2013, representing 32.7% of the Group's total domestic loan portfolio. The Group remains the largest residential property financier in Malaysia with market share of 19.6% as at the end of 2013, up from 19.1% a year ago.

In 2013, the Public Bank Group approved residential property loans totalling RM16.00 billion, accounting for 26.7% of total domestic loans approved. The Group continues to focus on the mass market segment with the majority of the residential property loans granted for the financing of affordable and owner occupied properties costing between RM100,000 and RM500,000. Properties in this price range accounted for 69.1% of the total number of residential property loans approved in 2013.

The high quality of the Public Bank Group's residential property loans was reflected in the low gross impaired loans ratio of 0.7%, which was half the industry's average gross impaired loans ratio of 1.5% as at the end of 2013. The ability to sustain the quality of its residential property loans stems from the Group's prudent credit culture and stringent underwriting standards.

### **Products and Marketing Initiatives**

Public Bank's main loan product in the residential property segment is the 5HOME ("Home Ownership Made Easy") Plan and MORE ("Mortgage Refinancing") Plan, which together accounted for more than 90% of all loans approved for residential property financing. A total of RM15.28 billion loans were approved under 5HOME Plan and MORE Plan for about 70,000 customers in 2013.

Public Bank continues to leverage on its wide domestic branch network, strong sales and marketing force, prompt and efficient service to drive financing and reduce attrition. In addition, the Bank has continued to focus on strengthening its relationship with solicitors, property valuers, real estate agents and reputable property developers to grow its market share.

As a responsible corporate, Public Bank strongly supports BNM's priority sector lending in the housing sector for houses costing up to RM100,000 in Peninsular Malaysia and RM120,000 in Sabah and Sarawak. Total loans outstanding for this priority sector amounted to RM2.19 billion as at the end of 2013.

### **Prospects**

Under the Budget 2014, the Government introduced various measures to increase the ability of Malaysians to own a house, ensure the stability of house prices and control excessive speculative activities. Amongst the measures taken include increasing Real Property Gains Tax, prohibiting developers from implementing projects that have features of Developer Interest Bearing Scheme ("DIBS") or any interest capitalisation scheme ("ICS") and barring financial institutions from granting any bridging financing facility for the financing of property development that offers ICS or DIBS.

Notwithstanding these prudential measures, demand for properties is expected to continue to be robust particularly for purchase of properties for own use. The initiatives introduced by regulators are anticipated to address the speculative elements of the property market whilst the fundamentals driving the property market's growth remained stable such as a rising middle-income group, the supply-demand gap and a conducive lending environment.

The Public Bank Group is expected to sustain its residential property financing segment growth given its focus on home mortgages for own occupation and the broader base mass market segment. The Group will continue to support the Government's efforts to create a sustainable property market by focusing on implementing proactive marketing strategies backed by competitive pricing, flexible product packages and efficient service delivery.

### **Passenger Vehicle Hire Purchase Financing**

Passenger vehicle hire purchase financing remains one of the core retail lending business of the Public Bank Group, contributing 20.9% of the Groups' total domestic loan portfolio.

In 2013, the automobile industry registered a growth of 4.5% despite the "wait and see" stance adopted by the general public in anticipation of price reduction in passenger vehicles arising from the announcement during the General Election 2013 and the impending revised National Automotive Policy.

### **Performance Review**

The Public Bank Group's domestic vehicle hire purchase financing registered an increase of 6.8% or RM2.74 billion to RM43.18 billion as at the end of 2013, as compared to the industry's growth rate of 6.3%. This enabled the Group to sustain its market leadership in the domestic vehicle hire purchase financing with a market share of 26.5% as at the end of 2013. In 2013, the Group approved RM14.81 billion of vehicle hire purchase financing.

Over the years, Public Bank had consistently maintained its prudent lending policy via sound credit assessment of customer's eligibility for vehicle hire purchase loans. As a result, the Public Bank Group's gross impaired loans ratio for domestic vehicle hire purchase financing remained low at 0.8% as at the end of 2013, which was well below the industry's ratio of 1.3%.

### **Marketing Initiatives**

The sustained strong performance of the Public Bank Group's vehicle hire purchase financing business is attributed to the Group's strong market presence in the new and used passenger and commercial vehicles segment, supported by its efficient loan delivery and excellent customer service. In order to sustain healthy business expansion, the Group has put in place necessary resources to provide personalised services to its customers and business associates.

The Public Bank Group drives its marketing initiatives via its team of more than 1,500 staff specialising in hire purchase financing products and the Group's extensive domestic branch network and Hire Purchase Centres ("HPCs") in strategic locations nationwide. Amongst the marketing initiatives carried out during the year include participation at car sales carnivals, roadshows and collaboration programmes with car distributors and dealers to offer attractive vehicle hire purchase financing packages to customers. In 2013, the Group participated in more than 880 joint sales promotions, car sales roadshows and sponsorship nationwide with

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the Group's 8,900 car dealers to further garner business support and enhance the Group's relationship with car distributors and dealers. At the same time, the Group complements its marketing efforts with its efficient service delivery and expeditious turnaround time from loan origination and approval to disbursement of loans to ensure continuous business growth.

#### **Prospects**

Motor vehicle sales are expected to register positive growth riding on the positive economic outlook coupled with aggressive marketing strategies such as offers of attractive sales packages and launches of new car models by car dealers.

Moving forward, the Public Bank Group will continue to reinforce its presence in the vehicle hire purchase industry through rigorous marketing initiatives and competitive pricing supported by efficient service delivery and its extensive network of branches and HPCs.

#### **Personal Consumer Financing**

The Public Bank Group's domestic personal consumer financing is largely driven by Public Islamic Bank's Bai Al-Einah ("BAE") Personal Financing-i product. BAE Personal Financing-i is a product tailored for staff of government agencies, institutions of higher learning and government linked corporations. To date, Public Islamic Bank with its dedicated team of sales and marketing executives, have established agency arrangements with more than 290 entities.

BNM's responsible lending guidelines which introduced stricter lending guidelines on the personal financing segment has resulted in more pronounced slowdown in the industry's personal financing growth. As at the end of 2013, BAE Personal Financing-i stood at RM2.50 billion, registering a decline of RM562.3 million or 18.4% from a year ago, as a result of the Group adopting a more stringent lending criteria for this financing segment which is in line with BNM's prudential measure to address the concern on increasing household indebtedness.

#### **Credit and Debit Cards**

The tighter credit card lending guidelines issued by BNM has resulted in a slight reduction in Public Bank's credit card base in line with the drop registered within the credit card industry. Nevertheless, the Bank's overall total card base increased in 2013 due to commendable growth from the Bank's debit card segment.

#### **Performance Review**

Public Bank's card business continued to record positive growth in 2013 mainly due to sustained support from existing customers and new customers acquired during the year as a result of business network expansion and support from retail merchants, backed by various branding and marketing activities. The Bank's credit card receivables and credit card usage grew by 1.2% and 6.0% respectively in 2013 whilst market share of credit card base and credit card receivables stood at 7.3% and 4.6% respectively as at the end of 2013. The growth in card receivables and card usage was attributed to the favourable economic environment and increased marketing and promotional activities during the year.

The debit card segment continued to experience strong growth with debit card base and usage increasing significantly by 31.0% and 35.2% respectively in 2013. To further grow the debit card business, Public Bank will continue to drive spending via numerous marketing campaigns and focus on acquiring new customers.

Public Bank continued to focus on providing consistent and superior customer service to existing and newly acquired merchants. The Bank recognised the importance of growing its merchant base and remained focus on acquiring new merchants from smaller business establishments and new market segments. Despite the competitive business environment, the Bank's merchant sales registered a growth of 11.4% in 2013. Merchant terminal rental which is another revenue stream, grew by 12.4% in 2013 as compared to the previous year.

#### **New Product and Marketing Initiatives**

Through its strategic alliance with AIA Bhd, Public Bank launched the PB-AIA Visa Co-Brand Gold Credit Card in June 2013. The PB-AIA Visa Co-Brand Gold Credit Card offers customer cash rebates of up to 2% for AIA insurance premiums charged to the card and Unlimited Cash Megabonus of up to 0.6% for other retail purchases made using the card.

During the year, Public Bank continued to launch numerous marketing campaigns and partner reputable retail merchants aimed at encouraging spending and increasing billings and receivables. The Bank also offered various rewards and privileges tailored to meet cardholders' needs in its effort to retain cardholders.

### **Prospects**

Although tighter credit card lending guidelines remain an industry challenge whilst competition continues to be keen, Public Bank is optimistic of growing its card base and market share by leveraging on its good product value proposition, understanding of customers' needs, delivery of excellent customer service as well as the strong PB brand.

### **Share Margin Financing**

The Public Bank Group's share trading and share margin business in Malaysia, PB Sharelink, registered a 19.8% increase in share trading volume to RM10.23 billion in 2013. As a result of the higher share trading volume, the Group's gross brokerage and interest income grew by 8.3% to RM54.5 million in 2013.

Initiatives undertaken to grow the Public Bank Group's share trading and share margin business during the year include providing online trading and mobile trading via smartphones and tablets as well as promoting cross border trading via internet share trading in Hong Kong and other foreign stock markets. The number of Share Investment Units at strategically located branches was also expanded to 50 units to offer more convenient access to Public Bank's share trading services and share margin financing which includes provision of IPO/ESOS financing for selected counters on Bursa Malaysia.

Against the backdrop of a highly competitive environment, the Public Bank Group will continue to improve its service delivery standards and product offerings to better serve its customers.

### **SME LENDING**

The small and medium enterprises ("SMEs") remained one of Malaysia's key engines of growth, accounting for more than 95% of all business establishments and contributing more than 30% to the Gross Domestic Product ("GDP") of the country. The SME sector is expected to continue on a sustained growth path in line with the goals as articulated under the Government's SME Masterplan (2012–2020) which aims to raise the contribution of SMEs to the economy to at least 40% of GDP by 2020. SME lending is one of the core businesses of Public Bank and the Bank continued to achieve strong growth in SME lending by providing customers with attractive loan packages and fast loan delivery service.

### **Performance review**

Loans to SMEs accounted for 21.2% of the Public Bank Group's domestic lending portfolio. In 2013, the Group approved domestic SME loans amounting to RM20.07 billion, 18.3% higher than RM16.96 billion approved in 2012. The Group's SME loans grew by 20.0% from RM36.57 billion as at the end of 2012 to RM43.89 billion as at the end of 2013.

As a result of proactive credit risk management, the Public Bank Group's gross impaired loans ratio for domestic SME lending further improved from 0.8% as at the end of 2012 to 0.7% as at the end of 2013.

### **Products**

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

The SWIFT Plan remained the Public Bank Group's flagship core product for SME lending. This product offers financing for asset acquisition, working capital as well as trade financing and allows flexible bundling to suit the financing need of SME customers. In 2013, the Group approved RM16.32 billion under the SWIFT Plan for more than 22,700 SME customers.

#### ***BNM Initiated Financing Schemes***

The Public Bank Group continues to be a strong supporter of BNM initiated financing schemes to promote SME activities. Amongst the schemes in which the Group is an active participant are:

- ➔ BNM's priority sector lending to SMEs. The Public Bank Group has consistently achieved more than the commitment set by the BNM. A total of RM38.22 billion was approved under this scheme for the two year period in 2012 and 2013.
- ➔ The New Entrepreneurs Fund and the Fund for Small and Medium Industries which provide working capital financing at reasonable cost for eligible SMEs in both the export and domestic-oriented sectors.
- ➔ The Micro Enterprise Fund launched in 2008, which provides working capital financing to micro enterprises.

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***Credit Guarantee Corporation Guaranteed Schemes***

The Public Bank Group is also an active participant in loan schemes which leverage on guarantees by Credit Guarantee Corporation Malaysia Berhad (“CGC”) to assist SMEs which have short business track records or inadequate collaterals to obtain credit facilities. The Group’s loan portfolios which are secured by various types of CGC guarantees schemes has exceeded RM215.8 million granted to more than 5,400 customers.

Among the CGC guaranteed schemes are:

***SmallBiz Express Guaranteed Scheme***

SmallBiz Express Guarantee Scheme (“SBE”) was launched in 2010 in collaboration with CGC to provide financing to micro enterprises which have viable businesses but lack collateral.

***Enhancer***

Enhancer is a credit guarantee scheme designed to assist entrepreneurs who have viable projects but lack the collateral to obtain the required financing amount from banks. The type of credit facilities eligible under this scheme are term loan, overdraft and trade bills. In September 2013, CGC also launched “Enhancer Bumi” which is a new credit guarantee scheme to assist Bumiputera SMEs to obtain financing from financial institutions.

***Enhancer Express***

Enhancer Express is a credit guarantee scheme to assist SMEs in the wholesale and retail sectors and complements CGC’s existing Enhancer scheme which allows guarantee cover without the need to submit financial statement.

***Portfolio Guarantee Scheme***

Under the Portfolio Guarantee scheme, CGC provides guarantee on a portfolio basis instead of individual basis to support the growth of targeted SMEs by facilitating their access to financing.

***Green Technology Financing***

The Green Technology Financing scheme aims to promote green technology by providing loans or financing to companies that supply and utilise green technology.

***Shariah-compliant SME Financing Scheme***

The Government’s Shariah-compliant SME Financing Scheme provides financing assistance to SMEs involved in Shariah-compliant business activities. In 2013, the Group has approved loans totalling RM213.2 million under this scheme.

***Marketing Initiatives***

During the year, the Public Bank Group participated in various seminars organised by Government bodies and chambers of commerce in its effort to assist SMEs on financial management and evaluate suitable products and services to grow their businesses. The Group also participated in forums organised by BNM and Federation of Malaysian Manufacturers for SME companies throughout the country.

***Prospects***

Going forward, SMEs are expected to play an increasingly important role in the Government’s aspiration to achieve a developed nation status by 2020. The Government has set out various initiatives via the SME Masterplan (2012-2020) and Budget 2014 to help SMEs invest and grow their businesses. With SMEs continuing to be the main engine of growth in the country, the SME segment is poised for strong growth in the coming years. The Public Bank Group, being a strong supporter of SMEs, will continue to enhance its products and services to meet the needs and demands of SMEs in order to sustain its market leadership position in SME financing.

## WEALTH MANAGEMENT

### CUSTOMER DEPOSITS

DOMESTIC CORE CUSTOMER DEPOSITS	2013 RM' Billion	2012 RM' Billion	Growth %	Market Share %
Demand Deposits	36.39	31.09	17.0	13.0
Savings Deposits	23.05	21.30	8.3	17.6
Fixed Deposits	126.26	110.54	14.2	19.3
<b>Total Core Customer Deposits</b>	<b>185.70</b>	<b>162.93</b>	<b>14.0</b>	<b>17.4</b>

#### Performance Review

The Public Bank Group's domestic core customer deposits achieved double digit growth of 14.0% in 2013, outpacing the domestic banking industry's growth rate of 9.1% and commanded a market share of 17.4% as compared to 16.6% a year ago. Total domestic core customer deposits stood at RM185.70 billion as at the end of 2013.

The strong core customer deposits growth was fuelled by robust growth of domestic fixed deposits and low cost demand and savings deposits ("CASA") of 14.2%, 17.0% and 8.3% respectively in 2013. The Public Bank Group's domestic CASA of RM59.44 billion constituted 32.0% of the Group's domestic core customer deposits base as at the end of 2013.

Customer deposits from individuals contributed 54.5% of the Public Bank Group's domestic core customer deposits as at the end of 2013. This accounted for 19.2% market share of customer deposits by individuals as at the end of 2013, higher than 18.6% a year ago.

#### Marketing and Promotional Initiatives

During the year, four deposits campaigns were launched namely "PB Golden Fortune", "PB FD Fortune", "PB Super FD Rates" and "PB Golden Fortune 2" as part of the Public Bank Group's ongoing initiatives to attract and acquire fresh deposits as well as reward and retain existing depositors.

#### "PB Golden Fortune" Campaigns

In 2013, Public Bank launched two "PB Golden Fortune" Campaigns.

The first "PB Golden Fortune" Campaign was launched from 1 January to 30 April 2013 and offered three Golden Plans namely the "Unit Trust ("UT") Golden Plan", "Gold Investment Account ("GIA") Golden Plan" and "Foreign Currency Fixed Deposit Golden Plan". Each Golden Plan comprise two plans which offered customers either one unit or two units of gold-plated gifts, depending on the amount invested, with a minimum of RM1,000 placed in their existing or new current account or savings account. The gold-plated gifts consist of two limited edition 24K gold-plated "Golden Fortune Fish" and "Golden Fortune Tree" which symbolise longevity and prosperity. The campaign received overwhelming response and successfully captured a total of RM392.7 million sales with more than 16,000 gold-plated gifts given out to customers during the campaign period.



## CHAIRMAN'S REVIEW – BUSINESS OPERATIONS REVIEW WEALTH MANAGEMENT

Following the success of the first “PB Golden Fortune” Campaign and in conjunction with the 2014 Chinese New Year celebration, the “PB Golden Fortune” Campaign was reintroduced on 1 December 2013. Under this campaign, a plus size 24K gold-plated “Majestic Horse and Auspicious Dragon” is given in addition to the two standard size “Golden Fortune Horse” and “Golden Treasure Horse”. Two packages namely the Golden Package and Fortune Package are offered during the campaign period. Customers can either deposit in PLUS Current or Savings Account or combine investments in UT Funds or GIA with Current or Savings Account to be eligible for the exclusive gifts. Depending on the minimum investment or deposits amount, the Golden Package offers one or two standard size gifts while the Fortune Package offers one plus sized gift.

### “PB FD Fortune” Campaign

The “PB FD Fortune” Campaign which was launched from 1 January to 31 March 2013 aimed to increase Public Bank’s savings and fixed deposits through product bundling. Under the campaign, customers were offered a multi-tier promotional interest rates ranging from 3.68% p.a. to 4.88% p.a. when they placed 80% and 20% proportionately into PLUS Fixed Deposits (“PLUS FD”) and PLUS Savings Account (“PLUS SA”) for a period of six months. The campaign successfully captured more than 12,000 new PLUS FD accounts and new deposits amounting to RM1.24 billion during the campaign period.

### “PB Super FD Rates” Campaign

To further boost Public Bank’s retail fixed deposits, a second fixed deposits campaign, the “PB Super FD Rates” was launched from 3 June to 30 September 2013. Under the campaign, step-up fixed deposits rates of up to 6.88% p.a. were offered to customers when they placed 80% and 20% proportionately into PLUS FD and PLUS SA. The fixed deposits earn 1-month PLUS FD interest rates renewable for 12 consecutive months at step-up FD rates whilst funds in the PLUS SA earn interest at current prevailing savings interest rate. A special feature was also introduced during the campaign whereby customers were allowed the flexibility to withdraw their fixed deposits during the lock in period and still be entitled to the prevailing 1-month PLUS FD interest rate.

The campaign successfully captured RM1.30 billion of fixed deposits and RM324.0 million of savings deposits.



### Red Carpet Banking

Public Bank strives to provide differentiated products and consistently high customer service quality to its high networth customers via its three Red Carpet Banking (“RCB”) Centres located at KL City Main Office, Bukit Damansara and Taman Melaka Raya branch. Services extended under RCB include personalised services by Relationship Managers, free-for-life annual fee waiver for PB Platinum Credit Card, exclusively designed cheque book, a fully equipped banking centre with amenities, financial and wealth planning services, special invitations to events organised by the Bank as well as preferential foreign exchange rates. In view of the growing affluent consumer base, plans are in place to open two more RCB Centres in Klang Valley and Johor in 2014.



## FUND MANAGEMENT

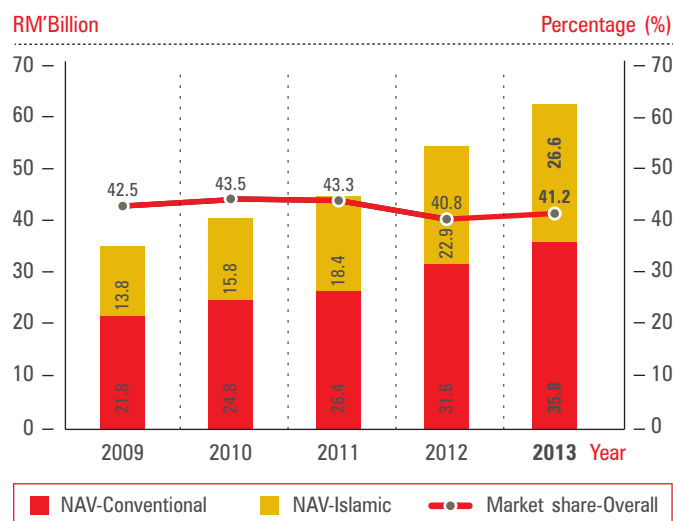
### At a Glance

#### PUBLIC MUTUAL BERHAD

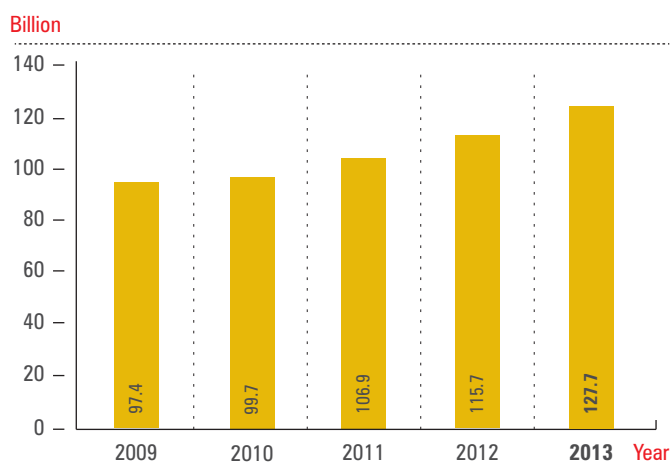
	2013 RM'Million	2012 RM'Million	Growth %
Operating revenue*	774.6	669.4	15.7
Profit before tax	426.2	372.2	14.5
Total assets	864.2	751.4	15.1
Shareholders' funds	141.2	125.3	12.7

\* After offsetting direct sales commission and including interest income

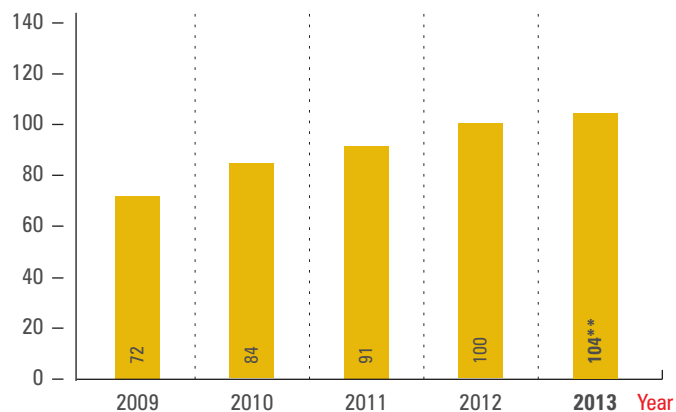
#### Net Asset Value



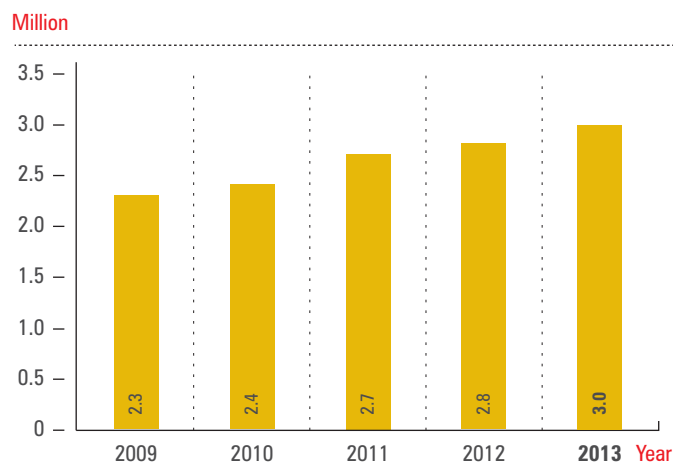
#### Units in Circulation



#### Number of Funds



#### Number of Account Holders



\*\* Inclusive of six Private Retirement Scheme Funds

# CHAIRMAN'S REVIEW

## – BUSINESS OPERATIONS REVIEW

### WEALTH MANAGEMENT

#### Overview

Equity markets of developed economies trended higher in the first half of 2013 amidst improving economic indicators while markets of developing economies registered mixed performance over the same period. Following the United States of America's Federal Reserve's decision to maintain its Quantitative Easing programme in September 2013, global financial markets staged a broad-based rebound in the fourth quarter of 2013. The local market, as represented by the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI") registered a gain of 10.5% in 2013.

#### Performance Review

Public Mutual Berhad ("Public Mutual"), registered an increase of 14.5% in profit before tax to RM426.2 million in 2013 from RM372.2 million in 2012. Public Mutual's total operating revenue grew by 15.7% to RM774.6 million in 2013 from RM669.4 million in 2012.

The total assets under management ("AUM") of the Malaysian private unit trust industry recorded a moderate growth of 13.3% in 2013 as compared to 32.3% in 2012 amidst the volatile global market conditions. The AUM of Public Mutual rose by 14.5% to RM62.50 billion as at the end of 2013 from RM54.58 billion as at the end of 2012.

Public Mutual continues to retain its market leadership in the private unit trust industry with overall market share of 41.2% as at the end of 2013. Public Mutual also maintained its dominant market share of key unit trust fund sectors in equity assets, Islamic assets, bond assets and foreign assets of 59.5%, 53.2%, 38.0% and 34.6% respectively.

In terms of fund performance, Public Mutual's conventional domestic equity funds achieved commendable returns of up to 17.2% for 2013. Meanwhile, Public Mutual's domestic Shariah-compliant equity funds chalked up gains of up to 17.9% for 2013 compared to the 13.3% rise in the FTSE Bursa Malaysia EMAS Shariah Index over the same period.

The domestic bond market was supported by demand for quality Ringgit-denominated bonds and an accommodative monetary policy on the domestic front. Public Mutual's bond funds registered returns of up to 4.4% for 2013.

#### New Fund Launches and Services

In 2013, Public Mutual launched four new unit trust funds of various fund categories namely equity, balanced, mixed asset and sukuk funds, as tabled below:

Fund	Launch date
PB Mixed Asset Conservative Fund	15 January 2013
Public China Access Equity Fund	18 April 2013
PB Balanced Sequel Fund	10 September 2013
PB Aiman Sukuk Fund	10 September 2013

Following the new fund launches during the year, the number of funds managed by Public Mutual increased to 104 funds comprising 98 unit trust funds and six Private Retirement Scheme ("PRS") funds as at the end of 2013.

The number of subscribers for Public Mutual's internet service, Public Mutual Online ("PMO") which was launched in January 2009, increased by 17.6% from 2012. The services on PMO were further enhanced in July 2013 to allow enquiries and contributions into the PRS funds.

#### Awards

Public Mutual reinforced its No.1 position in the private unit trust industry with 216 major awards received since 1999, cementing its position as the most awarded unit trust fund manager in Malaysia.

In 2013, Public Mutual received 22 awards, the latest being the Most Outstanding Islamic Fund Manager award at the 10th Kuala Lumpur Islamic Finance Forum ("KLIF") 2013. Public Mutual also received The Asset Triple A Islamic Finance Awards 2013 for Best Islamic Retail Asset Management House, Malaysia category. This is the third consecutive year that Public Mutual has received The Asset Triple A Islamic Finance Awards.

In February 2013, Public Mutual emerged as the biggest winner sweeping 14 awards at the The Edge-Lipper Malaysia Fund Awards 2013. This is the tenth consecutive year that Public Mutual has won the most awards at this prestigious annual event.

Public Mutual also won two awards at the 2012 Asia Asset Management Awards for Best Retail House and Best House for Offshore Funds, Malaysia, as well as two 2013 Morningstar Malaysia Fund Awards for Best Islamic Malaysia Equity Fund category for Public Islamic Select Enterprises Fund and Best Islamic MYR Bond Fund category for PB Islamic Bond Fund.

In addition, Public Mutual received the Reader's Digest Trusted Brand Platinum Award 2013 in the Investment Fund Company Category, Malaysia for the fourth consecutive year. Public Mutual has also been selected as the inaugural recipient of a new category, The BrandLaureate BestBrands Signature Award 2012-2013 for Investment – Unit Trust.

TYPE OF AWARDS	TOTAL AWARDS
<b>FUND PERFORMANCE AWARDS</b>	
<b>The Edge-Lipper Malaysia Fund Awards 2013</b>	
3-Year Category	
1) Best Equity ASEAN: PB ASEAN Dividend Fund	
2) Best Equity Asia Pacific: Public Asia Ittikal Fund	
3) Best Equity Malaysia Small and Mid Caps: Public Focus Select Fund	
4) Best Mixed Asset MYR Balanced – Global: PB Asia Real Estate Income Fund	7
5) Best Equity Asia Pacific Ex Japan: Public Islamic Asia Dividend Fund	
6) Best Equity Asia Pacific Ex Japan (Islamic): Public Islamic Asia Dividend Fund	
7) Best Bond Malaysian Ringgit (Islamic): PB Islamic Bond Fund	
5-Year Category	
1) Best Equity Asia Pacific: Public Asia Ittikal Fund	
2) Best Equity Malaysia Small and Mid Caps: Public Focus Select Fund	
3) Best Mixed Asset MYR Balanced – Global: PB Asia Real Estate Income Fund	5
4) Best Equity Asia Pacific Ex Japan: Public Islamic Asia Dividend Fund	
5) Best Bond Malaysian Ringgit (Islamic): PB Islamic Bond Fund	
10-Year Category	
1) Best Bond Malaysian Ringgit: Public Islamic Bond Fund	2
2) Best Equity Malaysia Small and Mid Caps: Public SmallCap Fund	
<b>2013 Morningstar Malaysia Fund Awards</b>	
1) Best Islamic Malaysia Equity Fund: Public Islamic Select Enterprises Fund	2
2) Best Islamic MYR Bond Fund: PB Islamic Bond Fund	
<b>OTHERS</b>	
<b>KLIFF 2013</b>	
1) Most Outstanding Islamic Fund Manager	1
<b>The Asset Triple A Islamic Finance Awards 2013</b>	
1) Best Islamic Retail Asset Management House in Malaysia	1
<b>The BrandLaureate BestBrands Signature Award 2012-2013</b>	
1) Investment – Unit Trusts	1
<b>Reader's Digest Trusted Brand Award 2013</b>	
1) Platinum Award for the Investment Fund Company category in Malaysia	1
<b>2012 Asia Asset Management Best of the Best Awards – Malaysia</b>	
1) Best Retail House	
2) Best House for Offshore Funds	2
<b>Total</b>	<b>22</b>

### Marketing and Promotional Initiatives

To further strengthen its top position in the industry, Public Mutual continued its advertising and branding efforts such as strategic placements of 19 billboards all over the country, print advertisements in major newspapers and other marketing campaigns. Ground activities such as nationwide road shows and investment planning talks were increased. To promote Public Mutual's PRS funds, a series of seminars on PRS were organised.

Public Mutual currently has more than 80,000 high net worth investors who enjoy special benefits and privileges such as free insurance coverage, complimentary magazine and free Mutual Gold-PB Visa Platinum Credit Card.

### Training, Branch Network and Support

Public Mutual has continued to invest heavily to provide a wide range of courses to enhance the knowledge and skills of unit trust consultants ("UTCs"). The courses offered focused on recent developments of the unit trust industry, best practices in marketing of unit trust, service and support tools as well as customer service. Selected courses were also offered via electronic learning for the training and development of the agency force.

Public Mutual will continue to provide support to its investors and UTCs through its 28 branches nationwide. During the year, the Bangsar and Kuantan branch offices were expanded to better serve the unit holders and to accommodate bigger groups of UTCs for training and related support activities. The Johor Bahru branch at Public Bank Tower, Jalan Wong Ah Fook, is scheduled to be relocated to its new and bigger premises in Taman Johor Jaya by first quarter of 2014.

### Prospects

Going forward, the private unit trust industry is expected to experience moderate growth in 2014 amidst challenging industry conditions. Nevertheless, Public Mutual remains committed in maintaining excellence in its products and services.

### BANCASSURANCE

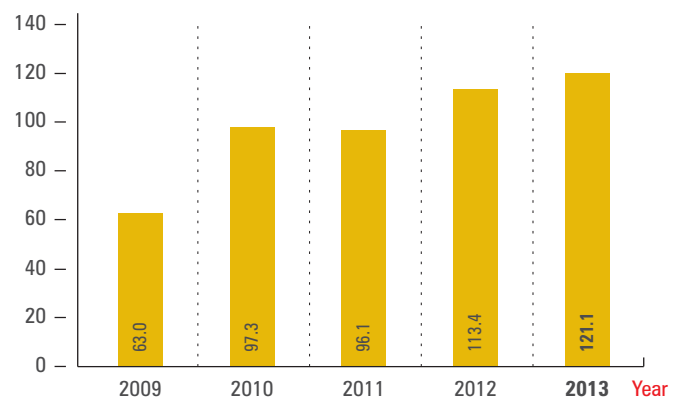
The strategic bancassurance alliance between the Public Bank Group and ING Group continued with AIA Group Ltd ("AIA") following the sale of ING's insurance operations in Malaysia. The Group's bancassurance products offered under the PB-AIA business partnership covers a wide range of bancassurance products to cater to the different needs of the Group's customers.

As at the end of 2013, there were over 500 licensed sales staff distributing two investment-linked bancassurance products. The credit-related life insurance products are promoted by more than 1,000 sales and marketing executives as well as credit staff during loan origination.

### Performance Review

#### Domestic Annualised Premium Equivalent

RM'Million



The annualised premium equivalent ("APE") of the domestic bancassurance business increased by RM7.7 million or 6.8% from RM113.4 million in 2012 to RM121.1 million in 2013.

### New Initiatives and Products

In March 2013, Public Bank launched two regular premium investment-linked bancassurance products known as empower Plan ("EMP") and empower Edu Plan ("EMEP"). These two products offer a combination of protection and investment features to cater to the lifestyle needs of customers at different life stages.

Designed with flexibility in mind, EMP and EMEP allow customers to purchase a basic plan and add on supplementary benefits to reach a protection and savings level they are comfortable with. At different stages of life, they can also increase or remove the optional supplementary benefits according to their changing needs at that particular time.



EMP offers four propositions namely **empower PROTECT**, **empower CRITICAL ILLNESS**, **empower MEDICAL** (adults and junior) and **empower LADY** – each offering insurance protection upon death and disability, critical and female-related illnesses insurance benefits as well as insurance protection against loss of family income. EMP also provides medical and hospitalisation insurance benefits which are scaled according to customers' affordability and risk appetite. On the other hand, EMEP offers customers control and flexibility to build their children's education fund in addition to insurance protection upon death and disability. A new optional rider namely the PB Prime Early Critical Cover Rider ("PB-PECC") was introduced to the EMP during the year. The PB-PECC rider provides comprehensive critical illness insurance benefits which allow claims upon early diagnosis of critical illness and diabetic related diseases.

### **Telemarketing Insurance Products**

In 2013, a new telemarketing insurance product namely the PB Care PA Plan was introduced via the telemarketing channel. The PB Care PA Plan is a customised personal accident plan that provides accidental insurance coverage which includes living benefits, death benefits and snatch theft benefits. The personal accident insurance protection is extended to the insured as well as his or her spouse and child.



Arising from the acquisition of the ING insurance business by AIA, the distribution of five ING telemarketing insurance products namely the PB Family Care PA, PB Cash Care, PB Living Income, PB Cash Secure and PB Smart Income were discontinued from 1 June 2013. Nevertheless, the existing policies of these five products remain in force until the termination of the policies.

In 2013, the telemarketing channel garnered RM27.8 million of annualised premium equivalent.

### **Marketing and Promotional Initiatives**

#### **Empower Sales Campaign**

During the year, various empower sales campaigns such as the empower Kick-Start Campaign, K Pop Campaign, empower Record Breaker Campaign and Club Med Campaign were launched to garner higher sales and motivate Financial Executives to increase their productivity.



As a value added service to customers, Public Bank initiated "Financial Health Check" in order to help customers match their financial needs with suitable products. The Bank also organised various activities at branches, kindergartens and schools, conducted road shows as well as sales events such as "Bone Health Check", "Colouring Campaign" and "Birthday Month Campaign" to create more awareness of the Bank's bancassurance products and boost sales of the empower products.

#### **Training Initiatives**

During the year, Public Bank revised its training roadmap for its Financial Executives which aims to elevate the Financial Executives' competency skills and equip them with more comprehensive product knowledge and financial planning education. In addition, monthly Sales Review Meetings were also conducted to update and brief the Financial Executives on sales ethics, marketing strategies and compliance with regulatory requirements.

## CHAIRMAN'S REVIEW – BUSINESS OPERATIONS REVIEW WEALTH MANAGEMENT

Leveraging on the customised Interactive Point-of-Sale (“iPOS”) solution developed by AIA, which is an interactive software built on iPad, Financial Executives are now able to present product information in an interactive manner incorporating attractive and engaging audio-visual material, generate sales quotations, conduct financial health reviews, submit proposals online and reduce processing time.

### **Hong Kong Operations**

On 17 September 2013, Public Bank (Hong Kong) Limited (“PBHK”) and AIA International Limited (Hong Kong Branch) started a new 10-year strategic bancassurance partnership following the sale of ING’s insurance operations in Hong Kong to Pacific Century Group. The strategic alliance will enable PBHK to provide its customers with a wide range of financial solutions and innovative products at competitive prices to further boost its wealth management and financial planning business by leveraging on AIA’s extensive experience in life insurance and strong brand name.

Under the new business partnership, three products were launched namely the Spring Income Plan (Whole Life), Single Premium Whole Life Plan and Gemstar RMB Plan. Total APE amounting to HKD8.9 million have been generated since these product launches.

