

PNB

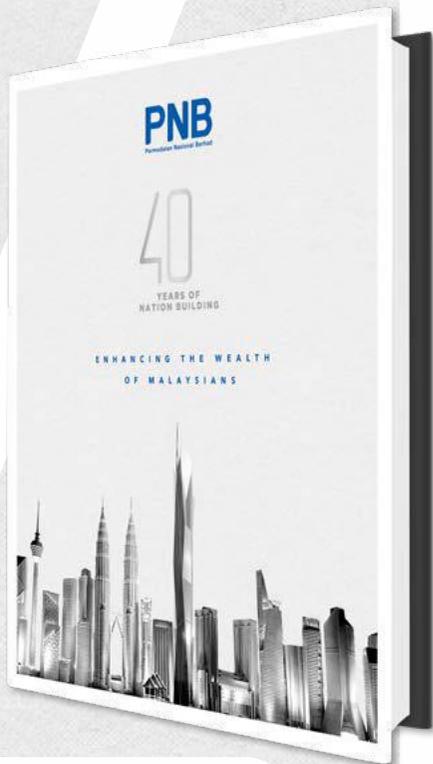
Permodalan Nasional Berhad

40

YEARS OF
NATION BUILDING

ENHANCING THE WEALTH
OF MALAYSIANS





COVER RATIONALE

When PNB first started out in 1978, barely any skyscrapers graced the KL skyline, and unit trusts were a novel concept for most. PNB's journey has also been the country's story – from first presenting opportunities for the Bumiputera community to actively participate in the nation's economy, to then opening up avenues to enhance the wealth of all Malaysians. Over the next four decades, millions of Malaysians put their trust in PNB, enabling their investments to be channelled into many of the companies which define corporate Malaysia today.

As PNB celebrates its 40th anniversary this year, we hope that our future home, PNB 118, will not just be Malaysia's most iconic skyscraper, but more importantly, will signify the achievement of PNB's vision to be a Distinctive World Class Investment House.

As we soar ever higher, we remain true to our core values which have shaped us into what we are today, and our core identity as stewards of the assets entrusted to us by our fellow Malaysians.

VISION

TO BE A DISTINCTIVE
WORLD CLASS INVESTMENT HOUSE

MISSION

TO ENHANCE THE ECONOMIC WEALTH OF
THE BUMIPUTERA COMMUNITY AND ALL MALAYSIANS,
FOR THE PROSPERITY OF THE NATION

VALUES

COMPETENCE

We possess
the competency
to deliver high
performance

HUMILITY

We treat people
with mutual
respect, stay
grounded to our
roots, always
cognisant that
we serve a
greater purpose

INTEGRITY

We will not
compromise on
integrity and we
are committed
to the highest
level of ethical
conduct

PRUDENCE

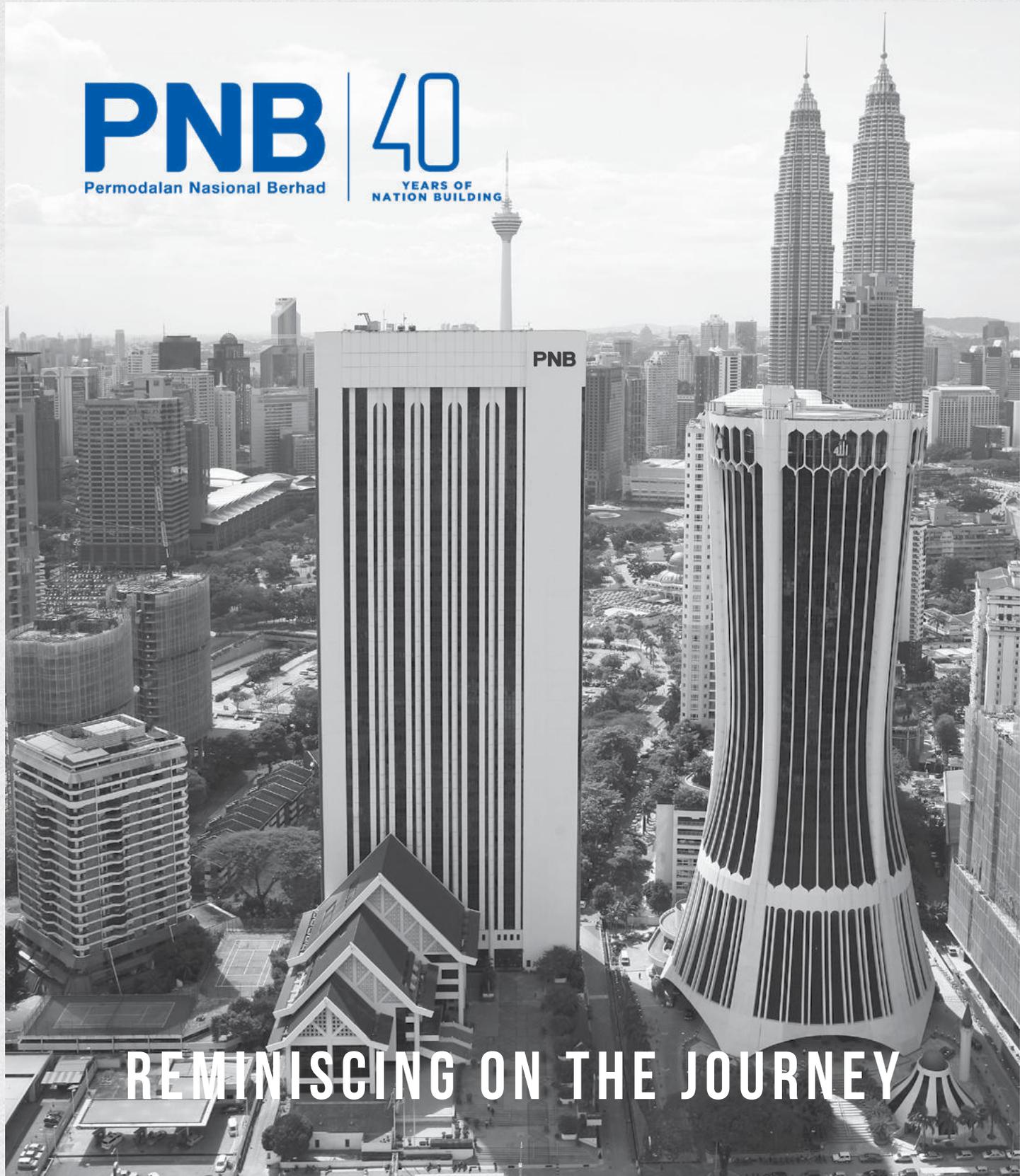
We are focused
in safeguarding
our unit holders'
wealth

PASSION

We are
passionate in
our task
to achieve
beyond the
ordinary

PNB
Permodalan Nasional Berhad

40
YEARS OF
NATION BUILDING



REMINISCING ON THE JOURNEY

This booklet entitled "Reminiscing on the Journey" is part of the PNB Annual Report 2017; dedicated to highlight the prominent figures who have shaped PNB since its inception to what it has become today.

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PERMODALAN NASIONAL BERHAD

WAS INCORPORATED ON
17 MARCH 1978 AS ONE
OF THE INSTRUMENTS OF
THE GOVERNMENT'S NEW
ECONOMIC POLICY TO
RESTRUCTURE SOCIETY BY
PROMOTING SHARE OWNERSHIP
IN THE CORPORATE SECTOR
AMONG THE BUMIPUTERA AND
DEVELOPING OPPORTUNITIES
FOR BUMIPUTERA
PROFESSIONALS TO PARTICIPATE
IN THE CREATION AND
MANAGEMENT OF WEALTH.

In order to mobilise the savings of the Bumiputera community, Permodalan Nasional Berhad's (PNB) first unit trust fund, Sekim Amanah Saham Nasional (ASN), was launched on 20 April 1981. The Bumiputera masses at the time were generally risk-averse, given their small capacity to save, let alone invest. Most had limited understanding of savings, investment or unit trusts, favouring instead hard assets such as physical cash, land or farm animals. Therefore, ASN was designed with a host of unique features unlike any other unit trust scheme –

a fixed price of RM1.00 per unit, on-the-spot redemption, minimal initial investment of only RM10, and a nationwide distribution network of banks and post offices – which saw unprecedented participation from the Bumiputera community to invest in this innovative product.

In 1990, ASN was converted into PNB's first variable-price fund, although unit holders who wished to continue investing in a fixed price product were able to transfer to a new fund, Amanah Saham Bumiputera (ASB). PNB also marked another milestone in its evolution in 1996, with the launch of its first fund open to all Malaysians, Amanah Saham Wawasan 2020.

Today, with 12 unit trust funds under its stable, PNB's assets under management have grown commendably from only RM3.5 billion in 1981 to RM279.2 billion in 2017, with more than 13 million accounts invested with it. To continue maintaining the trust and confidence of the millions of Malaysians who have chosen to invest with this institution, PNB has delivered consistent and competitive returns over the years, with nearly RM172 billion in income distribution and bonus cumulatively paid out to unit holders to date, whilst remaining steadfast in its commitment to safeguard and preserve unit holders' interests.

With the bulk of its portfolio in domestic public equities – currently, equivalent to 10% of the market capitalisation of Bursa Malaysia – PNB has been a major driving force in the journey of corporate Malaysia, through its acquisitions, divestments and value creation activity. At the same time, the portfolio remains diversified, with exposure in private investments resulting in a number of listings and divestments over the years, as well as investments in real property, both domestic and global.

PNB's achievements over the last 40 years are the fruits of the labour of countless individuals, guided by the shared vision of the seven prominent figures honoured in these pages. PNB's vision today of becoming a distinctive world-class investment house is thus built upon their legacy of continuing success, careful stewardship and unshakeable integrity.

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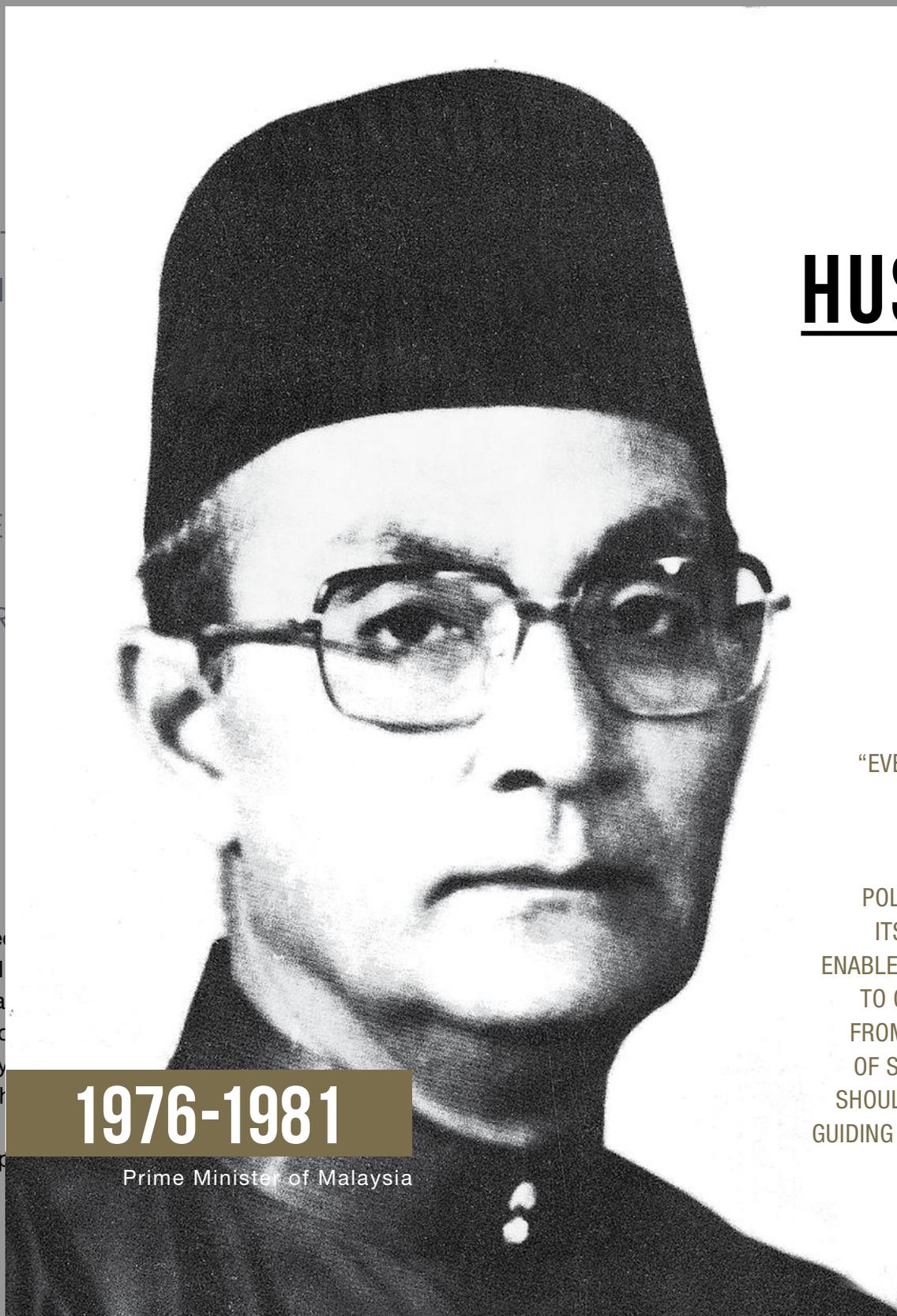
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1976-1981

Prime Minister of Malaysia



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GUIDING PR

TUN HUSSEIN ONN



Hussein lancar ASN: Cabaran bagi Bumi

Jangan ragui tujuan murni skim amanah saham—PM

SEKELA LUTHER, dan **YUSUF RASID** (dari kiri) menerima passbook ASN dari Tun Hussein Onn semasa pelancaran skim Amanah Saham Nasional Berhad (ASN) pada 20 April 1981. Tun Hussein Onn (di tengah) sedang menyerahkan passbook kepada mereka. Di belakang mereka, beberapa orang lain juga menerima passbook. Tun Hussein Onn sedang berucap semasa pelancaran skim Amanah Saham Nasional Berhad (ASN) pada 20 April 1981.



Tun Hussein was one of the earliest unit holders of ASN

TUN HUSSEIN ONN WAS MALAYSIA'S THIRD PRIME MINISTER, LEADING THE COUNTRY FROM 1976 TO 1981. TUN HUSSEIN IS RENOWNED FOR STRESSING ON THE ISSUE OF UNITY THROUGH POLICIES AIMED AT RECTIFYING ECONOMIC IMBALANCES BETWEEN COMMUNITIES.

During the launching of Yayasan Pelaburan Bumiputra (YPB) and Permodalan Nasional Berhad (PNB) on 14 April 1978, he remarked, “YPB and PNB have been established to assist the Bumiputera community to acquire shares in fulfilling the objective of the New Economic Policy. A management which is truly honest, responsible and dedicated is key in attaining success of the YPB and PNB objectives.” At the launch of PNB’s first unit trust scheme, ASN on 20 April 1981, Tun Hussein emphasised that, “This scheme has the national interest at the forefront to achieve the objectives of the country. No one should ever be doubtful of the pure intention of the scheme, moreover the Bumiputera themselves.” Tun Hussein was also the first registrant of the scheme. For his efforts in promoting goodwill among the various communities, Tun Hussein is remembered as the Father of Unity.

ASN unit holders receiving their passbooks from Tun Hussein



CORPORATION (NOTABLY PNB) ESTABLISHED TO IMPLEMENT THIS IS A TRUSTEE. OBJECTIVE IS TO THE BUMIPUTERA THE BENEFITS THE OWNERSHIP RES. THIS FACT ALWAYS BE THE PRINCIPLE OF ALL CONCERNED.”

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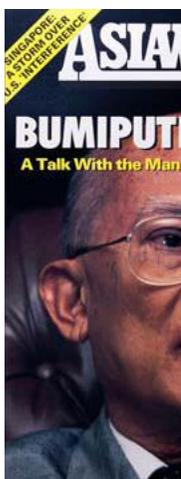
TUN ISMAIL
MOHAMED ALI,
PNB'S FIRST
CHAIRMAN, WAS
ENTRUSTED WITH
THE TASK OF
ESTABLISHING
THIS NATIONAL
INSTITUTION
GIVEN HIS WIDE
EXPERIENCE AS THE
FIRST MALAYSIAN
TO HOLD THE POST
OF GOVERNOR
OF BANK NEGARA
MALAYSIA.

Tun Ismail was universally known to be a paragon of honesty, integrity, humility, loyalty, hard work, simplicity and professionalism. His impeccable character and image, coupled with the strength of the Board that he assembled, allowed this team to build an institution that had garnered the trust of the Bumiputera community.

A true visionary, he led the committee which conceptualised a unique and innovative unit trust product, ASN, which saw unprecedented participation from the Bumiputera masses, many of whom in those days were risk-averse and not financially savvy.

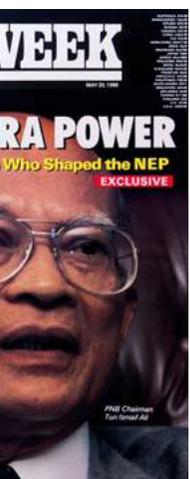
Although Tun Ismail retired on 17 October 1996 and was made PNB's Advisor until his passing on 6 July 1998, his legacy lives on till today in PNB's relentless pursuit of its founding mandate to restructure society through the sharing of corporate wealth.

Tun Ismail was con
of the old world, he
honesty, integrity, h
work, simplicity an



Tun Ismail at the ceremony to erect the first steel column for Menara PNB on 26 October 1982

considered as the best
e was a paragon of
humility, loyalty, hard
d professionalism



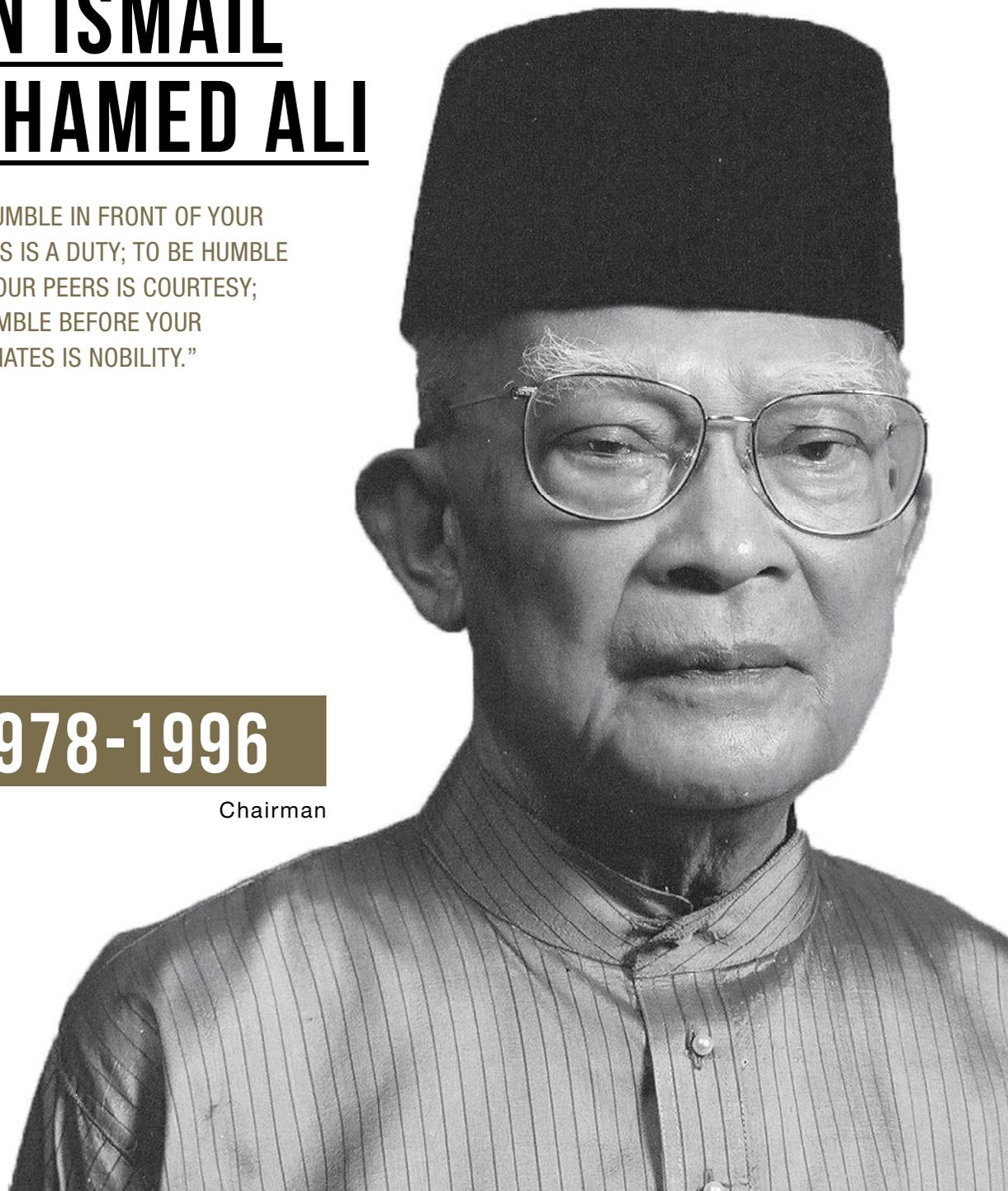
PNB

TUN ISMAIL MOHAMED ALI

“TO BE HUMBLE IN FRONT OF YOUR
SUPERIORS IS A DUTY; TO BE HUMBLE
AMONG YOUR PEERS IS COURTESY;
TO BE HUMBLE BEFORE YOUR
SUBORDINATES IS NOBILITY.”

1978-1996

Chairman



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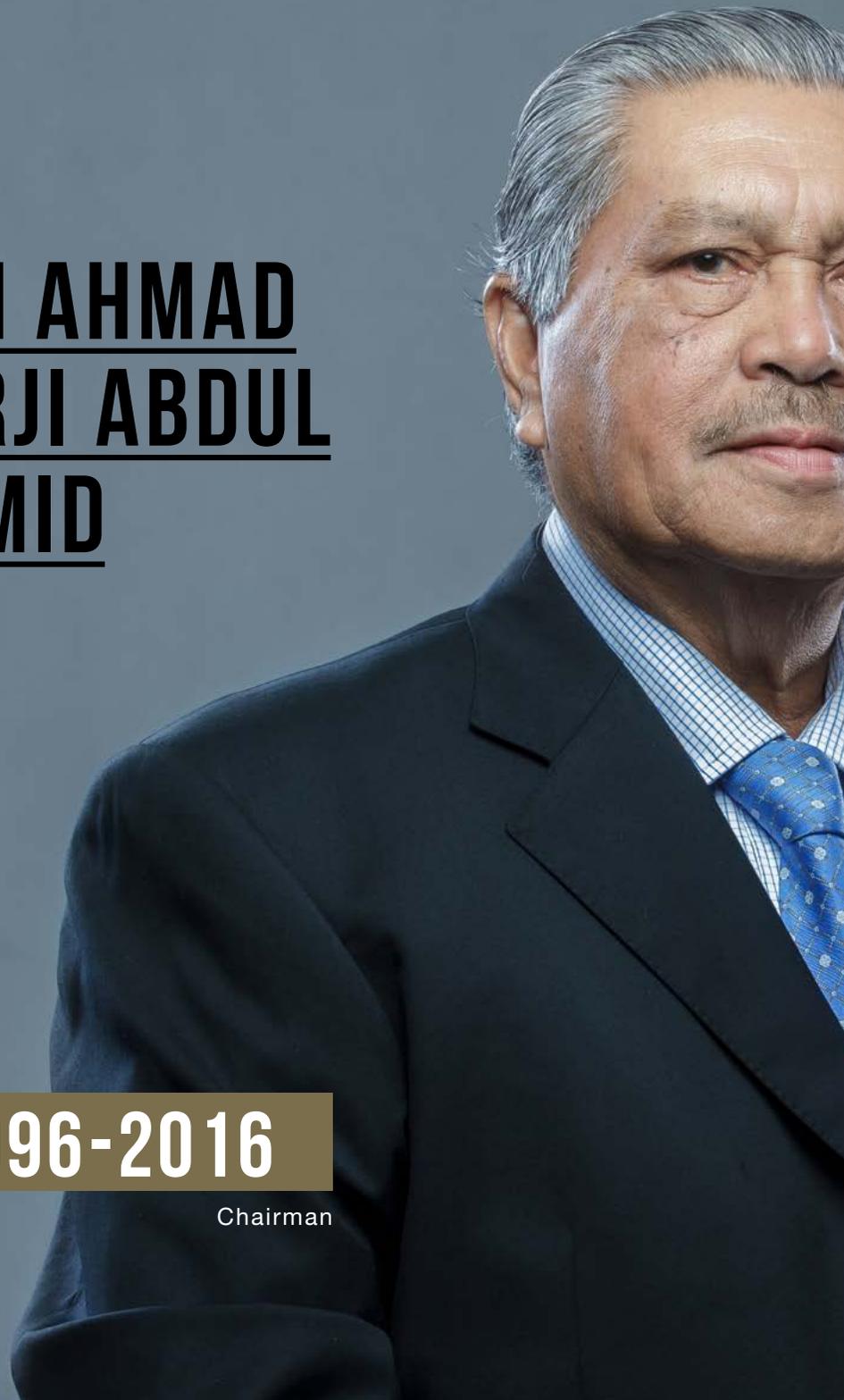
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TUN AHMAD SARJI ABDUL HAMID

1996-2016

Chairman





TUN AHMAD SARJI
ABDUL HAMID
SUCCEEDED TUN ISMAIL
MOHAMED ALI TO
BECOME THE SECOND
CHAIRMAN ON 17
OCTOBER 1996.

He had served as a board member of PNB since 1985 and Deputy Chairman for a year preceding his appointment. He had a long-standing career in the civil service for more than 35 years, with his final position as the Chief Secretary to the Government from 1990 to 1996.

Tun Ahmad Sarji's tenure saw the continuing growth of PNB, with the introduction of nine new products and expanded opportunities for all Malaysians to invest in its unit trusts. He also actively pursued the fulfilment of Shariah aspirations, including the establishment of the Board's Shariah Advisory Committee and the introduction of Hibah Amanah.

Tun Ahmad Sarji built upon Tun Ismail's legacy of careful prudence to continue emphasising higher standards of corporate governance and integrity, so as to ensure that the trust given to PNB by its unit holders would always be upheld.

Tun Ahmad Sarji welcoming Tun Ismail, who was then Chairman of PNB, at the Annual Dinner on 17 July 1992



Tun Ahmad Sarji with Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak and Tan Sri Dato' Sri Hamad Kama Piah Che Othman during the launching of Amanah Saham Bumiputera 2 on 2 April 2014

between PNB
on of Japan for
ara PNB



TAN SRI DATO' MOHD DESA PACHI

1978-1981

General Manager and Chief Executive



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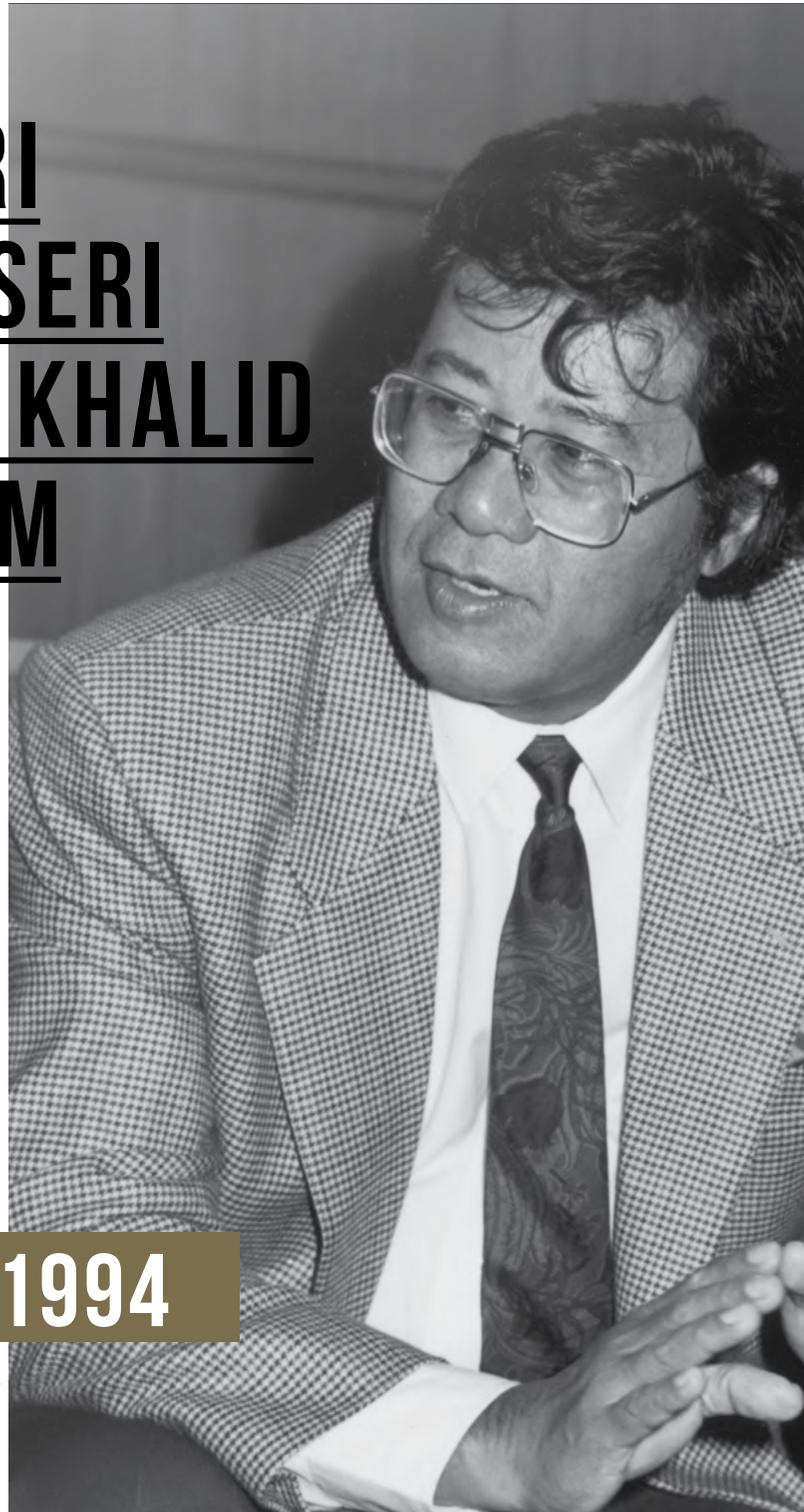
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TAN SRI DATO' SERI ABDUL KHALID IBRAHIM

1982-1994

Group Chief Executive



Together with the guests of honour at the launching of “Buku Ting”, the passbook for youth



TAN SRI DATO' SERI ABDUL KHALID IBRAHIM JOINED A YEAR AFTER PNB WAS ESTABLISHED AS MANAGER, INVESTMENTS IN 1979.

In this role, he was one of the key individuals involved in the Dawn Raid in 1981, a historic achievement for PNB and all Malaysians. This event saw PNB attaining a 51% stake within less than two hours in British plantation concern Guthrie Corporation PLC, which was then listed on the London Stock Exchange. PNB was then able to subsequently “bring the company home” to be re-listed on the Kuala Lumpur Stock Exchange (as it was then known) in 1989.

He succeeded Tan Sri Mohd Desa as General Manager in 1982, and was subsequently designated as Chief Executive in 1985 and then Group Chief Executive in 1990.



Tan Sri Abdul Khalid accompanying the then Deputy Prime Minister, Tun Musa Hitam on a visit to Menara PNB, together with PNB Chairman, Tun Ismail Mohamed Ali

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Dato' Sri Hilmey at the Prize Giving Ceremony for the Most Excellent School under the "Program Sekolah Angkat Maktab Perguruan Malaysia"



DATO' SRI M
HILMEY MO
WAS THE GR
CHIEF EXEC
FROM 1995

Dato' Sri Hilmey, who
by training, joined P
rose up the ranks
leadership positions
ASNB.

He spearheaded the
ASB as the fixed pr
for ASN in 1989. AS
the first variable pr
PNB. He was subsequ
as General Manag
Operations and B
Processing in the follo

With his keen intere
technology, Dato' Sri
the development
technology utilisati
needs, including
computerisation syst
office, which enable
be directly linked to P



"Program Bijak Sifir" was launched in 1994 to encourage primary school students to enjoy mathematics

MOHD
MOHD TAIB
GROUP
EXECUTIVE
FROM 1997.

is an accountant
PNB in 1981, and
to helm several
across PNB and

project to launch
price replacement
PN then became
price product for
recently appointed
Chief of Finance
Electronic Data
following year.

First in information
Hilmey pioneered
of information
on for various
the successful
them for the post
their systems to
PNB's mainframe.



DATO' SRI
MOHD HILMEY
MOHD TAIB

1995-1997

Group Chief Executive

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TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN

1997-2016

President &
Group Chief Executive



Launch of MSAM 2012 in Kota Kinabalu, Sabah



Tan Sri Hamad Kama Piah with the Senior Management of PNB investee companies and partners for MSAM 2014 in Kelantan

TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN SERVED AS THE PRESIDENT & GROUP CHIEF EXECUTIVE OF PNB FOR ALMOST TWO DECADES. TAKING THE HELM AT THE HEIGHT OF THE ASIAN FINANCIAL CRISIS IN 1997, HE STEERED PNB THROUGH THE STORM AND GUIDED IT TO PHENOMENAL GROWTH.

Assets under management grew more than four-fold from RM57.5 billion in 2000 to RM266.4 billion in 2016. Tan Sri Hamad Kama Piah began the diversification of PNB's portfolio through forays into both domestic and international real properties, as well as increasing exposure to international equities. Value creation for PNB's investee companies became one of his key strategies to generate sustainable returns for its unit holders.

With the philosophy of PNB as a social entrepreneur and deploying his 'White Ocean' strategy, Tan Sri Hamad Kama Piah pursued integrated investment education for the masses in order to enhance their financial literacy. This saw the birth of the annual Minggu Saham Amanah Malaysia (MSAM), which is now in its 19th year and has reached more than 3 million Malaysians from all walks of life.



Launch of MSAM 2016 in Tapah, Perak

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CORPORATE MILESTONES

CORPORATE
INVESTMENT

1978



- 17 March 1978
Establishment of PNB

1980



- 1981
Launch of Amanah Saham Nasional

1985



- 1989
Launch of AHP, Malaysia's first listed property fund

1990



- 1990
Launch of Amanah Saham Bumiputera



- 1981
"Dawn Raid" Guthrie Corporation PLC acquisition



- 1988
Takeover of UMW



- 1993
Joint venture with UMW Corp / Daihatsu to create Perodua



- 1984
PNB acquires majority stake in Maybank

CORPORATE MILESTONES

1995



- 1996
Launch of Amanah Saham Wawasan 2020

2000



- 2000
Acquisition of Singapore Unit Trusts Ltd

2005



- 2006
Acquisition of AMB
- 2006
Incorporation of PNB UK Limited

2010



- 2014
Launch of Amanah Saham Bumiputera 2

2015



- 1995
Restructuring of Timah Langat to create MNI



- 2000
Divestment of MMC



- 2007
“Synergy Drive” merger of Sime Darby, Guthrie & Golden Hope



- 2010
Acquisition of Santos Place, first overseas property



- 2015
Divestment of NCB Holdings



- 1998
Merger of port operators under NCB Holdings



- 2000
Listing of Heitech Padu



- 2009
Restructuring of property companies under PNB



- 2011
Acquisition of Milton & Shire Houses, first UK property



- 2012
PNB acquires majority stake in S P Setia

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Tan Sri Abdul Wahid bin Omar
2. Dato' Abdul Rahman bin Ahmad
3. Tan Sri Dr. Ali bin Hamsa
4. Tan Sri Dr. Mohd. Irwan Serigar bin Abdullah
5. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
6. Tan Sri Zarinah Sameehah binti Anwar
7. Datuk Dr. Awang Adek bin Hussin
8. Datuk Dr. Mohd. Yaakub bin Haji Johari
9. Tuan Haji Soedirman bin Aini

INVESTMENT COMMITTEE

1. Tan Sri Abdul Wahid bin Omar
2. Dato' Abdul Rahman bin Ahmad
3. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
4. Professor Tan Sri Dato' Seri Dr. Noor Azlan bin Ghazali
5. Datuk Dr. Mohd Daud bin Bakar
6. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani

RISK MANAGEMENT COMMITTEE

1. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
2. Tan Sri Zarinah Sameehah binti Anwar
3. Dato Dr. Nik Ramlah binti Nik Mahmood



AUDIT COMMITTEE

1. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
2. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
3. Dato Dr. Nik Ramlah binti Nik Mahmood

COMPLIANCE COMMITTEE

1. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
2. Dato' Abdul Rahman bin Ahmad
3. Dato Dr. Nik Ramlah binti Nik Mahmood

CORPORATE INFORMATION

TENDER COMMITTEE

1. Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
2. Dato' Abdul Rahman bin Ahmad
3. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani

APPEAL COMMITTEE

1. Datuk Dr. Awang Adek bin Hussin
2. Tan Sri Zarinah Sameehah binti Anwar
3. Datuk Dr. Mohd. Yaakub bin Haji Johari
4. Tuan Haji Soedirman bin Aini

REGISTERED OFFICE

Permodalan Nasional Berhad
 Level 4, Balai PNB
 Jalan Tun Razak
 50400 Kuala Lumpur
 t 03-2050 5100
 f 03-2050 5268

SOLICITORS

Messrs Skrine
 Messrs Zainal Abidin & Co
 Messrs Zain & Co
 Messrs Zaid Ibrahim & Co



NOMINATION AND REMUNERATION COMMITTEE

1. Tan Sri Abdul Wahid bin Omar
2. Datuk Dr. Awang Adek bin Hussin
3. Datuk Dr. Mohd. Yaakub bin Haji Johari
4. Tuan Haji Soedirman bin Aini

SHARIAH ADVISORY COMMITTEE

1. Datuk Dr. Mohd Daud bin Bakar
2. Tan Sri Dato' Seri (Dr.) Haji Harussani bin Haji Zakaria
3. Dato' Haji Mohamad Shukri bin Mohamad
4. Dato' As-Sheikh Haji Nooh bin Gadot
5. Professor Dato' Dr. Mahmood Zuhdi bin Ab. Majid
6. Dr. Aida binti Othman

AUDITORS

Messrs Hanafiah Raslan & Mohamad

BANKERS

Malayan Banking Berhad
 CIMB Bank Berhad

PNB - A GREAT MALAYSIAN STORY



PNB Today

PERMODALAN NASIONAL BERHAD

WAS ESTABLISHED ON 17 MARCH 1978 AS ONE OF THE INSTRUMENTS OF THE GOVERNMENT'S NEW ECONOMIC POLICY (NEP). THE NEP, INTRODUCED IN 1970, WAS INTENDED TO ADDRESS THE SOCIO-ECONOMIC DISPARITY BETWEEN THE DIFFERENT ETHNIC GROUPS IN MALAYSIA BY REDUCING AND ERADICATING ABSOLUTE POVERTY IRRESPECTIVE OF RACE, AND THEREBY RESTRUCTURING SOCIETY.