### **Prospects**

The growth of the insurance sector is poised to remain stable supported by domestic demand. Public Bank will continue to work closely with its bancassurance partner, AIA to provide innovative and comprehensive insurance products via its wide distribution channels to further enhance the Bank’s fee-based income.

## **STRUCTURED PRODUCT INVESTMENT**

In order to deliver a broader range of investment products to meet the demand for more sophisticated products and enhance the competitiveness of Public Bank’s wealth management product offerings, Public Bank launched the PB Dual Currency Investment (“DCI”) to provide customers with an alternative investment choice in the current low interest rate environment.

DCI is a short term currency linked structured product investment which gives customers the opportunity to capitalise on foreign exchange movements and potentially earn higher interest income than conventional fixed deposits. DCI has short investment tenure, ranging from 1 week to 3 months and provides customers the flexibility to invest from a wide range of currencies.

Moving forward, Public Bank will strive to develop structured product investment which aims to optimise customers’ return on investments and meet their needs in the changing market environment.

### **General Marketing Initiatives**

The Wealth Management segment of Public Bank provides customers with a diverse range of banking and related financial services and products. The Bank’s ability to enhance its customer base has been spurred by various marketing initiatives and acquisition tools.

### **Product Promotional Events**

Public Bank continued to organise various thematic Product Promotional Events (“PPEs”) as part of its marketing strategy to promote the Bank’s wide range of products. In 2013, the “PB Golden Fortune”, “PB One Family”, “PB Celebration” and “PB Edu-Week” which carried different themes were held. These PPEs provide opportunities for customers to conduct financial health checks and obtain financial planning advice as well as provide a platform for the Bank to promote its empower and PB Series Unit Trust Funds. In 2013, more than 1,000 PPEs were held at branch premises and various locations outside branches. The results have been encouraging with RM307.5 million sales captured from various products and the generation of more than 4,800 new deposits accounts as well as more than 850 new credit and debit card customers.

### **Customer Relationship Management**

Public Bank continuously strives to build strong relationships with its customers in order to attain customer loyalty and fortify customer retention. The Bank leverages on its Customer Relationship Management (“CRM”) tool to better understand customers’ needs and create more customer centric campaigns. To ease marketing activities, Public Bank has implemented an in-house marketing automation tool since 2009. The Customer Relationship Management Application (“CRMA”) reduces marketing campaign processing and turnaround time by eliminating manual tasks. Public Bank has also put in place the Analytical Customer Relationship Management (“ACRM”) tool in order to develop various models which include propensity and customer segmentation models. ACRM is a useful tool for the Bank to strategise and make decisions on customer segments as it accurately anticipate customers’ needs and identify opportunities to cross-sell and up-sell the Bank’s products as well as improve customer retention. The use of these tools have generated useful leads on specific customer target segments and assisted the Bank in improving customer retention.

## TRANSACTIONAL SERVICES



### CASH MANAGEMENT SERVICES

Public Bank's cash management services provide complete and automated collection and payment services with reconciliation information to meet customers' business needs.

During the year, Public Bank continued to improve its product offerings to its corporate clients and government agencies. A key milestone in 2013 was the introduction of the eRights subscription service which was launched by Public Bank in collaboration with Bursa Malaysia. The Bank was the first financial institution to provide investors the convenience of electronic subscription and payment for rights issues via the Bank's automated teller machines and internet banking channel. Launched in March 2013, eRights is one of the latest e-Service initiatives carried out by Bursa Malaysia to create a more facilitative trading environment and complements the range of e-Service launched previously, such as the e-Dividend and e-Share Application for electronic IPO applications.

During the year, Public Bank also tied-up with Mobility One, an electronic distributor or retailer of soft goods and services such as Pinless Prepaid Reload top-ups, bill payments, ticketing and remittance services. The tie-up with Mobility One which is a wholly-owned subsidiary of Mobility One Ltd., UK, a listed company on the London Stock Exchange, will enable the Bank's customers to purchase multiple reload products from various Telcos.

To further enhance service delivery channels offered to the public, Public Bank continued to collaborate with various government agencies to promote the use of electronic channels which will enable the public to make statutory and bill payments electronically in a more convenient and secure manner. In support of Bank Negara Malaysia's ("BNM") initiatives to create awareness to promote e-payment channels, Public Bank offered various customised cash management products to migrate paper-based payments to electronic payments to improve the overall efficiency of the payment system. By driving the displacement of cash and cheques through bulk payment service known as Public Bank Electronic Credit Payment ("PB ECP"), resources involved in manual processing can be redeployed, thus lowering the cost of operating business.

In 2013, Public Bank introduced the SME cash management packages on bulk payment which offer various benefits to both employers and employees. Under this package, employers need not invest to upgrade their current payment system and are given an option to submit their payment files in various formats.

To address security concerns, all transactions are encrypted and each transaction is digitally signed. A unique security token is also given to the authoriser of the company. As a result of such initiatives, the number of payee or payor corporations grew by 16.9% to more than 400 customers as at the end of 2013.

## REMITTANCES

Public Bank's remittance services, offered through the Public Bank Group's network of domestic branches and comprising inward and outward telegraphic transfers, outward demand drafts, outbound money transfer and Western Union money transfers, registered satisfactory performance in 2013. This was achieved through strong collaboration with correspondent banks and a non-banking partner as well as the rolling out of various remittance campaigns.

In July 2013, in collaboration with Bank Central Asia ("BCA"), a new remittance channel to Indonesia called PB Indonesia Money Transfer was launched. This new service will further broaden Public Bank's range of remittance offerings and enhance customers' experience using the Bank's services to remit money to Indonesia.

Public Bank's partnership with The Western Union Company entered its fifth year in 2013 and continued to contribute positive growth to the Bank. In 2013, this remittance service which targets mainly the foreign workers' remittances recorded a growth of 18.6% in terms of transaction amount.

### Marketing and Promotional Initiatives

#### Remittance Campaign for Overseas Education

Last year, Public Bank launched a special campaign to attract foreign education remittances in AUD, GBP, USD and NZD. Due to good response from customers, the campaign was extended to 31 December 2013 and has captured a total sales of RM710.7 million.

#### *PB Indonesia Money Transfer ("PBIMT") Ramadan Campaign*

In conjunction with the nationwide implementation of PBIMT and the Ramadan and Hari Raya Puasa festive season, Public Bank launched the PBIMT Ramadan Campaign which offered RM5 service charge discount for all PBIMT transactions carried out between 15 July 2013 and 30 September 2013. The campaign successfully captured RM2.0 million sales during the campaign period.

#### *Western Union Campaigns*

Amongst the campaigns rolled out by Public Bank with The Western Union during the year were PB - Western Union Booster Campaign, Western Union Ramadan Promotion Campaign, Western Union China Corridor Promotion Campaign, Western Union India Gold Coin Campaign and Western Union Diwali Campaign. These Campaigns have successfully contributed to the continued increase in the number of Western Union transactions handled by the Bank.

#### *PB Pre-Departure Student Account*

To promote PB Pre-Departure Student Account which offers pre-departure account opening for students seeking further education in Australia and New Zealand, Public Bank launched PB Student Account Referral Scheme which runs from October 2013 to March 2014 to incentivise colleges, universities, international schools and overseas education consultancy firms that refer their students furthering their studies in Australia to open a Pre-Departure Student Account in Public Bank.

Moving forward, Public Bank will continue to increase its range of remittance offerings to offer better value to its customers and roll out marketing initiatives and campaigns to drive volume and enhance its market share in the remittance business.

**Nikmati Kiriman Uang Yang Cepat & Aman ke Indonesia**

Promosi Ramadan dan Lebaran  
**Hemat RM5** untuk biaya kiriman uang melalui PB Indonesia Money Transfer (PBIMT)

Fitur-fitur menarik PBIMT:

- Penyerahan uang yang cepat dan aman
- Ongkos yang terjangkau
- PBIMT tempat pencatatan yang banyak
- Kurs yang menarik - terima jumpat Ruiah (IDR) lebih banyak

Periode Promosi: 15 Juli 2013 hingga 30 September 2013  
Spesial dan eksklusif untuk:

BCA PB Indonesia Money Transfer

Keuntungan lebih banyak dengan PBIMT

Keuntungan lebih banyak dengan PBIMT

Keuntungan lebih banyak dengan PBIMT



## CAPITAL MARKET OPERATIONS



### TREASURY

The Public Bank Group's treasury operations are performed through the treasury offices of Public Bank, Public Islamic Bank, Public Investment Bank, Public Bank (L) Limited and Public Bank (Hong Kong) Limited.

A significant portion of the Public Bank Group's treasury operations is focused on the generation of fee based income primarily from the offering of foreign exchange related products and the soliciting of deposits from retail and corporate customers. Another key aspect of treasury's operations is the management of interest rate strategies and liquidity risks in accordance with policies established by the Group's Assets and Liabilities Management Committee.

The Public Bank Group also plays a prominent role in the trading of Ringgit denominated securities in the domestic bond market which are carried out through the treasury operations of Public Bank and Public Investment Bank. Public Bank, as a Principal Dealer, provides market liquidity for securities specified by Bank Negara Malaysia ("BNM") for both conventional and Islamic government bonds and bills.

### Performance Review

In 2013, the Public Bank Group's treasury operations generated a pre-tax profit of RM374.3 million, an increase of 6.1% from 2012 despite volatile market conditions as financial markets slowly recovered from the effects of the European debt crisis.

### Marketing and Other Key Initiatives

During the year, Public Bank's treasury sales team continued its marketing efforts to solicit foreign exchange businesses on the back of a softer economic environment. To equip all branch managers and selected remittance officers with relevant knowledge on foreign exchange markets, workshops on "Foreign Exchange Fundamentals" were conducted. In 2013, the Group's joint marketing team comprising officers from treasury office and branches made a total of 383 customer visits to market foreign exchange services to the Group's clients throughout the country. Following these concerted efforts, the Group's foreign exchange income expanded by 3.3% to RM232.8 million in 2013.

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Market volatility also created opportunities for Public Bank to generate returns by arbitraging between the swap and money markets. In addition, to manage the Group's foreign currency cash flow obligations, Public Bank is actively involved in the swap market particularly in the United States Dollar and Hong Kong Dollar swap market.

The continued uncertainties in the external environment require the Public Bank Group to stay vigilant and maintain a liquid balance sheet at all times. During periods of financial upheavals, funding from the interbank market can be scarce, hence the Group focused its marketing efforts to increase retail and wholesale customer deposits as these deposits provide the Group with more sustainable and stable sources of funds. Consequently, total wholesale deposits comprising money market deposits and negotiable instruments of deposits of the Group and Bank increased by 3.5% and 1.4% respectively to reach RM49.50 billion and RM42.69 billion respectively as at the end of 2013.

Public Bank, as a Principal Dealer, plays an active role in the BNM money market tenders as well as the primary and secondary markets for specified Real-time Electronic Transfer of Funds and Securities System securities. The volume of transactions traded by the Bank for specified securities in 2013 accounted for 7.5% and 4.4% respectively of the total volume traded in the primary and secondary markets respectively.

In 2013, Public Bank introduced the Dual Currency Investment ("DCI") as an alternative investment opportunity for the Bank's customers. DCI is a short-term currency linked investment product, covering a wide selection of currencies with flexible investment tenors, that provides the opportunity for customers to capitalise on foreign exchange movements and potentially earn higher interest income than conventional fixed deposits.

**Prospects**

Market volatility is expected to continue as the slowing economies of China and India is anticipated to result in further financial turbulence in the Asian region. Meanwhile, the expected tapering of "Quantitative Easing" by the United States Federal Reserve could see capital flight from regional and emerging markets. Given these uncertain market conditions, one of the Public Bank Group's key focus is to ensure that its balance sheet remains liquid to withstand disruptive financial headwinds. To achieve this, the Group will increase its investments in high grade liquefiable assets and intensify efforts to shore-up its core customer deposits base. The Group will also continue to drive marketing efforts via its expanded treasury sales force to further grow its deposit base and foreign exchange business.

## DOMESTIC CORPORATE LENDING

### At a Glance

	2013 RM'Million	2012 RM'Million	Growth %
Segment profit before tax	339.3	322.3	5.3
Gross loans, advances and financing	25,566.9	23,299.5	9.7
Gross impaired loans ratio (%)	0.4	0.5	(0.1)

The Public Bank Group's corporate lending operations recorded another year of steady growth in loans volume of 9.7% from RM23.30 billion as at the end of 2012 to RM25.57 billion as at the end of 2013, largely supported by the buoyant demand from the property development and real estate sectors which includes Real Estate Investment Trusts. Notwithstanding the healthy growth of the Group's corporate lending portfolio, asset quality further improved with gross impaired loans ratio dropping from 0.5% as at the end of 2012 to 0.4% as at the end of 2013 as a result of the Group's prudent lending policies.

Despite interest margin tightening due to competitive pressures, profit before tax of the Public Bank Group's domestic corporate lending operations increased by 5.3% from RM322.3 million in 2012 to RM339.3 million in 2013 on the back of higher net interest income and bad debts recoveries partially offset by lower fee income.

The Public Bank Group will continue to expand its corporate lending business by extending its geographical reach and tapping on its existing corporate clients with good track record.

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**INVESTMENT BANKING**

**At a Glance**

<b>PUBLIC INVESTMENT BANK BERHAD</b>	<b>2013 RM'Million</b>	<b>2012 RM'Million</b>	<b>Growth %</b>
Operating revenue	219.1	208.8	5.0
Profit before tax	48.4	44.0 <sup>^</sup>	10.2
Total assets	4,477.0	4,366.1 <sup>^</sup>	2.5
Shareholders' funds	347.2	322.7 <sup>^</sup>	7.6
Total capital ratio (%)	27.4	27.6	(0.2)

<sup>^</sup> Restated due to retrospective application of MFRS 119

Public Investment Bank offers a wide range of investment banking services, covering corporate advisory, takeovers and mergers, privatisations, issuance of capital market and private debt securities ("PDS"), initial public offerings, placements and underwriting of equity and debt securities as well as treasury related services. Public Investment Bank also provides stock broking services which includes share trading, margin financing and nominee facilities to its institutional and retail customers.

In 2013, Public Investment Bank, through its corporate finance and advisory division successfully completed 24 corporate exercise mandates which include corporate restructuring exercises, corporate advisory for privatisation and merger and acquisition exercises. The debt capital markets division of Public Investment Bank also completed three fund raising programmes totalling RM15.68 billion for its corporate clients via the PDS market.

During the year, Public Investment Bank continued to expand its retail customer base of its stock broking business by tapping on the Public Bank Group's extensive branch network and focused on growing its internet share trading business which provides greater flexibility and a wider geographical coverage in share trading for its clients. Through its in-house research team, Public Investment Bank continued to support its institutional clients with research reports to enable clients to make well informed decisions.

Despite the challenging environment, Public Investment Bank recorded satisfactory results with operating revenue and pre-tax profit of RM219.1 million and RM48.4 million respectively in 2013.

## ISLAMIC BANKING

### At a Glance

<b>PUBLIC ISLAMIC BANK BERHAD</b>	<b>2013</b>	<b>2012</b>	<b>Growth</b>
	<b>RM'Million</b>	<b>RM'Million</b>	<b>%</b>
Profit before tax	473.2	543.6 <sup>^</sup>	(12.9)
Gross financing	23,204.9	20,423.0	13.6
Deposits from customers	28,400.7	23,703.3	19.8
Gross impaired financing ratio (%)	0.9	0.9	–
Total capital ratio (%)	12.8	13.0	(0.2)

<sup>^</sup> Restated due to retrospective application of MFRS 119

Public Islamic Bank Berhad ("Public Islamic") is the Islamic banking arm of the Public Bank Group. As a wholly-owned subsidiary of Public Bank, Public Islamic shares Public Bank's infrastructure and ICT platform. Backed by the strength of the Public Bank Group, Public Islamic thrives on the Group's extensive branch network, strong PB Brand as well as its stringent financing policies. Public Islamic offers innovative and comprehensive Shariah-compliant financial products which are managed in strict compliance with Shariah principles under the guidance of the Public Islamic Shariah Committee.

### Performance Review

Public Islamic registered a lower pre-tax profits of RM473.2 million in 2013, a 12.9% drop as compared to RM543.6 million in 2012. The lower pre-tax profits was mainly due to lower net financing income as a result of contraction of high-yield personal financing portfolio and higher funding cost, as well as higher financing impairment allowances.

The financing portfolio of Public Islamic expanded by 13.6% from RM20.42 billion as at the end of 2012 to RM23.20 billion as at the end of 2013, mainly driven by growth of residential properties and passenger vehicle hire purchase financing of 31.5% and 9.6% respectively offset by a contraction of 18.4% in personal financing. As part of its risk management strategy, Public Islamic had started tightening its approval criteria for personal financing since 2012 and this was also in line with the subsequent introduction of prudential guidelines by Bank Negara Malaysia ("BNM") in 2013 curbing the maximum tenure of personal financing and prohibiting the offering of pre-approved personal financing products. As at the

end of 2013, Public Islamic's personal financing portfolio stood at RM2.50 billion, a 18.4% drop from a year ago. Public Islamic's total financing accounted for 10.5% of the Public Bank Group's total loans, advances and financing as at the end of 2013.

Public Islamic's funding and liquidity position remained healthy with financing to deposit ratio standing at 80.6% as at the end of 2013. Customer deposits increased by 19.8% to RM28.40 billion as at the end of 2013 from RM23.70 billion as at the end of 2012. Public Islamic's deposit growth was mainly attributed to steady inflows of Non-Mudharabah General Investment deposits, savings and current deposits which grew by 25.4%, 5.4% and 21.2% respectively in 2013. Public Islamic's customer deposits accounted for 11.3% of the Public Bank Group's total deposits as at the end of 2013.

Public Islamic's asset quality remained strong with gross impaired financing ratio of 0.9% as at the end of 2013 which was below the average industry ratio of 1.9%. Public Islamic remained well capitalised with Tier I capital ratio and total capital ratio standing at 12.1% and 12.8% respectively as at the end of 2013.

### RAM Ratings

In May 2013, Rating Agency Malaysia reaffirmed Public Islamic's long and short term financial institution ratings at AAA and P1 respectively. The reaffirmation of the ratings was based on the high level of operational integration between Public Islamic's operations and its parent, Public Bank.

## Products and Initiatives

### ***Shariah-Compliant SME Financing Scheme (“SSFS”)***

Public Islamic is a strong supporter of the government's Shariah-Compliant SME Financing Scheme to provide financing assistance to eligible small and medium enterprises (“SME”) involved in Shariah-Compliant business activities. Under the SSFS, the government grants a 2% rebate of the profit rate charged by Islamic banks. To date, Public Islamic has approved RM213.2 million under this scheme which has benefited a total of 172 SMEs in the country.

### ***Bancatakaful***

Public Islamic continued to bolster its fee-based income in line with the Public Bank Group's long-term strategic initiative to grow fee-based revenue. In 2013, bancatakaful income increased by 32.0% to RM6.6 million as compared to RM5.0 million in 2012. Mortgage Reducing Term Takaful (“MRTT”) contributes 63% of the total bancatakaful income in 2013.

The Public Bank Group's strategic partnership in the family takaful business continued with AIA Group Ltd (“AIA”) following the acquisition by AIA of the ING's insurance operations in Malaysia. Public Islamic will continue to work closely with AIA PUBLIC Takaful Berhad (formerly known as ING PUBLIC Takaful Ehsan Berhad) to promote bancatakaful products which include MRTT, Hire Purchase Reducing Term Takaful and Employee Benefits SME/SMI Plan.

Several new bancatakaful products are in the pipeline to be launched next year which include Business Financing Term Takaful, Overdraft Business Financing Term Takaful, Investment Linked Plan and Personal Accident Takaful. Public Islamic expects the introduction of these new products will further enhance its fee-based income.

## Marketing and Promotional Initiatives

Public Islamic continues to intensify its marketing and promotional initiatives to create public awareness of its products and services. In 2013, Public Islamic has conducted 16 promotional campaigns for its financing and deposit products at various strategic branches in the Klang Valley. Public Islamic continues to be an active participant in roadshows and exhibitions organised by amongst others, the Association of Islamic Banking Institution Malaysia and SME Corporation Malaysia to further attract and acquire new customers.

## Role and Authority of the Shariah Committee

Public Islamic's Shariah Committee (“SCOM”) consist of five members who are appointed by the Board of Directors for a three-year term. The roles and responsibilities of the SCOM are governed by the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia which took effect on 1 January 2011.

The SCOM advises the Board of Directors and management on Public Islamic's operations to ensure that it is in line with Shariah principles. The roles and responsibilities of the SCOM in the activities of Public Islamic include:

1. Responsible and accountable for all Shariah decisions, opinions and views provided;
2. Advise the Board on Shariah matters;
3. Endorse Shariah policies and procedures;
4. Endorse and validate relevant documentation;
5. Assess work carried out by Shariah review and Shariah audit;
6. Assist related parties on Shariah matters;
7. Advise on matters to be referred to the Shariah Advisory Council; and
8. Provide written Shariah opinions.

**Profile of Group Shariah Committee Members**

Shariah Committee Members	Profile
<p><b>Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid</b> (Chairman) Dean of International Institute of Islamic Thought and Civilisation at the International Islamic University Malaysia ("IIUM")</p>	<p>Chairman of the Shariah Committee since 2004, Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid is currently the Dean of International Institute of Islamic Thought and Civilisation at IIUM. His areas of specialisation are Administration of Islamic Criminal Law, History of Islamic Law and Principle of Islamic Jurisprudence. He is a well-known figure in the Islamic field and a frequent contributor to academic journals and books in his related field, both locally and abroad.</p>
<p><b>Associate Professor Mohd Ridzuan bin Awang</b> (Member) Associate Professor at Shariah Department, Faculty of Islamic Studies, Universiti Kebangsaan Malaysia ("UKM")</p>	<p>Member of the Shariah Committee since 2004, Associate Professor Mohd Ridzuan bin Awang is currently attached to the Shariah Department, Faculty of Islamic Studies, UKM. He is an expert in Comparative Land Law and Islamic Property Law and has vast experience in lecturing and supervising post-graduate courses. Associate Professor Mohd Ridzuan currently serves as Shariah Advisor at several organisations which include Amanah Raya Berhad, Koperasi Permodalan FELDA, Wasiyyah Shoppe Sdn Bhd and AIA PUBLIC Takaful. He is also a frequent contributor to academic journals and books in his related field.</p>
<p><b>Associate Professor Datin Dr Rusnah binti Muhamad</b> (Member) Associate Professor at the Department of Accounting, Faculty of Business and Accountancy in University of Malaya ("UM")</p>	<p>Member of the Shariah Committee since 2011, Associate Professor Datin Dr Rusnah binti Muhamad is currently an Associate Professor at the Department of Accounting, Faculty of Business and Accountancy in UM. She received her Doctorate specialising in accounting from UM in 2007 and has conducted various researches on Islamic audit and accounting as well as published several academic papers which were presented at both local and international conferences. Associate Professor Datin Dr Rusnah has vast experience in teaching post-graduate and under-graduate courses, and is an internal examiner and supervisor for PhD thesis and Master Dissertation in various areas including Master in Business Administration and Master in Management. She is also a Shariah Advisor for AIA PUBLIC Takaful and a committee member of Association of Shariah Advisors in Islamic Finance.</p>
<p><b>Assistant Professor Dr Mohd Afandi bin Awang Hamat</b> (Member) Assistant Professor at the Department of Usul and Fiqh, IIUM</p>	<p>Member of the Shariah Committee since 2004, Assistant Professor Dr Mohd Afandi bin Awang Hamat is currently the Assistant Professor at the Department of Usul and Fiqh, IIUM. He specialises in Islamic Commercial Law which he obtained from IIUM in 2004. He has vast experience in lecturing and supervising post-graduate courses. Dr Mohd Afandi has conducted various researches and published several articles and academic papers. He is also a Shariah Advisor for AIA PUBLIC Takaful.</p>
<p><b>Assistant Professor Dr Abdul Bari bin Awang</b> (Member) Assistant Professor in the Department of Fiqh &amp; Usul al-Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM</p>	<p>Member of the Shariah Committee since 2011, Assistant Professor Dr Abdul Bari bin Awang is currently the Assistant Professor in the Department of Fiqh &amp; Usul al-Fiqh, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM. He received his Doctorate in Fiqh and Usul Fiqh from IIUM in 2005, specialising in Islamic Commercial Law and Islamic Wealth Management. Assistant Professor Dr Abdul Bari bin Awang has conducted several researches on Islamic endowment system in Malaysia and Islamic almsgiving ("zakat") as well as published several academic papers. He is also a Shariah Advisor for AIA PUBLIC Takaful.</p>

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*Shariah Committee Members and Details of Attendance of Each Member at Committee Meetings Held During 2013:*

Number of Committee Meetings

Composition of Shariah Committee	Held	Attended
Professor Emeritus Dato' Dr Mahmood Zuhdi bin Haji Ab Majid (Chairman of Shariah Committee)	12	12
Associate Professor Mohd Ridzuan bin Awang	12	11
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	12

**Zakat Obligations**

For its 2012 operations, Public Islamic paid a total zakat of RM264,000 to 14 states' zakat collection centres and six orphanage homes.

Zakat payment 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 Public Bank.

**Prospects**

Prospects for Islamic banking remain bright. Public Islamic opened its second full-fledged Islamic branch in Putrajaya on 1 January 2014 to further penetrate this high growth potential segment. Public Islamic will also continue to embark on initiatives to provide innovative and competitive products and services to its customers as well as strive to accelerate its fee-based revenue from its bancatakaful products.



## INTERNATIONAL OPERATIONS

### At a Glance

	2013 RM'Million	2012 RM'Million	Growth %
Operating revenue	1,083.6	1,011.7	7.1
Profit before tax	352.9	325.0	8.6
Gross loans, advances and financing	14,540.9	13,241.4	9.8
Deposits from customers	15,731.5	14,362.0	9.5
Gross impaired loans ratio (%)	0.8	1.2	(0.4)

### Branch Network

	2013	2012
<b>Hong Kong &amp; People's Republic of China ("PRC") Operations</b>		
Public Bank (Hong Kong) Limited		
– Hong Kong	32	32
– PRC	3	3
Public Finance Limited	42	42
Winton (B.V.I.) Group	9	9
<b>Indo-China Operations</b>		
Cambodian Public Bank Plc	25	24
VID Public Bank (Vietnam)	7	7
<b>Public Bank branches</b>		
Laos	4	4
Sri Lanka	2	1

The Public Bank Group has overseas 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 Group's pre-tax profits from international operations registered a growth of 8.6% to RM352.9 million in 2013 due to higher profit contribution from Cambodian Public Bank Plc and the Bank's branches in Laos which registered double digit growth in loans and deposits. The Group's pre-tax profits from international operations contributed 6.6% to the Group's pre-tax profits in 2013. The Group remains committed to expand its presence in the region through organic growth and will continue to transfer its best practices from its domestic operations to accelerate business growth in its overseas operations.

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**HONG KONG**

**At a Glance**

	2013 HKD'Million	2012 HKD'Million	Growth %
<b>Profit before tax</b>			
Public Financial Holdings Group	451.4	455.8	(1.0)
of which:			
Public Bank (Hong Kong) Limited <sup>^</sup>	149.3	103.0	44.9
Public Finance Limited	270.2	290.3	(6.9)
<b>Gross loans, advances and financing</b>			
Public Bank (Hong Kong) Limited	22,581.6	22,413.2	0.8
Public Finance Limited	4,585.5	4,682.5	(2.1)
<b>Deposits from customers</b>			
Public Bank (Hong Kong) Limited	25,384.1	25,009.2	1.5
Public Finance Limited	4,050.3	3,830.4	5.7
<b>Gross impaired loans ratio (%)</b>			
Public Bank (Hong Kong) Limited	0.2	0.5	(0.3)
Public Finance Limited	2.7	2.8	(0.1)
<b>Total capital ratio (%)</b>			
Public Bank (Hong Kong) Limited*	15.1	16.4	(1.3)
Public Finance Limited*	28.4	30.1	(1.7)

<sup>^</sup> profit excluding dividends from subsidiaries

\* presented in accordance with the Banking (Capital) Rules under Section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority

The Public Bank Group's operations in Hong Kong focus on two core business segments:

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

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.

**Performance Review**

The operating environment in the banking industry remained challenging in 2013 characterised by a stricter regulatory environment to curb speculative property prices as well as intense competition. Public Bank (Hong Kong) Limited's total loans and advances increased by HKD168.4 million or 0.8% to HKD22.58 billion as at the end of 2013. However, the personal loans business undertaken by Public Finance Limited to serve the middle- to lower- income households and overseas contract workers registered a marginal drop of HKD97.0 million or 2.1% to HKD4.59 billion as at the end of 2013.

Despite intense competition, Public Bank (Hong Kong) and Public Finance Limited achieved customer deposits growth of 1.5% and 5.7% respectively to HKD25.38 billion and HKD4.05 billion respectively as at the end of 2013.

Public Bank (Hong Kong)'s gross impaired loans ratio improved to 0.2% as at the end of 2013 from 0.5% due to recoveries of impaired loans whilst gross impaired loans ratio of Public Finance Limited also improved marginally from 2.8% to 2.7% as at the end of 2013.

The Public Bank Group's strategic bancassurance partnership in Hong Kong continued with AIA Group Ltd ("AIA") following the

acquisition of ING's insurance business by AIA in Malaysia. On 19 September 2013, Public Bank (Hong Kong) Limited commenced a 10-year strategic bancassurance partnership with AIA Hong Kong to market bancassurance products through its network in Hong Kong.

### Branch network

As at the end of 2013, the Public Bank Group's branch network in Hong Kong and PRC stood at 86 branches, comprising 83 branches in Hong Kong, three branches in Shenzhen and a representative office each in Shanghai and Shenyang in the PRC and in Taipei, Taiwan.

## CAMBODIA

### At a Glance

<b>CAMBODIAN PUBLIC BANK PLC</b>	<b>2013</b> USD'Million	<b>2012</b> USD'Million	<b>Growth</b> %
Profit before tax	37.1	35.2	5.4
Gross loans, advances and financing	741.0	679.2	9.1
Deposits from customers	940.4	906.6	3.7
Gross impaired loans ratio (%)	1.8	3.0	(1.2)
Total capital ratio (%)**	19.7	21.6	(1.9)

\*\* represents the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent local regulatory capital compliance ratio

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") drives the Public Bank Group's retail and commercial banking business in Cambodia having established a strong presence in the country since May 1992. Today, Campu Bank is one of the leading and reputable financial institutions in Cambodia offering a comprehensive range of banking products and services. Campu Lonpac Insurance Plc ("CLIP") which is 55% owned by the Public Bank Group provides general insurance services whilst Campu Securities Plc offers stock broking services.

### Performance Review

Campu Bank recorded an improvement in profitability with a higher pre-tax profit of 5.4% or USD1.9 million to USD37.1 million in 2013 mainly due to healthy loans growth and improved cost income efficiency.

Campu Bank recorded yet another year of impressive growth of 9.1% in loans and advances to USD741.0 million as at the end of 2013 from USD679.2 million as at the end of 2012.

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Despite market volatility arising from the political uncertainties in Cambodia, Campu Bank's customer deposits increased by 3.7% or USD33.8 million to USD940.4 million as at the end of 2013. The loan to deposit ratio of Campu Bank remained healthy at 76.9%.

Campu Bank continued to remain vigilant and take proactive measures to monitor its asset quality during the year. As a result, gross impaired loans ratio improved to 1.8% as at the end of 2013 from 3.0% a year ago.

Campu Bank's good overall performance and operational excellence was recognised by international publications with the receipt of two banking awards during the year, namely "Domestic Retail Bank of the Year 2013 – Cambodia" by Asian Banking & Finance for the second consecutive year and "Bank of the Year 2012 - Cambodia" by the Banker of London for the eighth time. In addition, Campu Bank was also awarded the "Straight-Through-Processing USD 2012 Excellence Award" by Deutsche Bank for the second consecutive year.

### Branch network

As at the end of 2013, Campu Bank has a total branch network of 25 branches and plans are in place to open more branches to widen market reach and tap into new business opportunities.

### Subsidiaries

CLIP which commenced business operations in 2007, continued to be a major player in the Cambodian general insurance sector with a market share of 16.0% as at the end of 2013. CLIP achieved improved results in 2013, with a notable increase of 13.6% in gross premium to USD6.2 million.

Campu Securities Plc commenced its securities underwriting, dealing and trading operations in 2012 when the Cambodian Securities Exchange started operations. Moving forward, Campu Securities is expected to contribute positively to the Group when the sentiments for capital market in Cambodia improve.

### VIETNAM

Arising from the challenging external environment and soft domestic demand, the Public Bank Group's joint venture bank in Vietnam, VID Public Bank's pre-tax profits dropped by USD1.4 million or 21.6% to USD5.2 million in 2013. Notwithstanding the subdued demand for credit and deposits, VID Public Bank achieved satisfactory results with 0.1% and 15.7% increase in total loans and customer deposits to USD242.5 million and USD260.3 million respectively as at the end of 2013. Going forward, the economy of Vietnam is poised for stronger growth albeit at a more gradual pace on the back of on-going economic recovery efforts.

### LAOS

The economic outlook of Laos remains encouraging and buoyant. As a result of strong economic growth, Public Bank's Laos operations recorded yet another year of commendable growth in total loans and customer deposits of 33.6% and 7.8% respectively to USD140.6 million and USD110.5 million respectively as at the end of 2013. Pre-tax profits of Public Bank's Laos branches also grew at an impressive rate of 23.0% to USD10.0 million in 2013. Public Bank currently has four branches in Laos.

### SRI LANKA

On the back of Sri Lanka's economic recovery, total loans of Public Bank's Sri Lanka operations achieved double digit growth of 13.1% to LKR3,026.8 million as at the end of 2013 whilst pre-tax profits increased by LKR42.0 million or 17.2% to LKR286.2 million in 2013. Public Bank expects to open more branches to establish a stronger foothold in Sri Lanka in order to capitalise on the growth opportunities in the country.

## SERVING THE CUSTOMER



### CUSTOMER SERVICE

Over the years, the Public Bank Group has invested significant resources to enhance and sustain the provision of superior customer service aimed at improving greater customer experience and satisfaction. This has enabled the Group to build its franchise and the PB Brand, which has become well-recognised for its delivery of superior customer service, a crucial aspect of the Group's business which has ensured the Group continues to maintain its competitive edge in the market place.

#### Preserving Our Service Culture Legacy

The Public Bank Group is committed to continuously improve and redefine its customer service experience in the ever changing business environment. Among the initiatives carried out to ensure high quality and fast delivery of customer service include modernising banking services to cater for the increasingly time-conscious customers. To address the need for coin deposit

service, the Bank has made available self service coin collection machines at selected branches nationwide for the convenience of its customers. In the area of complaint management, the Bank has also put in place processes to ensure that customers' feedback are resolved and managed efficiently. This includes the tracking of standard response time and ensuring that feedback is addressed, responded and escalated for action efficiently.

#### Standard Waiting Time

The bedrock of Public Bank's customer service excellence is the Bank's Queue Management System at the front-line counters of its branches. The Bank continues to vigorously monitor the performance and quality levels of its counter service to ensure conformance to the 2-minute "Standard Waiting Time" ("SWT") at the branches. In 2013, compliance to the SWT was at 73%, with more than 25 million customers served within the SWT at the Bank's branches.

#### Service Ambassadors

An integral part of Public Bank's delivery of personalised face-to-face customer service is the deployment of "Service Ambassadors" at banking halls to assist and familiarise its customers with new and enhanced self service banking services and infrastructure. "Service Ambassadors" are also trained to gather customers' feedback for continuous improvement of the Bank's customer service delivery.

#### Uninterrupted Banking Services

A key factor to the maintenance of high quality service standards is to ensure that operational risks are appropriately managed so that smooth and uninterrupted services can be provided to all customers. The Public Bank Group has established a Business Continuity Plan ("BCP") which seeks to ensure operational and infrastructure sustainability in the event of disasters. The BCP is constantly reviewed, enhanced and tested throughout the year to ensure that it remains up-to-date and relevant so that essential banking services can be continuously delivered.

#### SIRIM Certification

The Public Bank Group's ISO 9001:2008 certification for the "Provision of Customer Service at the Front Office", which include a 2-minute SWT for customers at branch counter, was reaffirmed by SIRIM for another three years in 2011. The renewal of the ISO certification is a testament to the Group's firm commitment to uphold the quality of its customer service.



## LOAN SERVICE DELIVERY

### Standard Turnaround Time

Public Bank achieved the internationally recognised ISO 9001:2008 Certification for the “Provision of Customer Service in Loan Delivery” in 2002. Since then, SIRIM has reaffirmed Public Bank’s certification which covers retail and corporate loans, securities documentation, credit cards and trade financing transactions. Under the scope of the ISO 9001:2008, the Bank has implemented a number of standard operating procedures, continuous work process improvements and compliance with Standard Turnaround Time for processes from loan approval to loan documentation to ensure an efficient loan delivery process. The “Provision of Customer Service in Loan Delivery” is extensively supported by the Bank’s in-house developed electronic Loan Delivery System (“eLDS”).

### Customer Feedback Survey

Public Bank’s commitment to service excellence aims to ensure the Bank’s customers enjoy a consistent experience of service excellence across the Bank’s network of branches. The achievement of this is crucial towards building brand loyalty and customer retention. To improve learning and gauge effectiveness of its service delivery, the Bank conducts regular Customer Feedback surveys. The result of the surveys have been encouraging as more than 90% of the Bank’s customers surveyed were satisfied with the level of the Bank’s loan delivery services.

## CHANNEL MANAGEMENT



The Public Bank Group's network of self service delivery channels comprises:

- ➔ Automated Teller Machines ("ATMs")
- ➔ Cheque Deposit Machines ("CDMs")
- ➔ Cash Deposit Terminals ("CDTs")
- ➔ Cash Recycling Machines ("CRMs")
- ➔ Coin Collection Machines ("CCMs")
- ➔ Internet banking
- ➔ Mobile phone banking

### SELF SERVICE BANKING

The Public Bank Group's wide network of self service terminals consists of 570 ATMs, 539 CDMs, 202 CDTs, 410 CRMs and 17 newly introduced CCMs during the year, bringing the total self service terminals to 1,738 units as at the end of 2013 as compared to 1,645 units a year ago. During the year, the Group upgraded 205 ATMs and CDTs with bi-functional CRMs for greater customer convenience.

### INTERNET BANKING

Public Bank's internet banking channel, PBeBank.com, continued to register double digit growth in terms of new user registration, with an increase of 21.5% and 19.1% respectively in individual and corporate customer users in 2013. The volume of online transactions also rose by 30.6% with a total of 15.8 million online transactions recorded during the year.

In line with Bank Negara Malaysia's ("BNM") efforts to encourage and speed up migration to e-payments, the transaction fee for Interbank GIRO ("IBG") conducted via Public Bank's internet banking and mobile banking channels was reduced to 10 sen effective 2 May 2013. To promote the use of e-payments, Public Bank also participated in a series of IBG roadshows throughout the country organised by BNM and the Association of Banks. A three-month campaign was launched by the Bank from 15 November 2013 to 15 February 2014 to encourage more customers to use online funds transfer and bill payment services. At the same time, daily funds transfer limit for individual and corporate customers was also raised to RM10,000 and RM100,000 respectively from RM5,000 and RM50,000 respectively to further encourage the use of e-payment.

To further facilitate online interbank funds transfer, the Bank introduced RENTAS payment as an additional option for customers to perform interbank funds transfer via PBeBank. With the introduction of this option, customers can now transfer funds to other banks via IBG, Quick Pay or RENTAS.

Public Bank is currently working on revamping its website by first quarter of 2014 to make it more aesthetically appealing and user friendly as well as provide new and meaningful value-added services to enrich customers' online banking experience.

Going forward, Public Bank will also explore ways to leverage on social media such as Twitter and Facebook to promote new products and services in a cost effective manner.

CHAIRMAN'S REVIEW  
– BUSINESS OPERATIONS REVIEW  
CHANNEL MANAGEMENT

**MOBILE BANKING**

Public Bank continues to roll out initiatives in the mobile banking space in order to grow its subscriber base. In 2013, the number of registered mobile users for Public Bank's MyMobile service in collaboration with MyClear grew by three-fold or 97,389 to 130,204 as at the end of 2013.

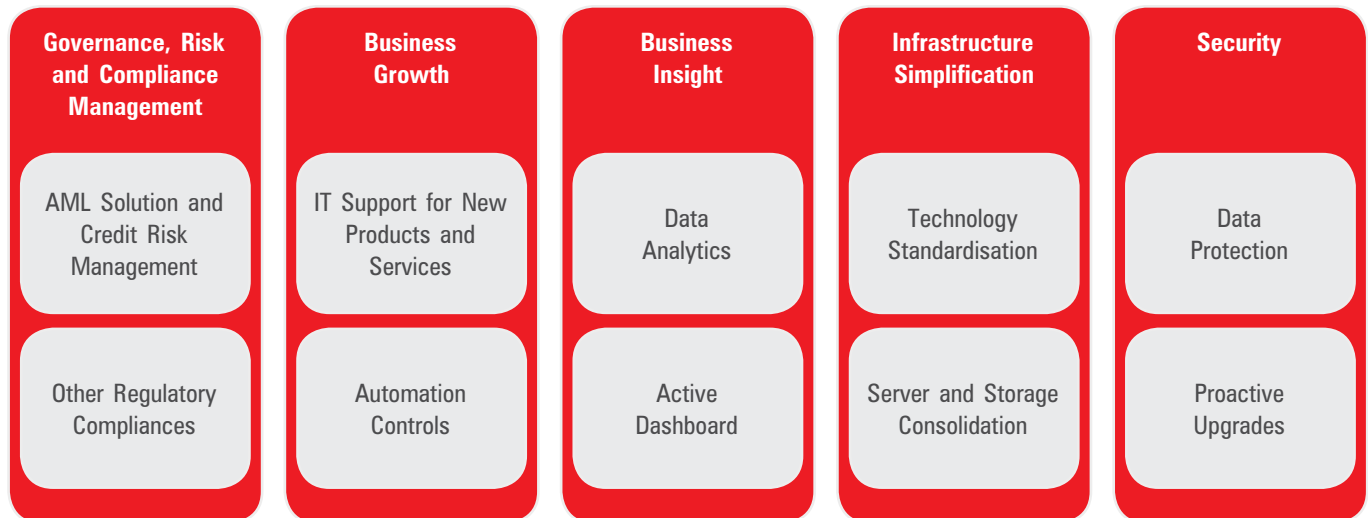
Mobile Banking is becoming increasingly popular especially with the younger generation and has grown by leaps and bounds as nearly every mobile phone sold in the market now is a smartphone. Moving forward, mobile banking may well eclipse traditional online banking such as telebanking and internet banking. Taking cognisance of this market trend, Public Bank has embarked on a new initiative to launch its own mobile banking applications by the second quarter of 2014 across the four most popular platforms in the market namely Android, Apple, Blackberry and Windows. Other than the normal suite of online banking services, customers would be able to purchase goods and services through their smartphones, locate Public Bank branches and ATMs nearby or at any location as well as receive alerts on ongoing promotions with participating merchants on their mobile devices.

At present, some of the security features for online banking includes sending PBeBank Authentication Code ("PAC") for customers to authorise online banking transactions and SMS alerts to inform customers of transactions performed. Going forward, the impetus to the success of the mobile banking channel will depend on Public Bank's continuous efforts to improve its mobile banking products and reassuring its customers that its mobile banking channel is secure and safe.





## INFORMATION & COMMUNICATION TECHNOLOGY



In 2013, the main focus of Information and Communication Technology (“ICT”) initiatives was to strengthen risk management capabilities to meet the increasingly stringent regulatory requirements. At the same time, efforts were directed to support and drive business growth via automation of business processes and greater use of business insight. The ICT infrastructure continued to be simplified for greater agility and reliability while security was further tightened with data protection and security assessment.

### IMPROVING GOVERNANCE, RISK AND COMPLIANCE MANAGEMENT

During the year, the Public Bank Group employed both internal and external resources to improve its Governance, Risk and Compliance (“GRC”) management framework. The Group engaged subject matter experts in GRC to assist in the validation of existing risk management infrastructure, identification of gaps and recommendation of solutions. New software risk engines which provide transparency and auditability features were deployed for Anti-Money Laundering and Credit Risk management while systems enhancements were made to meet other compliance requirements.

#### Anti-Money Laundering (“AML”) Solution

Public Bank implemented the Detica NetReveal regulatory tool to provide an end-to-end solution to address key elements of AML such as suspicious activity monitoring, customer due diligence, watch-list filtering and case management. An industry proven tool, the NetReveal helps to:

- ➔ uncover money laundering activities from seemingly normal financial transactions by harnessing advanced analytics in addition to rule-based mechanisms;

- ➔ prioritise cases of suspicious transactions according to risk and, manage and track these cases until the conclusion of investigation;
- ➔ perform customer due diligence during the onboarding process to enable actions to be taken from an early stage; and
- ➔ verify customer names against blacklists and compute AML risk ratings simultaneously.

#### Credit Risk Management

During the year, the Public Bank Group invested in a credit risk management solution which taps on existing data warehouse to enable and ensure analysis are performed using a consistent and integrated source of information. Data from existing data warehouse will undergo Extraction, Transformation and Loading (“ETL”) process and be loaded into a Credit Risk Data Mart. The Credit Risk Data Mart is expected to be implemented in phases for Credit Portfolio Management, Credit Rating and Credit Risk reporting, which will eventually lead to a more comprehensive and robust credit risk management for the Group.

## CHAIRMAN'S REVIEW – BUSINESS OPERATIONS REVIEW INFORMATION & COMMUNICATION TECHNOLOGY



### Other Regulatory Compliances

ICT applications were also enhanced accordingly to comply with new legislative and regulatory requirements such as the Personal Data Protection Act (“PDPA”) 2010, Bank Negara Cash Threshold Reporting (“CTR”) and United States Foreign Account Tax Compliance Act (“FATCA”) requirements.

## SUPPORTING BUSINESS GROWTH

### IT Support for New Products and Services and Automation Controls

New products and services were launched during the year while existing services were improved with major makeovers to incorporate mobility and additional automation controls.

#### *New Products and Services*

##### *eRights Service*

Public Bank was the first bank to provide the e-Right Service which provides the convenience of electronic rights subscription through automated teller machines and internet banking channels. The new service was launched on 28 March 2013 together with Bursa Malaysia.

##### *PB Indonesia Money Transfer*

Operated together with Bank Central Asia (“BCA”), this secure remittance service allows direct credit to a beneficiary’s bank account or cash pick-up at any BCA’s branches and more than 5,000 agents including Pos Indonesia offices within two hours.

##### *Enhanced InterBank GIRO (“IBG”) Funds Transfer*

To promote greater adoption of electronic payments, Public Bank in collaboration with MyClear enhanced and expanded the online IBG Funds Transfer to support multiple settlement windows for faster clearance, thus making funds available in a shorter period of time and mitigating the risk arising from delays in settlement. This improved service is available for over-the-counter, self service terminals and internet banking channels.

##### *PB-AIA Visa Gold Credit Card*

During the year, the credit card system was enhanced to cater for the launch of the new credit card co-branded with AIA which offers premium rebates on all AIA insurance programmes in addition to other attractive offers.

##### *Transformation of Online and Mobile Banking Services*

As part of the Public Bank Group’s transformation of online and mobile banking services to revitalise customers’ online banking experience, several initiatives were undertaken such as:

- ➔ upgrading the internet banking system by streamlining and making the website more user friendly and providing a more appealing visual experience through the adoption of the latest responsive web design; and
- ➔ enhancing the Internet Share Trading system to incorporate support for multiple popular browsers.

Initiatives are also ongoing to develop mobile banking apps for iOS, Android, Windows and Blackberry devices that will allow customers to remotely perform banking transactions conveniently and securely. Public Bank’s mobile banking facility will soon allow customers to perform PIN-less top-ups when the existing interface between various telco providers and the Bank’s internet banking system is extended to the mobile banking channel.

##### *iPads for Mobile Sales Force*

Leveraging on the mobility of iPads, a programme was launched in collaboration with AIA to empower financial executives to market co-branded bancassurance products to customer’s doorstep. Financial executives equipped with iPads are now able to deliver storyboard presentation and will soon be able to receive push notifications which provide fresh marketing leads, make on-the-spot proposal submission as well as secure payments. Disk encryption and device lockdown are used to ensure the security of customer data.

### **Automation Controls**

Enhancements were also undertaken to streamline business processes and enforce Straight-Through-Processing (“STP”). STP aims to eliminate manual and broken processes, share data between systems to avoid duplicate entries, and reduce data input errors as well as ensure data consistency.

To achieve greater operational efficiency, internal processes continued to be streamlined through STP. The loan and credit card approval processes were also enhanced to enable direct interface with credit information bureaus for background checks. The process of verifying customers’ identities with information on MyKAD and MyKid via biometric readers which initially was used for cash withdrawal was further extended to other over-the-counter transactions. The other tailored solutions with STP developed during the year include a new retail banking system for Cambodian Public Bank, a web-based procurement system and online debt collection and management system for credit cards.

## **PROMOTING GREATER USE OF BUSINESS INSIGHT**

Business insight tools such as Data Analytics and Active Dashboard continued to be used to drive marketing campaigns and facilitate better business decisions.

### **Data Analytics**

#### **Customer Relationship Management Analytics (“CRMA”)**

Public Bank continued to accelerate the use of predictive statistical models which aim to provide personalised services to high networth customers. To achieve this, the single view of customer information and product holding within the CRMA system was made more comprehensive with the inclusion of additional products. Additionally, customer segmentation and propensity models were refined to allow improved sales targeting. During the year, numerous cross-selling and up-selling campaigns have already been conducted using leads generated by the CRMA system which has resulted in a fourfold increase in contact success rate.

### **Visual Analytics**

With the new SAS Visual Analytics (“VA”), business end-users are able to perform in-memory analysis such as sales performance and profitability analysis within a few minutes. The results are displayed as interactive reports or analytic dashboards and are accessible via mobile devices such as iPad and other tablets. The use of VA complements the existing CRMA that is used for more complex analysis.

### **Active Dashboard**

Active dashboard technology was extensively employed to give meaningful insights into both business and IT operations such as health status of IT systems second by second, adherence to the 2-minute Standard Waiting Time at branches, rate of business transactions processed and real-time views of the branch operations via remote CCTV. As a result of close monitoring and timely intervention facilitated by the active dashboards, Public Bank’s core systems have achieved maximum uptime.

## **SIMPLIFYING THE ICT INFRASTRUCTURE**

Over the years, the implementation of ‘best-of-breed’ solutions has created a complex computing environment with disparate platforms from different manufacturers. To promote more efficient use of computing resources, several initiatives to simplify the ICT infrastructure were made.

### **Technology Standardisation**

Standardisation of application environment was promoted to allow increased code reusability and better interoperability between systems. The Microsoft.Net was selected as the framework of choice for application development due to its complete and consistent programming model and ability to support secure communication. In addition, Service-Oriented Architecture (“SOA”) was extensively used to modernise legacy applications and allow participation in the new common infrastructure under the .Net framework while preserving business logic developed over the years. SOA also provides a common platform that connects existing systems such as the Branch Delivery System to other systems like Detica NetReveal and to service providers including Credit Bureau Malaysia.

### **Server and Storage Consolidation**

In order to create a common ICT infrastructure that pools resources from all servers for ease of management and optimisation of utilisation, a number of initiatives were put in place to achieve a higher level of storage and server consolidation in the data centre. The use of server consolidation was facilitated by the inclusion of Hyper-V technology into the Windows Server 2012 Operating System whilst storage consolidation was achieved with the use of a corporate Storage Area Network (“SAN”) as the central repository for data within the Public Bank Group.

## CHAIRMAN'S REVIEW

### – BUSINESS OPERATIONS REVIEW

### INFORMATION & COMMUNICATION TECHNOLOGY

During the year, an exercise to refresh the current SAN storage with a new model which has twice the capacity of the old system was carried out to cater for the growth in data volume fuelled by business expansion. The upgrade featured new technologies such as high speed flash disks which are twice the speed of previous disks, virtualised storage for flexible relocation of data, thin provisioning to maximise storage utilisation and automated data tiering to optimise performance.

These technologies have simplified the SAN storage and supported an elastic storage infrastructure that has enabled new applications to be deployed using the same amount of resources.

#### STRENGTHENING SECURITY

The current security infrastructure was fortified with various security appliances to prevent internal and external threats such as data leakage and cyber-attacks. Proactive measures continued to be taken to ensure that security posture is maintained at the highest possible level which include instituting additional data protection and having international security consultants carry out regular security assessments.

#### Data Protection

Some of the methods employed to prevent fraud and protect customer data against leakage include encrypting sensitive data and replacing the error-prone manual key loading process for automated teller machines with an automated process which is triggered centrally from the Head Office and secured with 2048-bit RSA cryptography. The One-Time-Password PIN pads were also introduced to provide corporate internet banking customers with strong two-factor authentication at a lower cost. The new PIN pads generate one-time passwords and digital signatures that function on customers' preferred operating system and browser. Additionally, Public Bank's Point-of-Sales ("POS") terminals now support PIN verification to detect and prevent stolen credit cards from being used. Public Bank is the first bank to introduce EMV online PIN-at-POS for both Visa and Mastercard credit transactions in the country. As a result of this enhancement, credit cards issued by foreign banks that support this feature are now protected. To monitor and block sensitive data from being sent to external parties without proper authorisation, data leakage protection software was installed into computers and servers.

#### Proactive Upgrades

As threats evolve, next-generation security technologies such as application control, data leakage protection, web content filtering, and intrusion prevention were included as additional layers of defence. To ensure existing defences remain sound, independent security specialists from internationally renowned consulting agencies and internal security analysts have conducted comprehensive assessments of the security infrastructure, including network architecture, server security and database configurations. Certified Payment Card Industry Data Security Standard assessors also performed mandatory check on all aspects of the credit card security which encompasses business processes and network and data protection standards compliance. In addition, experts from Microsoft were engaged through Microsoft Premier Support Proactive Services to perform extensive risk assessments on the large base of Windows systems within the Public Bank Group.

Continuous capacity planning has been conducted to ensure ample resources are available to buffer against possible attacks. The internet bandwidth was increased by more than 30% and firewalls were upgraded with fivefold throughput. The operational efficiency of the security infrastructure was further improved with the use of a firewall operations management tool to manage and optimise firewall access rules configuration, remove redundant rules and rectify loopholes.

The other IT threats to customers such as phishing and malware are addressed through continuous customer education via online alert messages on the internet and mobile banking websites. Moving forward, the Public Bank Group will continue to invest in new technologies to further strengthen the ICT security posture to combat fraud in its effort to preserve customers' confidence.

## BRANCH PERFORMANCE – KPIs AND AWARDS

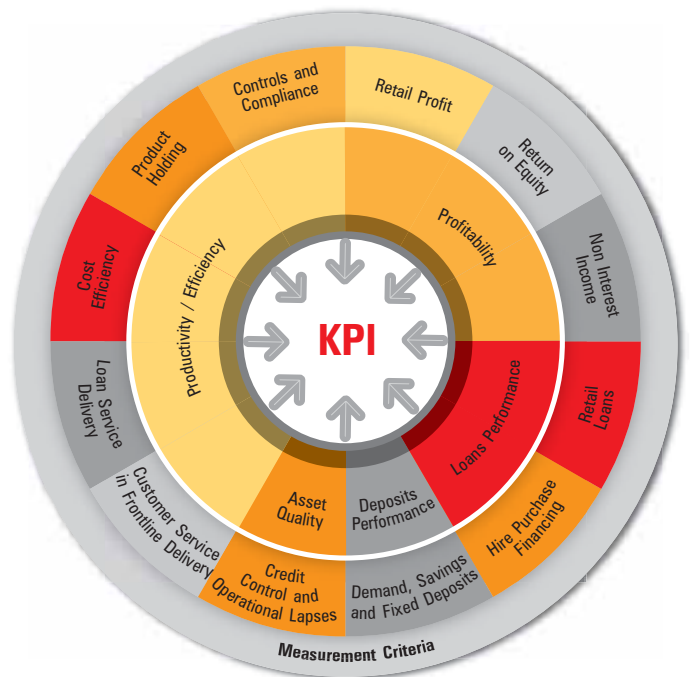
### BRANCH KEY PERFORMANCE INDICES

Public Bank assesses its branches' overall business performance and operational efficiency with the use of Key Performance Indices ("KPIs"). These KPIs serve as an effective execution of the Bank's business strategies and allocation of resources. All key performance factors which constitute the critical success factors such as profitability, loan and deposit growth, asset quality, service delivery and staff productivity and efficiency are incorporated in these KPIs.

Apart from being measures to evaluate branch performance, these KPIs also form the basis for appraising as well as rewarding key management and supervisory staff in branches. KPIs are reviewed annually to align the KPIs to changes in the operating environment as well as the business strategies and objectives of the Bank.

### Public Bank's Approach

At the beginning of each year, Public Bank sets the KPIs which are then communicated to the branches. The performance and ranking of peer branches are disseminated to the branches on a regular basis to enable the branches to benchmark themselves against their peers as well as to take early and appropriate measures to improve their performance. The regular and close monitoring of branches' KPIs act as a catalyst for branches to achieve and surpass their KPIs.



CHAIRMAN'S REVIEW  
 – BUSINESS OPERATIONS REVIEW  
 BRANCH PERFORMANCE – KPIs AND AWARDS

**Public Bank's Measurement Criteria**

The KPIs included in the evaluation of branches, branch managers and supervisory staff are set out below:-

KPI	Measurement Criteria
<b>A. Profitability</b>	
i) <b>Retail Profit</b>	<ul style="list-style-type: none"> <li>➔ Achievement of profit targets.</li> <li>➔ Incremental profit per staff.</li> <li>➔ Profit contribution compared to peer group of branches.</li> </ul>
ii) <b>Return on Equity ("ROE")</b>	<ul style="list-style-type: none"> <li>➔ Actual ROE vs budgeted ROE.</li> <li>➔ Improvement in ROE from the previous year.</li> </ul>
iii) <b>Non Interest Income</b>	<ul style="list-style-type: none"> <li>➔ Achievement of non-interest income targets and improvement from the previous year.</li> <li>➔ Achievement of targets for fee-based income products.</li> </ul>
<b>B. Loans Performance</b>	
i) <b>Retail Loans</b>	<ul style="list-style-type: none"> <li>➔ Achievement of retail loans growth targets.</li> <li>➔ Growth in % and quantum from the previous year compared to peer group of branches.</li> </ul>
ii) <b>Hire Purchase Financing</b>	<ul style="list-style-type: none"> <li>➔ Achievement of hire purchase financing growth targets.</li> <li>➔ Growth in % and quantum from the previous year compared to peer group of branches.</li> </ul>
<b>C. Deposits Performance</b>	
i) <b>Demand, Savings and Fixed Deposits</b>	<ul style="list-style-type: none"> <li>➔ Achievement of demand, savings and fixed deposits growth targets.</li> <li>➔ Growth in % and quantum from the previous year compared to peer group of branches.</li> </ul>
<b>D. Asset Quality</b>	
i) <b>Credit Control &amp; Operational Lapses</b>	<ul style="list-style-type: none"> <li>➔ Reduction in impaired loans.</li> <li>➔ Achievement of loan recovery targets.</li> <li>➔ Control of new delinquent accounts.</li> <li>➔ Operational and credit lapses.</li> </ul>
<b>E. Productivity/Efficiency</b>	
i) <b>Customer Service in Frontline Delivery</b>	<ul style="list-style-type: none"> <li>➔ Achievement of benchmark for standard waiting time.</li> <li>➔ Number of counter transactions and productivity per teller.</li> </ul>
ii) <b>Loan Service Delivery</b>	<ul style="list-style-type: none"> <li>➔ Achievement of benchmark for loan processing turnaround time.</li> <li>➔ Volume of loans processed compared to peer group of branches.</li> </ul>
iii) <b>Cost Efficiency</b>	<ul style="list-style-type: none"> <li>➔ Achievement of targeted cost to income ratio.</li> <li>➔ Improvement in cost to income ratio from the previous year.</li> </ul>
iv) <b>Product Holding (Cross-Selling)</b>	<ul style="list-style-type: none"> <li>➔ Achievement of targeted product holding per customer.</li> <li>➔ Improvement in average product holding from the previous year.</li> </ul>
v) <b>Controls &amp; Compliance</b>	<ul style="list-style-type: none"> <li>➔ Internal controls and general management of the branch.</li> </ul>

## BRANCH PERFORMANCE AWARDS

As part of the performance based reward structure of Public Bank, Branch Performance Awards are granted annually to recognise and reward the achievement of branches which have excelled in the various key performance areas. These awards together with attractive cash prizes are also granted to inspire branches to achieve higher efficiency and productivity.

The various categories of the Branch Performance Awards are reviewed annually to ensure that they are aligned to the business goals and strategies of Public Bank. To determine the winners of the Branch Performance Awards, each branch is rated against its peer group of branches based on stringent criteria in the key areas of business performance, loan asset quality, risk management, cost efficiency and customer service delivery.

The Branch Performance Awards for 2013 comprised the prestigious Founder and Chairman Award for the Overall Best Domestic Branch, 10 Best Branch Awards for domestic and overseas branches and 17 Special Awards. The Special Awards are grouped under the categories of Business Performance Awards, Branch Management Awards and Service Delivery Awards.

### The Winners

A total of 103 awards with cash prizes exceeding RM1.0 million were awarded to the winners of the Branch Performance Awards for 2013.

The winners of the Best Branch Awards for 2013 were as follows:-

#### **Domestic Branches**

Group 1	Johor Bahru Branch
Group 2	Taman Maluri Branch
Group 3	Pelita Branch
Group 4	Taman Desa Cemerlang Branch
Group 5	Stutong Branch
Group 6	Medan Sentral Branch

#### **Overseas Business Units**

Public Bank (Hong Kong) Limited	Tai Po Branch
Public Finance Limited	Kwai Chung Branch
Cambodian Public Bank	Mao Tse Toung Branch
VID Public Bank	Hanoi Operations Centre

<b>Founder and Chairman Award</b>	Johor Bahru Branch
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The prestigious and coveted Founder and Chairman's Award for 2013 carried a cash prize of RM50,000 and a gold crafted challenge trophy.

# OUTLOOK FOR 2014



## OUTLOOK FOR THE ECONOMY AND BANKING INDUSTRY

The global economy is expected to grow moderately in 2014. Economic recovery in major advanced economies is likely to gain traction. In the United States of America ("US"), growth is projected to gather pace on expectation of an improvement in consumer spending, continuing recovery of the housing market and easing of fiscal consolidation. For the euro area, the economy is projected to return to growth after two years of recession, but at a subdued rate. Japan's economy is expected to remain on modest growth trajectory. However, economic outlook across many advanced economies will remain constrained by high unemployment rate and public debts. In Asia, although growth is likely to accelerate at a more moderate pace in some countries due to rebalancing measures, growth in most Asian economies is likely to remain at a healthy pace. Despite signs of stabilisation in the global economy, major headwinds remain. Policy uncertainty in the US, unresolved balance sheet problems in the euro area and prolonged slower growth in China could undermine global growth.

For the Malaysian economy, private sector activity will continue to be the anchor of growth. Stable employment condition and higher wage growth will continue to underpin private consumption. As the progress of national transformation agenda gathers

momentum, projects under various economic programmes such as the Economic Transformation Programme ("ETP") and Public-Private Partnership will drive further growth in private investment. Malaysia is also expected to benefit from the improvement in global trade following a recovery in advanced economies.

Inflation is expected to edge up given the expectation of further subsidy rationalisation, but it is likely to remain contained. As concerns over uncertainties in the global economy continue to prevail, Bank Negara Malaysia is expected to maintain its accommodative monetary policy to support growth. The Government's strong commitment to consolidate its fiscal position will contribute to long-term economic sustainability. While the eventual tapering of asset purchase programme by the US is likely to raise the risk of capital outflows, Malaysia's strong external position and sound financial system will help the country to navigate the volatility.

The Malaysian banking industry will remain supportive of the domestic economy. Backed by strong capitalisation, sustained profitability and ample liquidity, the banking sector will continue to play an effective role in financial intermediation to facilitate economic development. Loans growth is expected to remain stable, underpinned by sustained economic expansion and accommodative monetary environment. The ongoing implementation of the large-scale ETP projects will remain supportive of business loans growth. Asset quality of the banking



system will remain sound, supported by favourable labour market condition, enhanced risk management practices and prudent credit underwriting by banks. The concern on high household debt level is not likely to impact the banking system as Bank Negara Malaysia has introduced various pre-emptive measures to ensure that excessive household indebtedness among the vulnerable segments does not pose risk to the financial system and economy.

Banks will continue to compete for low-cost deposits for efficient funding and to maintain a satisfactory liquidity profile. Higher income growth and favourable domestic economic environment present banks with increased growth opportunities in fee-based business. Banks will also continue to focus on enhancing cost efficiency for competitive advantage.

## EXPECTATIONS AND OPPORTUNITIES

Amid heightened competition, banks will continue to enhance product lines, add value to existing value chain, compete on pricing and concentrate on higher service standards to attract and retain customers. Demand for business loans is expected to increase on expectation of strong expansion in private sector investment. Competitive pressure in the deposit market will remain strong due to increased emphasis on efficient funding structures. Banks will further strengthen their fee-based activities to preserve profitability amid margin compression. Continued expansion of the economy, high savings rate and a growing number of affluent customers will continue to raise the demand for wealth management products. Financial inclusion will continue to be an important agenda to enhance consumers' accessibility to quality and affordable financial services, thereby increases demand for banking products and services.

Customer centricity has become increasingly important in view of the intense competitive environment. Banks are expected to increase their investment in providing dedicated banking services. Banks will continue to upskill staff capabilities and emphasise on personal interaction with customers. Banks will also equip more e-banking solutions and use electronic platforms to grow their customer touch points.

Due to continuing margin compression and intense competition, banks are expected to pursue greater cost efficiency and staff productivity. The Capital Adequacy Framework under the Basel III regime which commenced in 2013 will continue to be implemented in Malaysia in accordance to internationally determined timelines. Malaysian banks will continue to monitor and put in place measures to comply with new regulatory requirements.

The creation of the ASEAN Economic Community by 2015 will further broaden capital and trade flows within the region, hence driving the integration of ASEAN financial markets. Malaysian banks are expected to strengthen their capabilities to facilitate cross border interaction and further expand their footprints in the region. Islamic finance, with a strong banking platform already in place in Malaysia, is envisaged to assume a larger role in financial

intermediation. Banks are expected to undertake more innovation in Islamic products and services. Internationalisation of Islamic finance is also likely to gather momentum.

## STRATEGIES AND DIRECTIONS

The Public Bank Group will continue to focus on organic growth in its core retail banking and financing business. In its lending business, the Group will further build on its strength in home mortgages, vehicle financing and lending to small and medium enterprises. The Group will maintain its strong asset quality with enhanced emphasis on stringent and prudent credit policies, as well as putting in place efficient and effective credit approval and recovery processes. On liability management, the Group will continue to promote low-cost customer deposits to maintain a stable and healthy liquidity position.

The Public Bank Group will intensify efforts to accelerate the expansion of its fee-based activities. Public Mutual, a wholly-owned subsidiary of Public Bank, will continue to leverage its strength as the market leader in private unit trust business to capture growth in the sales of unit trust funds. The Group will also make further progress in targeting fee income from bancassurance, foreign-exchange related transactions and transactional banking services. Public Islamic Bank, a wholly-owned subsidiary of Public Bank, will further expand its Islamic banking business offerings by leveraging on the Group's strong infrastructure and capabilities. The Group will continue to make further progress in growing its overseas business and exploit growth opportunities in the region.

Given the fast evolving customer needs for financial products and services, the Public Bank Group will undertake more innovation to meet demand from customers. The Group will continue to pursue customer segmentation analysis to tap into cross-product opportunities among customers. In addition, the Group will continue to focus on ways to improve its multi-channel banking infrastructure, including its extensive branch network, large force of sales and marketing personnel, as well as multiple electronic and self service channels, such as Internet banking and self service machines. The Group will also concentrate more on customer service and ensure its superior delivery standards continue to be ISO-certified. Growing and nurturing talent will remain a key strategy of the Group.

To support sustainable long-term growth, the Public Bank Group will continue to adhere to good corporate governance practices, sound risk management and prudent credit policies. The Group will also continue to assess and enhance its capability to manage new regulatory changes while maintaining the viability of its business.

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

5 February 2014

# CORPORATE RESPONSIBILITY



For the Public Bank Group, sustainability means building a successful and sustainable business in a way which will make a positive contribution and deliver value over the long term for its customers, employees, shareholders, community and environment.

As a leading financial services provider in Malaysia, the Public Bank Group believes in the value of conducting business in an open and transparent manner that is based on ethical values and respect. Through its core business of banking, the Group aims to promote sustainable growth by providing financial products and services in an efficient and responsible manner. When the business of the Group is conducted responsibly, its reputation and standing is enhanced, leading to greater competitiveness and higher sustainability of returns to its stakeholders.

During the year, the Public Bank Group continued to build sustainable practices in every aspect of the Group's business which is well demonstrated in its support to its customers, its investments and services to the communities in which it operates, its development of its employees as well as its contribution to the conservation of the environment.

The Public Bank Group's long-held Corporate Philosophy states that:

**PUBLIC BANK CARES...**

**For Its Customers**

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

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

**For Its Employees**

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

**For Its Shareholders**

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

**For The Community It Serves**

- By assuming its role as 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**

Guided by the principles and values as articulated in the Public Bank Group's Corporate Philosophy, the Group's corporate responsibility ("CR") initiatives focus on the following four key areas of Community, Market Place and Work Place Development as well as Environmental Sustainability.



## CR IN THE COMMUNITY

### Contributing to Economic Growth

As the third largest banking group in Malaysia, the Public Bank Group plays a crucial role in the country's economic growth through its banking business by providing its customers access to funds and financial products which stimulate trade for their businesses. Business growth creates employment opportunities, generates return to shareholders and taxes to the government. As a strong and stable banking system is a necessary pre-requisite to a healthy economy, the Group has played and will continue to play, a key role in the economic development of Malaysia and in contributing to nation building.

### Supporting Home Ownership and Affordable Housing

Residential mortgages accounted for nearly one-third of the Public Bank Group's total loan portfolio as at the end of 2013 and remained one of the core lending business of the Group.

The Public Bank Group continued to help Malaysians, particularly low and middle income families to own their homes and increase home ownership in the country. In 2013, the Public Bank Group has approved more than 57,800 housing loans, of which 69.1% was for the purchase of residential properties costing between RM100,000 to RM500,000. The Group fully supports the Government's and Bank Negara Malaysia ("BNM")'s initiatives to enable higher home ownership amongst Malaysians. Among the schemes in which the Group is an active participant are:

i. *Skim Rumah Pertamaku ("My First Home Scheme")*

Recognising that first time house buyers may find owning a house and saving for a down payment a challenge, the Skim Rumah Pertamaku ("My First Home Scheme") was initiated by the Government in 2011 and backed by Cagamas Berhad to assist first time house buyers to achieve their goals.

The Public Bank Group has enhanced the features of Skim Rumah Pertamaku to accommodate more Malaysians to own a house which include allowing financing up to 100% of the house price for property value ranging from RM100,000 to RM400,000 and longer repayment tenure of up to 35 years or age of 65 years old, whichever loan tenure is shorter.

ii. *BNM's Priority Sector Lending – Financing for low cost housing*

Public Bank and Public Islamic Bank continues to support BNM's initiatives to provide financing for low cost housing under its priority sector lending. As at the end of 2013, the Group's total loans outstanding for this segment amounted to RM2.19 billion in Malaysia.

### *Firm Supporter of Small and Medium Enterprises ("SMEs") and Micro Enterprises*

The SMEs business segment is a key driver of the country's economy and constitutes the Public Bank Group's main commercial lending business. The Group continues to play an important role in the development of SME growth and has increased its lending to this sector by 19.2% to RM46.47 billion as at the end of 2013. In 2013, the Group approved RM20.07 billion loans to SMEs which accounted for approximately 33.5% of the Group's total new domestic loans approved during the year.

The Public Bank Group continued to be a firm supporter of BNM's initiatives and financing schemes to promote SME activities which include:

i. BNM's priority sector lending to SMEs. The Public Bank Group has consistently achieved more than the commitment set by the BNM. A total of RM38.22 billion was approved under this scheme for the two year period in 2012 and 2013.

ii. The New Entrepreneurs Fund and the Fund for Small and Medium Industries which provide working capital financing at reasonable cost for eligible SMEs in both the export and domestic-oriented sectors.

The Public Bank Group is also an active participant in loan schemes which leverage on guarantees by Credit Guarantee Corporation Berhad ("CGC") to facilitate SMEs to obtain financing. As at the end of 2013, the Group's loan portfolios which are secured by various types of CGC guarantee schemes have exceeded RM215.8 million granted to more than 5,400 customers.

In addition, the Public Bank Group continues to support the microfinance sector by providing small loans to drive the growth of micro enterprises. The various types of microfinance loans offered by the Group which allows more micro enterprises with viable businesses access to affordable credit at reasonable financing rates include:

- i. PBMicro Finance, a scheme to support and drive the growth of micro enterprises.
- ii. The Micro Enterprise Fund, a fund launched by BNM to provide financing access to micro enterprises with viable businesses.
- iii. SmallBiz Express Guaranteed Scheme promoted by CGC to assist small entrepreneurs who have viable project or business but lack collateral to obtain financing from financial institutions. Public Bank is the first financial institution which entered into a partnership with CGC to implement the SmallBiz Express Guaranteed 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 171 to 172 of this annual report.

### **Significant Tax Payer**

The Public Bank Group has been a significant contributor to the fiscal revenue and economic prosperity of the country as a result of its strong profitability over the years. Over the last five years, the Group had made RM4.77 billion in tax payments to the Government, a significant contribution to society and the financial well-being and development of the country.

### **Tackling Financial Crime**

The Public Bank Group continues to commit substantial resources, investing in both people and technology to fight financial crime and ensuring the banking system is not used for illicit activities, money laundering and terrorist financing. To combat money laundering, the Group has strengthened its Anti-Money Laundering and Anti-Terrorism Financing Act 2011 programme by adopting a risk-based approach to ensure the detection and prevention of money laundering and terrorist financing activities arising from the risks that have been identified and assessed. The Group continuously trains its employees to be vigilant and ensure they are familiar with the policies and practical procedures in the event an actual or suspected criminal activity happens. The Group has also put in place systems and controls which are continuously updated and improved in line with legal and regulatory developments as well as new products and threats.

The Public Bank Group's Anti-Fraud Policy and Anti-Money Laundering and Anti-Terrorism Policy are set out in the "Ethics, Integrity and Trust" section in pages 114 to 115 of this annual report.

### **Contributing to the Well-being of Society**

During the year, the Public Bank Group continued to extend financial support aimed at delivering positive social impact in the communities in which it operates. The Group's contributions were focused in the areas of education, healthcare, community activities and support for the underprivileged.

#### **Education**

Public Bank, a firm believer in quality education continues with its support of the education of the nation's youth.

In 2013, Public Bank contributed the final RM250,000 of its five-year endowment commitment of RM1.25 million to Universiti Tunku Abdul Rahman ("Universiti TAR") for the Tan Sri Dato' Sri Dr. Teh Hong Piow Chair in Banking and Finance. The Chair aims to develop and achieve excellence in research and development relating to banking and financial product and services. The Universiti TAR has appointed Professor Dr. Choong Chee Keong as the Professorial Chair in 2012 and has since published the first report on the research activities and development of the Professorial Chair.