Acting as Yayasan Pelaburan Bumiputra's (YPB) wholly-owned investment vehicle, Permodalan Nasional Berhad (PNB) was given a three-pronged mandate, namely to promote corporate sector share ownership amongst the Bumiputera and, at the same time, increase Bumiputera participation in wealth creation and in management of the corporate economy. PNB operated through evaluating, selecting, and acquiring a large portfolio of shares in high-growth companies. In essence, PNB was established to invest and retain the Bumiputera shares, and to increase share ownership in the long run.

Substantial shares acquired in major Malaysian corporations were transferred to a trust fund and sold to the Bumiputera by PNB's unit trust arm, Amanah Saham Nasional Berhad (ASN), in the form of smaller units.

From its first unit trust scheme, Sekim Amanah Saham Nasional (ASN) launched on 20 April 1981, right up to its latest product, Amanah Saham Bumiputera 2 launched on 2 April 2014, PNB through ASN has been instrumental



PNB at the beginning of its establishment

THE CHALLENGES

At the outset, there were many challenges as the target market of Bumiputeras was generally rural, with little in the way of financial resources or understanding of investment in unit trust. To address this, PNB's products had to cater to the particular understandings and needs of this community, giving rise to an unprecedented and original combination of product features that remain unconventional and distinctive to this day.

in creating a paradigm shift and changing the mindset of Malaysians, particularly the Bumiputera community, in the areas of savings, investment and financial planning, and the way they view risks and returns on investment. The overwhelming response from Malaysians from all walks of life and income strata towards PNB's unit trust funds has been manifested in PNB's ability to mobilise more than 219 billion units in circulation owned by 13 million accounts from all 12 unit trust funds to date.

Building on the basic foundation of a unit trust or mutual fund, the original PNB investment offering was a unit trust that had a fixed value of RM1 per unit, was redeemable on demand, had an extremely low initial investment threshold of just RM10, and was widely available through an agent network that included all the major Malaysian bank branches as well as the post office. PNB products were thus easy to understand even for the uninitiated; highly affordable and highly accessible.

These features proved wildly popular even to this day – in its first year back in 1981, investors' interest exceeded all expectations, virtually doubling the size of the domestic unit trust industry in less than a year. New product launches and additional unit offerings of existing products were sold out in hours, helped by PNB's record of never having failed to declare an income distribution whatever the economic circumstances. The aggregation of funds through PNB products has allowed for sustained investment in some of Malaysia's biggest and most profitable companies in dynamic sectors, enabling PNB to continue providing competitive returns to the unit holders.

To further bolster the reach and effectiveness of PNB's products, extensive investor education efforts were undertaken, a hallmark of PNB's strategy of reaching every Malaysian no matter their standing in life. Through comprehensive and holistic investor education programmes which are open to all Malaysians, PNB acts as a catalyst for the development of the unit trust and fund management industry in Malaysia.

What is remarkable about PNB's business model is that these social goals are striven for while still generating profit, thus providing PNB a degree of self-sufficiency and sustainability quite unlike a purely socially oriented organisation. As a result, PNB's business model offers a way to sustainably continue its social mission for the betterment of society.



ASNB travelled across the country to attract new unit holders

CORPORATE OVERVIEW

YAYASAN PELABURAN BUMIPUTRA

PNB

Permodalan Nasional Berhad

ASNB

Amanah Saham Nasional Berhad

FIXED PRICE UNIT TRUST FUNDS



VARIABLE PRICE UNIT TRUST FUNDS



ASN 2

ASN 3



PENDIDIKAN

KESIHATAN

PERSARAAN

ORGANISATION STRUCTURE



2017 KEY HIGHLIGHTS

CORPORATE

2016

AUG



Appointment of Tan Sri Abdul Wahid Omar as Group Chairman

OCT



Appointment of Dato' Abdul Rahman Ahmad as President & Group Chief Executive

NOV



Announcement of STRIVE-15

2017

JAN



Appointment of AmBank as ASNB Agent

LEBUHRAYA
KAJANG SILK
HIGHWAY

ACQUISITION
OF SILK HIGHWAY

APR



Minggu Saham Amanah Malaysia in Temerloh, Pahang

ISSUANCE OF *HARUS*
FATWA BY SELANGOR STATE
MUFTI OFFICE

2017 KEY HIGHLIGHTS

JUN



Malayan Banking Berhad becomes first Malaysian company to breach RM100 billion market capitalisation

SEP



Issuance of Harus fatwa by Penang State Mufti Office

DEC



Completion of merger between S P Setia Berhad and I & P Group Sdn Bhd



Successful ASNB System Migration exercise

OCT

COMPLETION OF UMW OIL & GAS RECAPITALISATION EXERCISE

NOV



Completion of demerger of Sime Darby Berhad and separate listings of Sime Darby Plantation Berhad and Sime Darby Property Berhad

JUL



Completion of demerger between UMW Holdings Berhad and UMW Oil & Gas Corporation Berhad (UMW Oil & Gas)



Divestment of Santos Place, Brisbane

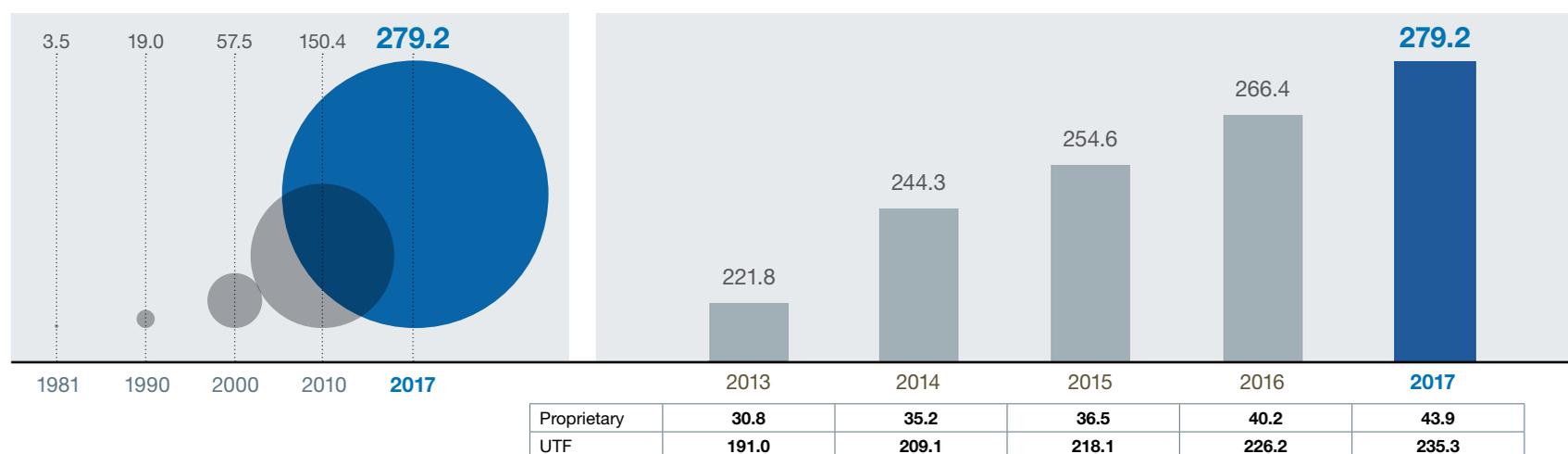


Completion of demerger between Chemical Company of Malaysia Berhad and CCM Duopharma Biotech Berhad

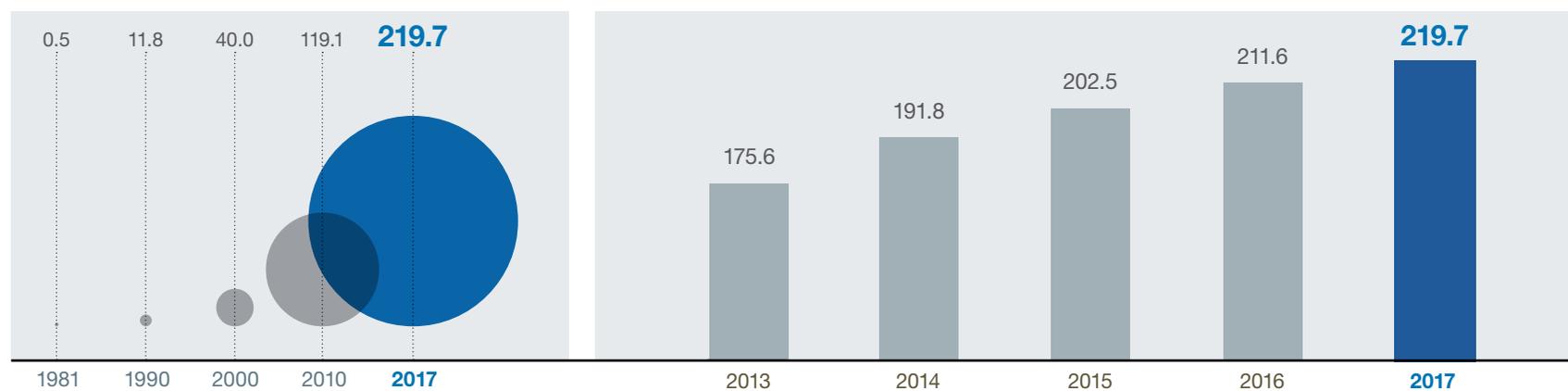
2017 KEY HIGHLIGHTS

FINANCIAL

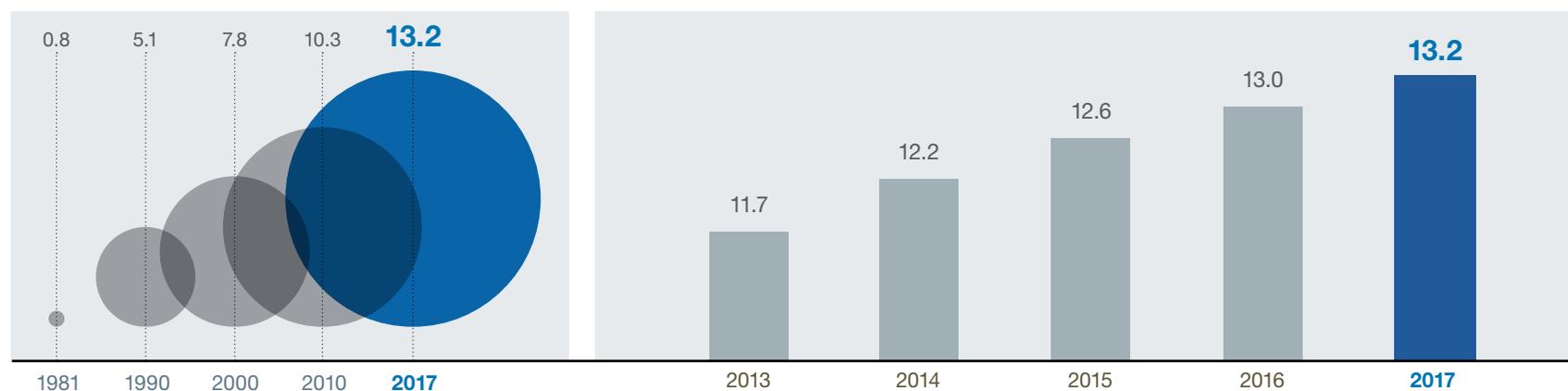
ASSETS UNDER MANAGEMENT (RM BILLION)



UNITS IN CIRCULATION (BILLION UNITS)

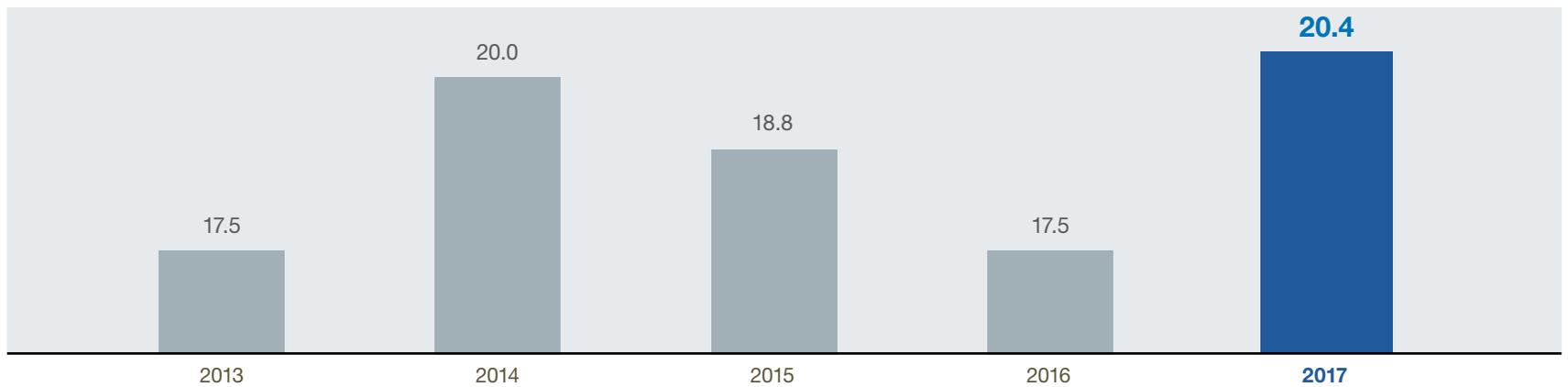


NUMBER OF ACCOUNTS (MILLION)

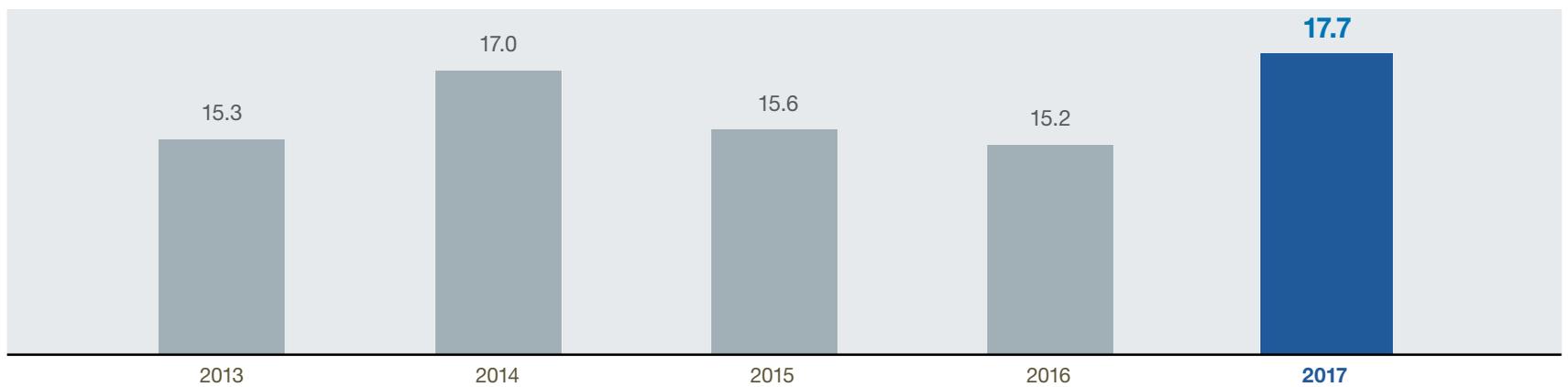


2017 KEY HIGHLIGHTS

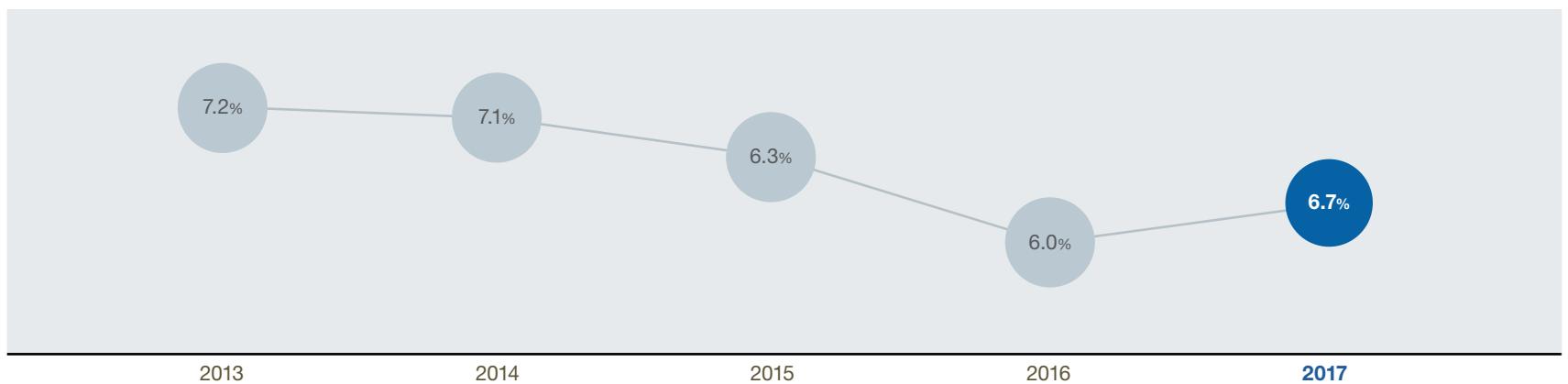
PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA GROSS INCOME (RM BILLION)



PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA NET INCOME (RM BILLION)

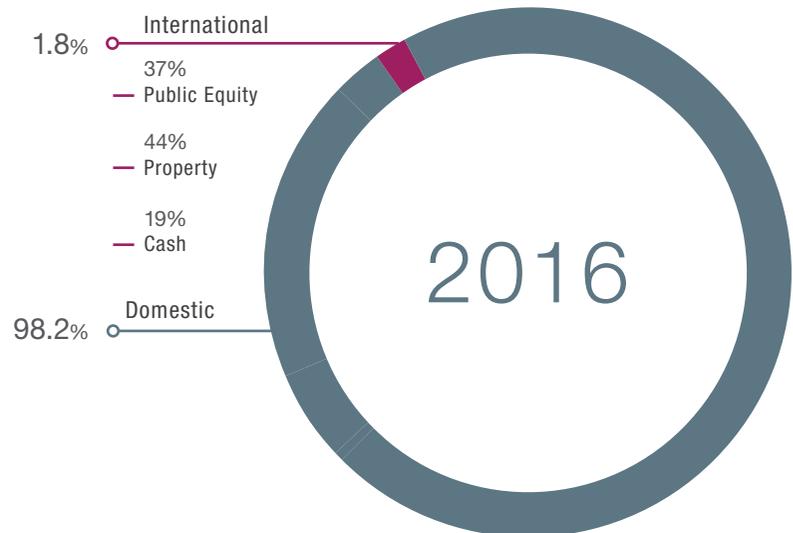


PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA RETURN ON ASSETS

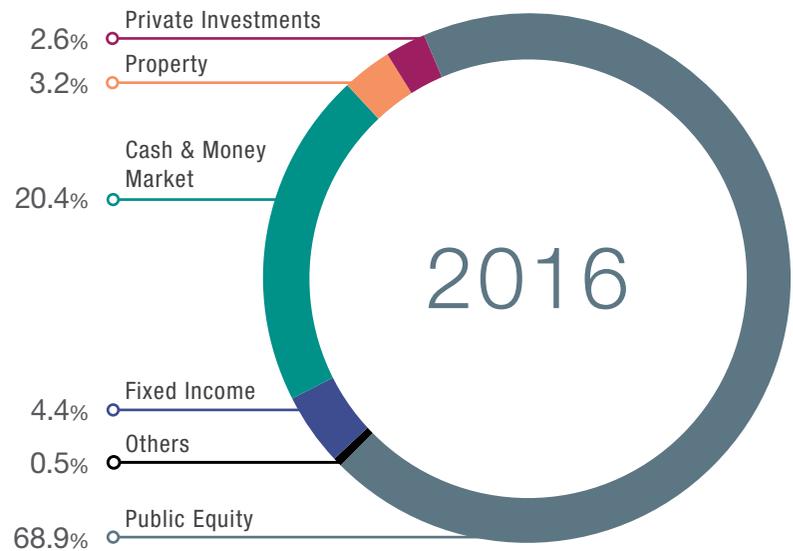
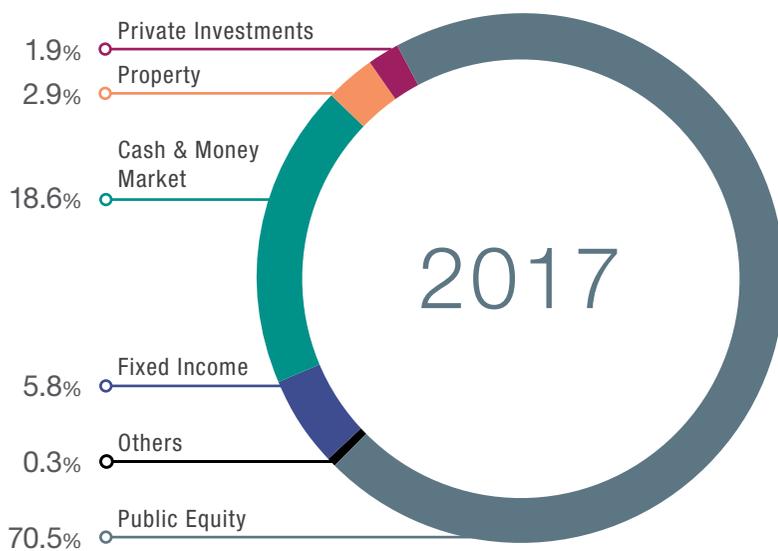


2017 KEY HIGHLIGHTS

PNB GROUP ASSET ALLOCATION BY GEOGRAPHY



PNB GROUP ASSET ALLOCATION BY ASSET CLASS



2017 KEY HIGHLIGHTS

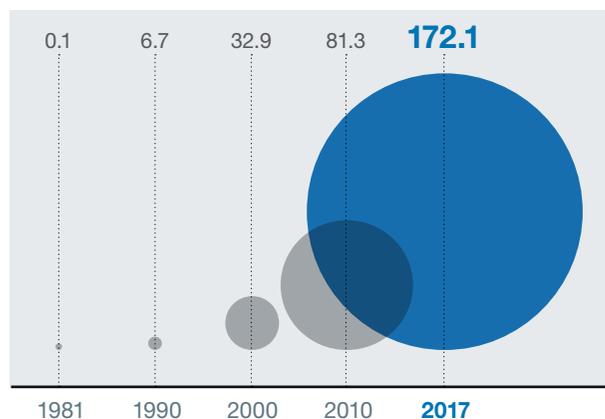
PERFORMANCE OF THE UNIT TRUST FUNDS

	 Amanah Saham Bumiputera 2 (ASB 2)	 Amanah Saham Malaysia (ASM)	 Amanah Saham Didik (ASD)	 Amanah Saham Wawasan 2020 (ASW 2020)	 Amanah Saham 1Malaysia (AS 1Malaysia)	 Amanah Saham Bumiputera (ASB)
Financial Year End (FYE)	31 Mar	31 Mar	30 Jun	31 Aug	30 Sep	31 Dec
Distribution (sen per unit)	6.50	6.00	6.00	6.00	6.00	7.00 + 0.25 + 1.00
Net income (RM million)	392.2	1,064.8	240.9	1,157.3	724.1	10,153.0
Units in circulation FYE (billion units)	7.4	17.3	5.5	19.0	12.1	145.9

	 Amanah Saham Gemilang-Pendidikan (ASG-Pendidikan)	 Amanah Saham Gemilang-Kesihatan (ASG-Kesihatan)	 Amanah Saham Gemilang-Persaraan (ASG-Persaraan)	 Amanah Saham Nasional 2 (ASN 2)	 Amanah Saham Nasional 3 Imbang (ASN 3)	 Amanah Saham Nasional (ASN)
Financial Year End (FYE)	31 Mar	31 Mar	31 Mar	30 Jun	30 Nov	31 Dec
Distribution (sen per unit)	4.50	4.25	5.15	3.10	5.00	3.65
Total return (%)	6.4	4.2	4.8	11.9	6.1	18.3
Net income (RM million)	36.3	42.9	14.1	45.4	55.7	69.1
Units in circulation FYE (billion units)	0.9	1.7	0.5	1.5	1.3	1.9

INCOME DISTRIBUTION (RM BILLION)

Cumulative Income Distribution



Annual Income Distribution Payout



COMPETENCE

WE POSSESS THE
COMPETENCY TO DELIVER
—
HIGH PERFORMANCE





YAYASAN PELABURAN BUMIPUTRA

01

YAB DATO' SRI
MOHD. NAJIB
TUN ABDUL RAZAK

Prime Minister of Malaysia



02

YAB DATO' SERI
DR. AHMAD
ZAHID HAMIDI

Deputy Prime Minister of Malaysia



YAYASAN PELABURAN BUMIPUTRA

03
YB DATO' SRI
MUSTAPA
MOHAMED

Minister of International Trade and Industry



04
YB DATUK
SERI JOHARI
ABDUL GHANI

Minister of Finance II



05
YBHG
TAN SRI ABDUL
WAHID OMAR

Group Chairman of PNB



BOARD OF DIRECTORS

POSITION:

- Group Chairman / Non-Independent Non-Executive Director

AGE:

- 54

DATE OF APPOINTMENT:

- 1 August 2016

QUALIFICATIONS:

- Fellow of the Association of Chartered Certified Accountants (UK)
- Member of the Institute of Chartered Accountants in England & Wales (ICAEW)
- Chartered Accountant (Malaysia) of Malaysian Institute of Accountants (MIA)

WORKING EXPERIENCE:

Tan Sri Abdul Wahid was appointed as the Group Chairman of Permodalan Nasional Berhad, following the completion of his term as a Senator and Minister in the Prime Minister's Department in charge of the Economic Planning Unit from June 2013 to June 2016. Prior to his cabinet appointment, Tan Sri Abdul Wahid was the President and Chief Executive Officer (CEO) of Malayan Banking Berhad (Maybank), Malaysia's largest banking group and one of the leading banking groups in Southeast Asia, from May 2008 until June 2013. He was also the Chairman of The Association of Banks in Malaysia.

Maybank was the third major organisation that he has led as CEO. Prior to joining Maybank, he was the Group CEO of Telekom Malaysia Berhad from July 2004 until its demerger with Axiata Group Berhad in April 2008. He was also formerly Managing Director/CEO of UEM Group Berhad as well as Executive Vice Chairman of PLUS Expressways Berhad from October 2001 to June 2014.

TAN SRI ABDUL WAHID OMAR

Group Chairman



BOARD OF DIRECTORS**DATO'
ABDUL RAHMAN
AHMAD**

President & Group
Chief Executive

**POSITION:**

- President & Group Chief Executive/
Non-Independent Executive
Director

DIRECTORSHIP:

- Chairman of UMW Oil & Gas
Corporation Berhad

AGE:

- 48

OTHER INFORMATION:

- Holder of the Capital Market
Services Representative's License
(CMSRL)

DATE OF APPOINTMENT:

- 1 October 2016

QUALIFICATIONS:

- MA (Honours) in Economics from
Cambridge University,
United Kingdom
- Member of the Institute of
Chartered Accountants in
England & Wales (ICAEW)
- Chartered Accountant (Malaysia)
of Malaysian Institute of
Accountants (MIA)

WORKING EXPERIENCE:

Dato' Abdul Rahman was appointed as the President & Group Chief Executive of Permodalan Nasional Berhad on 1 October 2016. He was formerly the Chief Executive Officer (CEO) of Ekuiti Nasional Berhad (Ekuinas), a Government-linked private equity firm. Prior to joining Ekuinas, Dato' Abdul Rahman was the Group Managing Director (GMD)/CEO of Media Prima Berhad, the leading integrated media investment group in Malaysia and GMD/CEO of Malaysian Resources Corporation Berhad, a leading Malaysian conglomerate.

BOARD OF DIRECTORS**TAN SRI DR.
ALI HAMSA****POSITION:**

- Independent Non-Executive Director

AGE:

- 63

DATE OF APPOINTMENT:

- 30 April 2015

QUALIFICATIONS:

- Bachelor of Arts (Honours) from University of Malaya
- Masters in Economics from Oklahoma State University, USA
- PhD in Environmental Sciences and Economics from Oklahoma State University, USA

DIRECTORSHIP:

- Chairman of Mass Rapid Transit Corporation Sdn Bhd, MyHSR Corporation, Malaysian Institute of Integrity, and Bintulu Port Holdings Berhad
- Co-Chair of the Special Taskforce to Facilitate Business in Malaysia (PEMUDAH)

WORKING EXPERIENCE:

Tan Sri Dr. Ali has been the Chief Secretary to the Government of Malaysia since June 2012, and is currently serving as the President of the Commonwealth Association for Public Administration and Management (CAPAM) for a second consecutive term. He is also a member of the United Nations Committee of Experts on Public Administration (UN-CEPA) for the 2018 to 2021 term. He started his Administrative and Diplomatic Service career as an Assistant Secretary at the Ministry of Trade and Industry in 1981, before assuming strategic roles in the Economic Planning Unit of the Prime Minister's Department as the Director of Disbursements and then as the Deputy Director-General. In 2009, he was appointed as the first Director-General of the Public-Private Partnership (PPP) Unit of the Prime Minister's Department, a central agency spearheading PPP projects.

He drives the implementation of the 1Malaysia Civil Servants Housing Scheme and is engaged in regional economic development in Malaysia as the Board Member of various corridor development authorities. He also heads the National Blue Ocean Shift (NBOS), a cross-cutting collaborative effort delivering high impact outcomes for the nation.

BOARD OF DIRECTORS**TAN SRI DR.
MOHD IRWAN
SERIGAR
ABDULLAH****POSITION:**

- Independent Non-Executive Director

AGE:

- 61

DATE OF APPOINTMENT:

- 13 February 2015

QUALIFICATIONS:

- Bachelor of Arts (Honours) in Population Studies from University of Malaya
- Advanced Management Program from Harvard Business School
- Masters of Science in Energy Management and Policy from University of Pennsylvania, USA
- PhD in Economics from International Islamic University Malaysia

DIRECTORSHIP:

- Chairman of Retirement Fund (Incorporated), Inland Revenue Board of Malaysia, Cyberview Sdn Bhd, Malaysian Global Innovation and Creativity Centre (MaGIC), and Malaysia Rail Link Sdn Bhd
- Khazanah Nasional Berhad, Petroliam Nasional Berhad (PETRONAS), Lembaga Tabung Haji, Mass Rapid Transit Corporation Sdn Bhd, and Bank Negara Malaysia

WORKING EXPERIENCE:

Tan Sri Dr. Mohd Irwan Serigar is currently the Secretary General of Treasury, Ministry of Finance. His career in the civil service began in 1984 when he joined the Malaysian Administrative and Diplomatic Service as Assistant Director, Regional Economics Division in the Economic Planning Unit (EPU) of the Prime Minister's Department. He served in various positions in the EPU before joining the Ministry of Finance in 2003 as Principal Assistant Secretary, Economic and International Division. On 24 August 2012, he was appointed as Secretary General of Treasury.



BOARD OF DIRECTORS**POSITION:**

- Independent Non-Executive Director

AGE:

- 66

DATE OF APPOINTMENT:

- 9 April 2012

QUALIFICATIONS:

- PhD in Business Economics from University of Leeds, United Kingdom

DIRECTORSHIP:

- Chairman of Sime Darby Berhad and Bank Pembangunan Malaysia Berhad
- RAM Holdings Berhad

WORKING EXPERIENCE:

Tan Sri Dr. Wan Abdul Aziz has more than 37 years of experience in the public sector, most notably in the area of economic planning and finance. He started his career in the Economic Planning Unit (EPU), Prime Minister's Department in 1975, serving in various capacities in the areas of macroeconomics, human resource and energy. He also served as an Alternate Executive Director for the World Bank Group in Washington DC, where he represented several Asian countries. He then returned to Malaysia in 2001 to serve in the Ministry of Finance and also in the EPU. In 2007, he was appointed as the Secretary General of Treasury until his retirement in August 2012. He also served as Executive Director at Islamic Development Bank and Islamic Trade Finance Corporation based in Jeddah from 2011 until 2013.

**TAN SRI DR. WAN
ABDUL AZIZ
WAN ABDULLAH**



BOARD OF DIRECTORS**TAN SRI
ZARINAH
ANWAR****POSITION:**

- Independent Non-Executive Director

AGE:

- 65

DATE OF APPOINTMENT:

- 11 January 2017

QUALIFICATIONS:

- LLB (Honours) from University of Malaya

DIRECTORSHIP:

- Chairman of Malaysia Debt Ventures Berhad
- Petroliam Nasional Berhad (PETRONAS)

OTHER INFORMATION:

- Pro-Chancellor of Universiti Teknologi PETRONAS
- Trustee of the Razak School of Government, Yayasan Hasanah, and Jeffrey Cheah Foundation
- King Abdullah bin Abdul Aziz Fellow at the Oxford Centre for Islamic Studies, United Kingdom
- Member of the Academic Advisory Council of Universiti Teknologi PETRONAS
- Member of the Advisory Board of the Emirates Securities & Commodities Authority, UAE

WORKING EXPERIENCE:

Tan Sri Zarinah is the former Chairman of the Securities Commission Malaysia (SC), a position she held for six years until her retirement in March 2012. Prior to that, she had served as the Deputy Chief Executive of the SC since December 2001. While at the helm of the SC, Tan Sri Zarinah was also the Vice Chairman of the Emerging Markets Committee of the International Organisation of SC and served two terms as Chairman of the ASEAN Capital Markets Forum, established under the auspices of the ASEAN finance ministers to discuss policy issues on ASEAN capital market development.

Prior to joining the SC, Tan Sri Zarinah was the Deputy Chairman of Shell Malaysia, having spent 22 years with the Shell Group, serving in various capacities across Shell's diverse business interests in Malaysia. She started her career in the Government's Legal and Judicial service before joining Shell in 1979.

BOARD OF DIRECTORS**DATUK DR.
AWANG ADEK
HUSSIN****POSITION:**

- Independent Non-Executive Director

DIRECTORSHIP:

- Chairman of Majlis Amanah Rakyat (MARA) and PNB Research Institute Sdn Bhd
- PRG Holdings Berhad

AGE:

- 63

DATE OF APPOINTMENT:

- 11 January 2017

QUALIFICATIONS:

- PhD in Economics from The Wharton School, University of Pennsylvania, USA

WORKING EXPERIENCE:

Datuk Dr. Awang Adek has extensive work experience in the area of economics and finance. He spent 17 years with Bank Negara Malaysia before he left in 2001 as an Assistant Governor. He later became the Chairman of Tenaga Nasional Berhad.

Datuk Dr. Awang stood for election in 2004 and won a Parliament seat, after which he was appointed Deputy Minister of Rural Development of Malaysia. Subsequently, from 2006 to 2013, he was the Deputy Minister of Finance. Datuk Dr. Awang Adek was also appointed the Malaysian Ambassador to the United States of America from 2014 to 2016. President Obama visited Malaysia twice during his tenure as Ambassador. Datuk Dr. Awang Adek is now the Chairman of MARA, appointed since September 2017.