Universiti TAR and Tunku Abdul Rahman College students continue to benefit from 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" established in 2007 to support students who have the capacity and ambition but lack the means to pursue a higher education.

In support of the development and promotion of literary skills in the Malay language amongst undergraduates in the country, Public Bank contributed RM10,200 to Dewan Bahasa and Pustaka, the country's leading authority in the development and promotion of the national language for its 1Malaysia Undergraduates' Talents Development Programme which involved 25 public and private institutions of higher learning across the country.

In support of the socio-economic development in Cambodia, Cambodian Public Bank Plc also contributed USD50,000 for the construction of a new block of classrooms at Samproch High School in Kampong Thom Province near Phnom Penh.

### **Healthcare**

Public Bank donated RM100,000 to the Institute Jantung Negara (“IJN”) Foundation to defray the operating and management cost of Domitori Yayasan IJN – Public Bank, which is a halfway house that provides free accommodation to the families of needy patients undergoing treatment at the hospital. The annual grant is part of a five-year commitment totalling RM500,000 which began in 2010. In conjunction with World Health Day, Public Bank also held a one-day sales of IJN Foundation’s merchandise at the Bank’s head office to help raise funds for IJN.

To promote better healthcare in Cambodia, Cambodian Public Bank Plc donated USD1,000 to the Nokor Tep Foundation, a non-government organisation, which is establishing a 220-bed hospital catered for women.

### **Community Activities**

In 2013, Public Bank continued to support the activities of the various traffic police divisions in the country. To promote healthy living among the Federal Traffic Division’s personnel, Public Bank donated RM76,000 to the Bukit Aman Traffic Club to assist the Federal Traffic Division to purchase exercise equipment for its gymnasium. Recognising the hardship of traffic police personnel who are carrying out duties during the holy month of Ramadan, Public Bank handed out 220 packed food to the Kuala Lumpur Traffic Police personnel to enable them to break fast while on duty.

Public Bank donated RM20,000 to the Phoenix Welfare Foundation during its annual fund raising, the proceeds of which were channeled to Pertiwi Soup Kitchen, Single Mother Welfare Society Malaysia, Montfort Boys Town and Befrienders Kuala Lumpur.

### **Support of the Underprivileged**

In conjunction with Chinese New Year celebration, Public Bank donated RM8,888 each to the House of Joy Orphanage and Joy Garden Old Folks Homes and distributed hampers and ang pows to the children and senior citizens. In conjunction with the Hari Raya festival, Public Bank treated 96 orphans from three orphanages, namely Pertubuhan Jalinan Kasih, Pertubuhan Kebajikan Nur Syaheera and Pertubuhan Kebajikan Ummi Atiqah to a trip to Aquaria KLCC in Kuala Lumpur. The three homes also received a contribution of RM5,000 each from the Bank whilst the children were also each given a goodie bag and “Duit Raya”.

Under Public Bank’s Programme for Executive Development, the Bank’s Graduate Trainees are encouraged to volunteer their time to carry out CR projects which provide opportunities for them to participate in impactful community development work. During the year, the Bank’s Graduate Trainees carried out various CR projects which included visits to Yayasan Sunbeams Home and House of Joy where fund raising activities were carried out and the proceeds from these activities were used to purchase food items, stationeries and daily essentials for the homes.

## **CR IN THE MARKET PLACE**

### **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 in 2013 from the Minority Shareholder Watchdog Group and respected international publications such as The Asset, Alpha Southeast Asia and Corporate Governance Asia. These awards attest to Public Bank’s excellent corporate governance track record.

For the full list of awards received by Public Bank in the area of corporate governance and corporate social responsibility, please refer to the statistics and performance data section on page 220 of this annual report.

### **Promoting A Healthy Market Place**

#### **Ethical Business Culture**

The Public Bank Group’s emphasis on upholding strong business ethics in its business dealings is embedded in the Group’s culture of integrity, ethical behaviour and honesty as well as a zero tolerance for fraud and unethical conduct which has resulted in the Group’s continuous achievement of corporate governance excellence. The Group’s promotion of strong ethical business culture helps to promote a healthy market place.

#### **Shareholders and Investors Engagement**

The Public Bank Group actively engages with its shareholders and investors through various channels such as investor relation activities, general meetings of shareholders, regular briefings to the investor community and press statements issued to the media on the financial results of the Group. Such on-going engagement helps to build up investors confidence in the Group while ensuring the Group remains at the forefront of the investing public and global institutional investors.

**Competition Act, 2010**

The Public Bank Group is fully committed to adhere to the requirements under the Competition Act 2010, which came into effect on 1 January 2012. This consumer legislation prohibits anti-competitive conduct by protecting the process of competition and thereby keeping prices low in the economy over time and empowering consumers to get a better deal. In support of consumer empowerment, the Group conscientiously strives to provide quality products at competitive prices and to improve its products and services to ensure its customers enjoy the best value for money products in the market. To assist customers to better understand and compare information, the Group has also taken various initiatives to improve transparency and product information so that customers can make more informed choices and appropriate product selection.

**Professional Development**

In 2013, Public Bank continued to support professional development in the country. Public Bank contributed RM8,000 to the Malaysian National Tax Conference organised by the Inland Revenue Board of Malaysia and the Chartered Tax Institute of Malaysia.

During the year, Public Bank also contributed RM5,000 to the Malaysian Economics Association in conjunction with the Association's 50th anniversary. The Malaysian Institute of Certified Public Accountants too received Public Bank's support for its 54th Commemorative Lecture cum Luncheon to provide a platform for members of the accounting profession, Government, the regulatory authorities and the business community to get together and evaluate the most pertinent issues affecting the Malaysian economy and the role of the accounting profession.

**Supplier Management****Procurement Policy and Procedures**

The Public Bank Group has established well defined and clear procurement policy and procedures for employees to adhere to in all procurement activities. The Group upholds the basic principles of trust, honesty and fairness in all its business dealings to ensure that there is no conflict of interest in any procurement activities. Some of the Group's policy and procedures include:

- ➔ conducting closed tender exercises for the procurement of all standard items. Panel vendors and service providers are invited to participate in the closed tender exercises and the entire process is administered by the Group's Tender Committee for transparency. Members of the Tender Committee comprise representatives from Internal Audit division and the respective divisions which request for the procurement.

- ➔ centralising procurement functions at Head Office to ensure that best overall value in terms of quality, quantity and pricing is obtained.
- ➔ reviewing the pricing of standard items periodically to ensure that the best pricing is obtained at all times.
- ➔ implementing an electronic requisition system which enables all procurement requests to be made online, hence facilitating efficient processing of purchases and reducing paper usage.
- ➔ reviewing the Group's procurement procedures and practices periodically to identify areas for improvements in the procurement process.

**Selection of Vendors and Service Providers**

Panel vendors and service providers of the Public Bank Group are selected based on detailed evaluation and stringent criteria such as:

- ➔ 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.
- ➔ level of after sales support.

**Support of Local Companies and SMEs**

The Public Bank Group continued to support and establish good business relationships and rapport with local companies and SMEs, which form the majority of the Group's panel vendors and service providers, so as to ensure the Group obtains the best overall value in its procurement. The Group holds regular bilateral meetings and conducts site visits to their business premises as well as conducts regular reviews on their performance, products and pricing to ensure that the Group's business and financial objectives are achieved.

**Prompt Payment to Vendors and Service Providers**

As a responsible corporate, the Public Bank Group is committed to ensure that all its vendors and service providers are paid promptly within the stipulated credit term. Employees are trained to process invoices with complete documents received from vendors and service providers within a standard turnaround time. To expedite the payment process, the Group has also implemented the electronic credit payment system as an initiative to migrate paper-based payments using cheques to electronic payments.

## Customer Care

### **Responsible Financing**

The Public Bank Group continued to take a considered approach in its lending practices and follow responsible as well as business minded practices. As a responsible provider of credit, the Group seeks to reinforce business integrity in its daily operations, improve its products and services and aims to treat its customers fairly at all times by providing them with solutions which meet their needs. The Group also continues to improve transparency and accessibility of its products and services to its customers. To achieve these objectives, the Group has implemented various initiatives which include:

- ➔ providing multiple delivery channels via branch network, internet, telephone banking, mobile phone applications and self service terminal to enable customers to access its products and services.
- ➔ having in place a delivery infrastructure that is benchmarked to international ISO standards.
- ➔ establishing an efficient complaint resolution system.
- ➔ assisting customers facing financial difficulties.
- ➔ establishing responsible lending practices by striking a balance between providing financing and lending only to those who have the repayment capacity.
- ➔ providing a comprehensive and competitive range of products and services.
- ➔ providing clear and full information detailing terms and conditions as well as applicable fees of its products and services.

### **Socially Responsible Financial Products**

As one of the largest financial services provider in the country, the Public Bank Group is in strong position to influence business involved in the creation of a low-carbon economy. The Green Technology Financing Scheme (“GTFS”) was established by the Government to promote investments in green technology. In support of the Government’s initiative and a greener environment, the Public Bank Group has participated in the Government’s GTFS by providing capital expenditure financing as well as working capital financing related to green technology projects.

### **Product Responsibility**

The Public Bank Group continuously tries to ensure its products and services are aligned with the Group’s corporate mission and philosophy. The Group has established stringent internal approval procedures and product assessment process for new product launches and enhancement of existing products. To align with responsible business practices, Public Bank’s marketing policy also complies with the Product Transparency and Disclosure guidelines issued by BNM which aim to enhance disclosure quality and ensure disclosures are made in a clear, concise and timely manner.

### **Customer Service**

The Public Bank Group serves a wide spectrum of customers across the country and in the region where it operates. Living up to the Group’s corporate tagline – “Excellence Is Our Commitment”, the Group constantly tries to improve its customers banking experience, anticipate their needs and extend the services they require.

As a caring corporate citizen, the Public Bank Group continues to provide Special Care Counters at all its domestic branches for the mobility impaired, senior citizens and expectant mothers. A manual queuing system has been replaced with a queue ticketing system to allow these customers to wait in relative comfort of the Bank’s premises. Priority service is also accorded to ensure that the customer’s banking transactions are provided in a swift and hassle-free manner. The continuous improvements of the Bank’s care-giving services are part of the Bank’s commitment to ensure that its customers’ needs remain at the heart of its business.

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 across the Bank’s entire branch network, all domestic branches continue to be covered by the internationally recognised ISO 9001:2008 certification.



**Responding to Complaints**

The Public Bank Group is unwavering in its quest to continuously enhance the quality of its customer service. Customer feedback received through the various channels are not only studied and promptly responded, but are also used as data to allow the Group to understand its customer's perception of the quality of its services, which are instrumental for the development of customer-centric solutions to further enhance the quality of customers' banking experience.

**Extending Assistance to Borrowers**

The Public Bank Group has taken various proactive measures to assist customers who are facing difficulties in meeting their repayment obligations. The Group actively engages with customers who encounter financial difficulties in servicing their loans to restructure and reschedule their loans. These exercises seek to match customers' commitments to their reduced capacity to service their loans due to economic distress and temporary unemployment. In 2013, the Group had restructured and rescheduled more than 13,000 loans amounting to RM422.7 million, of which RM140.7 million were in respect of residential mortgages.

**Extending Loan Moratorium to Borrowers**

The Public Bank Group activated the Relief Assistance Programme for its customers and employees who were affected by flood in several states in the country during the year. The Relief Assistance Programme aims to relieve the temporary financial hardship suffered by the Group's affected customers as a result of the flood. The Group offered a six-month moratorium for monthly instalment payments of housing loans, hire purchase, credit cards and other loan and financing facilities. In 2013, the Group granted loan repayment moratorium to more than 850 customers with loans amounting to RM75.4 million. The Group also accommodated customers' requests to restructure their loans and reschedule their monthly repayments. To expedite customers' insurance claims, the Group worked together with LONPAC Insurance Bhd ("LONPAC") to facilitate the processing of claims made by affected customers on insurance policies underwritten by LONPAC.

**Bantuan Rakyat 1Malaysia 2.0 ("BR1M2.0")**

In support of the Government's 2013 "Bantuan Rakyat 1Malaysia 2.0" initiative, Public Bank as a cash payout agent bank operated mobile cash payout counters at several locations nationwide to facilitate voucher encashments by eligible recipients. In addition, the Bank also set-up dedicated in-branch counters to accommodate encashments of the BR1M2.0 vouchers at all its branches in the country. Approximately 1 million BR1M2.0 vouchers were encashed at the Bank's mobile and in-branch counters nationwide.

**CR IN THE WORK PLACE**

Based on its ethos that human capital asset is central to an organisation's strength, the Public Bank Group continues to invest significant effort and resources in a host of Employees Value Propositions ("EVPS") to care for its more than 17,900 employees spanning Malaysia and those overseas in its regional operations.

Amongst the range of EVPS designed to provide an energising and engaging work climate for its employees are the provision of:

- ➔ a safe and healthy working environment
- ➔ work-life balance
- ➔ employee welfare
- ➔ skill and competency development
- ➔ conducive industrial climate for a diverse workforce

**Employee's Well-being****Health and Safety**

Closely adhering to the provision of the Occupational Safety and Health Act ("OSHA"), 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 with regards to all aspects of safety and health at the work place. Posters of the Bank's Safety and Health Statement are distributed for display at branches and offices to further facilitate quick reference as well as to serve as a constant reminder to all employees.

The 95 Safety and Health Committees, comprising representatives from management and employees from branches and Head Office meet quarterly to review safety and health issues at the work place. Such regular collaboration serve to foster joint ownership and create a conducive and comfortable working environment for employees and customers. Members of the Safety and Health Committees are nominated to participate in relevant workshops and seminars to update their skills and knowledge on safety and health. In 2013, a total of 41 employees participated in three First Aid and Cardiopulmonary Resuscitation ("CPR") workshops organised in collaboration with the St John Ambulance to update and refresh their skill and knowledge in such areas.

Periodic in-house safety and health audits and inspections encompassing HIRARC (“Hazard Identification, Risk Assessment and Risk Control”), fire drills and fire safety talks are also conducted to ensure compliance with applicable laws and regulations.

The Public Bank Group has put in place a comprehensive medical benefits scheme including specialist treatment and hospitalisation for employees and their immediate family members. In addition, employees are also eligible to attend biennial medical examinations at the Group’s panel of clinics to facilitate early detection and treatment of any serious illness.

To enhance the health and wellbeing of employees, the Public Bank Group continues to co-ordinate with health service providers including specialist hospitals and fitness centres to conduct health related talks and fitness programmes for its employees. From time to time, Public Bank’s in-house newsletter “Wawasan Public Bank” also carries articles on relevant health and wellbeing topics to create awareness on health issues and to promote a healthy lifestyle amongst its employees.

During the height of the haze menace in 2013, the Public Bank Group, as a caring employer, distributed face masks to affected employees to provide protection against haze particles.

**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 not only to assist employees to acquire comfortable dwellings and means of transport but also for purchase of computers and 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 2013, approximately 200 relief employees have been mobilised to provide 40,000 relief man days for such purposes.

Taking cognisance of its employees’ domestic obligations, the Public Bank Group has incorporated family-friendly features in its employees schemes which include:

- ➔ compassionate leave for unforeseen events such as floods and critical illness or death of family members.
- ➔ extended maternity leave to all post natal mothers beyond what’s legally required.
- ➔ paternity leave for fathers to take care of their newborn.
- ➔ sabbatical leave with duration ranging from a few months to a few years to enable employees to pursue further studies or to attend to family matters.
- ➔ examination leave for employees.
- ➔ child care allowance for eligible employees with young children to alleviate the cost of child care services.
- ➔ subsidy for purchase of medical insurance to cover employees’ immediate family.

To provide some healthy diversion from work, the Public Bank Group organises various sporting competitions as well as 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 informative reference and self-help literature to pursue their hobbies and recreational interests.

To enable its employees to continue to sustain a quality lifestyle post-retirement, Public Bank provides a Defined Benefits Plan for eligible employees, which is over and above the Statutory Employees Provident Fund (“EPF”) contribution scheme. In 2013, the Bank paid out a total of RM134.9 million and RM23.3 million under the EPF contribution scheme and the Defined Benefit Plan scheme respectively.

In cases of death and long term incapacitation sustained by employees while in service, the Public Bank Group provides relief via its various employee protection insurance policies. In 2013, the Group has paid out RM1.5 million to employees and their next-of-kin for permanent disability and death benefits.

**Employee Benefits**

The Public Bank Group keeps abreast of industry practices by conducting regular market intelligence and participating in industry specific reward surveys as well as surveys of other industries on compensation and benefits to ensure its employees are remunerated competitively and equitably.

In 2013, the Public Bank Group continued to reward all levels of employees generously based on their contribution to the Group. In recognition of outstanding achievement and to encourage teamwork, handsome cash rewards were also awarded to branches which have excelled in various key performance areas.

As employees progress with the Public Bank Group, their loyal service is very much valued and accorded recognition by the Group with long service awards. In 2013, more than 1,300 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.

Other welfare programmes include synergistic tie-ups with selected corporations for employees to enjoy special offers or corporate discounts such as:

- ➔ vacation in hotels with special corporate rates
- ➔ purchase of selected vehicles
- ➔ promotional packages by established telcos and computer vendors
- ➔ corporate membership at fitness centres
- ➔ festive promotions at selected dining outlets

Going forward, the Public Bank Group will continue to enhance its EVPS initiatives in its human capital eco system to live up to its reputation as a "Caring Employer of Choice".

### Training and Development

To build and grow a sustainable pipeline of industry relevant talents, the Public Bank Group continues to allocate substantial resources on training and development to empower its employees to deliver the highest performance standard expected as well as 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 2013, more than 34,000 participants completed classroom training while nearly 47,000 participants completed a wide range of e-learning courses on product knowledge, management and leadership skills as well as relevant laws and regulations.

Advocating its founder, Tan Sri Dato' Sri Dr. Teh Hong Piow's belief that "Learning is the foundation of progress and that good corporate governance and best practices are integral to the health of the financial services industry", 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. To advance this cause, Public Bank signed a Memorandum Of Understanding with Institut Bank-Bank Malaysia in 2013 to provide opportunities for its employees to acquire the Chartered Banker qualification, which is recognised as the gold standard for professionals working in the banking sector and backed by the Chartered Institute of Bankers, Scotland.

### Harmonious Industrial Climate For A Diverse Workforce

Taking cognisance that the ability to embrace cross diversity can help a company galvanise the multi-faceted mix of age, gender, race and experience into organisational strength, the Public Bank Group is committed to create a conducive industrial climate to garner the strength of its diverse workforce. As part of its commitment, the Group has undertaken the following initiatives:

- ➔ The provision of fair and equitable employment terms regardless of ethnicity, gender or creed.
- ➔ According equal opportunities for career advancement based on merit. This is supported by a well established 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 40.1% of management positions as at the end of 2013, up from 38.4% as at the end of 2012; whilst 42.5% of top management positions 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.

### Employee Engagement

The Public Bank Group takes pride in having an engaged workforce that stay loyal and grow with the Group. The promotion of employees from within the Group has always been a priority so as to accord upward opportunities to performing employees. As at the end of 2013, 95% of the Group's managerial employees were promoted from within. In addition, 42.1% of the domestic workforce has served the Group for 15 years or more, reflecting the success of the Group's employee retention policies.

To promote good employee relations, the Public Bank Group continues to maintain a cordial relationship with the various unions and adheres to the Code of Conduct for Industrial Harmony. This is enhanced by its open door policy to allow employees access to appropriate channels of communication for feedback and grievance resolution. As a result of good rapport established with the various unions over the years, the Group has always been able to resolve all disputes amicably.

The Public Bank Group's policy on Employees Conduct and Discipline includes provision on sexual harassment to ensure individual employee, irrespective of status, position, religion or gender is treated with dignity and free from any form of harassment, humiliation or intimidation.

In dealing with grievances and allegations of misconduct, all cases are given close attention and dealt with sensitively to ensure speedy resolution. Employees who were found guilty had been appropriately dealt with, commensurate with the severity of the offence.

### ENVIRONMENTAL CSR

#### Green Building

In 2013, the Public Bank Group has completed six basement levels of Public Mutual's new 40-storey Head Office building located at Jalan Raja Chulan, Kuala Lumpur. The building which is still under construction is expected to be completed by 2015. The design and layout of the building incorporates a host of green features and has been awarded the pre-certification "Gold" rating by both the US Green Building Council under the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System as well as by the Malaysia Green Building Confederation, Green Building Index ("GBI") certification system. Some of the green building concepts include:

- ➔ ensuring proper design of sunshades, setbacks and effective use of low-emissivity double glazing glass windows and energy savings lightings.
- ➔ ensuring orientation of the building's longer facade face North-South and lifts and toilets face East-West to reduce solar heat migration into the office space.
- ➔ rainwater harvesting system to reduce dependence on potable water. Large proportions of the roof of the building and facade are designed to maximise catchment area whilst drip irrigation is introduced to minimise water wastage.
- ➔ maintaining a roof garden at the top of the building and creating a 2-meter high green walls along the perimeter of the building to reduce the ambient temperature.
- ➔ setting up a under-floor air displacement system whereby conditioned air will be supplied upwards from the bottom of the building to conserve energy.
- ➔ leveraging on the natural lighting infused into the main lobby and concourse area to reduce energy usage by artificial lightings.
- ➔ harnessing solar energy to power the external lighting of the building.
- ➔ re-generating useful electricity from the lifts when they are in motion.
- ➔ parking area designated for bicycles or electric motorcycles.

During selection of contractors for the construction of the building, only contractors with good track record of Environmental, Health & Safety Policies & Practices were considered. Contractors are also monitored closely to ensure that safety measures are applied at the site at all times. The Group is committed to ensure that the new Public Mutual Head Office Building sustains features which use energy and resources efficiently, achieves good indoor environmental quality, reduces adverse impact of building material on human health and provides greenery to create better outdoor thermal environment.

#### Public Bank – MNS Tree Planting – Climate Change Programme

The Public Bank Group together with the Malaysian Nature Society and in collaboration with the Ministry of Natural Resources and Environment had been involved in a multi-year tree planting project at the Kolam Takungan Banjir Seri Johor, Cheras, Kuala Lumpur. The objective of the project is to help improve the urban ecosystem and reduce the carbon footprint at the site as well as contribute towards the beautification of the landscape in the city. On 1 July 2013, Public Bank handed over 12,000 matured trees which had been planted at the site since 2008 under the Climate Change

Programme to the Department of Irrigation and Drainage Wilayah Persekutuan, Kuala Lumpur. The matured trees which have grown well over 4 metres tall have contributed significantly to the landscaping of the flood retention pond and the flora and fauna of the area.

### Sound Environmental Practices

The Public Bank Group is committed to continue with the various initiatives implemented in its business and operational activities to protect and conserve the environment. The ongoing initiatives include:

- automating business delivery processes such as electronic loan delivery system, electronic loan review system, electronic loan request system and electronic disbursement tracking system as well as administrative processes such as human resource management system, equipment service record system, stock requisition system and electronic payment system which promote paperless transactions.
- recycling all waste papers and paper products to reduce energy consumption.
- reviewing energy consumption of Menara Public Bank regularly and implementing improvement measures to manage the usage of electricity such as revising the air-conditioning operating hours and investing in energy-saving lightings.
- encouraging employees, vendors and service providers to work with electronic documents to reduce duplication of hard copy documents.
- participating in the Earth Hour Event whereby all the non-essential lights of Menara Public Bank are switched off to promote awareness of environmental conservation.
- promoting the use of electronic credit payment system whereby payments are made directly to vendors and service providers' accounts maintained with the Bank.



## STATISTICS AND PERFORMANCE DATA

### Economic Indicators

		2013 RM'000	2012 RM'000
<b>Economic value generated</b>	Revenue	15,264,300	14,058,097
<b>Economic value distributed</b>	Operating cost	7,105,983	6,311,388
	Employee wages and benefits	1,744,608	1,668,054
	Other operating costs	759,028	749,536
	Dividend paid	1,840,970	1,697,252
	Taxes paid	1,386,021	1,259,558
<b>Financial capacity support:</b>	Credit creation	23,392,639	20,089,147
<b>Capital &amp; value formation</b>	Wealth accumulation ^	25,830,864	24,671,800

^ Net annual increase in customer deposits

## AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

### (i) The Asset

#### The Asset Platinum Corporate Award 2013 for All-Round Excellence in:

- Financial Performance
- Management
- Corporate Governance
- Social Responsibility
- Environmental Responsibility
- Investor Relations

### (ii) Alpha Southeast Asia

#### Alpha Southeast Asia Institutional Investor Corporate Awards 2013

- Ranked top 3 Companies with Most Consistent Dividend Policy

### (iii) Corporate Governance Asia

- a) Corporate Governance Asia Recognition Award 2013 for Malaysia
- b) 3rd Asian Excellence Recognition Awards 2013
  - Best Corporate Social Responsibility for Malaysia
  - Best Investor Relations Company for Malaysia

### (iv) Minority Shareholder Watchdog Group

#### Malaysia-ASEAN Corporate Governance Index 2013 Awards:

- Top Five Overall Corporate Governance
- Industry Excellence – Financials

## PERFORMANCE DATA

<b>HUMAN RESOURCE – MALAYSIA</b>	<b>2013</b>	<b>2012</b>	<b>HUMAN RESOURCE – MALAYSIA</b>	<b>2013</b>	<b>2012</b>
<b>Work Place</b>			<b>Employee turnover breakdown by non-supervisory age group (%)</b>		
Supervisory (%)	63.4	61.3	< 30	82.4	82.8
Non-supervisory (%)	36.6	38.7	30 to < 40	14.4	12.8
Female (%)	60.2	60.1	40 to < 50	2.0	3.6
Male (%)	39.8	39.9	50 and above	1.2	0.8
Age group (%)			<b>Performance Management</b>		
< 30	38.0	38.7	Total number of employees appraised (%)	95.1	96.6
30 to < 40	33.0	34.2	Total number of staff awarded bonus (%)	94.4	95.7
40 to < 50	21.4	20.4	<b>Staff Development</b>		
50 and above	7.6	6.7	Employee participation in training:		
Diversity (%)			Classroom (Headcount)	34,215	28,730
Malay	38.2	38.7	E-learning (Headcount)	46,683	46,426
Chinese	54.8	54.2	Average no. of participants per training programme	27	25
Indian	6.7	6.8	Average training budget per employee (RM)	2,360	2,395
Others	0.3	0.3	Total hours of training per employee	29	24
Service in the Group (%)			Percentage meeting statutory requirement of minimum 2.5%	3.08	2.94
< 1 year	8.5	7.2	<b>Employee Welfare</b>		
1 to < 5 years	20.0	24.6	Total amount of staff loans approved (RM'000)	315,931	297,791
5 to < 15 years	29.4	24.5	Total outstanding amount of staff loans (RM'000)	1,307,690	1,192,065
15 years and above	42.1	43.7	Benefits paid under the Group's protection insurance policies:		
Women in management (%)	40.1	38.4	i) Personal Accident Insurance (RM'000)	451	121
Women in top management (%)	42.5	43.0	ii) Group Term Life Insurance (RM'000)	1,009	1,215
Total no. of recruitment (Headcount)					
Supervisory	1,334	945			
Non-supervisory	335	482			
Total no. of promotion (Headcount)					
Supervisory	1,001	800			
Non-supervisory	347	765			
<b>Employee Turnover (%)</b>					
Supervisory	10.8	9.5			
Non-supervisory	6.0	6.6			
Employee turnover breakdown by supervisory age group (%)					
< 30	74.4	72.3			
30 to < 40	16.2	18.2			
40 to < 50	6.1	7.7			
50 and above	3.3	1.8			

# HUMAN CAPITAL DEVELOPMENT



## INTRODUCTION

The live realities as they evolve in the fast-paced marketplace that we are in, compel companies seeking to safeguard their brand value and drive sustainable success, to raise their game and provide enhanced performance. The need to excel is no longer an option. Instead, commitment to high standards of excellence must permeate in all areas of the company.

**“People are the business  
Our business is people”**

is a philosophy which has clearly been subscribed by Public Bank. Since its inception, Public Bank has articulated its growth strategy through microscopic focus on its capabilities and competencies. Human resource has never been just a functional area but has always been a strategic business partner.

## OUR PEOPLE, OUR BRAND VALUE

Public Bank recognises that its people are the faces behind the success of the PB Brand and the catalyst in spreading and managing the growth of the brand. More often than not, brand experiences arise from interactions with employees.





As employees are key players who can significantly shape the perception of a brand, recruiting and retaining talents continue to be a high priority for the Public Bank Group. The Group recognises that its ability to achieve its potential depends to a large extent on its ability to recruit and retain the best talent. Accordingly, it has carefully built for itself a reputation as a caring employer of choice; embarking on aggressive promotions at career fairs to create wider PB Brand visibility and achieving “buy-in” from potential employees as their career destination.

In the 2013 survey conducted by gradmalaysia.com for the top 100 employers in Malaysia among graduates, Public Bank was listed as among the top five of the preferred banks in Malaysia for graduates to seek employment.

In 2013, Public Bank recruited a total of 1,451 staff which comprised 287 non-supervisory and 1,164 supervisory staff.

The key to the Bank’s success is its unique work culture; nurtured and built carefully through the years by the Founder and Chairman of Public Bank, Tan Sri Dato’ Sri Dr. Teh Hong Piow. The orientation towards excellence, integrity, good work ethics and strong team spirit is embedded in Public Bank’s collective psyche.

To enable them to better understand and appreciate Public Bank’s core values as well as to propel them towards assimilation with the Bank’s culture, aspirations, business objectives, structure and functions, new staff are put through a comprehensive Induction programme, “Getting It Right” upon joining.



### **THE BUSINESS IS OURS TO MANAGE, THE FUTURE IS OURS TO CREATE**

Business can be managed and a sustainable future created only when the people of a company are effective in confronting organisational challenges inherent in the industry. These include balancing complex paradoxes; growing the business while complying with corporate governance, competing through scale versus innovation, adhering to regulations and processes versus flexibility.

Public Bank recognises that competencies provide the edge to business performance. The Group firmly advocates that the right people drive performance. It therefore constantly reviews and develops staff competencies to keep ahead of the increasingly complex and competitive financial landscape.

### **Investment In People**

This has been reflected in Public Bank's annual training expenditure which has been on a steady upward trend over the years. The Bank has a policy of three days of mandatory training for all staff while key drivers of the Bank receive intensified training averaging seven days. In 2013, the Bank invested a total of RM34 million for training.

A total of more than 34,215 participants were trained over 2,580 classroom training days in 2013. Public Bank adopts a blended approach to training, capitalising not only on classroom training but also on the e-platform to widen the reach of training. In 2013, a total of 46,683 participants underwent e-platform training which is equivalent to 965 classroom training days. On-the-job training and on-site attachment at Head Office are also arranged to complement classroom training.

### Enhancing Work Performance

Public Bank constantly up-skills its people to promote a culture that thrives on innovation, high customer engagement and fast problem resolution. The Bank provides training and development opportunities to meet the diverse needs and aspirations of its employees whilst detailed personal development plan forms a key element of performance management. Where applicable, focused training aimed at getting a branch or identified staff on track towards Management's goals also takes place at the workplace.

To add value to their job performance and enhance their professionalism as well as for a holistic and solid foundation, staff are encouraged to pursue professional certification such as Professional Credit Certification, Certified Financial Planner, Certified Documentary Credit Specialist and Certification in AMLA.

In the second half of 2013, a Memorandum of Understanding was signed with Institut Bank-Bank Malaysia ("IBBM"), paving the way for staff of the Public Bank Group to pursue the Chartered Banker Education Pathway; a collaboration of education between IBBM and the Institute of Bankers Scotland, the oldest banking institute in the world. The Pathway aims to raise the ethical, professional and technical standards of professionals working in the banking sector; a much raised concern in the wake of the 2011 global financial crisis.

### Vigilance on Compliance, Corporate Governance and Fraud

The Public Bank Group takes a serious view of the roles of corporate governance and compliance in managing its business. Corporate governance and compliance is the collective responsibility of the Board, Senior Management and each and every employee of the Group. In Public Bank everyone is expected to self-regulate and be accountable for his or her own activities and maintain ethical principles and behavior in everything that he or she does.

In particular, the Anti-Money Laundering Act is of primary focus as it has been the centre stage of many financial crimes and terrorism issues. Staff is regularly briefed and educated to ensure awareness of and adherence to the requirements of the Anti-Money Laundering and Anti-Terrorism Act 2001. Subject Matter Expert on AML/CFT is appointed at every branch to facilitate communication and compliance as well as to provide on-site training.

As a reporting institution, Public Bank is responsible to ensure compliance and proper due diligence are conducted to combat money laundering and terrorist financing. With this in mind, Public Bank has invested in a new system to facilitate staff in their tracking and monitoring of money laundering transactions at branches.

Fraud incidences can tarnish the brand and affect the business. To ensure that staff is aware of the various fraud *modi operandi* and understand the need to be more vigilant in protecting the Public Bank Group's interest, courses such as fraud detection and zero defects are conducted.

The Public Bank Group views effective knowledge management as the key challenge to ensure staff are aware of risk issues surrounding their work activities and are able to manage these issues effectively in the course of their work.

### Growth Strategies

Developing staff and having depth in our leadership succession plans are vital in supporting our growth strategy. For many years, Public Bank has invested in developing its current and potential leaders. Leadership development is based on ongoing identification of candidates for key positions as well as high potential employees across business units, from branches to regional offices and from overseas branches.

The Public Bank Group nurtures its people to ensure they deliver on its brand promise. Public Bank believes that achievement is directly linked to the capability and productivity of its people. As such, at specific levels of the hierarchy, rigorous selection procedures including Mastery Tests are implemented to ensure that only those who can be scaled up are selected. A total of four Mastery Tests were conducted nationwide for 521 candidates in 2013.

In 2013, we continued to focus on communicating our mission, brand and strategies to our staff. Management Seminars and Sales Conventions which are held on an annual basis are highlight events that bring together Public Bank's key drivers at branches, Head Office and overseas operations. Such events are means of getting everyone aligned to the Public Bank Group's business strategies and instilling awareness, practice and delivery of its brand promise. They are also platforms to facilitate internal benchmarking and sharing of best practices.



### GEN YERS, FUTURISTIC LEADERSHIP

Gen Yers are the next layer of leadership for Public Bank. While growing our own talent from within, the Bank also takes advantage of its market position and brand strength to bring in new talents. High potential candidates are attracted to the Group because of its strong brand and corporate values, robust development and career opportunities. Consistent with global trends, Gen Yers form about 36% of the Bank's executives.

Proponents of Gen Yers claim that the future is in the hands of the Gen Yers. Gen Yers are seen as a breed of their own; raised in an environment significantly different from the other generations. Having had the best in the family space and more significantly, growing up in the fast growing technological era, Gen Yers are deemed, among others, to be smart but impatient, eager for responsibilities but only in their areas of interest, and like to be developed and to feel they are learning.

Public Bank's talent development programme for the Graduate Trainees, the PB TalentMax Programme, is very much a learner-focused programme, aimed at growing Gen Yers professionally and personally within the Bank. On-boarding and on-branding activities and learning help them to build multi-generational values; thus easing their assimilation into the organisational culture.



While equipping them with knowledge and skills beyond their scope of responsibility, experiential learning and on-the-job attachment at Head Office divisions ensures that they are holistic in their approach to work. The Programme also provides avenues for their input so that the opinions and thoughts of the Graduate Trainees are heard.

Public Bank is dedicated to recognising a balance between growth and social conscience. Character building takes place through various activities including undertaking community projects which challenge their planning and organisational skills while exposing them to social responsibility and a mindset of giving back to society. Among the projects undertaken during the year are visits to orphanages and old folk homes. Public Bank firmly believes that the ultimate way to scale the power of the brand is to share the good we do and commit to contributing back to society.

As part of the effort to minimise new employee turnover, periodic contacts by Human Resource and the trainers are made with new Graduate Trainees during their first year with the Bank. These interactions help Graduate Trainees establish a sense of identity with the Bank and serve as a channel for the Graduate Trainees to provide feedback on the progress of their training as well as to raise any issues of concern.

### VALUING COMMITMENT, MOTIVATING PERFORMANCE

Public Bank is a great place to work. In striving for brand excellence and to deliver our brand promises, we not only cultivate brand loyalty amongst customers but also amongst our staff.

Retirement and long service awards are a cause for celebration at Public Bank as we take a holistic view of the working lives of our staff. We make sure we mark these important events. The dedication and loyalty of staff is rewarded in more ways than one, such as the Long Service Award where 1,395 staff were recognised.

The Public Bank Group continued to award performing staff with generous bonuses and increments. The Group also regularly sends top sales performers on exclusive trips abroad as a way of saying “thank you” and “well done”. Such incentives have built a pool of dedicated staff who consistently strive to build the brand image and carry the brand promise to greater heights.

Public Bank’s business strategy is translated into the Public Bank Group’s balanced scorecard and this is aligned at each level of the organisation. This ensures our staff understand how their personal objectives relate to the strategy. Contribution is measured against various factors such as building the business, customer service, risk management, personal development and compliance.

In tandem with Bank Negara Malaysia’s emphasis on risk governance, a review on the current appraisal framework will be conducted to ensure that employees’ performance are appropriately balanced between achieving business outcome and engendering responsible risk behaviour.

Through formal review and regular feedback, all our people understand how their performance impacts colleagues, customers and the overall business success. Collectively, these act as effective processes for differentiating high performance and addressing underperformance at work.


A personalised new year message from the Chairman at the beginning of the year adds a personal touch and goes a long way towards informing staff nationwide and across all levels, of new thrusts and directions as well as provide morale sustenance to them to continue to be committed and passionate about the Group’s business.

### CONCLUSION

As the financial sector continues to implement cutting-edge technologies in its business, it is becoming widely accepted that an organisation’s success is determined by the decisions employees make and their behaviour within an organisation. People are the Public Bank Group’s primary asset. It is the people that provide the support and energy for the Group to move forward; constantly delivering and living the PB values, thus safeguarding the PB Brand and making it a sustainable brand.