BOARD OF DIRECTORS

DATUK DR. MOHD. YAAKUB HAJI JOHARI

POSITION:

- Independent Non-Executive Director

AGE:

- 63

DATE OF APPOINTMENT:

- 1 January 2017

QUALIFICATIONS:

- Bachelor of Science (Honours) from University of Sussex, United Kingdom
- Master of Science (Liberal Studies) from University of Manchester, United Kingdom
- PhD in Sociology from University of Salford, United Kingdom

DIRECTORSHIP:

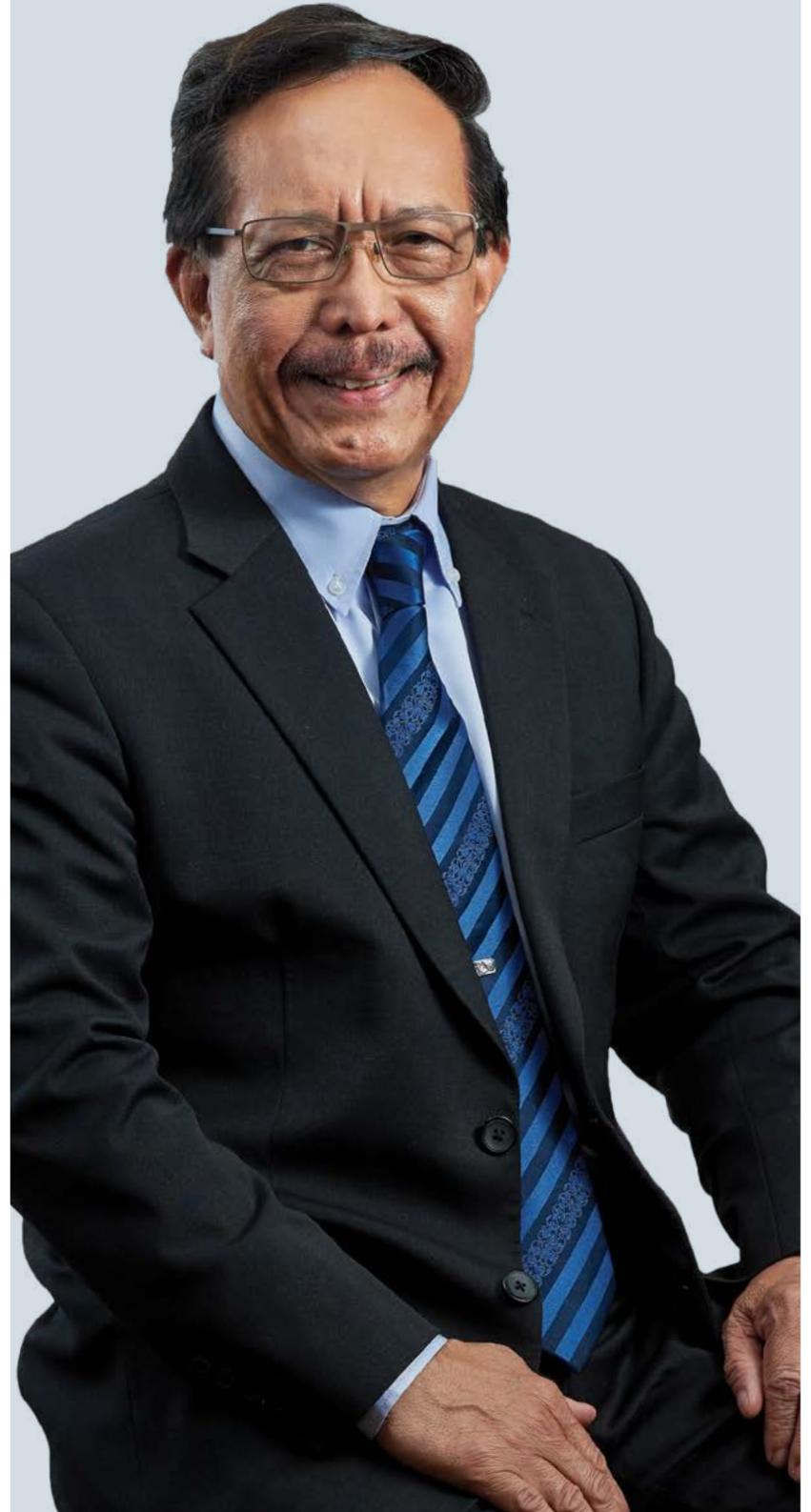
- Suria Capital Holdings Berhad, Warisan Harta Sabah Sdn Bhd, Institute for Development Studies (Sabah), Sipitang Oil and Gas Development Corporation and Kimanis Power Sdn Bhd

OTHER INFORMATION:

- President of the Association of Development Research and Training Institutes for Asia Pacific (ADIPA)
- Board Member of International Federation of Institutes of Advanced Studies (IFIAS)

WORKING EXPERIENCE:

Datuk Dr. Mohd. Yaakub began his career as a part-time lecturer in Political Science at the MARA Institute of Technology and in 1983, he joined the Sabah State Civil Service as an Assistant Director (Research and Consultancy) in the Chief Minister's Department. He was made the Principal Assistant Director (Management Development) in 1984. He joined the Institute for Development Studies, Sabah (IDS), the State's official think tank as an Associate Director (Social Affairs) in 1985 and later moved up to Deputy Chief Executive/Senior Research Fellow from 1991 to 1994. He served as the Executive Director/Chief Executive of IDS for 15 years from 1994 to 2009, prior to his appointment in 2009, as the Chief Executive of the Sabah Economic Development and Investment Authority (SEDIA).



BOARD OF DIRECTORS**POSITION:**

- Independent Non-Executive Director

AGE:

- 62

DATE OF APPOINTMENT:

- 1 January 2017

QUALIFICATIONS:

- Fellow of the Association of Chartered Certified Accountants (UK)
- Chartered Accountant (Malaysia) of Malaysian Institute of Accountants (MIA)

WORKING EXPERIENCE:

Tuan Haji Soedirman started his career with Petroliam Nasional Berhad in 1982, and after serving 13 years with the company, resigned in 1995 to join the Sarawak State Government.

He is currently the General Manager of the Sarawak Economic Development Corporation (SEDC). His previous employment in the Sarawak Civil Service includes being the Permanent Secretary of the Ministry of Social Development, Director of State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant-General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer.

TUAN HAJI SOEDIRMAN AINI



SENIOR MANAGEMENT

PLEASE REFER TO PAGE 21



**DATO' ABDUL
RAHMAN AHMAD**

President & Group Chief Executive



**DATO' IDRIS
KECHOT**

Deputy President &
Group Chief Operating Officer,
Asset Management

AGE:

63

QUALIFICATIONS:

- Master in Business Administration (Finance) from the University of Stirling, United Kingdom
- Bachelor of Science in Agribusiness from Universiti Putra Malaysia

OTHER INFORMATION:

- Attended Accelerated Development Programme at London Business School, United Kingdom
- Certified Financial Planner (CFP)
- Holder of Capital Markets Services Representative's Licence (CMSRL)

WORKING EXPERIENCE:

Dato' Idris joined PNB in 1983 under the Executive Trainee Programme. In 34 years of service in PNB, he has held various positions including Senior Executive, Research; Senior General Manager, Investment Division; Deputy President, Unit Trust; as well as his current role as the Deputy President & Group Chief Operating Officer, Asset Management.

SENIOR MANAGEMENT

AGE:

57

QUALIFICATIONS:

- Master in Business Administration from Ohio University, USA
- Bachelor in Business Administration from Ohio University, USA
- Diploma in Banking Studies, Universiti Teknologi Mara (UiTM)

OTHER INFORMATION:

- Certified Financial Planner (CFP)
- Holder of Capital Markets Services Representative's License (CMSRL)



DATIN PADUKA KARTINI HJ ABDUL MANAF

Deputy President,
Strategic Investments



DATO' MOHD NIZAM ZAINORDIN

Deputy President &
Group Chief Financial Officer

AGE:

55

QUALIFICATIONS:

- Master in Business Administration from Asian Institute of Management
- Chartered Accountant (Malaysia) of Malaysian Institute of Accountants
- Fellow of ACCA from Association of Chartered Certified Accountants

OTHER INFORMATION:

- Certified Financial Planner (CFP)

WORKING EXPERIENCE:

Datin Paduka Kartini joined PNB in 1983. In her career of over 30 years at PNB, she has served in various capacities and has been involved in various aspects of investment management and corporate finance, including mergers and acquisitions, corporate restructuring, portfolio management, property investment as well as business development.

WORKING EXPERIENCE:

Dato' Mohd Nizam started his career with Sime Darby as an Accountant before joining PNB in 1994 as Assistant Manager, Finance & Administration. During his employment in PNB, he has held various positions including Senior Manager Operations, Assistant Vice President, Unit Trust Operations; Senior Vice President, Finance & Investment Processing Department; Chief Financial Officer (CFO) of Finance and Information Technology Division and his current position as Deputy President & Group CFO.

SENIOR MANAGEMENT

AGE:
40

QUALIFICATIONS:

- Master of Business Administration – Finance & Operations, Kellogg School of Management, Northwestern University, USA
- Bachelor of Arts Economics, University of Chicago, USA

OTHER INFORMATION:

- Mentor with Endeavor Malaysia
- Chair of the Regulatory & Government Affairs Committee of the Malaysian Gas Association

WORKING EXPERIENCE:

Rick Ramli was appointed as Executive Vice President, Property/Real Estate on 5 March 2018 to oversee all of PNB’s business operations related to property and real estate investments and operations. Prior to joining PNB, Rick was Country Managing Partner for the Boston Consulting Group (BCG) in Malaysia and served as People Chair for BCG across Southeast Asia. During his time in BCG, he has worked on client assignments in more than 10 countries globally and was also based out of BCG’s London office.



RIZAL RICKMAN RAMLI

Executive Vice President, Property/Real Estate

AGE:
58

QUALIFICATIONS:

- Master of Business Administration from Cranfield Institute of Technology, United Kingdom
- Bachelor of Business Administration (Marketing) from University of Portland, Oregon, USA

OTHER INFORMATION:

- Accredited PR Practitioner, Institute of Public Relations Malaysia (IPRM)
- Registered Financial Planner, Malaysian Financial Planning Council (MFPC)

WORKING EXPERIENCE:

Prior to joining PNB, Mohammad served at UMW Toyota Motor Sdn Berhad as Corporate Communications Manager and was previously the Special Assistant to the Managing Director at EON Bhd. During his employment, he has held various positions in PNB. He started his career at PNB as Senior Manager, Corporate Services Department in 2002 before being promoted as Assistant Vice President and then transferred to the Corporate Communications Department. He also served as Vice President and Senior Vice President of Marketing and Branch Operations Department before being promoted as the Chief Executive Officer and Executive Director of ASNB.



MOHAMMAD HUSSIN

Chief Executive Officer & Executive Director of ASNB

KEY EXECUTIVES

ASSET MANAGEMENT



01

HANIZAN HOOD
Senior Vice President,
Fund Management

02

LIM CHENG EAN
Vice President,
Investment Analysis



03

ISMAIL NGAH RABU
Vice President,
Equity Market Operations

04

**RORNAH
MOHD JANOR**
Vice President,
Fixed Income



05

**MOHD HANIZ
MOHD NAZLAN**
Vice President,
Strategic Asset Allocation

KEY EXECUTIVES

ASSET MANAGEMENT



06



07



08



09



10



06

**MOHAMAD ZUWAIRI
ABD RAHMAN**

Vice President,
ASB Fund

07

**SUHAINI
ABD RAHMAN**

Vice President,
Fixed Price Funds



08

ROSE ANITA JALIL

Vice President,
Variable Price Funds

09

**AHMAD FIRDAUS
ABDULLAH**

Vice President,
International



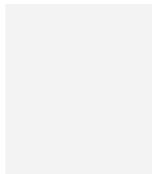
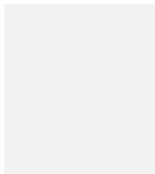
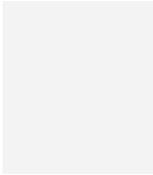
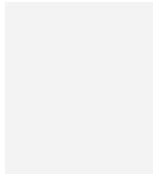
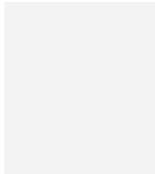
10

**NURHALINI AZLY
MINHAT**

Assistant Vice President,
Proprietary Fund

KEY EXECUTIVES

STRATEGIC INVESTMENTS



▶ **01**
**MOHAMAD IDROS
 MOSIN**
 Senior Vice President,
 Public Equity

▶ **02**
**MOHD IRWAN
 AHMAD MUSTAFA**
 Senior Vice President,
 Private Investment &
 Special Projects

▶ **03**
**AMIZAR
 MIZUAR**
 Vice President,
 Public Equity

▶ **04**
**NIK MYSHANI
 NIK MOHAMED**
 Vice President,
 Corporate Services

▶ **05**
**FADZIHAN ABBAS
 MOHAMED RAMLEE**
 Vice President,
 Corporate Planning & Strategy

KEY EXECUTIVES

PROPERTY/REAL ESTATE



01



02



03



04



05



06



07



01

**TENGGU DATO' AB. AZIZ
TENGGU MAHMUD**

Chief Executive Officer,
PNB Merdeka Ventures Sdn Berhad



02

MOHD SALEM KAILANY

Chief Executive Officer,
PNB Development Sdn Berhad



03

**TUN ABDULL MUTALIB
TUN HASSAN**

Chief Operating Officer,
PNB Commercial Sdn Berhad



04

**HAFIDZ ATRASH KOSAI
MOHD ZIHIM**

Chief Executive Officer,
Pelaburan Hartanah Nasional Berhad



05

MAZUKI ABDULLAH

Vice President,
Real Estate Investment Management



06

MOHD KAMIL IBRAHIM

Assistant Vice President,
Domestic & International Properties



07

YUZAIRI YUSSOFF

Vice President,
Development Assets – PNB 1194

KEY EXECUTIVES

UNIT TRUST



01

**FAIRUZ SUZANA
HJ KAMARUDDIN**

Vice President,
Unit Trust Strategy &
Product Management

02

MOHD RIDZA YAHYA

Vice President,
Branch Management &
Supervision



03

**MOHD AZUDDIN
SHAM ABDULLAH**

Vice President,
Unit Trust Operations &
Record Administration

04

**SITI NORILAH
SHAMSUL BAHRI**

Vice President, Marketing &
Financial Literacy



05

MOHD YUSRI SARIP

Vice President,
Agent Management &
Customer Relations

06

**AHMAD TARQUIN
MOHAMMAD KHALID**

Vice President, Accounts

KEY EXECUTIVES

CORPORATE



01



02



03



04



05



06



07



08



09



01

**ADIBAH KHAIRIAH
ISMAIL @ DAUD**
Group Company Secretary of PNB



02

**KAMARUL BAHARIN
MOHD DAUD**
Senior Vice President,
Internal Assurance



03

AZIZ ANUAR
Senior Vice President, Corporate
Affairs & Communications



04

AIDA MD DAUD
Senior Vice President,
Human Capital



05

MUZZAFFAR OTHMAN
Chief Technology Officer



06

SUZANA AHMAD
Chief Risk Officer



07

RIZIANA HANIM JAMEL
Vice President, Finance



08

**HARTINI
ZAINAL ABIDIN**
Vice President, Legal



09

**DR. AHMAD
BASRI IBRAHIM**
Head, Shariah Management



HUMILITY

WE TREAT PEOPLE WITH
MUTUAL RESPECT,
STAY GROUNDED
TO OUR ROOTS,
ALWAYS COGNISANT
THAT WE SERVE A

GREATER PURPOSE





A MESSAGE FROM THE GROUP CHAIRMAN

DEAR UNIT HOLDERS,

IT IS MY PLEASURE TO PRESENT PERMODALAN NASIONAL BERHAD'S (PNB) ANNUAL REPORT 2017. HERE, WE PROVIDE A COMPREHENSIVE OVERVIEW OF OUR PERFORMANCE LAST YEAR, OUR CURRENT FINANCIAL POSITION AND CRITICAL INSIGHTS INTO OUR STRATEGIC PLANS.

PNB turns 40 years old this year (2018). As seen from our track record and robust financial position, this investment institution has grown tremendously since 1978. It is one of the largest fund managers in the country, with over RM279 billion in assets under management at the end of last year. With nearly 220 billion units in circulation and more than 13 million accounts, PNB's unit trust funds make up more than half of the local unit trust industry.

Meanwhile, its investments in public equities, including stakes in some of Malaysia's biggest listed companies, are equivalent to one-tenth of Bursa Malaysia's total market capitalisation of RM1,906.8 billion.

PNB's success for the past four decades has only been made possible by the trust placed in us by millions of Malaysians over the years, who continue to look to us to deliver sustainable, competitive returns. Admittedly, this task has grown progressively more challenging, as technology and competition continue to change the investment landscape at a dizzying pace, even as our traditional mainstay of public equities no longer grow at rates seen previously.

A MESSAGE FROM THE GROUP CHAIRMAN



**TAN SRI
ABDUL
WAHID OMAR**
GROUP CHAIRMAN



Nevertheless, I am pleased to note that far from resting on our laurels, PNB has proactively identified measures to meet these coming challenges. PNB's Strategic Plan 2017-2022 or otherwise known as STRIVE-15 was launched on 25 November 2016, and articulates PNB's most important strategic initiatives and priorities to attain our vision of becoming a distinctive world-class investment house.

There are 15 initiatives in STRIVE-15 to be implemented under three strategic pillars:

- Pillar 1 - Enhancing Sustainable Returns;
- Pillar 2 - Effective Investment Management; and
- Pillar 3 - Driving Operational Excellence

In 2017, we focused on laying the fundamental building blocks needed for rapid execution of these pillars. It was an action-packed and fulfilling year with numerous accomplishments. I am very proud of the work that everyone in PNB has done to put us on a solid footing to address our future challenges and pleased to be able to share this strong report.

ECONOMY AND MARKET - REVIEW AND OUTLOOK

The Malaysian economy, measured by GDP, expanded by 5.9% in 2017 compared to an expansion of 4.2% in the preceding year. On the back of a growing economy, the FTSE Bursa Malaysia KL Composite Index (KLCI) gained an impressive 9.4% in 2017 after three years of negative growth. It was also a recovery year for the Ringgit against the US Dollar, which rebounded from a 19-year low of RM4.49 to appreciate by 10% to RM4.05 at the end of the year.

Growth of the global economy also surpassed expectations. The Eurozone economy posted its strongest year in a decade with a collective growth of 2.4% while the US economy gained momentum with an expansion of 2.3%, far surpassing its expansion of 1.5% in 2016. It is the same story in Asia with India's and China's economies expanding by 6.7% and 6.8% respectively in 2017.

The International Monetary Fund anticipates global growth of 3.7% for 2017. This is the most substantial annual growth for the world economy since 2011 and this upward trend is expected to continue with a growth forecast of 3.9% for 2018.

Meanwhile, our PNB Research Institute is expecting the growth of Malaysia's economy to moderate to between 5.0% to 5.5% in 2018. Strong domestic demand will be a key driver behind this expansion while a faster-than-expected growth in the global economy will undoubtedly benefit Malaysia's exports.

Another driver for the local economy and capital markets is the price of crude oil. This commodity is expected to average around US\$62 per barrel in 2018, compared to an average of US\$54 per barrel last year. Added incentives for a good performance on the local bourse is the impending government election as well as ample global and domestic trading liquidity.