Safeguarding Our Brand Value  
**Customer Service**





Service excellence is ingrained in our culture and has been a cornerstone of our success. It is not only what we deliver but how we deliver that will maintain our leadership position. Our commitment to delivering a high standard of customer service will forever remain part of our business creed.

# CALENDAR OF SIGNIFICANT EVENTS 2013

## CORPORATE

### 21 January

More than 1,300 sales personnel of Public Bank Group attended the National Sales Convention 2013 with the theme "Remain Resilient, Face Challenges", held at the Sunway Resort Hotel and Spa, Selangor.



### 18 March

A record turnout of 5,420 shareholders attended Public Bank's 47th Annual General Meeting (AGM) held at Shangri-La Hotel, Kuala Lumpur. Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow gave an opening address before handing over to Co-Chairman, Tan Sri Datuk Seri Utama Thong Yaw Hong to chair the AGM proceedings.



### 28 January

Cambodian Public Bank Plc opened its 25th branch in Phsar Kandal Market located in Phnom Penh.



### 29 March

Public Bank entered into an agreement with Bursa Malaysia Berhad to become the first bank to adopt eRights, the latest e-service by Bursa Malaysia to be introduced to the market. Being the first adopter of eRights, Public Bank was the first financial institution to provide investors the convenience of electronic subscription and payment of Rights issues via the Bank's ATM and Internet Banking facilities.



### 9 March

1,300 staff consisting of Managers and Officers from within Malaysia as well as abroad attended the 2013 Public Bank Management Seminar which was held at the Sunway Resort Hotel & Spa, Selangor.



### 3 April

Winton Financial Limited, Hong Kong relocated its Tuen Mun Branch to a new premise at the Ground Floor, 126, Ho Pong Street, Hong Kong.





**8 May**

Public Bank Berhad and Resona Bank Ltd. of Japan entered into a Memorandum of Understanding to strengthen the business collaboration between the two banks in various strategic areas of cooperation on the basis of equality and mutual benefit.



**22 May**

Public Bank entered into a Memorandum of Understanding with the Institute of Bankers Malaysia (IBBM) to provide knowledge and learning opportunities to the Bank's staff through The Chartered Banker Education Pathway.



**18 May**

More than 2,200 Public Mutual unit trust consultants attended its 24th National Sales Convention held at the Sunway Grand Lagoon Ballroom, Sunway Resort Hotel & Spa. Chief Executive Officer, Ms. Yeoh Kim Hong, presented an overview of the Company's achievement.



**15 June**

The 16th IBBM Graduation and Awards Ceremony held at the Majestic Hotel in Kuala Lumpur saw a total of 132 Public Bank staff graduated after successfully completed their respective IBBM certifications in year 2012.



**19 May**

Public Mutual Annual Awards Nite 2013 was held at the MINES International Exhibition and Convention Centre to award its top performing unit trust consultants (UTCs). The event was attended by over 2,800 UTCs, staff and guests.



**17 – 19 June**

Public Bank participated in the annual Governor's Cup Inter-Financial Institutions Public Speaking Contest organised by Bank Negara Malaysia and Dewan Bahasa dan Pustaka to promote and develop the national language amongst the Financial Institutions.



CALENDAR OF  
SIGNIFICANT EVENTS 2013  
– CORPORATE

**28 – 30 June**

Cambodia Public Bank Plc became the Gold sponsor of the CAM-MA SMEs Exhibition in its effort to contribute towards enhancing bilateral relationship between Malaysia and Cambodia at Diamond Island, Phnom Penh.



**9 – 19 September**

A series of business meetings with Branch Managers and HP Centre Heads were held over a four-day period at Menara Public Bank with a total of 257 Branch Managers, 27 HP Centre Heads and 20 selected HP Business Managers nationwide attended the meetings.



**1 November**

Public Bank opened Taman Equine Branch in Seri Kembangan, Selangor. This is the Bank's 49th branch in Selangor and the 258th branch in Malaysia.

**1 July – 30 September**

Cambodian Public Bank Plc launched a Customer Care Campaign with the theme, "Doing It Right For You", as part of the Bank's continuous effort to provide excellent service to its customers. All 25 branches of Cambodian Public Bank participated in the three-month nationwide campaign.



**18 September**

Public Bank (Hong Kong) Limited and AIA Hong Kong jointly officiated their 10-year strategic bancassurance relationship in a ceremony held at AIA Tower in Central, Hong Kong.



**2 August**

Public Bank opened Starpac Point Branch in Setapak, Kuala Lumpur. This is the Bank's 41st branch in Kuala Lumpur and the 257th branch in Malaysia.



**2 October**

Public Bank (Hong Kong) Limited relocated its Sheung Shui Branch to a new premises at 137, San Shing Avenue, Sheung Shui, New Territories, Hong Kong.



# CORPORATE SOCIAL RESPONSIBILITY

## 11 February

Cambodian Public Bank Plc donated a sum of USD1,000 to the Nokor Tep Foundation, a non-government organisation operating in Cambodia which aimed to build a USD5.5 Million 220-bed hospital to be named Nokortep Women's Hospital.



## 23 March

Menara Public Bank went dark for an hour to join the Earth Hour, a worldwide event organised by the World Wide Fund for Nature (WWF). Public Bank joined this global movement to show its commitment towards environment sustainability and caring for the planet.



## 1 March

Two homes, Joy Garden and House Of Joy, located at Semenyih and Puchong respectively received a donation of RM8,888 each and Chinese New Year hampers and angpows from Public Bank.



## 11 April

Public Bank contributed RM76,000 to the Bukit Aman Traffic Club to assist the Club to purchase exercise equipments for the gymnasium at Federal Traffic Bukit Aman to promote healthy living.



## 20 March

A group of 40 students from the School of Management, Universiti Sains Malaysia visited Menara Public Bank where they were given a brief on the operations of the Bank and career opportunity.



## 3 May

Public Bank hosted IJN Foundation to a one-day merchandise sales promotion at Menara Public Bank to raise funds for the Foundation in conjunction with the World Health Day.



CALENDAR OF  
SIGNIFICANT EVENTS 2013  
– CORPORATE SOCIAL RESPONSIBILITY

**16 May**

Public Bank's Knowledge and Learning Centre played host to the training staff of Dewan Bandaraya Kuala Lumpur who visited the IT and Training Centre in Bangi. The visitors were briefed on how the Bank designed its training programme as well as monitored and assessed staff after each training programme.



**1 July**

Cambodian Public Bank Plc donated a sum of USD50,000 for the construction of a new block of classrooms at Samproch High School in Kampong Thom Province. The cheque was presented by Mr. Phan Ying Tong, the Country Head of Cambodian Public Bank to H.E. Dr. Chea Chanto, Governor of the National Bank of Cambodia who received the cheque on behalf of the school.



**1 June**

A total of 19 Public Bank Graduate Trainees concluded a Corporate Social Responsibility (CSR) Project under their Programme for Executive Development with a visit to the Yayasan Sunbeams Home where they donated RM3,795 to the Home.



**30 July**

In conjunction with the Muslim's month of Ramadhan, Public Bank presented packed food worth RM4,000 to the Kuala Lumpur Traffic Police personnel to enable them to break their fast while on duty.



**1 June**

VID Public Bank's Ho Chi Minh City Branch visited an orphanage at 'Tinh That Bong Lai', Vung Tau Province, as part of the Bank's Corporate Social Responsibility initiatives. The Branch donated food supplies and stationeries contributed by the Bank's staff and customers to the orphanage.



**30 July**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman, presented a cheque of RM100,000 to the Chairperson of IJN Foundation, Toh Puan Dato' Seri Dr. Hajjah Aishah Ong at Menara Public Bank, being part of its annual grant totaling RM500,000 which began in 2010 for the running and up-keeping of the IJN Foundation-Public Bank Dormitory, a half-way house located at the IJN Hospital, Kuala Lumpur.



**21 August**

92 orphans from three orphanages were treated to a visit to Aquaria KLCC by Public Bank. They were from Rumah Bakti Ummi Atiqah, Rumah Bakti Nur Syaheera and Rumah Jalinan Kasih Anak-Anak Yatim/Miskin Cheras. The three homes also received a donation of RM5,000 each to assist them with their daily running and up-keeping.



**20 November**

Public Bank collaborated with the National Blood Centre by organising a blood donation campaign at the Main Lobby of Menara Public Bank. A total of 249 individuals generously donated their blood in support of the campaign.



**10 September**

Public Bank handed over 12,000 well-matured trees worth RM1 Million to the Department of Irrigation and Drainage Wilayah Persekutuan Kuala Lumpur in a ceremony held at the Flat Sri Johor Flood Retention Pond, Cheras, Kuala Lumpur. The trees were planted by the Bank during a period of three years beginning 2008 at the Flood Retention Pond under the Public Bank Tree Planting-Climate Change Programme.



**10 December**

Public Bank and Public Islamic Bank activated the Relief Assistance Programme for its customers and employees who were affected by the flood in several states in Malaysia by offering to the customers a six-month moratorium for the monthly instalment payments of loans and financing and by providing special cash relief assistance to affected employees and their families.



**11 November**

Public Bank sponsored RM10,200 towards the Dewan Bahasa dan Pustaka 1Malaysia Undergraduates Talents Development Programme which was aimed at promoting and developing literary skills in the Malay language amongst students from the Institutions of Higher Learning.



**17 December**

Universiti Tunku Abdul Rahman received the final grant of RM250,000 from Public Bank for the Tan Sri Dato' Sri Dr. Teh Hong Piow Chair in Banking and Finance to carry out research and development relating to the banking and financial products and management. The donation was part of the RM1.25 Million contributions committed over a period of five years.



## STAFF RELATIONS

### 12 February

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman, hosted a Chinese New Year Open House for Board of Directors and management staff of the Public Bank Group from head office, overseas offices, subsidiaries and branches in the Klang Valley at the Sunway Resort Hotel & Spa, Selangor.



### 16 March

Public Bank Group, Hong Kong held its Annual Dinner 2013 at the Kowloon Bay International Trade & Exhibition Centre with more than 1,300 staff in attendance.



### 23 & 24 February

Public Bank participated in the Inter-Financial Institutions Futsal Tournament 2012 organised by the National Bank's Sports Council Malaysia at Sports Planet Subang Grand, Subang Jaya, Selangor.



### 9 June

Public Bank Group Sports Club organised a Bowling Tournament for the Group's staff at Mega Lanes, Endah Parade, Seri Petaling, Kuala Lumpur. 30 teams participated and a total of RM4,300 in cash prizes were given away to the winners of the tournament.



### 9 March

Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow presented the Branch Performance Awards to top performing branches with the prestigious Founder & Chairman Award for the overall Best Branch being awarded to Johor Bahru branch.



### 22 June

A Labour Day Rally was organised by the Ministry of Human Resource at Stadium Putra, Kompleks Sukan Negara Bukit Jalil, Kuala Lumpur. A contingent of 105 staff from Head Office and Klang Valley branches attended the rally.



**6 July**

The Public Bank 47th Anniversary Banquet 2013 was held at the MINES International Exhibition and Convention Centre, Seri Kembangan, Selangor with the theme 'Hawaiian Nite'. About 2,870 staff from the Head Office attended the event which was graced by the Founder & Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow.



**7 September**

350 staff of Security Division from Menara Public Bank, Bangunan Public Bank and IT & Training Centre Bangi and their families attended a family day gathering organised by the Security personnel at Menara Public Bank, Kuala Lumpur.



**20 July**

Laos Operations held its Annual Dinner 2013 at Chankham Restaurant, Vientiane with the theme of the night 'Super Hero and Super Star Night'.



**10 November**

The annual Public Bank Group Sports Club Futsal Tournament was held at the Ampang Sports Planet, Ampang, Kuala Lumpur with 34 teams from all over Malaysia participating. A total of RM5,550 in cash prizes were given out to the winners.



## PRODUCTS AND SERVICES

### 1 January

Public Bank launched the 'PB Golden Fortune' Campaign which offered 3 Golden Plans to new and existing Public Bank customers from 1 January to 30 April 2013. There was a minimum investment amount for each Golden Plan as well as a minimum RM1,000 deposit placement by customers into their existing or new Current Account or Savings Account in order for them to be entitled to gold-plated gifts.



### 6 March

Public Bank commenced the distribution and sales of six Private Retirement Scheme (PRS) funds which are managed by Public Mutual. PRS is a voluntary long-term contribution scheme regulated by the Securities Commission of Malaysia to help individuals accumulate savings for retirement. Seminars, talks, roadshows, advertisements and campaigns on PRS were conducted to educate the public and creating more awareness on the PRS.

### 1 January

Public Bank launched a new fixed deposit campaign, 'PB FD Fortune', offering special interest rates to individual customers of both personal and joint accounts with a minimum placement amount of RM10,000 and a maximum amount of RM500,000 per customer for a limited period with 80% placement in fixed deposit and 20% placement in savings account.



### 19 January

In conjunction with the launch of PB Mixed Asset Allocation Fund (PBMAC), Public Bank held a series of investment seminars at Northern Regions I and II which was held at Sunway Carnival Mall and at Southern Region II which was held at Holiday Inn Hotel, Melaka.



### 25 March

In conjunction with the Bancassurance partnership between Public Bank Group and AIA Group Ltd., the premium investment-linked Bancassurance products empower Plan (EMP) and empower Edu Plan (EMEP) were officially launched.





**13 April**

Public Bank (Hong Kong) Limited organised an investment talk for its valued customers which was held at Hong Kong Productivity Council, Kowloon Tong to promote the Bank's investment products and services and to build rapport with the Bank's existing and potential customers.



**10 September**

The Inland Revenue Board (IRB) launched its Electronic Payment Services promotion, a collaboration with Public Bank, 12 other banks and Pos Malaysia to enable taxpayers to make tax payments online through electronic payment services.



**3 June**

A second fixed deposit (FD) campaign themed 'PB Super FD Rates' was launched which run from 3 June to 30 September 2013. It offered high fixed deposit rates up to 6.88% p.a. to individual customers with a minimum deposit of RM10,000. Similar to the first campaign, 80% from the total placement amount would be placed in FD and the balance 20% would be placed in savings account.



**19 November**

A BonusLink campaign named 'Public Bank Welcome Offer' was launched to reward loyal customers and encourage savings by allowing customers to collect all 200 BonusLink Points (BLP) for PB SaveLink or 300 BLP for PB CurrentLink accounts opened during the offer period.



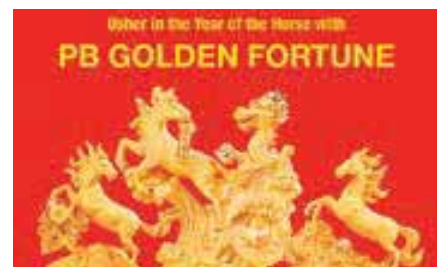
**21 August**

Public Bank and AIA Bhd launched a PB-AIA Visa Gold Credit Card that offered insurance protection and rewards scheme including premium rebates on all AIA insurance policies purchased plus complimentary Automatic Travel Insurance.



**1 December**

Public Bank launched a 'PB Golden Fortune' campaign in conjunction with the upcoming Chinese New Year festival with a choice of three 24K gold-plated gifts to all new and existing customers who deposited in the PLUS Current/Savings Accounts, Unit Trust Funds or Gold Investments Account during the offer period of 1 December 2013 to 31 March 2014.



## AWARDS AND ACCOLADES

### 14 January

Radar Global, a Hong Kong-based market research agency specialising in the business intelligence gathering across Asia Pacific and Middle East/North Africa, awarded Public Bank with the Gold Medal for the Best SME Banking Reputation.



### 15 March

Public Mutual won two Best of the Best Awards at the 2012 Asia Asset Management Best of the Best Country Award 2012 – Malaysia for Best Retail House and Best House for Offshore Funds.



### 25 February

Public Mutual emerged as the biggest winner at The Edge-Lipper Malaysia Fund Awards 2013 sweeping 14 awards in total. This is the 10th consecutive year Public Mutual has emerged as the biggest winner.



### 20 March

Public Bank's ability to maintain the outstanding Straight Through Processing performance was again recognised with two coveted awards: MT103 and MT202 Elite J.P. Morgan Quality Recognition Awards for 2012. This is the 11th consecutive year that Public Bank received these awards.



### 12 March

For the fourth consecutive year, Public Bank was accorded The Asset Platinum Corporate Award 2012 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations.



### 22 March

Public Bank bagged an award from Lembaga Zakat Selangor for the Highest Increase in Zakat by Collecting Agents in Terms of Percentage for 2012. Public Bank has been providing the zakat collection service to Lembaga Zakat Selangor since 2004.



**22 March**

Public Mutual was accorded the 2012 Morningstar Malaysia Fund Awards for Best Islamic Malaysia Equity Fund category for Public Islamic Select Enterprises Fund and Best Islamic MYR Bond Fund category for PB Islamic Bond Fund.



**26 April**

Public Bank won the Silver Award in the Finance category of the Putra Brand Awards 2013 organised by the Association of Accredited Advertising Agents Malaysia.



**27 March**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, was conferred Asia's Best CEO (Investor Relations) 2013 for Malaysia by Corporate Governance Asia in their 3rd Asian Excellence Recognition Awards 2013.



**7 May**

Public Bank was bestowed the 'Tiang Seri Utama' award for Top SME Supporter in the CGC Top SME Supporter Awards 2012 by Credit Guarantee Corporation.



**27 March**

For the third consecutive year, Public Bank was awarded by Corporate Governance Asia with the Best Corporate Social Responsibility for Malaysia and Best Investor Relations Company for Malaysia in their 3rd Asian Excellence Recognition Awards 2013.



**9 May**

For the sixth time, Public Bank was awarded the 2013 Frost & Sullivan Malaysia Excellence Awards – Automotive Finance Company of the Year by Frost & Sullivan.



CALENDAR OF  
SIGNIFICANT EVENTS 2013  
– AWARDS AND ACCOLADES

**28 May**

Public Bank was honoured with two awards by Reader's Digest, namely Trusted Brand Gold Award 2013 for the Bank category in Malaysia for the 10th consecutive year and Credit Card Issuing Bank Gold Award 2013.



**10 June**

The Bank of New York Mellon presented Public Bank with the Straight-Through Processing Award 2012.



**28 May**

Public Mutual was awarded by the Reader's Digest Trusted Brand Platinum Award for the Investment Fund Company category in Malaysia 2013 for the third consecutive year.



**11 June**

Cambodian Public Bank Plc received the Domestic Retail Bank of the Year 2013 – Cambodia by Asian Banking and Finance, Singapore for the second year.



**28 May**

Public Mutual received The BrandLaureate BestBrands Signature Award 2012-2013 for Investment – Unit Trusts category.



**20 June**

Cambodian Public Bank Plc was awarded the USD 2012 Straight-Through Processing Excellence Award by Deutsche Bank, New York for the second consecutive year for its exceptionally high accuracy in the processing of outward payment messages.



**25 June**

For the eighth time, Cambodian Public Bank Plc was awarded the Bank of the Year 2012 – Cambodia by the Banker of London.



**25 June**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, received the Asian Corporate Director Recognition Award 2013 for Malaysia from Corporate Governance Asia.



**25 June**

For the ninth consecutive year, Public Bank was awarded the Corporate Governance Asia Recognition Award 2013 for Malaysia by Corporate Governance Asia.



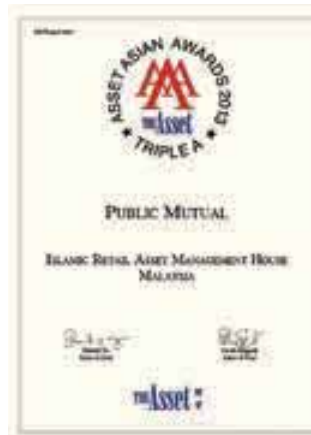
**27 June**

Public Bank received the 2012 EUR Straight-Through Processing Excellence Award by Deutsche Bank.



**3 July**

Public Mutual was accorded The Asset Triple A Islamic Finance Award 2013 for Best Islamic Retail Asset Management House in Malaysia.



**6 July**

Tan Sri Dato' Sri Dr. Teh Hong Piow, Founder and Chairman of Public Bank, was presented with The BrandLaureate Banker of the Year Award 2012 – 2013 by the Asia Pacific Brands Foundation.



CALENDAR OF  
SIGNIFICANT EVENTS 2013  
– AWARDS AND ACCOLADES

**6 July**

Public Bank was awarded The BrandLaureate Signature Brand Award for the Banking Category 2012 – 2013 by the Asia Pacific Brands Foundation.



**12 September**

FinanceAsia, a leading Hong Kong-based financial publication, announced Public Bank as the Best Bank in Malaysia 2013 for the 15th consecutive year.



**18 July**

Public Bank was accorded the Domestic Retail Bank of the Year – Malaysia 2013 by the Asian Banking & Finance, Singapore for the fifth time.



**12 September**

For the seventh consecutive year, Public Bank was awarded the Best Bank in Malaysia 2013 and the Best SME Bank in Malaysia 2013 for the third time by the Alpha Southeast Asia magazine, a Hong Kong-based financial publication.



**2 September**

Public Bank was accorded the Most Profitable Company in Finance Sector in The Edge Billion Ringgit Club Corporate Awards 2013.



**12 September**

Alpha Southeast Asia has ranked Public Bank as one of the Top 3 Companies in Malaysia with the Most Consistent Dividend Policy in their Alpha Southeast Asia Institutional Investor Corporate Awards 2013.



**24 September**

Public Mutual was awarded KLIFF 2013 (Kuala Lumpur Islamic Finance Forum) for Most Outstanding Islamic Fund Manager.



**17 November**

Yazhou Zhoukan has ranked Public Bank as 2nd in the 2013 ranking of top 10 Malaysian banks in terms of total assets.



**21 November**

Public Bank 2012 Annual Report was acknowledged with the Overall Excellence – Silver Award and the Best Annual Report in Bahasa Malaysia – Platinum Award in the National Annual Corporate Report Awards (NACRA) 2013.



**29 November**

The Asset magazine named Public Bank the Best Domestic Bank in Malaysia 2013 for the 12th consecutive year.



**10 December**

For the fifth consecutive year, Public Bank was accorded The Asset Platinum Corporate Award 2013 for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations.



**16 December**

Public Bank emerged as one of the Top Five Overall Corporate Governance Award recipients presented by the Minority Shareholders Watchdog Group (MSWG) during the MSWG's unveiling of the Malaysia-ASEAN Corporate Governance Index 2013 (MACGI) – The Malaysian Chapter and awards presentation. The Bank was also the recipient of the MACGI Corporate Governance Industry Excellence Award for the Financial category.



# BURSA MALAYSIA LISTING REQUIREMENTS COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"):

## (i) Utilisation of Proceeds Raised from Corporate Proposals

During the year, the following issuances were made by Public Bank:

- (a) RM400 million Senior Medium Term Notes under the RM5.0 billion Senior Medium Term Notes Programme
- (b) RM1.95 billion Subordinated Notes under the RM10.0 billion Basel III - Compliant Tier II Subordinated Medium Term Notes Programme, issued in the following tranches during the year:
  - i) First tranche of RM1.0 billion Subordinated Notes issued on 25 September 2013
  - ii) Second tranche of RM450 million Subordinated Notes issued on 28 October 2013
  - iii) Third tranche of RM500 million Subordinated Notes issued on 15 November 2013

The salient features of the Senior Medium Term Notes Programme and the Basel III - Compliant Tier II Subordinated Medium Term Notes Programme are as disclosed in Note 22 to the financial statements.

The proceeds raised from the issuances of Senior Medium Term Notes and Basel III - Compliant Subordinated Notes during the year have been used for working capital, general banking and other corporate purposes.

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

*Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.*

## (ii) Share Buy Back

There were no shares bought back by Public Bank during the year. All the ordinary shares of RM1.00 each ("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 2013, a total of 29,800,704 PBB Shares bought back were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial 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 2013 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2013.

*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 2013.

*Disclosed in accordance with Appendix 9C, Part A, item 16 of the Listing Requirements of Bursa Malaysia.*

## (v) Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on Public Bank and its subsidiary companies, directors or management by the relevant regulatory bodies, which were made public during the financial year ended 31 December 2013.

*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 2013 amounted to RM919,000 and RM401,000 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 2013.

*Disclosed in accordance with Appendix 9C, Part A, item 19 of the Listing Requirements of Bursa Malaysia.*

**(viii) Profit Guarantee**

There was no profit guarantee given by Public Bank and its subsidiary companies during the financial year ended 31 December 2013.

*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 2013 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 & OUTLOOK

## I. GLOBAL PERSPECTIVE:

The global economic environment continued to be challenging in 2013. Despite firmer signs of recovery, particularly in the US and Japan, global growth was modest as a possible tapering of the US Federal Reserve ("Fed") quantitative easing ("QE") programme and concerns over China's economy slowing down contributed to greater global economic and financial uncertainties. In the US, growth was hampered by fiscal consolidation such as higher payroll tax and the sequester or budget cuts earlier in the year. Also conflicts over the US budget which resulted in a partial government shutdown and issue of raising debt ceiling led to increased uncertainty and lower growth. However, continued recovery in the housing market and improved labour market conditions had helped support growth. Japan's economy was boosted by Abenomics monetary easing and fiscal stimulus measures aimed at ending deflation and enhancing growth. The euro area remained weak amid on-going fiscal consolidation, weakness in financial system, policy uncertainty and persistent high unemployment. During the year, central banks in the advanced economies utilised QE policies alongside record low interest rates to support economic growth.

Growth in the emerging market and developing economies moderated due to prolonged weakness in the advanced economies. Also, a surge in credit in many emerging markets such as China and India had led to high inflation and tightening measures which slowed down investment and growth in these economies. The possibility of the US QE tapering had created increased financial and currency volatility as a result of reversal in global capital flows. While a number of central banks in the region had adopted a tighter monetary policy stance to ease inflation and stabilise domestic currencies, most maintained an accommodative stance to continue support growth.

## II. MALAYSIAN ECONOMY: REVIEW

Despite the increasingly challenging global economic and financial conditions, Malaysia's economic performance remained respectable in 2013. Growth continued to be driven by strong domestic demand, particularly private investment and consumption, as well as a modest recovery in the external sector recorded in the second half of the year. Underpinning the growth, the economy continued to be supported by strong macroeconomic fundamentals such as low unemployment, manageable inflation and high reserves as well as accommodative monetary and fiscal policies. Given the strong domestic economy and improved prospects in the external environment in the second half of the year, the economy is expected to grow by 4.5% to 5.0% in 2013.

After a moderate growth of 4.3% in the first half of 2013, real gross domestic product ("GDP") picked up to grow by 5.0% in the third quarter of 2013, with domestic demand continued to drive growth, led by robust private consumption and investment activities and reinforced by a gradual improvement in the external sector (Table 1). The expansion in private consumption was led by stable employment conditions and higher income growth, while growth in private investment was underpinned by capital spending in the services and manufacturing sectors and on-going implementation of projects under the Economic Transformation Programme ("ETP"). On the supply side, most economic sectors further expanded in the third quarter of 2013, with the services, manufacturing and construction sectors continued to be the growth drivers (Table 2). Growth in the services sector was supported by domestic consumption and investment activities. The expansion in the manufacturing sector was contributed by sustained growth in the domestic-oriented industries and an improvement in the export-oriented industries. The construction sector continued to be driven by on-going civil engineering and residential activities.

**Table 1**

**Malaysia: GDP by Expenditure Components, 2012-2013  
(at constant 2005 prices)**

	% Annual Change			
	2012	2013		
		1Q	2Q	3Q
Aggregate Domestic Demand	10.6	8.2	7.4	8.3
Consumption	7.1	6.2	8.1	8.1
Private sector	7.7	7.5	7.2	8.2
Public sector	5.1	0.6	11.8	7.8
Gross Fixed Capital Formation	19.9	13.1	6.0	8.6
Exports of Goods and Services	-0.1	-0.6	-5.2	1.7
Imports of Goods and Services	4.7	3.6	-2.0	1.8
<b>GDP</b>	<b>5.6</b>	<b>4.1</b>	<b>4.4</b>	<b>5.0</b>

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2013.

**Table 2**

**Malaysia: GDP by Economic Activity, 2012-2013  
(at constant 2005 prices)**

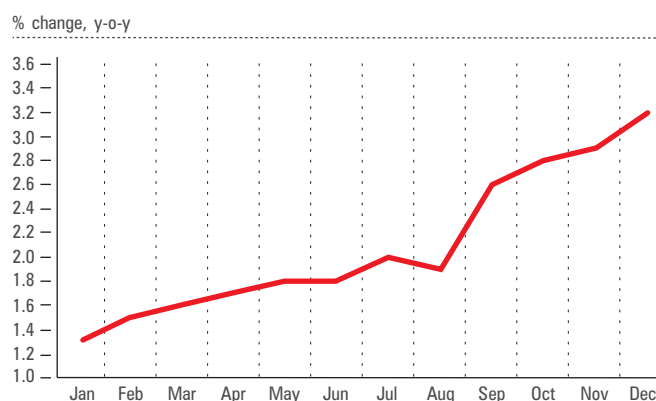
	% Annual Change			
	2012	2013		
		1Q	2Q	3Q
Agriculture	1.0	6.0	0.4	2.1
Mining	1.4	-1.9	4.1	1.7
Manufacturing	4.8	0.3	3.5	4.2
Construction	18.1	14.2	9.9	10.1
Services	6.4	6.1	5.0	5.9
<b>GDP</b>	<b>5.6</b>	<b>4.1</b>	<b>4.4</b>	<b>5.0</b>

Source: Department of Statistics, Malaysia, Gross Domestic Product, Third Quarter 2013.

Inflation trended upward, especially in the second half of 2013 due to the subsidy rationalisation. Headline inflation increased from 1.3% in January 2013 to 3.2% in December 2013 (Graph 1). Much of the increase in headline inflation was largely attributed to increases in prices in the food and non-alcoholic beverages, as well as housing, water, electricity, gas and other fuels categories. The surge in inflation during the year was also attributed to the upward adjustment to petrol prices in September 2013 and higher tobacco excise duty in October 2013. The labour market was stable, with the unemployment rate remained low in the range of 2.8% to 3.4% during the year (Graph 2).

**Graph 1**

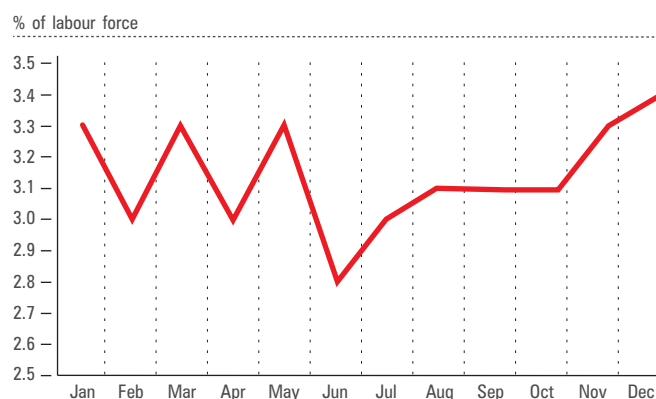
**Malaysia: Headline Inflation, 2013**



Source: Department of Statistics, Malaysia, Consumer Price Index, various issues.

**Graph 2**

**Malaysia: Unemployment Rate, 2013**



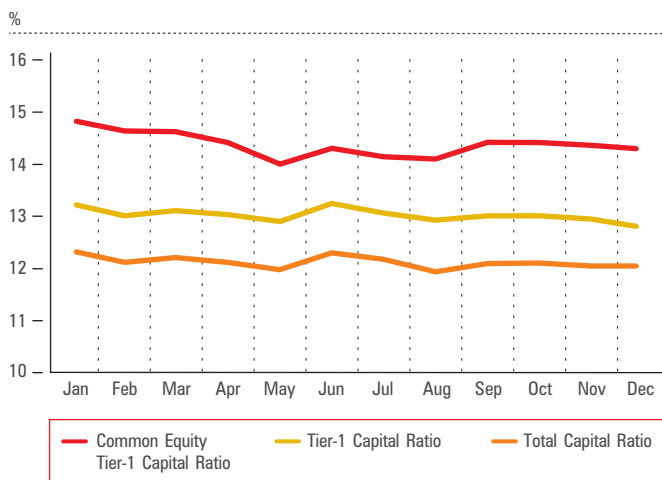
Source: Department of Statistics, Malaysia, Principal Statistics of Labour Force, November 2013.

### Banking System

The banking system remained resilient. Despite the implementation of the new and more stringent Capital Adequacy Framework under the Basel III regime effective from 1 January 2013, banks continued to be well-capitalised, with the common equity tier 1 (CET1) capital ratio, tier 1 capital ratio and total capital ratio of the banking system remained well above the minimum regulatory levels, at 12.0%, 12.8% and 14.3% respectively in December 2013 (Graph 3). The resilience of the banking system was further supported by ample liquidity in the system and high asset quality. In 2013, gross impaired loans ratio eased to 1.9% in December 2013 after stabilising at 2.0% during the year. The loan-to-deposit ratio sustained at 80.3% at end-December 2013 (Graph 4). In tandem with the economic activity, total loans of the banking system continued to grow, but at a more moderate pace. Annual loan growth moderated from 11.3% as at end-January 2013 to 10.6% as at end-December 2013, with loans to households sustained, while loans to businesses moderated (Graph 5). The banking sector continued to tap on stable retail deposits to fund lending activities. Annual deposit growth was at 8.5% in December 2013 (Graph 6).

**Graph 3**

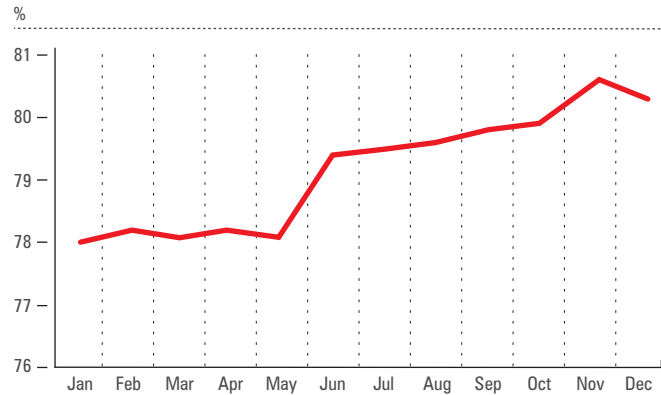
**Banking System: Capital Strength, 2013**



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2013.

**Graph 4**

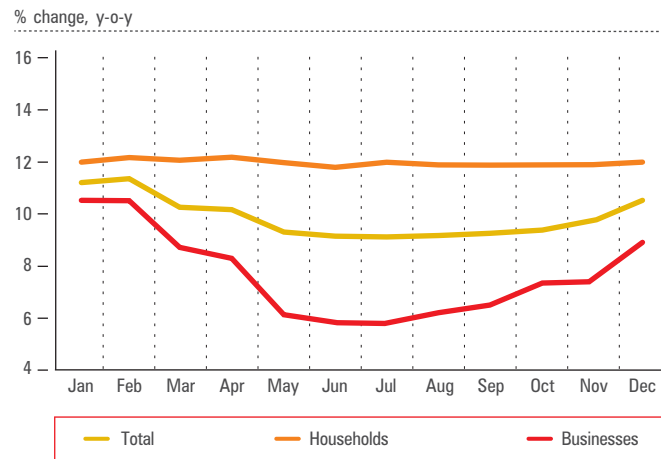
**Banking System: Loan-Deposit Ratio, 2013**



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2013.

**Graph 5**

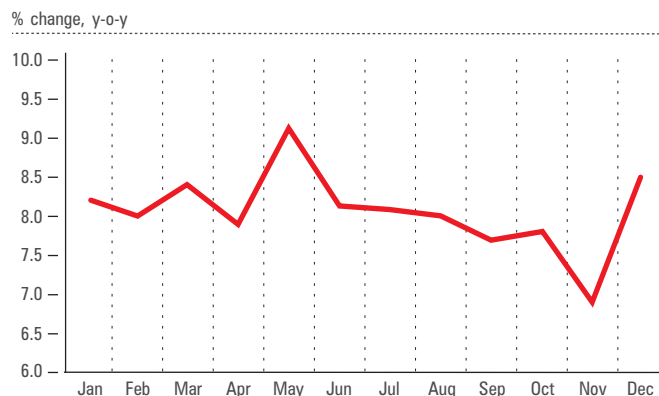
**Banking System: Loan Growth, 2013**



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2013.

**Graph 6**

**Banking System: Deposit Growth, 2013**



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2013.

**Monetary Policy**

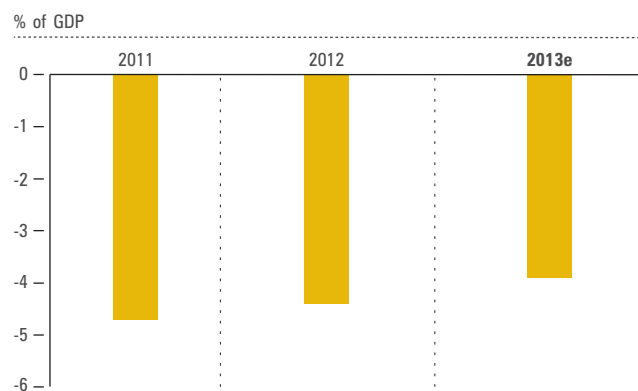
In 2013, monetary policy was focused on supporting growth amid an environment of continued weakness and uncertainties in the global economy. With inflation remained relatively contained, Bank Negara Malaysia (“BNM”) had maintained its Overnight Policy Rate (“OPR”) at 3% since May 2011. During the year, the key lending rates and the deposit rates were stable in line with the unchanged OPR. The Statutory Reserve Requirement was kept steady at 4% since July 2011.

**Fiscal Policy**

Despite uncertainties in the external environment, the Government remained committed in pursuing fiscal consolidation while supportive of policies which would accelerate long-term transformation of the economy. The fiscal deficit of the Federal Government is expected to be further reduced from 4.5% of GDP in 2012 to 4.0% in 2013 (Graph 7). In the third quarter of 2013, Federal Government’s external debt remained low at 1.7% of GDP.

**Graph 7**

**Malaysia: Federal Government Fiscal Balance, 2011-2013**



Note: e Estimate

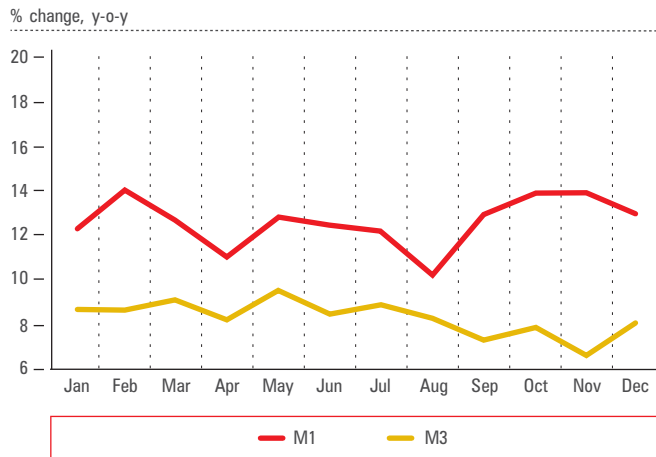
Source: Ministry of Finance, Malaysia, Economic Report, 2013/2014.

### Monetary Aggregates

Monetary aggregates remained expansionary in tandem with the growth in economic activity. In December 2013, narrow money or M1 increased by 13.0% and broad money, M3 expanded by 8.1% (Graph 8). The expansion in M3 was mainly on account of credit extension to the private sector by the banking system.

**Graph 8**

**Malaysia: Monetary Aggregates, 2013**



Source: Bank Negara Malaysia, Monthly Statistical Bulletin, December 2013.

### External Position

The current account of the balance of payments remained in a surplus in 2013, despite fears of a deficit due to the weak external environment in the first half of 2013. Given larger surplus in the trade account amid an improved external sector, the surplus in the current account of the balance of payments widened to RM9.8 billion or 4.1% of gross national income ("GNI") in the third quarter of 2013 from RM2.6 billion in the second quarter of 2013 (Table 3). Malaysia's international reserves remained strong at US\$134.9 billion as at end-December 2013. The level of reserves was sufficient to finance 9.6 months of retained imports and was 3.7 times the short-term external debt (Graph 9). Total external debt of the country stood at 32.1% of GNI as at end-September 2013.

**Table 3**

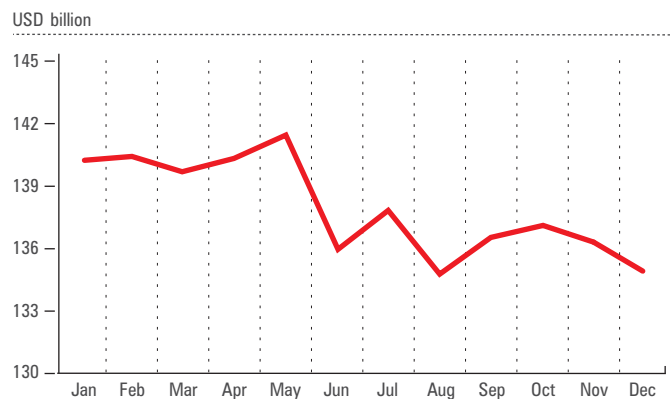
**Malaysia: Current Account Balance, 2012-2013**

	2012		2013		
	3Q	4Q	1Q	2Q	3Q
Current Account Balance (RM billion)	9.6	22.9	8.7	2.6	9.8
% of GNI	4.2	9.6	3.9	1.1	4.1

Source: Bank Negara Malaysia, Quarterly Bulletin, Third Quarter 2013.

**Graph 9**

**Malaysia: International Reserves, 2013**



Source: Bank Negara Malaysia, Press Statements on International Reserves.

### Ringgit Exchange Rate

The performance of the ringgit was largely influenced by external factors, such as the implementation of stimulus measures in the advanced economies and concerns over the possible scaling back of the QE by the US Fed which prompted a reversal of capital flows from most regional financial markets. From January 2013 to December 2013, the ringgit appreciated against the Japanese yen (13.7%), but depreciated against the US dollar (-6.8%), euro (-10.7%) and pound sterling (-8.6%). Against the regional currencies, the ringgit strengthened against Thai baht (0.2%), Philippine peso (0.7%) and Indonesian rupiah (17.8%), but weakened against the Singapore dollar (-3.5%), Korean won (-7.8%) and Chinese renminbi (-9.5%).

## III. PROSPECTS, 2014

### Global Economy: Growth Strengthens Moderately

The global economy is expected to strengthen moderately in 2014. Growth in the US and Europe is expected to be supported by substantial easing of fiscal consolidation and a continued highly accommodative monetary policy. In the US, the continuing recovery in the housing market and higher household wealth are expected to support growth of its economy. In the euro area, although growth in the periphery is still constrained by tight credit conditions, the region is expected to gradually be out of recession, underpinned by smaller fiscal reductions and stronger external demand. For Japan, while the increase in consumption tax will likely weigh on growth prospects in 2014, the stimulus package in the supplementary budget is expected to help cushion the impact of the tax hike. Overall, a fragmented financial system in the euro area and high public debt in most advanced economies remain as downside risks to global economic growth prospects.

The emerging market and developing economies face both the challenge of slowing economy and tighter global financial conditions. These economies remain vulnerable to the uncertainties surrounding the fiscal and monetary policy adjustments in the advanced economies, particularly by the US. Also structural impediments in a few of the emerging market and developing economies will weigh on growth. Notwithstanding this, growth of these economies is expected to remain at a healthy pace on the back of anticipated stronger recovery in the advanced economies, strong domestic demand and supportive fiscal and monetary conditions.

### Malaysia: Sustaining Domestic Demand

Although some degree of uncertainty remains in the global economic and financial environment due to the anticipated scaling back of stimulus measures, especially in the US, outlook for the Malaysian economy remains positive, with growth projected at 5.0-5.5% in 2014. The growth will be supported by stable private consumption and investment activities as well as an improving external sector (Table 4). Stable labour market conditions and higher income, including cash handouts, tax relief for middle income group and stable commodity prices will continue to support private consumption.

Private investment is expected to remain strong, underpinned by the accelerated implementation of on-going projects under the ETP. Measures in the 2014 Budget to further promote private sector participation in the economy and initiatives to further support the growth of the small and medium enterprises will further boost investment activities in 2014.

Growth in exports is expected to be underpinned by the on-going recovery in the advanced economies and stronger intra-regional trade.

**Table 4**

**Malaysia: GDP by Expenditure Components, 2014  
(at constant 2005 Prices)**

	% Annual Change
Aggregate Domestic Demand	5.9
Consumption	5.6
<i>Private sector</i>	6.2
<i>Public sector</i>	3.3
Gross Fixed Capital Formation	6.6
Exports of Goods and Services	1.6
Imports of Goods and Services	2.2
<b>GDP</b>	<b>5.0-5.5</b>

Source: Ministry of Finance, Malaysia, Economic Report, 2013/2014

## MALAYSIAN ECONOMY: REVIEW & OUTLOOK

On the supply side, growth is expected to remain broad-based (Table 5). The services sector will be buoyed by strong domestic economic activities and improving trade and manufacturing activities. The upcoming Visit Malaysia Year 2014 will be a boon to the services sector. The manufacturing sector will continue to be supported by strong domestic-oriented industries and recovery in the export-oriented industries amid the gradual pick up in the global economy and higher intra-regional trade. The construction sector is expected to remain strong, underpinned by acceleration in the implementation of infrastructure projects and residential activities.

**Table 5**

**Malaysia: GDP by Economic Activity, 2014  
(at constant 2005 Prices)**

	<b>% Annual Change</b>
Agriculture	3.0
Mining	3.1
Manufacturing	3.8
Construction	9.6
Services	5.7
<b>GDP</b>	<b>5.0-5.5</b>

Source: Ministry of Finance, Malaysia, Economic Report, 2013/2014

Headline inflation is expected to pick up further in 2014 due to expectation of further subsidy rationalisation. However, the inflationary pressure is expected to be tempered by stable external price environment, increased capacity expansion and improved productivity.

In addressing the country's fiscal concern, the Government is expected to continue its fiscal reform initiatives in 2014 without undermining economic growth. In the 2014 Budget, the Government has outlined measures to promote fiscal sustainability, including strengthening revenue through better tax administration and revenue collection, as well as optimising fiscal resources to generate growth such as focusing on high value-add investments and intensifying human capital development. The fiscal reform measures are expected to bode well for Malaysia's credit profile. Given considerable uncertainty in the global economic environment, monetary policy is expected to remain accommodative to support domestic growth.

The banking sector is expected to remain strong and will continue to provide steady access to credits for households and businesses. The concern on high household indebtedness is not expected to pose significant risk to the banking system as household repayment capacity remains intact. Furthermore, various macroprudential measures introduced by BNM will help contain household debt at a healthy level.



## STOCK MARKET PERFORMANCE IN 2013

- The FTSE Bursa Malaysia Composite Index ("FBM KLCI") saw a 1.0% (17.32 points) loss in the first quarter of 2013, recovering from a mid-quarter swoon which saw the benchmark index losing as much as 4.4% in value. The announcement of Malaysia's fourth quarter 2012 Gross Domestic Product ("GDP") growth of 6.5% was insufficient to calm jittery nerves emanating from General Election-related concerns.
- Market strength in the second quarter of 2013 was accompanied by general improvements in macroeconomic conditions, principally that of Europe which showed nascent signs of recovery and finally emerging out of its multiple-year recession. Economic data out of the US continued to be mixed, with its housing market recovery gaining traction but its unemployment situation still troubling. The FBM KLCI added 6.1% in value during the period despite the release of Malaysia's first quarter 2013 GDP growth of only 4.1%.
- The third quarter of 2013 was one to forget for most global markets, Asia in particular, with some tumbling as much as 15.0% in September on concerns of an imminent tapering of stimulus measures by the US Federal Reserve. A political impasse in the US, which threatened global financial markets with a potential default in its loan obligations, spooked investors further. The period was also an eventful one for the FBM KLCI which hit a high of 1,811.65 points and a low of 1,660.39 points before settling to close the quarter 0.3% lower compared to previous quarter. Announcement of a slightly stronger 4.4% GDP growth for the second quarter of 2013 did little to inspire confidence.
- The last quarter of 2013 started off with a partial shutdown in the US government as a result of the political standoff, which ended 16 days later. Amid the still challenging global environment, comments by various central bank officials worldwide reaffirming accommodative monetary policies helped keep market sentiment buoyant. Bank Negara Malaysia announced GDP growth of 5.0% for the third quarter of 2013 while the FBM KLCI closed the year at 1,866.96 points, a gain of 178.01 points or 10.5% for 2013. The quarter also saw the benchmark FBM KLCI hitting an all-time high of 1,882.20 points.

## PUBLIC BANK SHARE PRICE PERFORMANCE IN 2013

### Highlights

#### SHARE PRICE (LOCAL)

2013: RM19.40  
2012: RM16.28

 **19.2%**

#### SHARE PRICE (FOREIGN)

2013: RM19.54  
2012: RM16.30

 **19.9%**

#### MARKET CAPITALISATION

2013: RM68.67 Billion  
2012: RM57.52 Billion

 **19.4%**

#### NET RETURN ON EQUITY

2012: 24.1%\*

**22.4%**

#### EARNINGS PER SHARE

2013: 116.1 sen  
2012: 109.3 sen\*

 **6.2%**

#### DIVIDEND PER SHARE

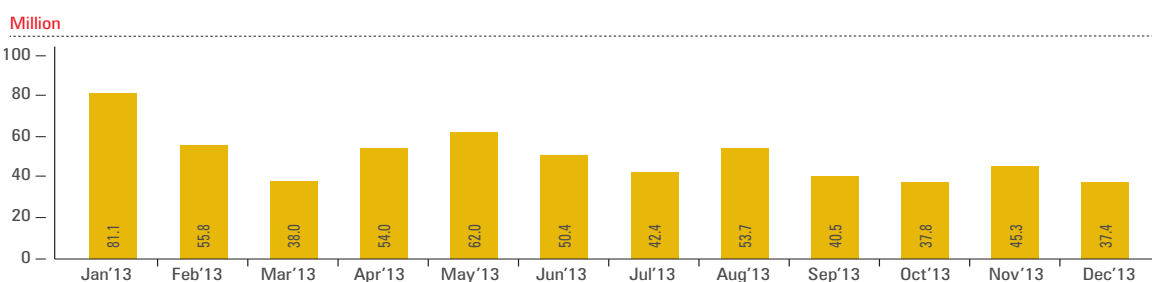
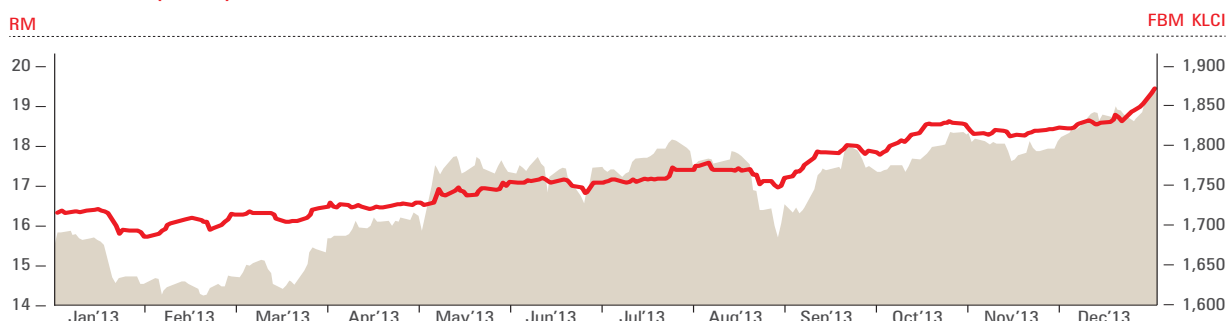
2013: 52 sen  
2012: 50 sen

 **4.0%**

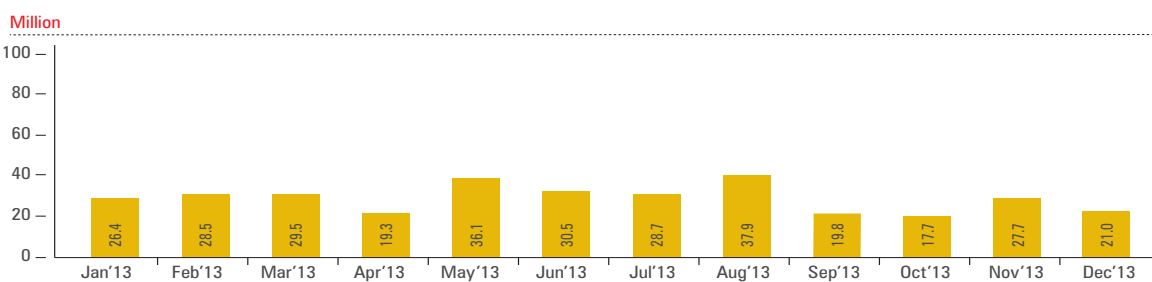
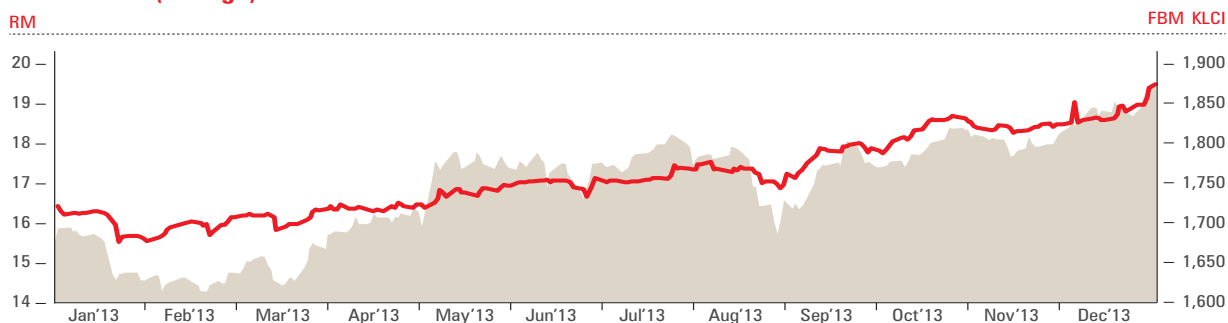
\* Restated due to retrospective application of MFRS 119

- ➔ 2013 was another banner year for the Group, as Public Bank (Local) share price rose by 19.2% to RM19.40 as at the end of 2013 from RM16.28 as at the end of 2012. During the year, Public Bank (Foreign) share price registered stronger gain of 19.9% to close the year at RM19.54 compared to RM16.30 as at the end of 2012. Including the 52 sen single tier dividend paid for the year, shareholders of both Public Bank (Local) and Public Bank (Foreign) shares would have reaped a total return of 22.4% and 23.1% respectively for 2013, based on the closing prices of both shares. As at the end of 2013, both Public Bank (Local) and Public Bank (Foreign) shares outperformed the FBM KLCI which only increased 10.5% in 2013, as well as the Kuala Lumpur Finance Index which rose by 10.4% in the same period.
- ➔ Similar to the previous corresponding period, the first quarter of 2013 saw subdued Public Bank share prices in line with the general weakness in the market. The second quarter saw a more encouraging gain in Public Bank share prices, although slightly below that of the broader market amid a healthier macroeconomic picture. The third quarter was a different story altogether as Public Bank share prices gained further and outperformed the FBM KLCI amid market turmoil, emblematic of the Group's strength and stability in adversity. During the last quarter of the year, Public Bank share prices continued to trend higher on the back of the Group's favourable third quarter 2013 results. On 31 December 2013, Public Bank (Local) share advanced to an all-time high of RM19.90.
- ➔ Public Bank's market capitalisation rose to RM68.67 billion as at the end of 2013, up RM11.15 billion or 19.4% from RM57.52 billion as at the end of 2012.
- ➔ Average daily volume and value of Public Bank shares traded in 2013 stood at 3.7 million shares (2012: 4.2 million shares) and RM63.2 million (2012: RM60.1 million) respectively.

### Public Bank (Local) Share Price and Transactions in 2013



### Public Bank (Foreign) Share Price and Transactions in 2013



■ FBM KLCI      — Share Price (RM)      ■ Volume (million)

### Proposed Merger of PBB (Local) Shares and PBB (Foreign) Shares

- On 2 January 2014, Public Bank announced that it is proposing to undertake the merger of PBB (Local) Shares and PBB (Foreign) Shares, which will result in the entire issued and paid-up share capital of Public Bank to be quoted and traded on Bursa Securities under a single stock code 1295, upon completion of the merger.
- The proposed merger of PBB (Local) Shares and PBB (Foreign) Shares is subject to approvals from Bursa Securities, shareholders of Public Bank at the forthcoming Annual General Meeting and any other relevant authorities (if required).
- Barring unforeseen circumstances, it is expected the above proposal would be completed by the second quarter of 2014.

# ANALYSIS OF SHAREHOLDINGS

as at 27 January 2014

Authorised Share Capital	:	RM10,000,000,000
Issued and Paid-up Share Capital	:	RM3,531,925,834 comprising 3,531,925,834 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	11,227	14.17	336	0.42	366,643	0.01	12,975	*1
100 – 1,000	13,033	16.45	515	0.65	6,457,993	0.18	257,455	0.01
1,001 – 10,000	37,757	47.65	3,486	4.40	120,517,422	3.44	14,818,453	0.42
10,001 – 100,000	9,055	11.43	2,242	2.83	230,751,574	6.59	64,710,419	1.85
100,001 – 175,106,256 (less than 5% of issued shares*2)	917	1.15	672	0.85	1,626,654,451	46.45	975,251,678	27.85
175,106,257 (5% of issued shares*2) and above	1	*1	–	–	462,326,067	13.20	–	–
<b>Total</b>	<b>71,990</b>	<b>90.85</b>	<b>7,251</b>	<b>9.15</b>	<b>2,447,074,150</b>	<b>69.87</b>	<b>1,055,050,980</b>	<b>30.13</b>
<b>Grand Total</b>	<b>79,241 (100%)</b>				<b>3,502,125,130 (100%)*2</b>			

Notes:

\*1 Less than 0.01%.

\*2 Excluding a total of 29,800,704 Public Bank (PBB) shares bought-back by PBB and retained as treasury shares as at 27 January 2014.

## DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND IN SUBSIDIARY COMPANY BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

### Shares Held in the Company

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares* <sup>5</sup>	No. of Shares Held	% of Issued Shares* <sup>5</sup>	No. of Shares Held	% of Issued Shares* <sup>5</sup>
Tan Sri Dato' Sri Dr. Teh Hong Piow	22,464,802	0.64	820,835,261* <sup>1</sup>	23.44	843,300,063	24.08
Tan Sri Datuk Seri Utama Thong Yaw Hong	7,633,342	0.22	857,785* <sup>2</sup>	0.02	8,491,127	0.24
Tan Sri Dato' Sri Tay Ah Lek	5,898,951	0.17	354,315* <sup>2</sup>	0.01	6,253,266	0.18
Dato' Sri Lee Kong Lam	380,866	0.01	434,957* <sup>3</sup>	0.01	815,823	0.02
Dato' Yeoh Chin Kee	100,000	* <sup>4</sup>	–	–	100,000	* <sup>4</sup>
Dato' Haji Abdul Aziz bin Dato' Dr. Omar	82,037	* <sup>4</sup>	–	–	82,037	* <sup>4</sup>
Lai Wan	–	–	16,959* <sup>3</sup>	* <sup>4</sup>	16,959	* <sup>4</sup>

Notes:

\*<sup>1</sup> Deemed to have interests in PBB shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

\*<sup>2</sup> 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 corporation by virtue of Section 6A(4) of the Companies Act, 1965.

\*<sup>3</sup> Deemed to have interests in PBB shares held by person connected as defined per Section 122A of the Companies Act, 1965.

\*<sup>4</sup> Less than 0.01%

\*<sup>5</sup> Excluding a total of 29,800,704 PBB shares bought-back by PBB and retained as treasury shares as at 27 January 2014.

### Shares Held in Subsidiary Company

#### – Shares Held in Public Financial Holdings Limited (PFHL)

Name	Direct Interests	
	No. of Shares Held	% of Issued Shares
Tan Sri Dato' Sri Tay Ah Lek	350,000	0.03

### Share Options Held in Subsidiary Company

#### – Share Options Held under the PFHL Employees' Share Option Scheme

Name	No. of Options Held	Option Price (HKD)
Tan Sri Dato' Sri Tay Ah Lek	1,230,000	6.35

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his total direct and indirect interests of 843,300,063 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  
as at 27 January 2014

**SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS**

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares Held	% of Issued Shares* <sup>3</sup>	No. of Shares Held	% of Issued Shares* <sup>3</sup>	No. of Shares Held	% of Issued Shares* <sup>3</sup>
Tan Sri Dato' Sri Dr. Teh Hong Piow	22,464,802	0.64	820,835,261* <sup>1</sup>	23.44	843,300,063	24.08
Employees Provident Fund Board	518,121,581	14.79	–	–	518,121,581	14.79
Consolidated Teh Holdings Sdn Bhd	82,952,747	2.37	172,952,816* <sup>1</sup>	4.94	255,905,563	7.31
Sekuriti Pejal Sdn Bhd* <sup>2</sup>	210,195,124	6.00	40,412,856* <sup>1</sup>	1.15	250,607,980	7.15

Notes:

\*<sup>1</sup> Deemed to have interests in PBB shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

\*<sup>2</sup> This company is currently in members' voluntary liquidation.

\*<sup>3</sup> Excluding a total of 29,800,704 PBB shares bought-back by PBB and retained as treasury shares as at 27 January 2013.

**TOP THIRTY SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS**

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name	No. of Shares Held	% of Issued Shares* <sup>2</sup>
1. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	462,326,067	13.20
2. AmanahRaya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	114,948,000	3.28
3. Sekuriti Pejal Sdn Berhad* <sup>1</sup>	108,127,058	3.09
4. Sekuriti Pejal Sdn Berhad* <sup>1</sup>	102,068,066	2.91
5. Kepunyaan Chintamani Sdn Bhd* <sup>1</sup>	70,867,058	2.02
6. Consolidated Teh Holdings Sdn Berhad	61,332,882	1.75
7. AmanahRaya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	59,493,666	1.70
8. AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia</i>	58,829,500	1.68
9. Selected Securities Sdn Bhd* <sup>1</sup>	51,753,368	1.48
10. HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A)</i>	48,393,331	1.38
11. Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt An For Eastspring Investments Berhad</i>	40,997,971	1.17

	Name	No. of Shares Held	% of Issued Shares*2
12.	Selected Holdings Sdn Berhad*1	39,397,539	1.12
13.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank &amp; Trust Company (West CLT OD67)</i>	37,247,850	1.06
14.	HSBC Nominees (Asing) Sdn Bhd <i>BNP Paribas Secs Svs Lux For Aberdeen Global</i>	36,314,114	1.03
15.	Kayakita Corporation Sdn Bhd*1	35,068,235	1.00
16.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC For Saudi Arabian Monetary Agency</i>	34,247,001	0.98
17.	Kepunyaan Perindustrian Sdn Berhad*1	32,876,470	0.94
18.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For The Bank of New York Mellon (Mellon Acct)</i>	32,133,146	0.92
19.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par I)</i>	28,928,292	0.83
20.	LPI Capital Bhd	28,812,490	0.82
21.	Tong Meng Industries Limited*1	28,091,117	0.80
22.	Selected Securities Sdn Bhd*1	27,689,294	0.79
23.	Kayakita Corporation Sdn Bhd*1	27,506,647	0.79
24.	LPI Capital Bhd	26,864,332	0.77
25.	Selected Holdings Sdn Berhad*1	25,935,882	0.74
26.	HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Matthews Pacific Tiger Fund</i>	24,011,386	0.68
27.	Securities Holdings Sdn Berhad*1	23,778,200	0.68
28.	Tan Sri Dato' Sri Dr. Teh Hong Piow	22,464,802	0.64
29.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>SSBT Fund DRNA For Aberdeen Emerging Markets Fund</i>	22,182,200	0.63
30.	Kumpulan Wang Persaraan (Diperbadankan)	21,622,848	0.62
		1,734,308,812	49.52

Notes:

\*1 These companies are currently in members' voluntary liquidation.

\*2 Excluding a total of 29,800,704 PBB shares bought-back by PBB and retained as treasury shares as at 27 January 2014.

# AUTHORISED AND ISSUED SHARE CAPITAL

## AUTHORISED SHARE CAPITAL

The authorised share capital as at 27 January 2014 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 27 January 2014 is RM3,531,925,834 comprising 3,531,925,834 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



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

AUTHORISED AND  
ISSUED SHARE CAPITAL

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
19.05.1999	4,736,865*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,170,019,542
07.06.1999	1,077,950*	Exercise of share options under PBB ESOS at option price of RM4.48 per share	1,171,097,492
02.07.1999	12,063,250*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,183,160,742
08.12.2000	11,899,125*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,195,059,867
15.02.2001	1,662,500*	Exercise of share options under PBB ESOS at option price of RM3.32 per share	1,196,722,367
31.03.2001	213,140,892*	New PBB local shares issued in exchange for 125,377,000 ordinary shares of RM1.00 each in Hock Hua Bank Bhd (HHB) pursuant to terms of merger of PBB and HHB	1,409,863,259
23.04.2001	422,958,977*	Capitalisation of share premium account and retained profits (Bonus Issue 3:10)	1,832,822,236
11.12.2001	996,387*	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,833,818,623
12.03.2002	1,025,362 *	Exercise of share options under PBB ESOS at option price of RM2.54 per share	1,834,843,985
12.07.2002	458,710,997*	Capitalisation of share premium account (Bonus Issue 1:4)	2,293,554,982
13.09.2002	13,570,954*	Exercise of share options under PBB ESOS as follows: – 1,488,329 shares at option price of RM2.04 per share – 12,082,625 shares at option price of RM4.44 per share	2,307,125,936
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

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
16.07.2003	629,329,261*	Capitalisation of share premium account (Bonus Issue 1:4)	3,146,646,302
14.08.2003	8,337,798*	Exercise of share options under PBB ESOS as follows: – 250,423 shares at option price of RM1.64 per share – 8,087,375 shares at option price of RM3.56 per share	3,154,984,100
05.09.2003	2,804,031*	Exercise of share options under PBB ESOS as follows: – 75,156 shares at option price of RM1.64 per share – 2,728,875 shares at option price of RM3.56 per share	3,157,788,131
08.09.2003	2,902,623*	Exercise of share options under PBB ESOS as follows: – 67,856 shares at option price of RM1.64 per share – 1,595,142 shares at option price of RM3.56 per share – 1,239,625 shares at option price of RM3.40 per share	3,160,690,754
12.09.2003	7,001,644*	Exercise of share options under PBB ESOS as follows: – 54,489 shares at option price of RM1.64 per share – 4,948,530 shares at option price of RM3.56 per share – 1,998,625 shares at option price of RM3.40 per share	3,167,692,398
24.09.2003	1,216,063*	Exercise of share options under PBB ESOS as follows: – 6,250 shares at option price of RM1.64 per share – 915,688 shares at option price of RM3.56 per share – 294,125 shares at option price of RM3.40 per share	3,168,908,461
15.10.2003	3,518,818*	Exercise of share options under PBB ESOS as follows: – 15,169 shares at option price of RM1.64 per share – 2,515,399 shares at option price of RM3.56 per share – 988,250 shares at option price of RM3.40 per share	3,172,427,279
27.10.2003	2,054,251*	Exercise of share options under PBB ESOS as follows: – 3,313 shares at option price of RM1.64 per share – 1,457,938 shares at option price of RM3.56 per share – 593,000 shares at option price of RM3.40 per share	3,174,481,530
29.10.2003	6,748,111*	Exercise of share options under PBB ESOS as follows: – 32,993 shares at option price of RM1.64 per share – 3,781,268 shares at option price of RM3.56 per share – 2,933,850 shares at option price of RM3.40 per share	3,181,229,641
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

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Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
18.11.2003	455,750*	Exercise of share options under PBB ESOS as follows: – 406,250 shares at option price of RM3.56 per share – 49,500 shares at option price of RM3.40 per share	3,187,800,765
21.11.2003	5,801,710*	Exercise of share options under PBB ESOS as follows: – 33,297 shares at option price of RM1.64 per share – 2,989,788 shares at option price of RM3.56 per share – 2,778,625 shares at option price of RM3.40 per share	3,193,602,475
01.12.2003	1,417,894*	Exercise of share options under PBB ESOS as follows: – 16,324 shares at option price of RM1.64 per share – 1,062,070 shares at option price of RM3.56 per share – 339,500 shares at option price of RM3.40 per share	3,195,020,369
04.12.2003	68,000*	Exercise of share options under PBB ESOS at option price of RM3.56 per share	3,195,088,369
22.12.2003	2,297,250*	Exercise of share options under PBB ESOS as follows: – 13,484 shares at option price of RM1.64 per share – 1,889,391 shares at option price of RM3.56 per share – 394,375 shares at option price of RM3.40 per share	3,197,385,619
26.12.2003	9,214,108*	Exercise of share options under PBB ESOS as follows: – 20,525 shares at option price of RM1.64 per share – 6,642,458 shares at option price of RM3.56 per share – 2,551,125 shares at option price of RM3.40 per share	3,206,599,727
27.01.2004	1,883,267*	Exercise of share options under PBB ESOS as follows: – 4,547 shares at option price of RM1.64 per share – 1,680,345 shares at option price of RM3.56 per share – 198,375 shares at option price of RM3.40 per share	3,208,482,994
20.02.2004	483,813*	Exercise of share options under PBB ESOS as follows: – 457,313 shares at option price of RM3.56 per share – 26,500 shares at option price of RM3.40 per share	3,208,966,807
01.03.2004	1,024,066*	Exercise of share options under PBB ESOS as follows: – 886,316 shares at option price of RM3.56 per share – 137,750 shares at option price of RM3.40 per share	3,209,990,873
03.03.2004	13,717,282*	Exercise of share options under PBB ESOS as follows: – 38,231 shares at option price of RM1.64 per share – 10,718,176 shares at option price of RM3.56 per share – 1,647,375 shares at option price of RM3.40 per share – 1,313,500 shares at option price of RM4.60 per share	3,223,708,155

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
05.03.2004	28,660,157*	Exercise of share options under PBB ESOS as follows: – 253,907 shares at option price of RM1.64 per share – 28,406,250 shares at option price of RM3.56 per share	3,252,368,312
11.03.2004	13,177,700*	Exercise of share options under PBB ESOS as follows: – 36,366 shares at option price of RM1.64 per share – 10,361,459 shares at option price of RM3.56 per share – 940,875 shares at option price of RM3.40 per share – 1,839,000 shares at option price of RM4.60 per share	3,265,546,012
17.03.2004	12,271,286*	Exercise of share options under PBB ESOS as follows: – 46,892 shares at option price of RM1.64 per share – 10,183,769 shares at option price of RM3.56 per share – 597,125 shares at option price of RM3.40 per share – 1,443,500 shares at option price of RM4.60 per share	3,277,817,298
23.03.2004	8,575,825*	Exercise of share options under PBB ESOS as follows: – 38,252 shares at option price of RM1.64 per share – 6,166,723 shares at option price of RM3.56 per share – 867,350 shares at option price of RM3.40 per share – 1,503,500 shares at option price of RM4.60 per share	3,286,393,123
06.04.2004	1,919,157*	Exercise of share options under PBB ESOS as follows: – 1,703,532 shares at option price of RM3.56 per share – 69,625 shares at option price of RM3.40 per share – 146,000 shares at option price of RM4.60 per share	3,288,312,280
13.04.2004	4,016,890*	Exercise of share options under PBB ESOS as follows: – 3,078,890 shares at option price of RM3.56 per share – 405,000 shares at option price of RM3.40 per share – 533,000 shares at option price of RM4.60 per share	3,292,329,170
16.04.2004	1,233,902*	Exercise of share options under PBB ESOS as follows: – 10,500 shares at option price of RM1.64 per share – 1,017,652 shares at option price of RM3.56 per share – 85,750 shares at option price of RM3.40 per share – 120,000 shares at option price of RM4.60 per share	3,293,563,072
17.08.2004	11,152,166	Exercise of share options under PBB ESOS as follows: – 13,349 shares at option price of RM1.64 per share – 6,270,567 shares at option price of RM3.56 per share – 857,550 shares at option price of RM3.40 per share – 2,299,700 shares at option price of RM4.60 per share – 1,711,000 shares at option price of RM4.92 per share	3,304,715,238

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Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
30.08.2004	12,767,404	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>- 57,078 shares at option price of RM1.64 per share</li> <li>- 7,127,076 shares at option price of RM3.56 per share</li> <li>- 618,450 shares at option price of RM3.40 per share</li> <li>- 2,372,800 shares at option price of RM4.60 per share</li> <li>- 2,592,000 shares at option price of RM4.92 per share</li> </ul>	3,317,482,642
09.09.2004	1,649,681	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>- 908,831 shares at option price of RM3.56 per share</li> <li>- 67,350 shares at option price of RM3.40 per share</li> <li>- 260,500 shares at option price of RM4.60 per share</li> <li>- 413,000 shares at option price of RM4.92 per share</li> </ul>	3,319,132,323
27.09.2004	623,819	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>- 8,125 shares at option price of RM1.64 per share</li> <li>- 344,819 shares at option price of RM3.56 per share</li> <li>- 63,375 shares at option price of RM3.40 per share</li> <li>- 136,000 shares at option price of RM4.60 per share</li> <li>- 71,500 shares at option price of RM4.92 per share</li> </ul>	3,319,756,142
28.09.2004	1,737,912	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>- 795,637 shares at option price of RM3.56 per share</li> <li>- 120,875 shares at option price of RM3.40 per share</li> <li>- 347,900 shares at option price of RM4.60 per share</li> <li>- 473,500 shares at option price of RM4.92 per share</li> </ul>	3,321,494,054
04.10.2004	4,621,593	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>- 33,767 shares at option price of RM1.64 per share</li> <li>- 2,569,876 shares at option price of RM3.56 per share</li> <li>- 267,650 shares at option price of RM3.40 per share</li> <li>- 1,187,300 shares at option price of RM4.60 per share</li> <li>- 563,000 shares at option price of RM4.92 per share</li> </ul>	3,326,115,647
26.10.2004	1,755,048	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>- 665,498 shares at option price of RM3.56 per share</li> <li>- 71,650 shares at option price of RM3.40 per share</li> <li>- 527,400 shares at option price of RM4.60 per share</li> <li>- 490,500 shares at option price of RM4.92 per share</li> </ul>	3,327,870,695
19.11.2004	4,569,277	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>- 187,546 shares at option price of RM1.64 per share</li> <li>- 2,491,856 shares at option price of RM3.56 per share</li> <li>- 289,375 shares at option price of RM3.40 per share</li> <li>- 1,212,000 shares at option price of RM4.60 per share</li> <li>- 388,500 shares at option price of RM4.92 per share</li> </ul>	3,332,439,972

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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
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