As always, there are risks to the outlook of healthy economic growth for the world. Interest rate hikes in developed countries may cause consumer and corporate spending to pull back. More protectionist trade measures implemented during the year can lead to harmful trade wars that will negatively impact exports, businesses and jobs. Clearly, the global economy will also be affected by political instability or geopolitical crises that may break out in Europe, East Asia and the Middle East.

A MESSAGE FROM THE GROUP CHAIRMAN

NOTABLE ACHIEVEMENTS IN 2017

For PNB, I would like to highlight five achievements accomplished last year. The first is PNB's improved financial position in line with a conducive economic environment and a robust equity market. About 98% of PNB's investments reside in the country. These assets as well as the steps taken during the year to transform our strategic companies (public listed companies where PNB is the majority shareholder) generated strong returns for our funds.

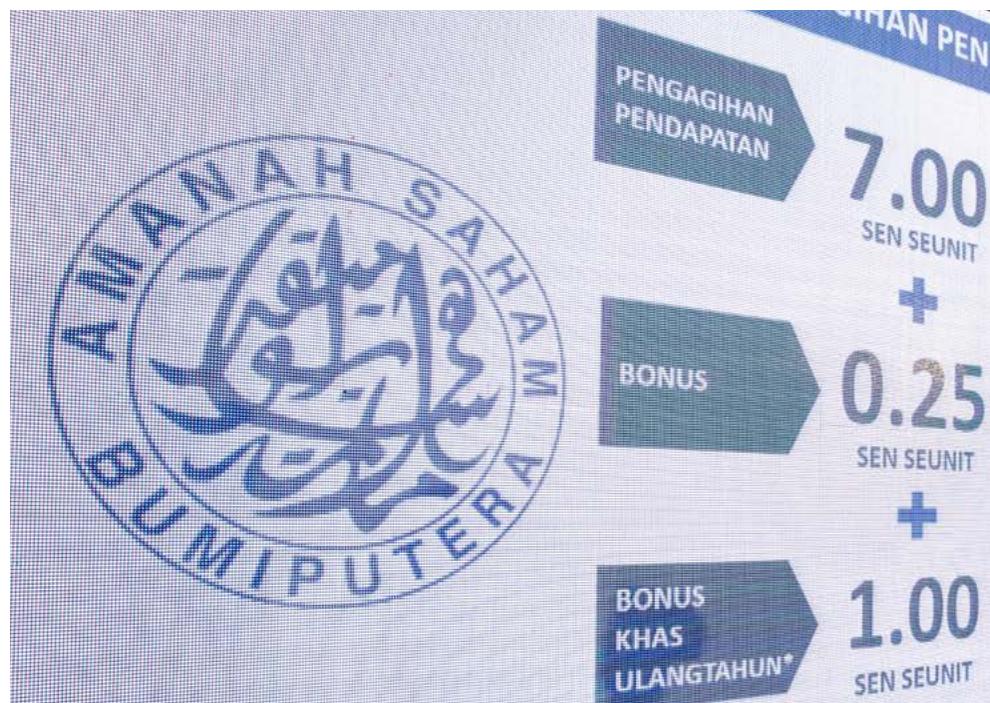
In 2017, the proforma consolidated coterminous net income of PNB and its funds increased by 16.4% to RM17.7 billion. This was reflected in the increase in the total effective return (comprising income distribution, bonus and special 40th anniversary bonus) for Amanah Saham Bumiputera (ASB) unit holders, to 8.25% for the first 10,000 units and 7.25% for the remaining balance of units held by each unit holder.

Our second achievement relates to PNB-driven corporate reinvention aimed at value creation. The corporate exercises initiated led to a significant increase of RM39.5 billion in market capitalisation of our strategic companies in 2017. This gain represents a weighted average total shareholders' return (TSR) of 26.0%, almost double that of the KLCI's TSR of 13.2% for the year.

Revamping companies, rethinking their competitive advantage and how they can create more value for their shareholders is not an easy task. But it is a necessary endeavour if these businesses are to continue to perform. As seen in the transformation of our strategic companies, trapped values can be unlocked.

PNB has always acknowledged and appreciated the preference for Shariah-compliant investments among our unit holders. Last year, the Selangor and Penang state Islamic councils issued fatwa declaring *Harus* status for investments in Amanah Saham Nasional Berhad's (ASNB) funds. This is consistent with the fatwa issued by the National Fatwa Council in 2008 as well as fatwa from the Islamic councils of the other 12 states and federal territory. Obtaining the permissible or *Harus* fatwa from all state religious councils is an important achievement for PNB and represents a fundamental step in our efforts towards greater Shariah compliance.

PNB also achieved a significant milestone in its journey towards digitalisation last year. Digitalisation or the mass adoption of digital technology is a growing trend in the current information-rich and 'connected' environment. As with any other industry, technology is a key component of investment management and integral to many processes.



After completing a massive data migration exercise, ASNB launched a new fund distribution system in June 2017. Now, our unit holders do not need to use their investment book to carry out transactions. With the new passbook-less system, unit holders only need their respective reference number and their identity card to buy or sell units in ASNB's funds.

ASNB's new fund distribution system increases customer service efficiency. More importantly, this system provides the foundation for other technological innovations that will make it easier for unit holders to transact with us. For example, the inaugural version of www.myasnb.com.my, a portal for unit holders to retrieve their statements and update their personal information, successfully went 'live' last year. The team is currently working hard to get the 2.0 version up and running, with more new features to be enjoyed by unit holders.

Finally, as a government entity, PNB is a commercial enterprise with a social objective. Over the years, our highly-affordable and highly-accessible products that were initially designed for the Bumiputera community have since expanded to unit trust funds targeted at all Malaysians.

Our fifth notable achievement is Amanah Dana Anak Malaysia 2050 or ADAM50, a scheme launched together with the Government that reflects our 'blue ocean' approach towards encouraging Malaysian households to invest from birth. In this scheme, every Malaysian born between 1 January 2018 and 31 December 2022 receives 200 free starter units in ASB (for Bumiputeras) or AS 1Malaysia (for non-Bumiputeras). It is my fervent hope that ADAM50 sets the base and inspires parents to save for their children and, in doing so, are encouraged to save for themselves.

ADAM50 was officially launched by YAB Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak on 22 February 2018 at the Budget 2018 Bersama Rakyat programme at Pusat Perubatan Universiti Kebangsaan Malaysia, Kuala Lumpur.

A MESSAGE FROM THE GROUP CHAIRMAN



SOCIAL OBJECTIVES

Amongst the many initiatives undertaken by PNB in 2017 in delivering on its social objectives, allow me to highlight two in particular. The first is the encouraging start to our PNB Chartered Accountant programme, which is a collaboration between PNB and Yayasan Peneraju Pendidikan Bumiputera, with INTEC Education College and Sunway TES Centre for Accountancy Excellence as education providers, with the overall target of producing 1,000 new Bumiputera chartered accountants by 2022. This is a continuation of PNB’s unceasing efforts over the past 40 years to deepen and develop the Bumiputera talent pool in the country, and represents a crucial step forward, given the current under-representation of Bumiputera at 8.5% in this professional field. I am therefore pleased to note that in 2017, the first full year of the programme’s operation, 505 candidates have already been sponsored, which I hope is a sign of further success to come.

The second is our initiative to provide quality, liveable affordable housing through our subsidiary, PNB Value Homes, with the aim of constructing 5,000 affordable homes by 2022. Leveraging on PNB’s extensive landbank, two pilot projects in Sungai Sedu, Selangor and Port Dickson, Negeri Sembilan, have been identified in 2017, and preparatory works have been on-going throughout the year to work towards our first launches in 2018. I look forward to reporting our continuing progress on this front for the next few years, and I hope that these homes will go some way to meeting the great demand for such housing in the country today.

BY 2022

- Target of producing **1,000** New Bumiputera chartered accountants
- Aim of constructing **5,000** Affordable homes

EVOLUTION AND ASPIRATIONS

Allow me to share five key priorities or targets for PNB in 2018.

Firstly, implementing our Strategic Asset Allocation approach, which was formulated in 2017, to begin enhancing our long-term sustainable returns, within our defined risk tolerance. We can work towards gradually rebalancing and optimising our portfolio asset allocation, which will include, amongst others, increasing our exposure to private investments both domestically and internationally, where the right opportunities arise.

Secondly, we intend to build upon the groundwork laid in 2017 to continue ensuring that our strategic companies focus on improving their business fundamentals, core earnings and dividend payout, all of which will ultimately lead to improvements in their TSR and therefore value creation for all shareholders. Now that our strategic companies have restructured themselves into more focused pure plays, this should be followed by an emphasis on boosting operations performance, and we will work closely with our companies to ensure that these aspirations are met, for the benefit of all.

Thirdly, we hope to be able to engage with our core companies (where we have at least 10% shareholding or RM1 billion in value invested) in working together towards driving better corporate performance. I aspire to see corporate earnings growth for 2018 surpassing expectations this year, as it is so important that earnings growth be improved if higher TSR is to be achieved. With the right strategy and execution, we hope that earnings can indeed be increased sustainably, and we will take an active role this year with our companies in order to find ways to achieve this together.

I would also like to highlight the critical importance of our “I” Shares initiative. A major challenge of Malaysia’s investment landscape today is the availability of Shariah-compliant equities, particularly in the financial services sector. The fact that the Shariah-compliant public-listed financial services companies make up barely 5% of the total market capitalisation of the sector poses a real challenge for Shariah-compliant funds which need to invest in these stocks - the supply is limited, but demand is ever growing, for example from the growth in the Employees Provident Fund Board’s Shariah funds, not to mention PNB’s own efforts to increase our proportion of Shariah-compliant investments.

A MESSAGE FROM THE GROUP CHAIRMAN



To fulfil this need, I hope the “Islamic” or “I” Shares initiative will gain traction in 2018. This is where a portion of shares of a Malaysian bank with a sizeable Islamic Finance business could be designated as “I” Shares. The percentage designated as “I” would depend on the amount of dividend income that can be traced or ‘ring-fenced’ from the bank’s Shariah-compliant activities. Given the benefits and the opportunities that these additional Shariah-compliant stocks would present for the market, PNB will continue to engage with the relevant stakeholders to pursue the “I” Shares initiative and hopefully make it a reality this year.

Last, but certainly not least, I hope that PNB will continue to build on the momentum of STRIVE-15 execution last year and further deepen the scale of the transformation of our capacities and capabilities under this Strategic Plan, to ensure that we can achieve our vision of becoming a distinctive world-class investment house, and deliver on sustainable, competitive returns for the benefit of our unit holders.

I hope that 2018 is a good year for the local economy and capital markets. A robust economic growth brings about more business and employment opportunities and a better performance for our funds. This will in turn benefit more than 13 million unit holders and translate into greater financial wellbeing for the seven million Malaysian households.

APPRECIATION

Dato’ Rahman, our President & Group Chief Executive, and I have now been with PNB for more than a year – I came onboard in August 2016, he two months after me – and we both are deeply thankful to Yang Amat Berhormat Dato’ Sri Mohd Najib Tun Abdul Razak, and members of the Board of Trustees of Yayasan Pelaburan Bumiputra, for entrusting the stewardship of this national institution to us. We will do our utmost best to continue building the nation’s wealth and enhancing that of all our unit holders.

We are indeed grateful to the previous leadership, for we have inherited an institution with a strong track record and a high calibre team. Our sincere gratitude to Yang Amat Berbahagia Tun Ahmad Sarji Abdul Hamid, the former Chairman of PNB, and also to Yang Berbahagia Tan Sri Hamad Kama Piah Che Othman, the former President & Group Chief Executive of PNB.

2017 saw significant leadership changes for PNB and our strategic companies. The board of directors plays a critical role as an effective and strong centre that drives our initiatives while providing strategic direction and advice. And, on behalf of PNB, I would like to thank board members and valued employees that have retired.

We are truly grateful for their leadership, dedication and invaluable contributions while they served on the board of PNB: I wish to thank Tan Sri Asmat Kamaluddin, Tan Sri Amar Bujang Mohammed Bujang Mohammed Nor, Tan Sri Ainum Mohamed Saaid and Tan Sri Dato’ Seri Dr. Wan Mohd Zahid Mohd Noordin. I wish to also thank Dato’ Dr. Abdul Halim Ismail, who retired as the Chairman of PNB’s Shariah Advisory Committee and the former members of the Investment Committee of Amanah Saham Wawasan 2020 who retired at the end of last year, namely Tan Sri Faizah Mohd Tahir, Dato’ Wan Roshdi Wan Musa and Mr Cheng Kee Check.

A MESSAGE FROM THE GROUP CHAIRMAN



“ I would also like to extend a warm welcome to new members on: ”

- PNB's Board of Directors**
 - Tan Sri Zarinah Anwar
 - Datuk Dr. Awang Adek Hussin
 - Datuk Dr. Mohd. Yaakub Johari
 - Tuan Haji Soedirman Aini
- ASNB's Board of Directors**
 - Professor Tan Sri Dato' Seri Dr. Noor Azlan Ghazali
 - Datuk Seri Dr. Nik Norzrul Thani N. Hassan Thani
 - Dato Dr. Nik Ramlah Nik Mahmood
- PNB's Investment Committee**
 - Datuk Dr. Mohd Daud Bakar
- PNB's Shariah Advisory Committee**
 - Datuk Dr. Mohd Daud Bakar (Chairman)
 - Dr. Aida Othman

As 2018 marks PNB's 40th anniversary, I wish to record my deepest gratitude to PNB's first chairman, the late Tun Ismail bin Mohamed Ali, who would have turned 100 this year. Tun Ismail was also the first Malaysian to be appointed as governor of Bank Negara and the longest-serving governor of the Asian Central Bank. He served as chairman when PNB was established on 17 March 1978 until 17 October 1996. Thereafter, Tun Ismail continued as an advisor to PNB until he passed away on 6 July 1998.

Under his guidance, PNB became one of the largest investment institutions in the country and achieved its mandate of promoting equity ownership and of developing opportunities for the creation and management of wealth among Bumiputeras.

Tun Ismail won the trust and confidence of more than 7 million unit holders during his time, and left a solid foundation of honesty, care, diligence, professionalism and integrity. I believe that the best tribute that all of us at PNB can pay to his memory is to continue his legacy of striving for the highest ethical standards and sustaining the trust and confidence in PNB among Malaysians. And thus do our values of Competence, Humility, Integrity, Prudence and Passion (CHIPPP) ensure we continue to remain on the right track.

At the heart of the successful delivery of our notable achievements last year is the diverse range of people who come together and form PNB's workforce. I am grateful to every employee for their innovation, commitment and dedication to their important responsibilities. Together, we will deliver on our vision to become a distinctive world-class investment house.

I also want to take the opportunity to recognise our stakeholders for their tremendous support. I sincerely thank all our board members, our strategic companies, the National and State Fatwa Committees, various government agencies, regulators and our loyal unit holders. Without you, PNB would not be the successful robust investment institution that it is today.

Based on our achievements so far, I believe our ambitious vision of becoming a distinctive world-class investment house is attainable. But none of what we have done these past 40 years and what we will be able to do is possible without the blessings of Allah SWT.

Thank you,
Abdul Wahid Omar

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW



DATO'
ABDUL RAHMAN
AHMAD

PRESIDENT & GROUP CHIEF EXECUTIVE

I AM PRIVILEGED TO PRESENT PERMODALAN NASIONAL BERHAD'S (PNB) FINANCIAL AND OPERATING PERFORMANCE FOR FY2017.

As the country's leading asset management company, responsible for the savings of millions of Malaysians, we understand that there is demand for transparency and accountability given the important role that PNB plays in the country's economic landscape and in assisting Malaysians to meet their financial goals. Our stakeholders, unit holders and the broader public should be given insight into our operations, and more importantly, into our strategic plans.

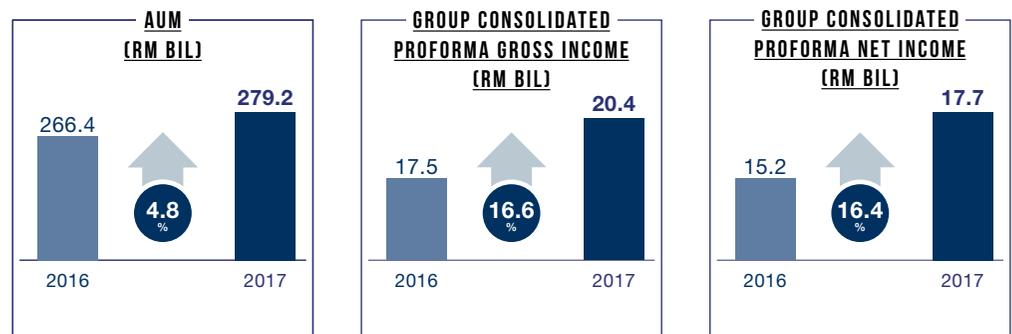
We hope that this first public Annual Report provides a fair review of PNB's financial performance as well as the impact of measures that were implemented last year. We also aim to highlight initiatives in STRIVE-15, PNB's strategic plan for the next five years, and the foundation that we have put in place to achieve our vision of becoming a distinctive world-class investment house.

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

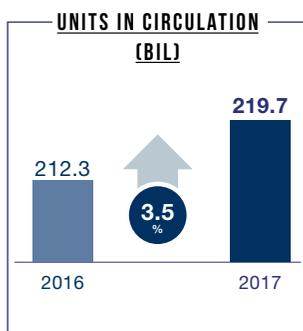
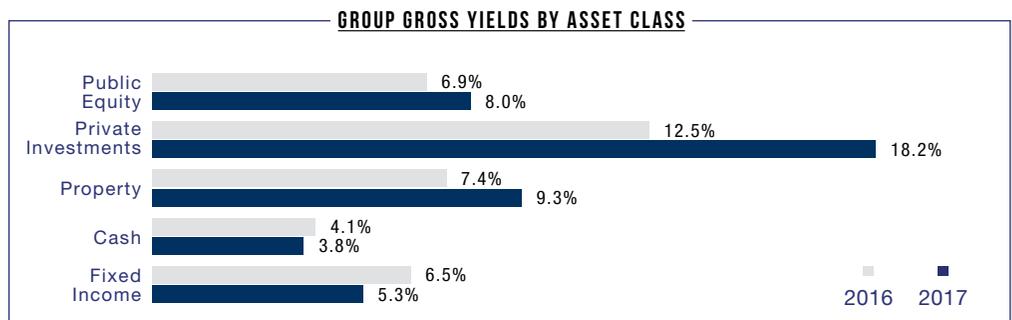


PERFORMANCE HIGHLIGHTS

On the back of a growing economy and a robust stock market, PNB's assets under management (AUM) increased by 4.8% year-on-year to RM279.2 billion in 2017, of which RM235.3 billion is from our unit trust funds, while the remaining RM43.9 billion is from PNB's own proprietary fund. This represents a significant increase as it is worth remembering that in 1981, the first year that PNB began to manage unit holders' investment moneys through its first unit trust fund, ASN, PNB's AUM was only RM3.5 billion.