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Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
31.10.2005	2,114,074	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 1,063 shares at option price of RM1.64 per share</li> <li>– 442,561 shares at option price of RM3.56 per share</li> <li>– 96,950 shares at option price of RM3.40 per share</li> <li>– 424,800 shares at option price of RM4.60 per share</li> <li>– 1,014,500 shares at option price of RM4.92 per share</li> <li>– 134,200 shares at option price of RM6.37 per share</li> </ul>	3,412,470,482
09.11.2005	3,737,523	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 1,269 shares at option price of RM1.64 per share</li> <li>– 1,429,354 shares at option price of RM3.56 per share</li> <li>– 238,525 shares at option price of RM3.40 per share</li> <li>– 1,537,875 shares at option price of RM4.60 per share</li> <li>– 204,000 shares at option price of RM4.92 per share</li> <li>– 326,500 shares at option price of RM6.37 per share</li> </ul>	3,416,208,005
15.11.2005	660,400	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 163,100 shares at option price of RM3.56 per share</li> <li>– 61,700 shares at option price of RM3.40 per share</li> <li>– 390,100 shares at option price of RM4.60 per share</li> <li>– 45,500 shares at option price of RM4.92 per share</li> </ul>	3,416,868,405
05.12.2005	504,684	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 217,309 shares at option price of RM3.56 per share</li> <li>– 35,375 shares at option price of RM3.40 per share</li> <li>– 202,500 shares at option price of RM4.60 per share</li> <li>– 23,500 shares at option price of RM4.92 per share</li> <li>– 26,000 shares at option price of RM6.37 per share</li> </ul>	3,417,373,089
13.01.2006	3,553,363	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 2,587 shares at option price of RM1.64 per share</li> <li>– 391,750 shares at option price of RM3.56 per share</li> <li>– 77,325 shares at option price of RM3.40 per share</li> <li>– 519,300 shares at option price of RM4.60 per share</li> <li>– 71,000 shares at option price of RM4.92 per share</li> <li>– 86,000 shares at option price of RM6.37 per share</li> <li>– 2,405,401 shares at option price of RM5.67 per share</li> </ul>	3,420,926,452
18.01.2006	115,100	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 8,600 shares at option price of RM3.56 per share</li> <li>– 83,500 shares at option price of RM4.60 per share</li> <li>– 23,000 shares at option price of RM4.92 per share</li> </ul>	3,421,041,552



Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
08.02.2006	329,363	Exercise of share options under PBB ESOS as follows: – 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
14.08.2006	1,960,920	Exercise of share options under PBB ESOS as follows: – 2,094 shares at option price of RM1.64 per share – 94,596 shares at option price of RM3.56 per share – 11,625 shares at option price of RM3.40 per share – 212,500 shares at option price of RM4.60 per share – 40,000 shares at option price of RM4.92 per share – 115,000 shares at option price of RM6.37 per share – 1,485,105 shares at option price of RM5.67 per share	3,435,316,486
22.08.2006	13,588,150	Exercise of share options under PBB ESOS as follows: – 17,923 shares at option price of RM1.64 per share – 411,452 shares at option price of RM3.56 per share – 44,250 shares at option price of RM3.40 per share – 555,000 shares at option price of RM4.60 per share – 72,900 shares at option price of RM4.92 per share – 319,000 shares at option price of RM6.37 per share – 12,167,625 shares at option price of RM5.67 per share	3,448,904,636

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Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
04.09.2006	1,147,600	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 34,600 shares at option price of RM3.56 per share</li> <li>– 83,500 shares at option price of RM4.60 per share</li> <li>– 51,500 shares at option price of RM4.92 per share</li> <li>– 978,000 shares at option price of RM5.67 per share</li> </ul>	3,450,052,236
22.09.2006	754,127	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 16,127 shares at option price of RM3.56 per share</li> <li>– 22,000 shares at option price of RM4.60 per share</li> <li>– 7,000 shares at option price of RM4.92 per share</li> <li>– 16,000 shares at option price of RM6.37 per share</li> <li>– 693,000 shares at option price of RM5.67 per share</li> </ul>	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"> <li>– 2,698 shares at option price of RM1.64 per share</li> <li>– 31,886 shares at option price of RM3.56 per share</li> <li>– 6,500 shares at option price of RM3.40 per share</li> <li>– 130,500 shares at option price of RM4.60 per share</li> <li>– 19,000 shares at option price of RM4.92 per share</li> <li>– 542,500 shares at option price of RM6.37 per share</li> <li>– 1,002,800 shares at option price of RM5.67 per share</li> </ul>	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"> <li>– 1,358 shares at option price of RM1.64 per share</li> <li>– 90,371 shares at option price of RM3.56 per share</li> <li>– 4,000 shares at option price of RM3.40 per share</li> <li>– 188,500 shares at option price of RM4.60 per share</li> <li>– 43,500 shares at option price of RM4.92 per share</li> <li>– 1,083,300 shares at option price of RM6.37 per share</li> <li>– 1,731,500 shares at option price of RM5.67 per share</li> </ul>	3,455,684,776
05.12.2006	4,553,096	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 4,092 shares at option price of RM1.64 per share</li> <li>– 161,211 shares at option price of RM3.56 per share</li> <li>– 18,793 shares at option price of RM3.40 per share</li> <li>– 349,600 shares at option price of RM4.60 per share</li> <li>– 78,000 shares at option price of RM4.92 per share</li> <li>– 1,655,200 shares at option price of RM6.37 per share</li> <li>– 2,286,200 shares at option price of RM5.67 per share</li> </ul>	3,460,237,872
15.12.2006	2,407,500	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 30,700 shares at option price of RM3.56 per share</li> <li>– 1,800 shares at option price of RM3.40 per share</li> <li>– 82,200 shares at option price of RM4.60 per share</li> <li>– 59,000 shares at option price of RM4.92 per share</li> <li>– 729,000 shares at option price of RM6.37 per share</li> <li>– 1,504,800 shares at option price of RM5.67 per share</li> </ul>	3,462,645,372

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
22.12.2006	179,500	Exercise of share options under PBB ESOS as follows: – 17,500 shares at option price of RM4.60 per share – 50,000 shares at option price of RM6.37 per share – 112,000 shares at option price of RM5.67 per share	3,462,824,872
25.01.2007	7,252,589	Exercise of share options under PBB ESOS as follows: – 473 shares at option price of RM1.64 per share – 184,208 shares at option price of RM3.56 per share – 14,800 shares at option price of RM3.40 per share – 234,500 shares at option price of RM4.60 per share – 43,500 shares at option price of RM4.92 per share – 3,230,108 shares at option price of RM6.37 per share – 3,545,000 shares at option price of RM5.67 per share	3,470,077,461
30.01.2007	16,102,248	Exercise of share options under PBB ESOS as follows: – 5,228 shares at option price of RM1.64 per share – 68,187 shares at option price of RM3.56 per share – 29,000 shares at option price of RM3.40 per share – 254,031 shares at option price of RM4.60 per share – 60,200 shares at option price of RM4.92 per share – 11,004,802 shares at option price of RM6.37 per share – 4,680,800 shares at option price of RM5.67 per share	3,486,179,709
05.02.2007	2,798,614	Exercise of share options under PBB ESOS as follows: – 16,239 shares at option price of RM3.56 per share – 775 shares at option price of RM3.40 per share – 35,100 shares at option price of RM4.60 per share – 11,000 shares at option price of RM4.92 per share – 1,971,000 shares at option price of RM6.37 per share – 764,500 shares at option price of RM5.67 per share	3,488,978,323
15.02.2007	3,449,000	Exercise of share options under PBB ESOS as follows: – 8,000 shares at option price of RM3.56 per share – 1,000 shares at option price of RM3.40 per share – 48,500 shares at option price of RM4.60 per share – 25,500 shares at option price of RM4.92 per share – 2,387,000 shares at option price of RM6.37 per share – 979,000 shares at option price of RM5.67 per share	3,492,427,323
23.02.2007	118,000	Exercise of share options under PBB ESOS as follows: – 3,500 shares at option price of RM4.60 per share – 49,000 shares at option price of RM6.37 per share – 65,500 shares at option price of RM5.67 per share	3,492,545,323

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Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
14.05.2007	5,659,529	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 22,492 shares at option price of RM1.64 per share</li> <li>– 75,283 shares at option price of RM3.56 per share</li> <li>– 24,350 shares at option price of RM3.40 per share</li> <li>– 185,000 shares at option price of RM4.60 per share</li> <li>– 43,500 shares at option price of RM4.92 per share</li> <li>– 3,516,279 shares at option price of RM6.37 per share</li> <li>– 1,792,625 shares at option price of RM5.67 per share</li> </ul>	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"> <li>– 3,371 shares at option price of RM1.64 per share</li> <li>– 114,070 shares at option price of RM3.56 per share</li> <li>– 31,507 shares at option price of RM3.40 per share</li> <li>– 216,500 shares at option price of RM4.60 per share</li> <li>– 54,300 shares at option price of RM4.92 per share</li> <li>– 4,608,696 shares at option price of RM6.37 per share</li> <li>– 2,524,902 shares at option price of RM5.67 per share</li> </ul>	3,505,758,198
30.05.2007	224,369	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 9,369 shares at option price of RM3.56 per share</li> <li>– 6,500 shares at option price of RM4.60 per share</li> <li>– 2,500 shares at option price of RM4.92 per share</li> <li>– 128,000 shares at option price of RM6.37 per share</li> <li>– 78,000 shares at option price of RM5.67 per share</li> </ul>	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"> <li>– 43,000 shares at option price of RM3.56 per share</li> <li>– 1,000 shares at option price of RM3.40 per share</li> <li>– 117,000 shares at option price of RM4.60 per share</li> <li>– 34,000 shares at option price of RM4.92 per share</li> <li>– 1,931,000 shares at option price of RM6.37 per share</li> <li>– 836,800 shares at option price of RM5.67 per share</li> </ul>	3,508,945,367
07.06.2007	33,900	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 400 shares at option price of RM3.56 per share</li> <li>– 1,500 shares at option price of RM4.60 per share</li> <li>– 25,000 shares at option price of RM6.37 per share</li> <li>– 7,000 shares at option price of RM5.67 per share</li> </ul>	3,508,979,267
10.07.2007	1,974,411	Exercise of share options under PBB ESOS as follows: <ul style="list-style-type: none"> <li>– 379 shares at option price of RM1.64 per share</li> <li>– 47,133 shares at option price of RM3.56 per share</li> <li>– 91,000 shares at option price of RM4.60 per share</li> <li>– 15,500 shares at option price of RM4.92 per share</li> <li>– 1,201,900 shares at option price of RM6.37 per share</li> <li>– 618,499 shares at option price of RM5.67 per share</li> </ul>	3,510,953,678

Date of Allotment	No. of Shares Allotted	Consideration	Total Issued and Paid-up Share Capital (RM)
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

\* 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 2013

Area	No. of Properties		Net Book Value (RM'000)
	Freehold	Leasehold	
<b>DOMESTIC</b>			
<b>PUBLIC BANK BERHAD</b>			
Kuala Lumpur	2	–	248,091
Perak Darul Ridzuan	1	–	253
Sarawak	–	1	14
<b>PUBLIC MUTUAL BERHAD</b>			
Kuala Lumpur	1	1	8,942
Johor Darul Takzim	–	1	797
Pahang Darul Makmur	1	–	1,645
Pulau Pinang	1	–	1,787
Sarawak	–	2	2,465
Selangor Darul Ehsan	1	1	5,639
<b>PUBLIC HOLDINGS SDN BHD</b>			
Kuala Lumpur	5	4	105,613
Johor Darul Takzim	4	–	43,596
Kedah Darul Aman	1	–	1,441
Melaka	–	2	1,184
Pahang Darul Makmur	1	–	92
Perak Darul Ridzuan	3	1	4,986
Pulau Pinang	8	1	5,422
Sabah	–	2	2,000
Sarawak	1	3	4,653
Selangor Darul Ehsan	1	2	41,444
<b>OVERSEAS</b>			
<b>CAMBODIAN PUBLIC BANK PLC</b>			
Phnom Penh	1	–	61,230
<b>PUBLIC FINANCIAL HOLDINGS GROUP</b>			
Hong Kong	–	31	383,153

Note:

The details of the top 10 properties as included in the above summary are disclosed in the following page.

# TOP 10 PROPERTIES OWNED BY PUBLIC BANK GROUP

as at 31 December 2013

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur Malaysia	36-storey office tower and 5-storey podium (L/B)	Public Bank's Head Office and Kuala Lumpur City Main Office; business premises of subsidiary and associated companies	Freehold	–	19 Years	46,436	2-1-1995	247,903
Basement, Ground Floor 1st-12th floor, Flat A & B on 14th Floor, 17th Floor, Flat A on 19th Floor, 21st Floor and Main Roof Public Bank Centre 120 Des Voeux Road Central Hong Kong	A shop unit on ground floor and basement; and office floors of a 23-storey commercial building	Public Bank (HK) Ltd's Main Branch and administrative office	Leasehold 999 Years	829 Years (26-6-2842)	36 Years	5,451	30-5-2006**	103,531
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	47 Years (18-2-2060)	31 Years	1,465	2-5-1994 (R)	75,714
CPB Building no. 23 Kramuon Sar Avenue (Street no. 114) Sangkat Phsar Thmey 2 Phnom Penh Kingdom of Cambodia	10 storey building 2½ Basement on lot 23 & 24	Head Office and Phnom Penh Main Branch, Campu Properties Co. Ltd, Campu Securities Plc and Campu Lonpac Insurance	Freehold	–	4 Years	18,149	14-10-2009	61,230
Lot 59, Section 57 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia	Vacant land	Public Mutual's future new Head Quarters	Freehold	–	–	5,393	24-4-2006	53,621



TOP 10 PROPERTIES  
OWNED BY PUBLIC BANK GROUP

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Built-up Area (sq m)	Date Of Last Revaluation/ Acquisition	Net Book Value (RM'000)
Shop B Ground Floor and Office B 1st to 17th Floor JCG Building 16 Mongkok Road Mongkok Kowloon Hong Kong	A shop unit on ground floor and all B units for 1st to 17th floors of an 18-storey commercial building with shops and offices	Public Bank (HK) Ltd. & Public Finance Ltd.'s Mongkok Branch; storeroom of Public Financial Holdings Group; office space leased to third parties	Leasehold 150 Years	37 Years (27-5-2050)	26 Years	2,215	30-6-1994 (R)	41,133
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	–	19 Years	36,222	12-8-1991	40,368
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	889 Years (14-8-2902)	46 Years	1,464	11-6-1993	35,379
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	83 Years (2-9-2096)	16 Years	31,669	3-9-1997	34,452
Wisma Public Bank 300 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	14-storey office building (L/B)	Public Bank's Tiong Nam Branch	Freehold	–	26 Years	10,395	27-8-2003	21,601

Note:

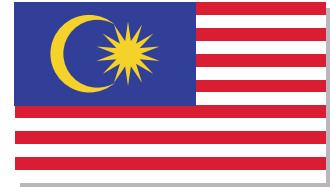
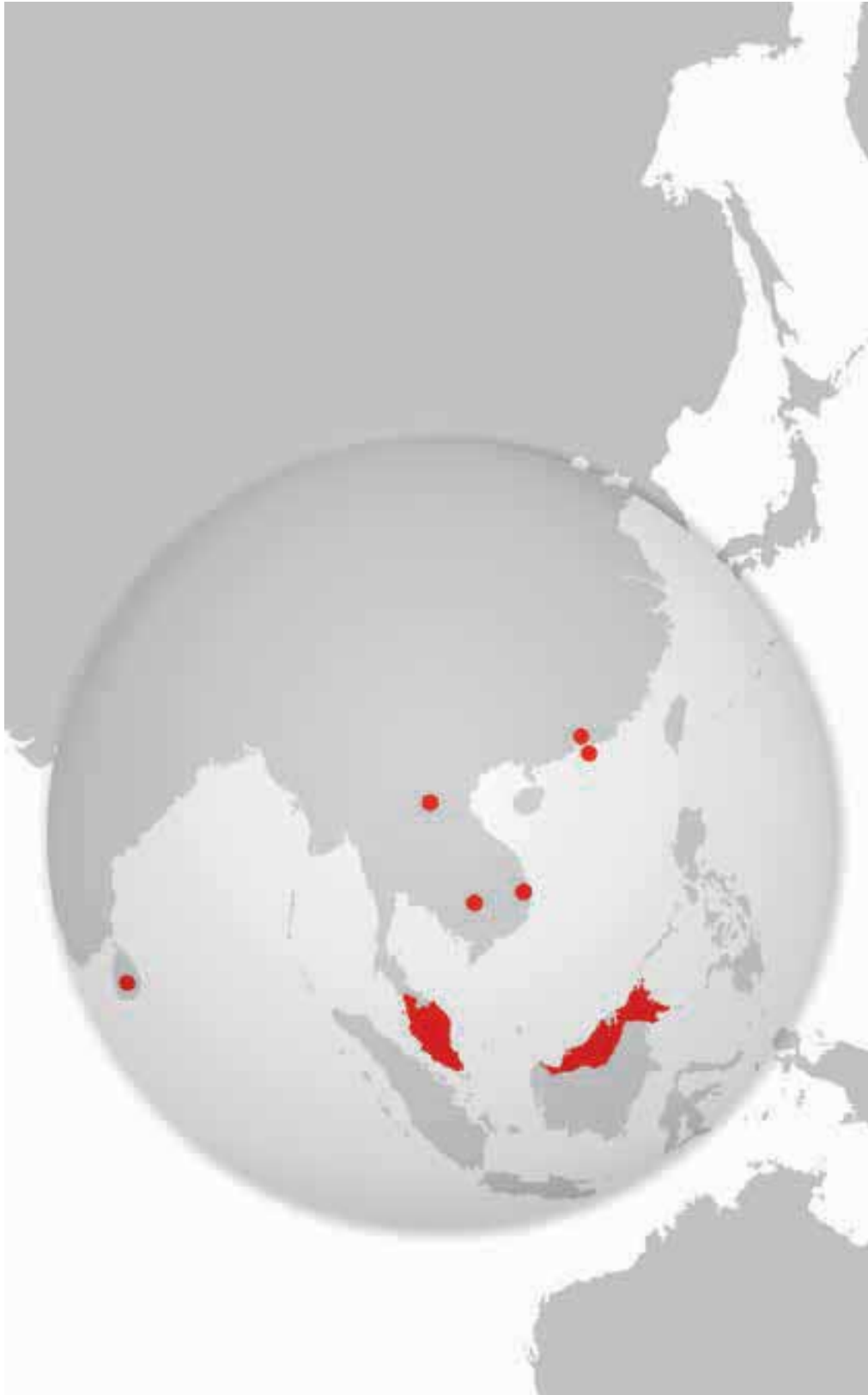
(L/B) Land and building

(R) Revaluation was performed as at 31 December 2013

\*\* 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 holds the land portion of all properties by means of leases, in Hong Kong SAR.

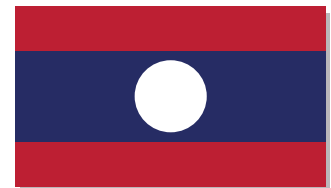
# INTERNATIONAL NETWORK



Malaysia



Cambodia



Laos



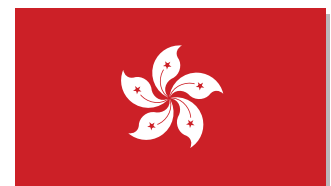
Vietnam



Sri Lanka



People's Republic of China



Hong Kong

# GROUP CORPORATE DIRECTORY



## Head Office:

Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur, Malaysia  
 Tel: 03-21766000, 03-21766666, 03-21638888, 03-21638899  
 Fax: 03-21639917 Swift: PBBEMYKL  
 Cable: "PBBKLCITY" Kuala Lumpur

[www.publicbank.com.my](http://www.publicbank.com.my)

Branch	Address	Telephone	Fax
<b>FEDERAL TERRITORY</b>			
Bandar Sri Permaisuri	95 & 97, Jalan Dwitasik 1, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur	03-91719966	03-91713688 03-91731699
Bangsar	36 & 38, Jalan Maarof, Bangsar, 59100 Kuala Lumpur	03-22828929 03-22828930	03-22828917 03-22847245
Bintang Walk	150, Jalan Bukit Bintang, 55100 Kuala Lumpur	03-21427969	03-21421241
Bukit Damansara	36 - 40, Medan Setia 2, Plaza Damansara, Bukit Damansara, 50490 Kuala Lumpur	03-20954278 03-20954922	03-20949403 03-20943844
Changkat Thambi Dollah	85, 87 & 89, Changkat Thambi Dollah, Off Jalan Pudu, 55100 Kuala Lumpur	03-21454492 03-21454498	03-21415266 03-21454462
Jalan Bukit Bintang	Sun Complex, Jalan Bukit Bintang, 55100 Kuala Lumpur	03-21445755 03-21445759	03-21445751
Jalan Hang Lekiu	20 - 26, Jalan Hang Lekiu, 50100 Kuala Lumpur	03-20787077 03-20781115	03-20726155
Jalan Ipoh	Wisma Yap Ka, 480, Batu 3, Jalan Ipoh, 51200 Kuala Lumpur	03-40427487 03-40427488	03-40420032
Jalan Kelang Lama	3045 - 3051, Batu 4 1/2, Jalan Kelang Lama, 58000 Kuala Lumpur	03-79811211 03-79811212	03-79816939
Jalan Kuchai Lama	44, 46, 48 & 50, Jalan 6/116B, Kuchai Entrepreneurs' Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	03-79804377 03-79804575	03-79843411
Jalan Pasar	44 & 46, Jalan Pasar, 55100 Kuala Lumpur	03-21429110 03-21429144	03-21429916
Jalan Raja Chulan	Ground Floor, Wisma Lim Foo Yong, 86, Jalan Raja Chulan, 50200 Kuala Lumpur	03-21418255 03-21418366	03-21487721 03-21422893

GROUP CORPORATE  
DIRECTORY

Branch	Address	Telephone	Fax
<b>FEDERAL TERRITORY</b>			
Jalan Raja Laut	Lot G3 & 1A.2, Bangunan KWSP, 5, Jalan Raja Laut, 50350 Kuala Lumpur	03-26930722	03-26914624
Jalan Sultan Sulaiman	Bangunan Public Bank, 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur	03-20702711	03-22732101 03-22722145
Jalan Sungei Besi	12, Jalan Sungei Besi, 57100 Kuala Lumpur	03-92214771 03-92215655	03-92212968
Jalan Tun H.S. Lee	Lot G.01, Plaza First Nationwide, 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur	03-20702121 03-20702234	03-20702250
Jalan Tun Sambanthan	68, Jalan Tun Sambanthan, 50470 Brickfields, Kuala Lumpur	03-22725930 03-22736494	03-22736513
Jinjang	3476 & 3477, Garden Street, Jinjang Utara, 52000 Kuala Lumpur	03-62523355 03-62523356	03-62522422
Kepong	147, 149, 151 & 153, Jalan Rimbunan Raya 1, Laman Rimbunan, Kepong, 52100 Kuala Lumpur	03-62570032 03-62574690	03-62516611 03-62519386
KL City Main Office	Ground Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur	03-21767888 03-21638866	03-21639901
Medan Idaman	Medan Idaman Business Centre, 4 & 6, Jalan 2/21D, Batu 5, Jalan Gombak, 53000 Kuala Lumpur	03-40234478 03-40234467	03-40234497
Mont' Kiara	1 & 3, Jalan Solaris 1, Solaris Mont' Kiara, 50480 Kuala Lumpur	03-62036363	03-62037878 03-62036619
Overseas Union Garden	3 & 5, Medan Hujan Rahmat, Taman Overseas Union, 58200 Kuala Lumpur	03-77856409 03-77856410	03-77856412
Pandan Indah	1, 3 & 5, Jalan Pandan Indah 1/23, Pandan Indah, 55100 Kuala Lumpur	03-92742496 03-92742495	03-92746497

Branch	Address	Telephone	Fax
<b>FEDERAL TERRITORY</b>			
Pandan Jaya	44, Jalan Pandan 2/2, Pandan Jaya, 55100 Kuala Lumpur	03-92812199 03-92863149	03-92812206
Salak South	Ground Floor, 31 & 33, Jalan 3/108C, Taman Sungai Besi, Salak South, 57100 Kuala Lumpur	03-79805190 03-79802921	03-79805230
Segambut	73, 75 & 77, Jalan Segambut Pusat, 51200 Kuala Lumpur	03-62527052 03-62527054	03-62527057 03-62526620
Selayang	45, 47 & 49, Jalan 2/3A, Pusat Bandar Utara Selayang, 68100 Batu Caves, Kuala Lumpur	03-61205099 03-61368644	03-61368651 03-61383723
Sentul	36, 38 & 40, Jalan 14/48A, Sentul Raya Off Jalan Sentul, 51000 Kuala Lumpur	03-40421811 03-40421509	03-40421822
Seri Petaling	40 - 44, Jalan Radin Tengah, Bandar Baru Seri Petaling, 57000 Kuala Lumpur	03-90585711 03-90585712	03-90570415 03-90582026
Setapak	263, 265, 267 & 269, Jalan Genting Kelang, Setapak, 53300 Kuala Lumpur	03-40219341 03-40219343	03-40219351
Starparc Point	B-01-01 – B-01-03A, Pusat Komersial Setapak, 68, Jalan Taman Ibu Kota, Setapak, 53300 Kuala Lumpur	03-41432888	03-41426828 03-41427388
Taman Cheras	1, 3 & 5, Jalan 4/96A, Taman Cheras Makmur, 56100 Kuala Lumpur	03-91307840 03-91314182	03-91304586
Taman Connaught	80 & 82, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur	03-91017152 03-91023649	03-91023645
Taman Desa	Lot 1A-3A, Business Centre, Taman Desa, Off Jalan Kelang Lama, 58100 Kuala Lumpur	03-79837811 03-79837812	03-79818069 03-79803736
Taman Maluri	275 & 277, Jalan Mahkota, Taman Maluri, Cheras, 55100 Kuala Lumpur	03-92859994 03-92857203	03-92856811

GROUP CORPORATE  
DIRECTORY

Branch	Address	Telephone	Fax
<b>FEDERAL TERRITORY</b>			
Taman Melawati	262 - 265, Jalan Bandar 12, Taman Melawati, 53100 Kuala Lumpur	03-41052003 03-41052004	03-41052009
Taman Midah	2, Jalan Midah 3, Taman Midah, 56000 Kuala Lumpur	03-91300533 03-91300234	03-91309226
Taman Tun Dr. Ismail	66, 68 & 70, Jalan Burhanuddin Helmi, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	03-77294672 03-77299440	03-77298754 03-77223719
Tiong Nam	Wisma Public Bank, 300, Jalan Raja Laut, 50350 Kuala Lumpur	03-26939555 03-26939528	03-26914673
Wangsa Maju	24 - 26, Jalan 1A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur	03-41428577 03-41428579	03-41429281
<b>FEDERAL TERRITORY – LABUAN</b>			
Labuan	Lucas Kong Building, 5, Jalan Merdeka, 87007 Wilayah Persekutuan, Labuan	087-414201 087-414278	087-412388
<b>SELANGOR</b>			
Ampang	Wisma Saudagar, 420, Batu 5, Jalan Ampang, 68000 Ampang, Selangor	03-42562333 03-42562636	03-42578964
Bandar Bukit Tinggi	69 & 71, Jalan Batu Nilam 1, Bandar Bukit Tinggi, 41200 Klang, Selangor	03-33236006 03-33231661	03-33237700 03-33237117
Bandar Mahkota Cheras	2, Jalan Temenggung 7/9, Bandar Mahkota Cheras, 43200 Cheras, Selangor	03-90198788	03-90198896 03-90198897
Bandar Puchong Jaya	9 & 10, Jalan Kenari 1, Bandar Puchong Jaya, 47100 Puchong, Selangor	03-58821888 03-58821889	03-58821299 03-80766093
Bandar Puteri Puchong	1 & 3, Jalan Puteri 2/3, Bandar Puteri, 47100 Puchong, Selangor	03-80628899 03-80627799	03-80627788

Branch	Address	Telephone	Fax
<b>SELANGOR</b>			
Bandar Sri Damansara	6, Jalan Tembaga SD5/2A, Bandar Sri Damansara, 52200 Kuala Lumpur	03-62725694 03-62725741	03-62725767 03-62747185
Bandar Sunway	48 & 50, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor	03-56360713 03-56360722	03-56316264 03-56363556
Banting	5, 7 & 9, Jalan Sultan Abdul Samad, 42700 Banting, Selangor	03-31813081 03-31872466	03-31872488 03-31872708
Batang Kali	3, 4 & 5, Jalan CKC 1, Bandar Baru Batang Kali, 44300 Ulu Selangor, Selangor	03-60572401 03-60572402	03-60572405 03-60572277
Bukit Beruntung	23 & 25, Jalan Melati 2B, Seksyen BB11, Bandar Bukit Beruntung, 48300 Rawang, Selangor	03-60282170 03-60282168	03-60282173
Damansara Jaya	1, 3 & 5, Jalan SS 22/23, Damansara Jaya, 47400 Petaling Jaya, Selangor	03-77298588	03-77288125
Damansara Utama	49, 51 & 53, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor	03-77289376 03-77289406	03-77278064
Jalan Tapah	64 & 66, Jalan Tapah Off Jalan Goh Hock Huat, 41400 Kelang, Selangor	03-33435193 03-33419036	03-33411353 03-33417455
Kapar	252, 252A & 256, Jalan Besar, 42200 Kapar, Selangor	03-32500916 03-32500917	03-32500915
Kajang	14, 15 & 16, Jalan Raja Haroun, 43000 Kajang, Selangor	03-87335752 03-87344240	03-87365369 03-87367278
Kampung Baru Subang	34 - 36, Jalan Lebuhs Besar, Kampung Baru Subang, 40150 Shah Alam, Selangor	03-78468986 03-78468012	03-78463351 03-78458713
Kelana Jaya	F-07, F-08 & F-09, Jalan SS 6/5B, Dataran Glomac, Pusat Bandar Kelana Jaya, 47301 Petaling Jaya, Selangor	03-78034928 03-78031267	03-78032478

GROUP CORPORATE  
DIRECTORY

Branch	Address	Telephone	Fax
<b>SELANGOR</b>			
Klang	28 - 34, Persiaran Sultan Ibrahim, 41300 Klang, Selangor	03-33423567 03-33423569	03-33423566 03-33453825
Kota Damansara	A-1, A-2 & A-3, Sunway Giza Mall, Jalan PJU 5/14, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor	03-61483766	03-61481677 03-61482677
Kuala Selangor	1 & 3, Jalan Raja Lumu, 45000 Kuala Selangor, Selangor	03-32894193 03-32894194	03-32894133
Pandamaran	306, Jalan Besar, Pandamaran, 42000 Port Klang, Selangor	03-31672830 03-31672831	03-31675440
Petaling Jaya New Town	1, 3 & 5, Jalan 52/2, 46200 Petaling Jaya, Selangor	03-79570211 03-79570007	03-79579601
Petaling Jaya Old Town	N19 & O19, Jalan Pasar, Off Jalan Othman, 46000 Petaling Jaya, Selangor	03-77836566 03-77835785	03-77836562
Port Klang	No. 116 & 118, Persiaran Raja Muda Musa KS4, 42000 Port Klang, Selangor	03-31674550 03-31674668	03-31685510
Rawang	45, Jalan 1B, Batu 17, Taman Jati, 48000 Rawang, Selangor	03-60918654 03-60918662	03-60917424 03-60924935
Sabak Bernam	2180 & 2181, Jalan Menteri, 45200 Sabak Bernam, Selangor	03-32162500 03-32162805	03-32162809
SEA Park	8 & 10, Jalan 21/12, Sea Park, 46300 Petaling Jaya, Selangor	03-78738931 03-78738932	03-78744798 03-78772086
Section 14	12, 14 & 16, Jalan 14/14, 46100 Petaling Jaya, Selangor	03-79582585 03-79582586	03-79582593
Sekinchan	35 & 36, Jalan Bernam, 45400 Sekinchan, Selangor	03-32411263 03-32411264	03-32411644
Semenyih	22B & 23, Jalan Besar, 43500 Semenyih, Selangor	03-87238811 03-87238812	03-87237455
Seri Gombak	19, 21 & 23, Jalan SG 1/6, Taman Seri Gombak, 68100 Batu Caves, Selangor	03-61886712 03-61889611	03-61886236 03-61852979



Branch	Address	Telephone	Fax
<b>SELANGOR</b>			
Seri Kembangan	1, Jalan Perusahaan 2, 43300 Seri Kembangan, Selangor	03-89392000	03-89392110 03-89392120
Seri Setia	B01 & G01, Plaza Seri Setia, 1, Jalan SS9A/2, 47300 Petaling Jaya, Selangor	03-78741944 03-78741966	03-78769411
Shah Alam	2, 4 & 6, Jalan Pahat G15/G, Kompleks Otomobil, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor	03-55100567 03-55101313	03-55101288
SS 2	61-1, 61-2 & 61-3, Jalan SS 2/75, 47300 Petaling Jaya, Selangor	03-78740436 03-78741933	03-78741491
Subang Jaya	B1 - B4, Jalan SS 15/4D, Subang Jaya, 47500 Petaling Jaya, Selangor	03-56332420 03-56332421	03-56347713
Sungai Buloh	Lot 403 & 404, Jalan 1A/1, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor	03-61561983 03-61562056	03-61562138 03-61568176
Sungai Chua	1 & 3, Jalan M/J 2, Taman Majlis Jaya, Jalan Sungai Chua, 43000 Kajang, Selangor	03-87370228	03-87345570
Sungai Jarom	S11 - 12, Jalan Rajawali, 42600 Sungai Jarom, Selangor	03-31912031 03-31912032	03-31912080
Sungai Pelek	24-C, Jalan Besar, 43950 Sungai Pelek, Selangor	03-31411236 03-31411237	03-31411233
Taman Chi Liung	22, 24, 26 & 28, Lintang Menalu, Taman Chi Liung, 41200 Klang, P.O. Box 161, 41720 Klang, Selangor	03-33718212 03-33718433	03-33720319 03-33733394
Taman Equine	3, Jalan Equine 1B, Taman Equine, 43300 Seri Kembangan, Selangor	03-89381988 03-89382020	03-89411226 03-89411228
Taman Indah	23, Jalan Kasturi 1, Plaza Kasturi, Off Jalan Balakong, Batu 11, 43200 Cheras, Selangor	03-90755202 03-90755211	03-90755769
Taman Mayang	21 & 23, Jalan SS 25/23, Taman Plaza, 47301 Petaling Jaya, Selangor	03-78039247 03-78030124	03-78039447
Taman Muda	1 & 3, Jalan Bunga Tanjung 6A, Taman Muda, 68000 Ampang, Selangor	03-42961806 03-42961935	03-42961810

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Branch	Address	Telephone	Fax
<b>SELANGOR</b>			
Taman Sentosa Klang	2 & 4, Jalan Dato' Yusof Shahbuddin 30, Taman Sentosa, 41200 Klang, Selangor	03-51613369	03-51613524
Taman Sri Muda	2, Jalan Sepadu B25/B, Taman Perindustrian Axis, Section 25, 40400 Shah Alam, Selangor	03-51216394 03-51216395	03-51216372
Taman Taming Jaya	2-1-G, 2-1-1 & 2-1-2, Wisma Pauson, Jalan Taming Kanan Satu, Taman Taming Jaya, 43300 Balakong, Selangor	03-89612460 03-89614980	03-89610837 03-89614985
USJ	3, 5 & 7, Jalan USJ 10/1F, 47620 UEP Subang Jaya, Selangor	03-56310776 03-56350617	03-56329196
<b>JOHOR</b>			
Bandar Baru Permas Jaya	17 & 19, Jalan Permas 10/1, Bandar Baru Permas Jaya, 81750 Masai, Johor	07-3883252 07-3883253	07-3883259
Batu Pahat	116, 117 & 118, Jalan Chengal, Taman Makmur, 83000 Batu Pahat, Johor	07-4320798 07-4332460	07-4319120 07-4320809
Bukit Indah	61, 63 & 65, Jalan Indah 15/2, Taman Bukit Indah, 81200 Johor Bahru	07-2383966	07-2381966 07-2391966
Bukit Pasing	36-2 & 36-3, Taman Bahagia, Jalan Panchor, 84300 Bukit Pasing, Muar, Johor	06-9856878 06-9857261	06-9856811
Chaah	3 & 5, Jalan Yong Peng, 85400 Chaah, Johor	07-9262001 07-9262002	07-9262008
Endau	811 & 812, Jalan Aman, Taman Bahagia, 86900 Endau, Johor	07-7944051 07-7944155	07-7944086
Jalan Abdullah	74, 76 & 78, Jalan Abdullah, 84000 Muar, Johor	06-9518753 06-9518760	06-9519550 06-9533659
Johor Bahru	Level 1 & 12, Public Bank Tower, 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor	07-2186888	(Level 1): 07-2186877 07-2223813 (Level 12): 07-2186833 07-2186899

Branch	Address	Telephone	Fax
<b>JOHOR</b>			
Kahang	12, Jalan Parang 1, Taman Sri Kahang, 86700 Kahang, Johor	07-7882294 07-7882295	07-7882297
Kluang	3A, 3B & 3C, Jalan Dato' Teoh Siew Khor, 86000 Kluang, Johor	07-7712185 07-7727643	07-7724946 07-7727640
Kota Tinggi	10A, 10B & 10C, Jalan Tun Habab, 81900 Kota Tinggi, Johor	07-8834192 07-8834195	07-8834190 07-8834852
Kulai	42-1, 42-2 & 42-3, Jalan Raya, Kulai Besar, 81000 Kulai, Johor	07-6634166 07-6634167	07-6635761
Masai	1 & 3, Jalan Suria 3, Bandar Seri Alam, 81750 Masai, Johor	07-2522498 07-2522500	07-2511795
Mersing	21 & 22, Jalan Sulaiman, 86800 Mersing, Johor	07-7992695 07-7992697	07-7992530 07-7993912
Muar	47, 48, 49 & 50, Jalan Sayang, 84000 Muar, Johor	06-9517505 06-9517520	06-9523033
Parit Raja	11 & 12, Jalan Kristal, Taman Kristal 2, 86400 Parit Raja, Batu Pahat, Johor	07-4542855 07-4542857	07-4542844
Pekan Nenas	SH9 & SH10, Main Road, 81500 Pekan Nenas, Johor	07-6995352 07-6995594	07-6995351
Pontian Kecil	761 & 762, Jalan Taib, 82000 Pontian, Johor	07-6879601 07-6879602	07-6876144 07-6877844
Segamat	62H & 62I, Jalan Genuang, 85000 Segamat, Johor	07-9313900 07-9313930	07-9310854
Simpang Renggam	17 & 19, Jalan Bintang Ria 1, Taman Bintang Ria, 86200 Simpang Renggam, Johor	07-7550510 07-7550511	07-7550513
Skudai	2 & 4, Jalan Nakhoda 12, Taman Ungku Tun Aminah, 81300 Skudai, Johor	07-5570007 07-5570008	07-5560303
Sutera Utama	23, 25 & 27, Jalan Sutera Tanjung 8/2, Taman Sutera Utama, 81300 Skudai, Johor	07-5591788	07-5578663 07-5579663

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<b>JOHOR</b>			
Tangkak	125, Jalan Muar, 84900 Tangkak, Johor	06-9782123 06-9782124	06-9783733
Taman Desa Cemerlang	2, 4 & 6, Jalan Johar 2, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor	07-8616450	07-8616884 07-8618934
Taman Johor Jaya	29, 31, 33 & 35, Jalan Rosmerah 2/10, Taman Johor Jaya, 81100 Johor Bahru, Johor	07-3546755 07-3550095	07-3547113 07-3550512
Taman Munsyi Ibrahim	48 & 50, Jalan Dian 8, Taman Munsyi Ibrahim, 81200 Johor Bahru, Johor	07-2346820 07-2346821	07-2346790
Taman Perling	31, 33 & 35, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor	07-2344919 07-2344608	07-2345850
Taman Sentosa	G1 & G2, Wisma Daiman, 64, Jalan Sulam, Taman Sentosa, 80150 Johor Bahru, Johor	07-3316521 07-3312266	07-3312666
Tampoi	14 & 16, Jalan Sri Bahagia 10, Taman Sri Bahagia, Off Jalan Tampoi, 81200 Johor Bahru, Johor	07-2377184 07-2377519	07-2378042
Ulu Tiram	8, 9 & 10, Jalan Raya, Taman Tiram Baru, 81800 Ulu Tiram, Johor	07-8613291 07-8613292	07-8612666 07-8633785
<b>PULAU PINANG</b>			
Bandar Baru Air Itam	54, 56 & 58, Lintang Angsana, Bandar Baru Air Itam, 11500 Pulau Pinang	04-8284088 04-8286088	04-8280678
Bagan Ajam	6862 - 6864, Jalan Bagan Jermal, Bagan Ajam, 13000 Butterworth, Pulau Pinang	04-3317822 04-3317823	04-3312248
Bandar Bayan Baru	5, 7, 9 & 11, Lorong Kampung Jawa, Bandar Bayan Baru, 11900 Bayan Lepas, Pulau Pinang	04-6438200 04-6438390	04-6441877
Bandar Seberang Jaya	11, Jalan Todak 2, Pusatbandar Bandar Seberang Jaya, 13700 Seberang Jaya, Pulau Pinang	04-3904513 04-3904592	04-3905439 04-3971107

Branch	Address	Telephone	Fax
<b>PULAU PINANG</b>			
Bukit Mertajam	2644 - 2648, Jalan Che Bee Noor, 14000 Bukit Mertajam, Pulau Pinang	04-5392205 04-5392207	04-5392164
Butterworth	85, 87 & 89, Jalan Selat, Taman Selat, 12000 Butterworth, Pulau Pinang	04-3329837 04-3329839	04-3329836 04-3230349
Jalan Air Itam	27A-G-1, 27B-G-1 & 27C-G-1, Jalan Air Itam, 11500 Air Itam, Pulau Pinang	04-8288591 04-8288595	04-8288537
Jalan Datuk Keramat	Ground & 1st Floor, 456, Jalan Datuk Keramat, 10460 Pulau Pinang	04-2264571 04-2281045	04-2291978
Jalan Macalister	104, 104A & 104B, Jalan Macalister, 10400 Pulau Pinang	04-2276842 04-2276843	04-2276850
Jalan Raja Uda	Ground & 1st Floor, 7320 - 7322, Jalan Raja Uda, 12300 Butterworth, Pulau Pinang	04-3245229 04-3245297	04-3245301 04-3245303
Jelutong	407-A & 409-A, Jalan Jelutong, 11600 Jelutong, Pulau Pinang	04-2813227 04-2825230	04-2825232
Kepala Batas	21 & 23, Jalan Bertam, 13200 Kepala Batas, Seberang Perai Utara, Pulau Pinang	04-5759085 04-5759086	04-5759088
Lebuh Macallum	Harbour Trade Centre, 2-1-20 & 2-1-30, 2, Gat Lebuh Macallum, 10300 Pulau Pinang	04-2628442 04-2627732	04-2630057
Nibong Tebal	3619 - 3620, Jalan Che Ahmad, 14300 Nibong Tebal, Seberang Perai Selatan, Pulau Pinang	04-5932216 04-5931433	04-5931590
Prai	2684 & 2685, Jalan Chain Ferry, Taman Inderawasih, 13600 Prai, Pulau Pinang	04-3901241 04-3901246	04-3902394
Pulau Pinang	87, Lebuh Bishop, 10200 Pulau Pinang	04-2613415 04-2616755	04-2617417
Pulau Tikus	Ground & 1st Floor, 58, Jalan Cantonment, Pulau Tikus, 10250 Pulau Pinang	04-2271890 04-2278744	04-2287075
Relau	1 & 3, Jalan Relau, 11900 Pulau Pinang	04-6443112 04-6443102	04-6443128

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<b>PULAU PINANG</b>			
Simpang Ampat	19, 21 & 23, Jalan Keruing, Kawasan Perniagaan, Simpang Ampat, 14100 Seberang Perai Selatan, Pulau Pinang	04-5882419 04-5882436	04-5882434 04-5888080
Sungai Nibong	33, 35 & 37, Jalan Pantai Jerjak 13, Sungai Nibong, 11900 Pulau Pinang	04-6586000	04-6576212
Taman Bandar Raya	15 - 18, Lorong Sepakat Satu, Taman Bandar Raya, 14000 Bukit Mertajam, Pulau Pinang	04-5300288 04-5301951	04-5306195 04-5377288
<b>MELAKA</b>			
Air Keroh	26 & 27, Lorong Setia Satu, Air Keroh Heights, P.O. Box 428, 75450 Melaka	06-2327208 06-2327209	06-2327205
Batu Berendam	1, 3 & 5, Jalan Mutiara Melaka 4, Taman Mutiara Melaka, Batu Berendam, 75350 Melaka	06-3176200 06-3176204	06-3170513
Masjid Tanah	Lot 367 & 368, Kompleks Perniagaan, 78300 Masjid Tanah, Melaka	06-3847712 06-3847713	06-3845032 06-3847717
Melaka	60 - 68, Jalan Laksamana, 75000 Melaka	06-2830233	06-2844552
Taman Malim Jaya	6 & 8, Jalan Suria 2, Taman Malim Jaya, 75250 Melaka	06-3346397 06-3346404	06-3346412
Taman Melaka Raya	931, 932, 933 & 934, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka	06-2817527	06-2817530 06-2818806
Tengkeru	300, 300A, 300B & 300-1, Jalan Ong Kim Wee, 75300 Melaka	06-2832052 06-2832054	06-2832159
<b>NEGERI SEMBILAN</b>			
Bahau	120 & 121, Jalan Gurney, 72100 Bahau, Negeri Sembilan	06-4544102 06-4544103	06-4545270
Gemas	12, Jalan Mahkamah, 73400 Gemas, Negeri Sembilan	07-9481770 07-9481780	07-9481110

Branch	Address	Telephone	Fax
<b>NEGERI SEMBILAN</b>			
Kuala Pilah	564, Jalan Perpatih, 72000 Kuala Pilah, Negeri Sembilan	06-4812277 06-4812299	06-4815544
Kuala Kelawang	128A & 128B, Jalan Syed Ali, 71600 Kuala Kelawang, Jelebu, Negeri Sembilan	06-6136925 06-6136926	06-6137110
Nilai	168 - 170, Jalan Besar, 71800 Nilai, Negeri Sembilan	06-7991066 06-7991067	06-7991337
Port Dickson	866 & 867, Jalan Pantai, 71000 Port Dickson, P. O. Box 58, 71007 Port Dickson, Negeri Sembilan	06-6472942 06-6472943	06-6474709 06-6474831
Rasah	1281 - 1284, Jalan Rasah, 70300 Seremban, Negeri Sembilan	06-7620623 06-7625144	06-7637622 06-7616671
Seremban	44 - 46, Jalan Dato' Lee Fong Yee, 70000 Seremban, Negeri Sembilan	06-7630661 06-7630662	06-7634500
Tampin	4707 & 4708, Jalan Besar, 73000 Tampin, Negeri Sembilan	06-4412511 06-4412512	06-4414814
<b>PERAK</b>			
Ayer Tawar	139 & 141, Jalan Besar, 32400 Ayer Tawar, Perak	05-6726399 05-6726400	05-6726402
Bagan Serai	244 & 244A, Jalan Besar, 34300 Bagan Serai, Perak	05-7212842 05-7212843	05-7212845
Bidor	62D - 62E, Jalan Besar, 35500 Bidor, Perak	05-4341252 05-4341253	05-4341241
Bercham	4, 6, 8, & 10, Persiaran Bercham Selatan 2, Taman Desa Kencana, 31400 Ipoh, Perak	05-5468140 05-5483888	05-5473888 05-5480333
Chemor	12 - 16, Laluan Chemor Sinaran, Desa Chemor Sinaran, 31200 Chemor, Perak	05-2011124 05-2011125	05-2011573
Gunung Rapat	296 & 298, Jalan Raja Dr. Nazrin Shah, Gunung Rapat, 31350 Ipoh, Perak	05-3131646 05-3131649	05-3132023
Ipoh Garden	133, 133A-D, Jalan Dato' Lau Pak Khuan, 31400 Ipoh, Perak	05-5480951 05-5480952	05-5480958
Ipoh Main Office	7 - 13, Jalan Dato' Maharajalela, 30000 Ipoh, Perak	05-2530115 05-2531034	05-2535505

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<b>PERAK</b>			
Jalan Pasir Putih	135, 137 & 139, Jalan Pengkalan Barat, Off Jalan Pasir Putih, 31650 Ipoh, Perak	05-3219892 05-3221658	05-3225714
Jalan Sultan Idris Shah	76, Jalan Sultan Idris Shah, 30000 Ipoh, Perak	05-2551068 05-2551069	05-2556555
Jalan Yang Kalsom	46 - 54, Jalan Yang Kalsom, 30250 Ipoh, Perak	05-2531998 05-2531514	05-2535528 05-2558430
Jelapang	291, 293 & 295, Jalan Silibin, 30100 Ipoh, Perak	05-5264014 05-5264015	05-5264485
Kampar	3 & 4, Jalan Balai, 31900 Kampar, Perak	05-4651044 05-4652160	05-4651400
Kamunting	27 - 29, Regat Kamunting, Off Jalan Kamunting, 34600 Kamunting, Perak	05-8081110 05-8081112	05-8079363
Kuala Kangsar	12, Jalan Daeng Selili, 33000 Kuala Kangsar, Perak	05-7769894 05-7769895	05-7769892
Menglembu	67 - 73, Jalan Besar, 31450 Menglembu, Perak	05-2811014 05-2814978	05-2815015 05-2815580
Parit Buntar	135 & 137, Jalan Taiping, 34200 Parit Buntar, Perak	05-7160078 05-7160079	05-7160077
Pantai Remis	66 - 70, Jalan Damar Laut, 34900 Pantai Remis, Perak	05-6771251 05-6771252	05-6771495
Pusing	293, Jalan Besar, 31550 Pusing, Perak	05-2884077 05-2884078	05-2883975
Seri Manjung	393, 393A & 395, Jalan Samudera 2, Taman Samudera, 32040 Seri Manjung, Perak	05-6882927 05-6882987	05-6881059 05-6884952
Simpang Pulai	39 & 41, Persiaran Sengat Baru 2, Taman Bersatu, 31300 Simpang Pulai, Ipoh, Perak	05-3575360 05-3575361	05-3575358
Sitiawan	Lot 166 - 168, Jalan Raja Omar, 32000 Sitiawan, Perak	05-6913526 05-6913527	05-6917198
Sungai Siput	161 & 162, Jalan Besar, 31100 Sungai Siput, Perak	05-5986116 05-5984114	05-5986081
Taiping	29 - 35, Jalan Kota, 34000 Taiping, Perak	05-8072551 05-8084291	05-8057145 05-8077362



Branch	Address	Telephone	Fax
<b>PERAK</b>			
Tanjong Malim	Lot 336 - 337, Jalan Chong Ah Peng, 35900 Tanjong Malim, Perak	05-4597602 05-4597603	05-4597605
Tanjong Piandang	12 & 14, Jalan Piandang 1, Taman Piandang Indah, 34250 Tanjong Piandang, Perak	05-7255327 05-7257941	05-7257943
Teluk Intan	Wisma Boltex, Jalan Pasar, 36000 Teluk Intan, Perak	05-6223282 05-6212325	05-6215518
<b>KEDAH</b>			
Alor Setar	1070 & 1071, Jalan Teluk Wanjah, 05200 Alor Setar, Kedah	04-7315411 04-7315412	04-7315778
Changlun	73, Jalan Sintok, Pekan Baru, 06010 Changlun, Kedah	04-9241457 04-9241085	04-9241870
Gurun	39 - 41, Jalan Raya, 08300 Gurun, Kedah	04-4686143 04-4686325	04-4687024
Jalan Kota	1557, Jalan Kota, 05000 Alor Setar, Kedah	04-7310559 04-7311384	04-7317716
Jitra	9 & 10, Kompleks Jitra, 06000 Jitra, Kedah	04-9174926 04-9174927	04-9174931
Kuala Ketil	45 & 46, Jalan Putra, Taman Tanjung Peteri, 09300 Kuala Ketil, Kedah	04-4163010 04-4163278	04-4163103
Kulim	2, Jalan Tunku Putra, 09000 Kulim, Kedah	04-4901090 04-4901096	04-4905105 04-4907502
Pokok Sena	A-01, Jalan Semarak 1, Taman Bandar Baru, 06400 Pokok Sena, Kedah	04-7822000 04-7822008	04-7821019
Pulau Langkawi	23, 25 & 27, Jalan Pandak Mayah 4, Pusat Bandar Kuah, 07000 Pulau Langkawi, Kedah	04-9667372 04-9667373	04-9667435
Sik	443 & 444, Jalan Tunku Ibrahim, 08200 Sik, Kedah	04-4695691 04-4695764	04-4695664
Sungai Petani	83A-D, 84A-D & 85A-D, Jalan Pengkalan, Susur Kiri, Taman Pekan Baru, 08000 Sungai Petani, Kedah	04-4217622 04-4217623	04-4211979 04-4213393
<b>PERLIS</b>			
Kangar	10-G, 10-H, 10-I & 10-J, Jalan Raja Syed Alwi, 01000 Kangar, Perlis	04-9763311 04-9763413	04-9760503 04-9760808

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<b>PAHANG</b>			
Benta	21 & 22, Rumahkedai LKNP, 27300 Benta, Pahang	09-3238622 09-3238621	09-3238614
Bentong	25 - 27, Jalan Chui Yin, 28700 Bentong, Pahang	09-2225653 09-2225659	09-2225663
Bureau de Change Resorts Hotel, Genting Highlands	7th Floor, Resorts Hotel, Genting Highlands Resort, 69000 Genting Highlands, Pahang	03-61011237	03-61011257
Brinchang	MDCH 41 - 43, Bandar Baru Brinchang, 39100 Brinchang, Cameron Highlands, Pahang	05-4911590 05-4912682	05-4911508
Genting Highlands	Lot F/L 1.2, First World Hotel, Genting Highlands Resort, 69000 Genting Highlands, Pahang	03-64360088 03-64360145	03-64360099
Jalan Beserah	A379/1 - A379/4, Jalan Beserah, 25300 Kuantan, Pahang	09-5678461 09-5688088	09-5669272 09-5686366
Jerantut	1 & 2, Jalan Inderapura, Bandar Inderapura, 27000 Jerantut, Pahang	09-2661917 09-2661972	09-2661875 09-2671193
Kemayan	Ground Floor, 30 & 32, Jalan Besar, 28380 Kemayan, Pahang	09-2409824 09-2409866	09-2409825
Kuala Lipis	5G & 5H, Jalan Pekeliling, 27200 Kuala Lipis, Pahang	09-3122077	09-3123588
Kuantan	79 - 85, Jalan Haji Abdul Aziz, 25000 Kuantan, Pahang	09-5179822 09-5178288	09-5161519
Mentakab	16 - 18, Jalan Bunga Matahari, 28400 Mentakab, Pahang	09-2775800 09-2775801	09-2773011
Raub	18 & 19, Bandar Raub Perdana, Jalan Lipis, 27600 Raub, Pahang	09-3553471 09-3553502	09-3554918
Temerloh	10, 11 & 12, Jalan Ahmad Shah, Bandar Sri Semantan, 28000 Temerloh, Pahang	09-2965652 09-2965653	09-2965643 09-2965714
Triang	38 & 39, Jalan Temerloh, 28300 Triang, Pahang	09-2553480 09-2553481	09-2553486

Branch	Address	Telephone	Fax
<b>TERENGGANU</b>			
Chukai	KCP 1, Kemaman Centre Point, 24000 Kemaman, Terengganu	09-8595962 09-8594069	09-8594943
Kuala Dungun	K-156 & K-157, Jalan Paka, Batu 48, 23000 Kuala Dungun, Terengganu	09-8482511	09-8484549
Kuala Terengganu	1849, Bangunan Wisma Maju, Jalan Sultan Ismail, 20200 Kuala Terengganu, Terengganu	09-6226122 09-6226016	09-6220655 09-6233409
<b>KELANTAN</b>			
Gua Musang	PT 8374 & PT 8375, Taman Wangsa Mewangi, Jalan Persiaran Raya, 18300 Gua Musang, Kelantan	09-9122600 09-9122602	09-9122603
Kota Bharu	PT Nos. 272, 282, 283, 284 & 285, Jalan Kebun Sultan, 15300 Kota Bharu, Kelantan	09-7447143 09-7446944	09-7482110
Kuala Krai	91 & 92, Jalan Chin Hua, 18000 Kuala Krai, Kelantan	09-9664027 09-9664028	09-9664042
Tanah Merah	443 - 445, Jalan Dato' Nik Mustapha, 17500 Tanah Merah, Kelantan	09-9556139 09-9556244	09-9556944
Wakaf Siku	6, 7, 8 & 9, Wakaf Siku, Jalan Sultan Yahya Petra, 15200 Kota Bharu, Kelantan	09-7470111	09-7461177 09-7477676
<b>SABAH</b>			
Beaufort	Lot 6 & 7, Lo Chung Park, 89808 Beaufort, Sabah	087-214844 087-214869	087-214839
City Parade	Lot No. 1-0-M45-M51, 1, Jalan Centre Point, City Parade Centre Point Sabah, 88000 Kota Kinabalu, P. O. Box 13026, 88833 Kota Kinabalu, Sabah	088-251812 088-251813	088-251816

GROUP CORPORATE  
DIRECTORY

Branch	Address	Telephone	Fax
<b>SABAH</b>			
Donggongan	Lot A-5 & A-6, Donggongan New Township, Jalan Tapikong, 89500 Penampang, Sabah	088-722780 088-723780	088-727780
Inanam	Lot No. 1, 2 & 3, Block C, K.K. Taipan, Inanam New Township, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	088-429112 088-429113	088-429987
Jalan Apas	TB1280 & TB1281, Bintang Garden, Mile 3, Jalan Apas, 91000 Tawau, Sabah	089-913262	089-913936 089-913693
Jalan Pantai	39, Jalan Pantai, 88000 Kota Kinabalu, Sabah	088-236800	088-238863
Keningau	1 & 2, Block A, Keningau Plaza, 89000 Keningau, Sabah	087-335841 087-335846	087-335842
Kota Belud	Lot B6 & B7, Kompleks Centenary, Jalan Sabar, Locked Bag 3, 89150 Kota Belud, Sabah	088-977784 088-977807	088-977798
Kota Kinabalu	Lot G.1 & Lot 1.1, Menara MAA, 6, Lorong Api-Api 1, Api-Api Centre, 88000 Kota Kinabalu, Sabah	088-239611 088-239612	088-236630
Lahad Datu	MDLD 0088, Jalan Teratai, 91100 Lahad Datu, Sabah	089-882472 089-884020	089-882971
Lido	Lot 8, 9 & 10, Block P, Taman Che Mei, KM 5, Jalan Penampang, 88300 Kota Kinabalu, Sabah	088-245687 088-217125	088-245496
Papar	Lot 8023, 162, Jalan Besar, Pekan Papar, 89600 Papar, Sabah	088-912522 088-912523	088-912211
Prima Square	Lot 149, 150, 151 & 152, Block 15A, Phase II, Prima Square, Mile 4, Jalan Utara, 90000 Sandakan, Sabah	089-202288 089-202289	089-201288 089-201688
Putatan	9 & 10, Putatan Town Phase I, Jalan Putatan, Putatan, 88300 Kota Kinabalu, Sabah	088-771811	088-771815 088-771816

Branch	Address	Telephone	Fax
<b>SABAH</b>			
Sandakan	Wisma Sandaraya, Third Avenue, 90000 Sandakan, Sabah	089-214257 089-214258	089-272815
Tawau	TB 304A & 304B, Block 34, Fajar Complex, 91000 Tawau, Sabah	089-761311 089-761322	089-761355 089-771355
<b>SARAWAK</b>			
Batu Niah	Lot 643, Batu Niah Town Extension, 98200 Batu Niah, Sarawak	085-737111	085-737110
Bintangor	Lot No. 1585 & 1586, Jalan Kelupu, 96500 Bintangor, Sarawak	084-693622	084-693255
Bintulu	29 - 32, Jalan Sommerville, 97000 Bintulu, Sarawak	086-331433	086-336028
China Street	28, China Street, 98000 Miri, Sarawak	085-417227 085-417228	085-419855
Jalan Central	3, Jalan Central, 96000 Sibu, Sarawak	084-335677	084-320052
Jalan Penrissen	384 - 388, Sentosa Central, Batu 7, Jalan Penrissen, 93250 Kuching, Sarawak	082-613377	082-615961
Jalan Tun Zaidi	Lot 2775, 2776, 2778, 2779 & 2780, Block 10, 3rd Mile, Jalan Tun Ahmad Zaidi Aduce, 93250 Kuching, P.O. Box 1330, 93726 Kuching, Sarawak	082-245220 082-245271	082-245542
Kapit	63 - 64, Jalan Wharf, 96800 Kapit, Sarawak	084-797677 084-797652	084-797628
Kuching City	No. 102 - 110, Jalan Song Thian Cheok, 93100 Kuching, Sarawak	082-417922	082-424248
Li Hua	2, Lorong Pahlawan 7B1, Jaya Li Hua Commercial Centre, 96000 Sibu, Sarawak	084-216996	084-216236

GROUP CORPORATE  
DIRECTORY

Branch	Address	Telephone	Fax
<b>SARAWAK</b>			
Limbang	Lot 1116 - 1118, Jalan Buangsiol, 98700 Limbang, Sarawak	085-216751 085-212443	085-212676
Marudi	59 & 60, Jalan Kapitan Lim Ching Kiat, Marudi, 98050 Baram, Sarawak	085-755000 085-755009	085-755018
Medan Sentral	1, 2 & 3, Medan Sentral, Commercial Centre, 97000 Bintulu, Sarawak	086-318883	086-318886
Miri	Moh Heng Building, 14, Jalan Bendahara, 98000 Miri, Sarawak	085-412944 085-412955	085-417273
Mukah	41 & 42, Block 68, Mukah New Township, 96400 Mukah, Sarawak	084-871900	084-871319
Padungan	7, 8 & 9, Jalan Chan Bee Kiew, Off Jalan Padungan, 93100 Kuching, Sarawak	082-489904 082-489905	082-330488
Pelita	Lot 1254, Pelita Commercial Centre, Jalan Cosmos, 98000 Miri, Sarawak	085-415728	085-425639 085-430639
Sarikei	79, 79A & 79B, Jalan Masjid Lama, 96100 Sarikei, Sarawak	084-652490	084-653137
Sibu	2, 4, 6 & 8, Lorong 2, Jalan Tuanku Osman, 96000 Sibu, Sarawak P.O. Box 591, 96007 Sibu, Sarawak	084-320088 084-316511	084-314088 084-335739
Sri Aman	840 & 841, Jalan Sabu, Simanggang Town, Land District, 95000 Sri Aman, Sarawak	083-323031 083-323032	083-323034
Stutong	71, 72 & 73, Stutong Parade, Jalan Setia Raja, 93350 Kuching, Sarawak	082-363889	082-368839
Wisma Saberkas	Lot G.01 & G.02A, Wisma Saberkas, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak	082-419889 082-428800	082-424662

Branch	Address	Telephone	Fax
<b>OVERSEAS BRANCHES</b>			
Sri Lanka	Colombo Branch #340, R A de Mel Mawatha, Colombo 00300, Sri Lanka Swift: PBBELKX E-mail: pbbstk@publicbank.com.lk	94-11-2576288 <i>(Country Head)</i> 94-11-2576289/ 90/91/92	94-11-2573958
	Nawala Extension Office #150, Nawala Road, Nugegoda, Colombo, Sri Lanka	94-11-2829750 <i>(Branch Manager)</i> 94-11-2829751 94-11-2829752	94-11-2829755
Lao P.D.R	Vientiane Branch 100/1-4 Talat Sao Road P.O. Box 6614, Vientiane, Lao P.D.R Telex: 4310 PBBVTE LS Swift: PBBELELA E-mail: pbbvte@publicbank.com.la	856-21-223395 <i>(Country Head)</i> 856-21-223394 856-21-216614	856-21-222743
	Savannakhet Branch 308/3 Sisavangvong Road, Group 24 Sainutha Village, Kaisone Phoanvihan District, Savannakhet Province, Lao P.D.R E-mail: pbbsvn@publicbank.com.la	856-41-252131 856-41-252132	856-41-252133
	Sikhai Branch 006, Luangphabang Road, Meuangwa Tha Village, Sikhottabong District, Vientiane, Lao P.D.R E-mail: pbbsik@publicbank.com.la	856-21-219869 856-21-219870	856-21-219876
	Pakse Branch 070 No.13, South Road, Phonesavanh Village, Pakse District Champasak, Lao P.D.R E-mail: pbbpks@publicbank.com.la	856-31-218111 856-31-218112	856-31-218113

Subsidiaries	Address	Telephone	Fax
<b>SUBSIDIARIES</b>			
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	03-21669382	03-21669362
	Branch Office: 27th Floor, Bangunan Public Bank, 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia	03-20313011 03-20313733	03-20312533 03-20312530
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	03-21766000	03-21622224
	Branches: Kampung Baru 1-1, 1-2, 2-3, Plaza RAH, No. 111, Jalan Raja Abdullah, Kampung Baru, 50300 Kuala Lumpur, Malaysia	03-26927269 03-26928749	03-26927188 03-26987699
	Putrajaya 66, Jalan Diplomatik, Presint 15, 62050 Putrajaya, Malaysia	03-88887878	03-88811366
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 (28 branches and 2 agency offices nationwide)	03-62796800	03-62779800
Public Invest Nominees (Tempatan) Sdn Bhd	27th Floor, Bangunan Public Bank, 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia	03-20313011	03-20312533
Public Invest Nominees (Asing) Sdn Bhd	27th Floor, Bangunan Public Bank, 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia	03-20313011	03-20312533



Subsidiaries	Address	Telephone	Fax
<b>SUBSIDIARIES</b>			
Public Nominees (Tempatan) Sdn Bhd	6th Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur, Malaysia	03-21626077	03-21626078
Public Nominees (Asing) Sdn Bhd	6th Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur, Malaysia	03-21626077	03-21626078
PB Trust (L) Ltd	Level 8(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia E-mail: pbtrust@streamyx.com Website: www.pbtrust.com.my	6087-411898 6087-412336	6087-451193
Public Holdings Sdn Bhd	8th Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur, Malaysia	03-21766000 03-21766666	03-21639903
Public Bank (L) Ltd	Level 8(A) & (B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia Swift: PBLMYKA Telex: MA 87012	6087-411898	6087-413220
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	852-25419222	852-28159232
Public Bank (Hong Kong) Limited	2/F, Public Bank Centre, 120, Des Voeux Road Central, Central, Hong Kong Website: www.publicbank.com.hk E-mail: contact@publicbank.com.hk (32 branches in Hong Kong, 3 branches in Shenzhen, China and 1 representative office each in Shanghai, Shenyang, China & Taipei, Taiwan)	852-25419222	852-25410009

Subsidiaries	Address	Telephone	Fax
<b>SUBSIDIARIES</b>			
Public Finance Limited	Room 1105 - 7F Wing On House, 71, Des Voeux Road Central, Central, Hong Kong Website: <a href="http://www.publicfinance.com.hk">www.publicfinance.com.hk</a> E-mail: <a href="mailto:info@publicfinance.com.hk">info@publicfinance.com.hk</a> (42 branches in Hong Kong)	852-25259351	852-28450681
Winton (B.V.I) Limited	Room 1101 - 1110, 11/F, Phase 1, Argyle Centre, 688 Nathan Road, Mongkok, Kowloon, Hong Kong Website: <a href="http://www.wintongroup.com.hk">www.wintongroup.com.hk</a> (9 branches in Hong Kong)	852-23919388	852-23915366
Public Securities (Nominees) Limited	Room 1108, Wing On House, 71, Des Voeux Road Central, Central, Hong Kong	852-39292850	852-28455240
Public Securities Limited	Room 1101 - 03 and 1108, Wing On House, 71, Des Voeux Road Central, Central, Hong Kong E-mail: <a href="mailto:cs@publicsec.com.hk">cs@publicsec.com.hk</a> Website: <a href="http://www.publicsec.com.hk">www.publicsec.com.hk</a>	852-39292800	852-28455240
Cambodian Public Bank Plc	Campu Bank Building, No. 23, Kramuon Sar Avenue (Street No. 114), Sangkat Phsar Thmey II, Khan Daun Penh, Phnom Penh, Cambodia Swift: CPBLKHPP E-mail: <a href="mailto:hoe@campubank.com.kh">hoe@campubank.com.kh</a> Website: <a href="http://www.campubank.com.kh">www.campubank.com.kh</a> <a href="http://www.cpbefbank.com">www.cpbefbank.com</a> (25 branches in Cambodia)	855-23-222880 855-23-222881 855-23-222882	855-23-222887
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, Cambodia E-mail: <a href="mailto:campusec@campusecurities.com.kh">campusec@campusecurities.com.kh</a> Website: <a href="http://www.campusecurities.com.kh">www.campusecurities.com.kh</a>	855-23-999880 855-23-998860	855-23-999883

Subsidiaries	Address	Telephone	Fax
<b>SUBSIDIARIES</b>			
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, Cambodia Website: <a href="http://www.campulonpac.com.kh">www.campulonpac.com.kh</a> E-mail: <a href="mailto:enquiries@campulonpac.com.kh">enquiries@campulonpac.com.kh</a>	855-23-966966 855-23-998200 855-23-986279	855-23-986273
<b>OVERSEAS ASSOCIATED COMPANIES</b>			
VID Public Bank	Hanoi Head Office, 7th Floor, Prime Centre Building, 53, Quang Trung Street, Hai Ba Trung District, Hanoi, Vietnam Swift: VIDPVN5 E-mail: <a href="mailto:vidho@vidpublicbank.com.vn">vidho@vidpublicbank.com.vn</a> (Hanoi HO) <a href="mailto:kongcf@vidpublicbank.com.vn">kongcf@vidpublicbank.com.vn</a> (GD) Website: <a href="http://www.vidpublicbank.com.vn">www.vidpublicbank.com.vn</a> (7 branches in Vietnam)	844-39439130 <i>(General Director)</i> 844-39438999 844-39439011 844-39439012	844-39439005

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# 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 48th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 31 March 2014 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 48th Annual General Meeting of the Company to be held at the Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 31 March 2014 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"	%
	<u>100%</u>

In case of a vote taken by a show of hands, \*First Proxy "A"/\*Second Proxy "B" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit.)

No.	Ordinary Resolutions	First Proxy "A"		Second Proxy "B"	
		For	Against	For	Against
1.	Receipt of Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon				
2.	Re-election of Tang Wing Chew as Director				
3.	Re-appointment of Tan Sri Dato' Sri Dr. Teh Hong Piow as Director				
4.	Re-appointment of Tan Sri Datuk Seri Utama Thong Yaw Hong as Director				
5.	Re-appointment of Tan Sri Dato' Sri Tay Ah Lek as Director				
6.	Re-appointment of Dato' Sri Lee Kong Lam as Director				
7.	Re-appointment of Lai Wan as Director				
8.	Approval of payment of Directors' fees				
9.	Re-appointment of Messrs KPMG as Auditors and authority to the Directors to fix the Auditors' remuneration				
10.	Proposed Merger of PBB Local Shares and PBB Foreign Shares				
	<b>Special Resolution</b>				
1.	Proposed Amendments to the Memorandum and Articles of Association of PBB				

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of Member/Common Seal

\* Delete if inapplicable.

**NOTES:**

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 March 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 48th Annual General Meeting (AGM).
- The right of Foreigners to vote in respect of deposited securities is subject to Section 41(1)(e) and Section 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 and the Articles of Association of the Company. Where a Foreigner, based on the General Meeting Record of Depositors, holds deposited securities in a Securities Account and such securities raise the ownership of shares in the Company by Foreigners beyond the Company's foreign shareholding limit of 30%, such Foreigner or the proxy appointed by him, in respect of such securities, shall not be entitled to exercise in any manner whatsoever any voting rights in respect of the aforesaid securities at this 48th AGM.
- A Member entitled to attend, speak and vote at this 48th 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 48th AGM provided that where a Member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.  
Where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.  
Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before this 48th AGM.

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Please fold here

STAMP

**To: Share Registrar**  
**Tricor Investor Services Sdn Bhd**  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia

Please fold here

# Past Award – Winning ANNUAL REPORTS

**2013 NACRA Award**

- Overall Excellence Award – Silver Award
- Best Annual Report in Bahasa Malaysia – Platinum Award

**2012 NACRA Award**

- Most Outstanding Annual Report – Gold Award
- Best Annual Report in Bahasa Malaysia – Platinum Award

**2011 NACRA Award**

- Most Outstanding Annual Report – Gold Award
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia – Platinum Award

**2010 NACRA Award**

- Most Outstanding Annual Report – Platinum Award
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia – Gold Award

**2009 NACRA Award**

- Most Outstanding Annual Report – Platinum Award
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia – Platinum Award

**2008 NACRA Award**

- Most Outstanding Annual Report – Platinum Award
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia – Platinum Award

**2007 NACRA Award**

- Most Outstanding Annual Report – Platinum Award
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia – Platinum Award
- Best Design Annual Report – Platinum Award

**2006 NACRA Award**

- Most Outstanding Annual Report – Gold Award
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia – Platinum Award

**2005 NACRA Award**

- Most Outstanding Annual Report
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia

**2004 NACRA Award**

- Most Outstanding Annual Report
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia

**2003 NACRA Award**

- Most Outstanding Annual Report
- Industry Excellence Award – Finance Sector
- Best Annual Report in Bahasa Malaysia

**CITRA Award**

- Merit Award

**2002 NACRA Award**

- Most Outstanding Annual Report
- Industry Excellence Award – Finance Sector

**CITRA Award**

- Special Jury Award

**2001 NACRA Award**

- Most Outstanding Annual Report
- Industry Excellence Award – Finance Sector

**CITRA Award**

- Special Jury Award

**2000 NACRA Award**

- Industry Excellence Award – Finance Sector

**CITRA Award**

- Main Award

**1999 NACRA Award**

- Industry Excellence Award – Finance Sector

**1998 NACRA Award**

- Industry Excellence Award – Finance Sector

**1997 NACRA Award**

- Best Annual Report in Bahasa Malaysia
- Industry Excellence Award – Finance Sector

**1996 NACRA Award**

- Most Outstanding Annual Report
- Industry Excellence Award – Finance Sector

**1995 NACRA Commendation Award**

- Accounting Information
- Annual Report in Bahasa Malaysia

**1994 NACRA Commendation Award**

- Accounting Information
- Corporate Information
- Annual Report in Bahasa Malaysia

**1991 NACRA Award**

- Best Accounting Information – NACRA Commendation Award
- Corporate Information

**1990 NACRA Award**

- Best Accounting Information

**1989 NACRA Award**

- Most Outstanding Annual Report
- Best Annual Report – Finance Sector

**NACRA Commendation Award**

- Corporate Information
- Accounting Information
- Annual Report in Bahasa Malaysia

**1988 MACRA Award**

- Best Overall Annual Report
- Best Corporate Information – NARA Award
- Best Annual Report – Finance Sector

**1987 MACRA Award**

- Best Corporate Information – NARA Award
- Best Annual Report – Finance Sector

**1986 MACRA Award**

- Best Corporate Information



2012



2011



2010



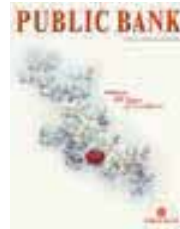
2009



2008



2007



2006



2005



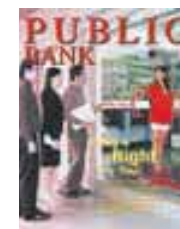
2004



2003



2002



2001



2000



1999



1998



1997



1996



1995



1994



1991



1990



1989



1988



1987



1986

## **PUBLIC BANK BERHAD**

(6463-H)

Menara Public Bank,  
146 Jalan Ampang, 50450 Kuala Lumpur, Malaysia  
Tel: 603 2163 8888/603 2163 8899  
Fax: 603 2163 9917

[www.publicbank.com.my](http://www.publicbank.com.my)