In terms of financial performance, PNB Group's consolidated proforma gross income surpassed RM20 billion while consolidated proforma net income exceeded RM17 billion last year. This represents a considerable increase of 16.6% for gross income and 16.4% for net income when measured against gross and net income in 2016. PNB's return on assets ratio also improved to 6.7% in 2017 from 6.0% in 2016. 2017 also saw improvements in gross yields across almost all asset classes, especially public equity, private investment and property.



The sustained growth in the value of our investable assets underscores our commitment to sound investment management and a high standard of accountability, transparency, and ethics in our operations. All of us at PNB and its group of companies are mindful that we are stewards of the assets held in our unit trust funds. The rightful owners of these assets are our unit holders. And, the money that they invest with us represent important life goals that range from buying a house, funding their children's education, starting a business or supporting their family.

Our unit trust operations also continued to grow in 2017, with the total number of units in circulation of our funds increasing by 3.5% to 219.7 billion while the number of accounts grew by 1.5% to 13.2 million from 13.0 million recorded at the end of 2016.

**THE PRESIDENT &
GROUP CHIEF EXECUTIVE'S REVIEW**

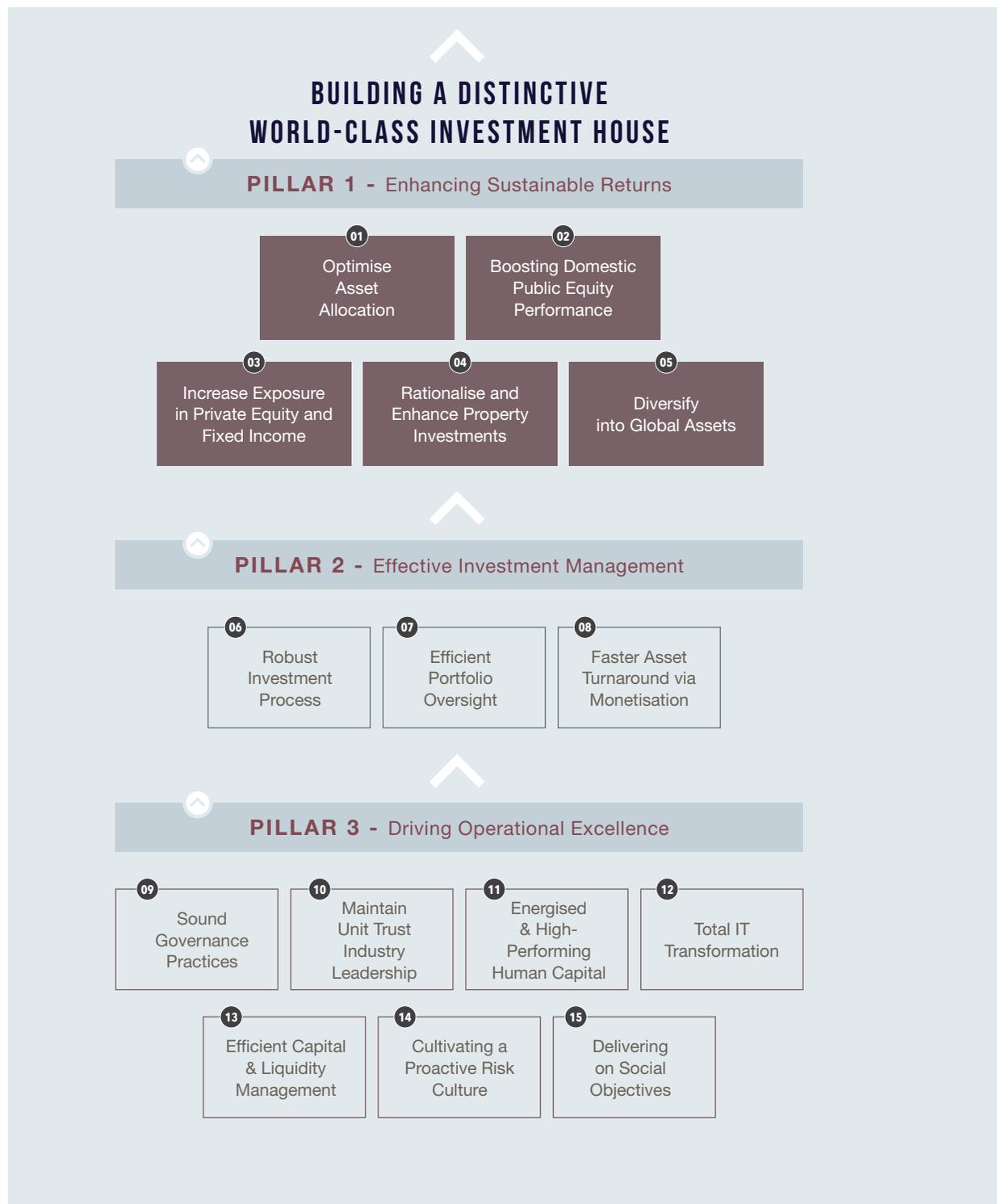


**STRIVE-15
STRATEGIC
PILLARS AND
INITIATIVES**

PNB'S STRATEGIC PLAN 2017-2022, ALSO KNOWN AS STRIVE-15, WAS LAUNCHED IN NOVEMBER 2016.

The plan sets out what needs to be done over a six-year period to achieve our vision of becoming a distinctive world-class investment house, with a target AUM of RM350 billion by 2022. This roadmap puts us on a firm footing to achieve our three broad mandate deliverables – delivering enhanced sustainable returns for PNB's portfolio, increasing Bumiputera economic wealth and participation, and utilising part of PNB's gains for socially impactful initiatives.

STRIVE-15 consists of 15 initiatives across three strategic pillars: enhancing sustainable returns, effective investment management and driving operational excellence. Alhamdulillah, in 2017 – the first year of the Plan's execution – some initiatives have already proven to be fruitful, while the groundwork for others have been put in place, to fully get off the ground in 2018 and beyond.



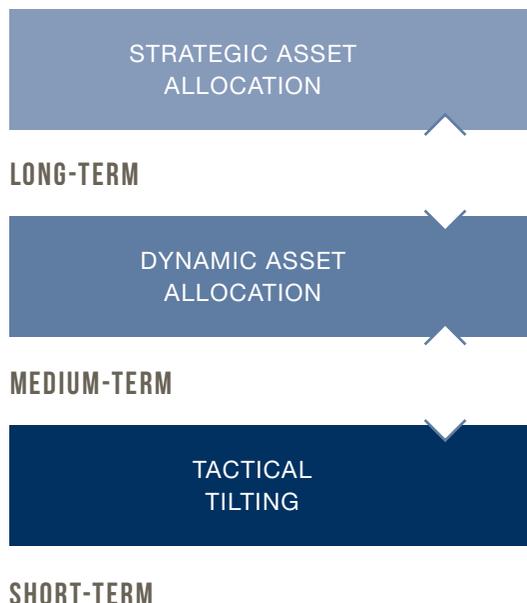
STRATEGIC PILLAR 1:

ENHANCING SUSTAINABLE RETURNS

The first strategic pillar is all about enhancing the returns potential of our investment portfolio. The starting point of this, of course, is to optimise our asset allocation, as this is widely acknowledged to be a critical determinant of long-term portfolio performance. To this end, in 2017, the PNB Board approved a Strategic Asset Allocation (SAA) Framework, driven by a newly formed dedicated and centralised SAA team.

PNB's SAA approach centres around cross-collaboration across the organisation in collectively developing the appropriate investment objectives, return targets and risk tolerances for each respective fund. As part of the SAA Framework, this entails setting the optimal allocation and deployment targets across all asset classes for both short and longer-term horizons.

This ensures that allocation decisions are the product of a more robust analytical process, with a better-informed view on factors driving expected risks and returns across asset classes. As a result, our portfolios are better positioned to maximise diversification benefits towards achieving the optimal risk-return balance, hence setting the stage for continuing, sustainable returns in the years to come.



THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

BOOSTING DOMESTIC PUBLIC EQUITY PERFORMANCE

Amongst the asset classes, it is natural that our attention would be first focused on public equities, which constitute the bulk of our portfolio, and has traditionally been where we have acquired the most experience and a deep bench of resources over the years, in view of our original founding mandate to increase corporate equity ownership. We are the majority shareholder in some of the largest listed companies in the country, and with more than RM198.0 billion invested in public equities, PNB's domestic public equity portfolio is equivalent to 10.4% of Bursa Malaysia's total market capitalisation of RM1,906.8 billion at the end of last year.

In 2017, PNB's focus in the public equity space was very much on boosting the performance of our strategic companies. We had a simple goal in mind – getting the companies to focus on their respective core business activities, in order to unlock the true potential value of each business. To this end, the restructuring of conglomerates into pure play entities facilitates this greater focus and enables the companies' performance to be benchmarked against their properly equivalent peers in the same industry. This also promotes more accountability and transparency for each company.

Our strategic companies undertook three significant corporate exercises over the course of 2017 in line with this goal, increasing our total number of strategic companies from six to 10 by the end of the year:



1 The demerger of Sime Darby Berhad (Sime Darby), which was announced in January, and successfully completed in November with the new pure play entities - Sime Darby Plantation Berhad (Sime Plantation) and Sime Darby Property Berhad (Sime Property) - joining its now leaner erstwhile parent on the Main Market of Bursa Malaysia. This allowed the three companies to focus on their core business areas of automotive, industrial and healthcare; plantation; and property development respectively.



2 The demerger of UMW Holdings Berhad (UMW Holdings) and UMW Oil & Gas Corporation Berhad (UMW Oil & Gas), also announced in January and thereafter completed in May, enabled UMW Holdings to focus on its core business areas – automotive, heavy equipment and manufacturing and engineering. This was then followed by a recapitalisation and refinancing exercise for UMW Oil & Gas, which has now put it on a much stronger financial footing to meet the current challenges prevailing in the global oil & gas industry, and position it for future growth.



3 The demerger of Chemical Company of Malaysia Berhad (CCM) and CCM Duopharma Biotech Berhad (Duopharma), which was announced in August and completed in late December. Now, as separate entities, CCM can concentrate on growing its chemical products and polymer coatings business while Duopharma can focus on developing, manufacturing and marketing generic drugs and branded pharmaceutical products.



CCM DUOPHARMA BIOTECH BERHAD

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

We are therefore very gratified that the market reacted very positively indeed to the efforts put in by our strategic companies, with the total market value of the 10 companies increasing by RM39.5 billion in 2017, delivering a weighted average Total Shareholders' Return (TSR) of 26.0%, almost double that of the FTSE Bursa Malaysia KLCI (KLCI)'s TSR of 13.2%. These strategic companies showed strong TSR performance and thus registered large gains in market value over the course of the year, which has of course enhanced the value of PNB's public equity investments.

As at 29 Dec 17	Price change (%)	TSR (%)	Increase in Market Capitalisation (RM bil)
 Maybank	+ 19.5	+ 26.7	+ 21.9
  Sime Darby	+ 23.3	+ 26.1	+ 12.9
 Setia	+ 27.8	+ 38.5	+ 3.2
 UMW	+ 13.8	+ 23.1	+ 0.7
 UMW	- 65.1	- 64.3	+ 0.6
 CCM	+ 79.4	+ 82.4	- 0.1
 CCM CCM DUOPHARMA BIOTECH BERHAD	+ 27.8	+ 31.5	+ 0.2
 MNRB	+ 16.2	+ 16.2	+ 0.1
Weighted Average	+ 20.2	+ 26.0	+ 39.5
KLCI	9.4%	13.2%	1,797/1,642

Note: Sime Darby based on simple aggregate of three pure plays; UMW Oil & Gas M'cap increase due to re-capitalisation exercise; CCM M'cap decrease due to share consolidation



INCREASE EXPOSURE IN PRIVATE EQUITY AND FIXED INCOME

Under STRIVE-15, it is PNB's intention to continue to pursue greater portfolio diversification and enhance portfolio yields by directionally increasing our allocation into private investments and redeploying some of our large cash reserves into fixed income instruments.

On the fixed income front, a total of RM4.2 billion was used to acquire domestic bonds during the year, which not only enabled us to boost the yields earned on otherwise idle cash, but also helped to support the local bond market. This increased PNB's fixed income allocation to 5.8% in 2017 from 4.4% in 2016. Consequently, the allocation to cash in PNB's investment portfolio decreased to 18.6% in 2017 from 20.4% in 2016.

2017 also saw a significant addition to our private investments portfolio with the acquisition of Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd for RM380 million. With this acquisition, PNB was able to further strengthen the infrastructure assets of our wholly-owned Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS), with the Silk Highway, the longest highway in its portfolio, as part of PNB's overall effort to restructure PROLINTAS and boost its profile towards an expected listing. However, the overall allocation to private investments actually decreased to 1.9% compared to 2.6% in 2016, due to the monetisation of our stake in I & P Group Sdn Bhd (I&P). We are nonetheless pleased that in 2017, we were able to formulate a Private Investment Framework to formalise PNB's approach to this asset class, which leverages on our own long-standing experience through our private equity arm, PNB Equity Resource Corporation, as well as additional opportunities and capacities to further enhance the depth and breadth of our exposure, moving forward.



RATIONALISE AND ENHANCE PROPERTY INVESTMENTS

PNB’s property portfolio spans the entire spectrum of the asset class, from landbanking and development to investment properties, REITs and hospitality, with the potential to generate both stable long-term rental income and sizeable capital gains over time. The focus of STRIVE-15 in this respect is therefore to consolidate and rationalise PNB’s extensive property investments, thereby allowing us to realise gains from mature assets and further boost yields from others.

To this end, in 2017, PNB was able to successfully monetise its investment in Santos Place, a premium green office building in Brisbane, Australia, which we acquired in 2010 for AUD290 million. The sale price of AUD370 million or AUD999 per square feet is the highest price per square feet for a commercial office property traded in Brisbane over the last two years.

At the end of last year, we also merged two of our biggest property companies: S P Setia Berhad (S P Setia) and I&P. The latter, the product of a merger between Island and Peninsular Berhad, Pelangi Berhad and Petaling Garden Berhad in 2009, was sold to S P Setia for RM3.65 billion. This acquisition almost doubles S P Setia landbank to nearly 10,000 acres and puts the company on solid footing to fast-track its expansion plans.



2017 also saw S P Setia further expanding its landbank through the acquisition of the Bangi Estate land for RM448 million from a subsidiary of PNB Development Sdn Bhd, PNB’s landbanking arm. The Bangi Estate land measures approximately 342.5 acres and is accessible by several major highways including the North South Highway, the Kajang-Seremban Highway (LEKAS) and the South Klang Valley Expressway (SKVE). This piece of land in Bangi has the potential for a mixed-development township with a gross development value of RM2.74 billion. PNB Development, at its end, had also taken the opportunity to consolidate its ownership of Seriemas Development Sdn Bhd, the developer of Kota Seriemas in Nilai, Negeri Sembilan, by acquiring the remaining stake of 40% from Sime Property for RM625 million.

These transactions are examples of the synergistic value which we have endeavoured to unlock between the various property-related entities across PNB’s diverse portfolio.

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

STRATEGIC PILLAR 2 & 3:

EFFECTIVE INVESTMENT
MANAGEMENT &

DRIVING OPERATIONAL
EXCELLENCE

If the first pillar of STRIVE-15 is about enhancing the returns from our investments, the second and third pillars of STRIVE-15 mainly revolve around putting in place the right enablers across the organisation which will support PNB's drive to generate returns. In terms of ensuring effective investment management, for 2017, PNB sought to build on its already robust investment process by further enhancing tracking and accountability for the performance of every asset class in the portfolio, as well as to emphasise the desirability of unlocking value by realising gains on long-term investments and recycling capital to fund further acquisitions, as can be seen from the activity outlined under the first pillar above.

For the third pillar of STRIVE-15, PNB's efforts in 2017 can be summarised under four key themes. Firstly, as part of our goal to ensure that PNB can continue to maintain its pole position in the local unit trust industry, 2017 saw us take our first concrete steps towards providing a fully digital customer experience for our unit holders. We are particularly pleased with the successful migration of our unit trust systems, which has enabled us to introduce the first iteration of our very own myASNB online portal as well as to transition away from physical investment books to paperless transactions and reports. We also share our Group Chairman's joy at the granting of *Harus* status by the Selangor and Penang State Fatwa Committees for our funds, which is a major milestone in meeting our unit holders' Shariah aspirations.



Secondly, 2017 saw another major milestone reached in terms of PNB's risk management practices, with the successful completion of our Enterprise Risk Management Framework, the culmination of several years of hard work. Cultivating a proactive risk culture is a definite must for any investment organisation today, having internalised the lessons of the Asian Financial Crisis and the Global Financial Crisis, amongst others. We are therefore very pleased that this comprehensive Framework, covering key components such as risk governance, monitoring, stress testing and business continuity is now in place. PNB's investment approach has always been one of careful prudence, cognisant always of our role as stewards of the assets entrusted to us, and the formalisation of this through the Framework will assist us in continuing to safeguard the value of unit holders' investments as we have always done.

Thirdly, recognising that talent is the backbone of any company, aside from continuing to work towards ensuring that PNB's employee value proposition remains attractive for both internal and external talent, we also introduced the PNB Innovation Challenge in 2017 to recognise and reward truly innovative ideas from amongst our workforce. This competition, which evolved from a previous quality-based competition which had been on-going for the past 16 years, invites employees to pitch ideas which can create genuine improvements in business operations or the work environment. 151 ideas were received from

employees at PNB this year, working in teams or individually. The finals, the PNB Group Innovation Challenge 2017, later saw ideas from the top three winning teams from PNB competing against ideas from the strategic companies of PNB. We believe that a competition of this nature encourages our talent to innovate. And we look forward to being inspired by more ideas to be presented at the PNB and Group-level Innovation Challenge this year.

Finally, PNB continued to deliver on its social objectives in 2017. In addition to strong progress shown by the PNB Chartered Accountants Programme and PNB Value Homes, we continued to award scholarships to more than 500 young talent to pursue their undergraduate studies, at top universities in the UK, Australia and locally, bringing the total number of scholarships awarded since the inception of the programme in 1996 to 3,303. Our flagship annual financial literacy event, Minggu Saham Amanah Malaysia, also saw a successful 18th edition being organised in Temerloh, Pahang, with 208,000 visitors adding to a total of 3.6 million Malaysians who have participated across the country since 2000.

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW



ANNIVERSARY AND ASPIRATIONS

PNB turns 40 years old this year and we would be remiss if we did not acknowledge its first chairman, Tun Ismail Mohamed Ali, who was a man of integrity and deep wisdom, and we are very proud to be serving in an institution that he helped to establish for the country.

We believe the culture and the discipline that Tun Ismail first cultivated in 1978 at PNB has enabled it to deliver sustainable returns and maintain the trust of our unit holders. Supported by this solid foundation, all of us at PNB will continue to strive for the best possible returns with the money that has been entrusted to us.

As we celebrate PNB's anniversary, it is our aspiration that more Malaysians will leverage on our capabilities and expertise to meet their financial objectives. Special schemes have been put in place in 2017 to encourage more households to start saving for their future.

These schemes are Amanah Dana Anak Malaysia 2050 or ADAM50, which gives 200 free units to all Malaysian babies born between January 1, 2018 and December 31, 2022, a special interest-free loan scheme for low income Indian households and an additional allocation of RM1.5 billion for Indians to invest in Amanah Saham 1Malaysia up to RM30,000 per investor. We sincerely hope that with these new schemes, more Malaysians will be encouraged to invest with us.

APPRECIATION AND GRATITUDE

I would like to firstly express my gratitude to the trustees of Yayasan Pelaburan Bumiputra and the Board of PNB for their faith and trust in me, and for appointing me as the President & Group Chief Executive to continue building on the legacy of my predecessors. It is an immense task but with the guidance of our Group Chairman, Tan Sri Wahid, Insha Allah PNB's evolution will advance to the next phase. I wish to also thank the PNB Board, especially Tan Sri Wahid, for their guidance and wisdom as we embark together on our STRIVE-15 journey.

I would like to also express my appreciation to the former Chairman, Yang Amat Berbahagia Tun Ahmad Sarji Abdul Hamid, and the former President & Group Chief Executive, Yang Berbahagia Tan Sri Hamad Kama Piah Che Othman, for whom I have the utmost respect. Continuing from the PNB pioneers and leaders who came before them, they have been the bedrock on which this institution continues to generate high returns year after year for the unit holders.

To the directors who retired from PNB's board last year; Tan Sri Asmat Kamaluddin, Tan Sri Amar Bujang Mohammed Bujang Mohammed Nor, Tan Sri Ainum Mohamed Saaid and Tan Sri Dato' Seri Dr. Wan Mohd Zahid Mohd Noordin; the former Chairman of PNB's Shariah Advisory Committee; Dato' Dr. Abdul Halim Ismail; and the former members of the Investment Committee of Amanah Saham Wawasan 2020; Tan Sri Faizah Mohd Tahir, Dato' Wan Roshdi Wan Musa and Mr Cheng Kee Check; I sincerely thank you for your contribution during your tenures.

I would also like to extend a warm welcome to the new PNB Directors - Tan Sri Zarinah Anwar, Datuk Dr. Awang Adek Hussin, Datuk Dr. Mohd. Yaakub Johari and Tuan Haji Soedirman Aini; as well as Professor Tan Sri Dato' Seri Dr. Noor Azlan Ghazali, Datuk Seri Dr. Nik Norzrul Thani N. Hassan Thani and Dato Dr. Nik Ramlah Nik Mahmood who joined ASNB's board, Datuk Dr. Mohd Daud Bakar who was appointed to PNB's Investment Committee and as Chairman of PNB's Shariah Advisory Committee, and also our newest member of the Shariah Advisory Committee, Dr. Aida Othman. My gratitude for your co-operation and guidance for the past year, and I look forward to the years ahead.

I must also thank my colleagues, my Rakan Sekerja at PNB - all of you have made the effort to meet the high expectations of our unit holders and stakeholders. I know that the working days are often long and many of you have had to work on weekends and public holidays to deliver on our initiatives. The team even worked through Hari Raya last year to complete the IT migration exercise and I am especially grateful for this. I thank each of you for your dedication, your pursuit of excellence, and for bringing your best to work every day, and I hope you will continue to do so going forward.

Finally, I would like to thank our 13 million unit holders. As we strive to ensure the long-term success of our funds, be assured that we take our responsibility seriously and we will act prudently and decisively in everything that we do.

The challenges ahead are formidable but the direction is clear and we know the steps that we need to take. I thank you for your trust and confidence and look forward to growing together, towards achieving the aim of our STRIVE-15 plan, Insha Allah.

Yours sincerely,
Abdul Rahman Ahmad



PORTFOLIO OF ASSETS

PUBLIC EQUITY

From nearly 200 listed companies in which PNB is invested, companies in which PNB holds a majority or controlling stake are considered PNB's strategic companies while companies where PNB has more than 10% shareholding, or exposure of more than RM1 billion, are considered its core companies.

The number of PNB's strategic companies grew from six to 10 companies over the course of 2017 as a result of corporate restructuring exercises undertaken to create pure-play entities. These strategic companies represent a combined market capitalisation of RM195.9 billion as at 29 December 2017.



PRIVATE INVESTMENTS

Private investments have been a part of PNB's portfolio since inception. Today, the private investments portfolio comprises direct investments in private companies in the form of either controlling stakes or a substantial minority shareholding, as well as indirect investment through externally managed private equity funds.

PROPERTY

PNB's wide-ranging property portfolio includes a variety of landbanks mostly in the central region, a number of commercial investment properties both domestically and in the United Kingdom, as well as several hotels and resorts across Malaysia. PNB is also currently undertaking an iconic development on a historic site in the heart of Kuala Lumpur – PNB 118.

PUBLIC EQUITY - STRATEGIC COMPANIES

MALAYAN BANKING BERHAD

Malayan Banking Berhad (Maybank) is among Asia's leading banking groups and South East Asia's fourth largest bank by assets. It is also the largest company listed on Bursa Malaysia and the only one with a market capitalisation of over RM100 billion.

The Maybank Group has an international network of 2,400 offices in 20 countries namely Malaysia, Singapore, Indonesia, Philippines, Brunei Darussalam, Vietnam, Cambodia, Thailand, Hong Kong SAR & People's Republic of China, Bahrain, Uzbekistan, Myanmar, Laos, Pakistan, India, Saudi Arabia, Mauritius, Great Britain and the United States of America. The Group has over 43,000 employees worldwide and offers an extensive range of products and services, which includes consumer and corporate banking, investment banking, Islamic banking, stock broking, insurance and takaful, and asset management. Over its 58-year history, the Group has been recognised for its innovation and commitment to excellence, and has received numerous awards in testimony of these achievements.



FYE17
31 Dec

NET OPERATING INCOME
RM **23.3** billion

PATMI
RM **7.5** billion

MARKET CAPITALISATION
RM **105.5** billion

SHAREHOLDING
48%

PUBLIC EQUITY - STRATEGIC COMPANIES

SIME DARBY BERHAD



In 2017, Sime Darby Berhad (Sime Darby) had successfully implemented its pure-play strategy involving the creation of three separate and independent listed entities – Sime Darby, Sime Darby Plantation Berhad and Sime Darby Property Berhad, on Bursa Malaysia.

Sime Darby is a global trading and logistics player, with core businesses in the industrial, motors and logistics sectors, as well as the healthcare, insurance, and retail segments. The company has a workforce of over 20,000 employees in 18 countries and territories across Asia Pacific.



FYE17*
30 Jun ▶

REVENUE
RM **31.1** billion

PATMI
RM **615.0** million

MARKET CAPITALISATION
RM **15.0** billion

SHAREHOLDING
52%

*For continuing operations

PUBLIC EQUITY - STRATEGIC COMPANIES**SIME DARBY PLANTATION BERHAD**

Sime Darby Plantation Berhad (Sime Plantation) was listed on the Main Market of Bursa Malaysia on 30 November 2017, pursuant to the creation of iconic pure plays by Sime Darby Berhad.

It is the world's largest oil palm plantation company by planted area and the world's largest producer of Certified Sustainable Palm Oil. As a globally integrated plantation company, Sime Plantation is involved in the full spectrum of the palm oil value chain, from upstream to downstream activities, R&D, renewables as well as other agribusinesses.

With a strong focus on operational excellence, R&D, innovation and sustainability, Sime Plantation became the first Malaysian company to receive the globally renowned Edison Award for Sustainability in 2017. The award was received in recognition of SD Plantation's *GenomeSelect*[™] - a high-yielding planting material with the potential to significantly improve oil palm yield on existing land equivalent to 50,000 hectares of new land, without having to increase its planted hectareage.



Plantation



FYE17
30 Jun

REVENUE
RM **14.8** billion

PATMI
RM **3.5** billion

MARKET CAPITALISATION
RM **40.8** billion

SHAREHOLDING
54%

PUBLIC EQUITY - STRATEGIC COMPANIES

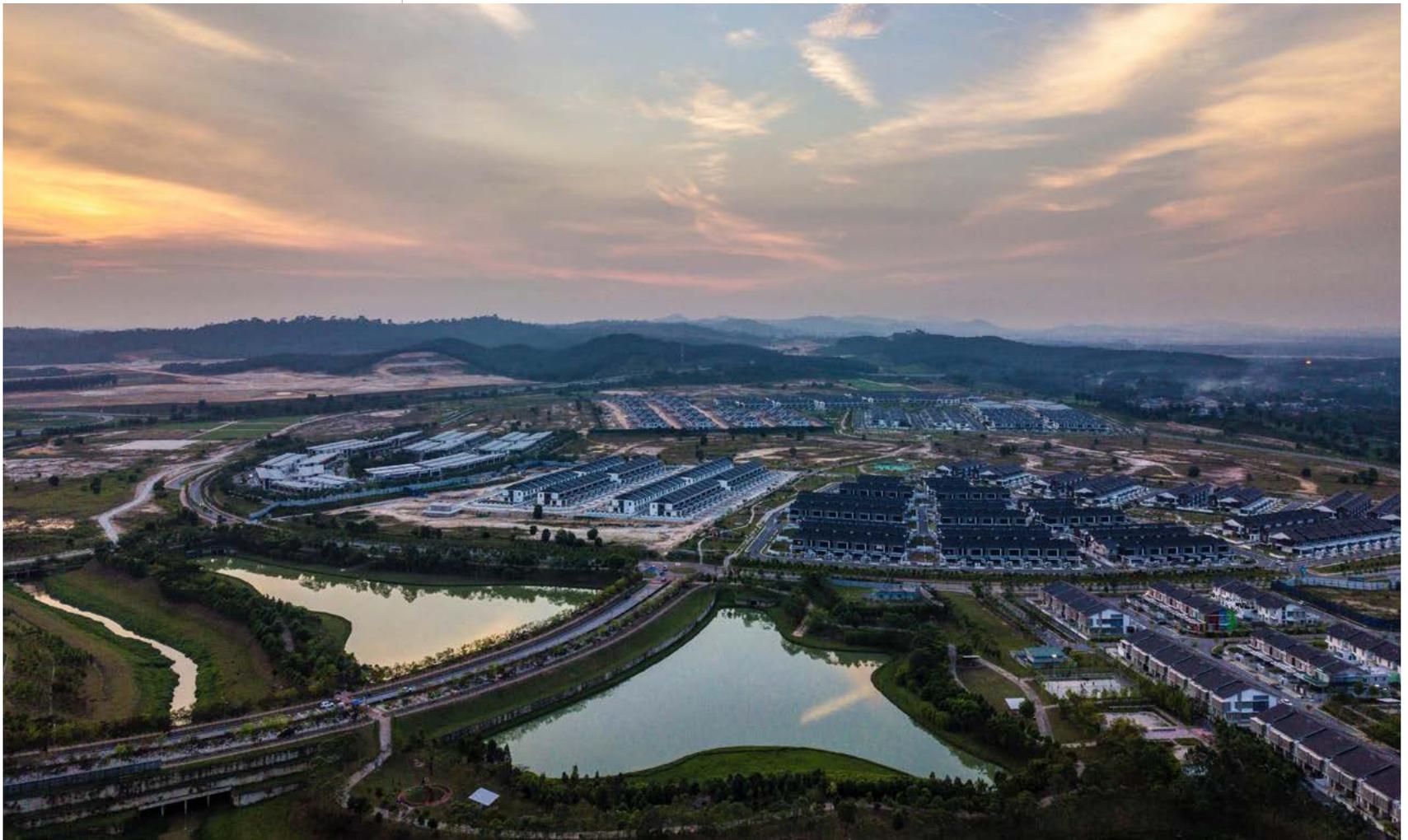
SIME DARBY PROPERTY BERHAD

Sime Darby Property Berhad (Sime Property) was listed on the Main Market of Bursa Malaysia on 30 November 2017, pursuant to the creation of iconic pure plays by Sime Darby Berhad.

It has a 45-year track record in property development, with 23 active townships and developments built to date. It has a developable land bank of 20,763 acres and estimated GDV of RM100.4 billion. It is also part of a Malaysian consortium leading the redevelopment of the Battersea Power Station in London.

Sime Property bagged its 8th consecutive Gold at the Putra Brand Awards 2017 and has also been recognised among the top developers in Malaysia in the annual The Edge Top Property Developers Awards, which it has consistently received since 2009.

The City of Elmina bears the hallmark of Sime Property's unique value proposition in developing sustainable communities. The developments in City of Elmina are part of Sime Property's master plan to maximise the full potential of green spaces, affordable and sustainable living, excellent connectivity, and a smart and safe city.



FYE17*
30 Jun ▶

REVENUE
RM **2.7** billion

PATMI
RM **607.9** million

MARKET CAPITALISATION
RM **12.1** billion

SHAREHOLDING
55%

*For continuing operations

PUBLIC EQUITY - STRATEGIC COMPANIES**S P SETIA BERHAD**

S P Setia Berhad (S P Setia) is the No. 1 pure play and largest residential property developer in Malaysia. It is the only developer ranked Malaysia's No. 1 Developer for 10 times and has received 7 FIABCI Prix d'Excellence Awards. Its global presence includes Vietnam, Australia, Singapore, China and the United Kingdom.

In 2017, S P Setia completed its synergistic acquisition of I&P Group, which propelled its land bank to 9,606 acres with a GDV of RM128 billion.

Other recent notable accomplishments include its successful co-branding of Sapphire by the Gardens with the internationally renowned 5-star Shangri-La Hotel in Melbourne as well as its inclusion into Malaysia's MSCI Index.




FYE17
30 Dec

REVENUE
RM **4.5** billion

PATMI
RM **849.5** million

MARKET CAPITALISATION
RM **12.1** billion

SHAREHOLDING
65%

PUBLIC EQUITY - STRATEGIC COMPANIES

UMW HOLDINGS BERHAD

The UMW Group has been a leader in a diverse range of sectors which include automotive, equipment and manufacturing & engineering. The Group, which has international presence in Singapore, Vietnam, Papua New Guinea, Myanmar, Indonesia, India and China, has also ventured into catalyst investments in the areas of technology and property.

In 2017, UMW Holdings Berhad (UMW) had completed its demerger from UMW Oil & Gas Corporation Berhad, which has enabled it to focus on its core businesses.

UMW has scored several notable achievements recently, coinciding with its centenary celebrations in 2017. It rolled out the maiden fan case Trent 1000 to Rolls-Royce Plc in the last quarter of 2017. UMW is also the first Tier-1 aerospace supplier to Rolls-Royce in Malaysia with a 25+5 year agreement to manufacture fan cases for Trent 1000 and Trent 7000 aero engines. Meanwhile, development of an industrial park specifically for High Value Manufacturing (HVM) which is driven by the aerospace industry is also in full swing in Serendah.



FYE17*
30 Dec - Unaudited

REVENUE
RM **11.0** billion

PBT
RM **252.9** million

MARKET CAPITALISATION
RM **6.1** billion

SHAREHOLDING
58%

*For continuing operations

PUBLIC EQUITY - STRATEGIC COMPANIES

UMW OIL & GAS CORPORATION BERHAD

UMW Oil & Gas Corporation Berhad (UMW-OG) is a Malaysia-based global provider of drilling and oilfield services for the upstream sector of the oil and gas industry. UMW-OG provides drilling, workover and other services for exploration, development and production wells in Malaysia and Southeast Asia with its fleet of offshore drilling rigs and hydraulic workover units.

2017 saw UMW-OG undergoing a major corporate restructuring, which involved its demerger from UMW Holdings Berhad and subsequently a recapitalisation exercise comprising a rights issuance and refinancing of existing debt. This exercise has strengthened the company's financial footing and improved its gearing position. With the completion of the exercise, PNB then became the major shareholder of UMW-OG.



FYE17*
31 Dec - Unaudited

REVENUE
RM **586.5** million

EBITDA
RM **234.9** million

MARKET CAPITALISATION
RM **2.5** billion

SHAREHOLDING
64%

*For continuing operations

PUBLIC EQUITY - STRATEGIC COMPANIES

CHEMICAL COMPANY OF MALAYSIA BERHAD

Today, Chemical Company of Malaysia Berhad (CCM) is one of the leading manufacturers of chemicals and polymer coatings in the country. Its mission is to provide innovative science and technology based solutions to its customers via a wide range of products and services.

In 2017, the CCM completed the demerger of CCM Duopharma Biotech Berhad (Duopharma) from CCM. The initiative is a continuation of CCM's strategic review which commenced in 2015 to house all of its pharmaceuticals businesses under the Duopharma umbrella, to exit from non-performing business segments, and strengthen its balance sheet. This gives the company ample agility to pursue its capital expansion and a sustainable growth strategy for the future.



FYE17*
31 Dec - Unaudited

REVENUE
RM **370.7** million

EBITDA
RM **54.5** million

MARKET CAPITALISATION
RM **308.4** million

SHAREHOLDING
65%

*For continuing operations

PUBLIC EQUITY - STRATEGIC COMPANIES

CCM DUOPHARMA BIOTECH BERHAD

CCM DUOPHARMA BIOTECH BERHAD

CCM Duopharma Biotech Berhad (Duopharma) is listed on the Main Market of Bursa Malaysia, with PNB becoming its major shareholder pursuant to Duopharma's demerger from Chemical Company of Malaysia Berhad in December 2017.

Duopharma is a leading pharmaceutical manufacturer in Malaysia and a key regional player, engaged in the development, manufacturing and marketing of generic drugs and consumer healthcare. Duopharma is the first pharmaceutical company to receive the Halal Pharmaceutical Certification based on the world's first Halal Pharmaceuticals Standard MS 2424:2012.

Driven by its vast experience and excellent track record in the pharmaceutical industry, the company aspires to be one of the leading pharmaceutical companies in ASEAN.



FYE17
31 Dec - Unaudited

REVENUE
RM **468.0** million

PATMI
RM **42.5** million

MARKET CAPITALISATION
RM **705.8** million

SHAREHOLDING
51%

PUBLIC EQUITY - STRATEGIC COMPANIES

MNRB HOLDINGS BERHAD



The MNRB Group comprises, amongst others, leading wholesale providers of reinsurance and retakaful, namely Malaysian Reinsurance Berhad (Malaysian Re) and Malaysian Re (Dubai) Ltd., as well as a leading takaful operator, Takaful Ikhlas Berhad (Takaful IKHLAS).

Malaysian Re, Malaysia’s national reinsurer, is one of the largest home-grown reinsurers in the region. In April 2017, the company embarked on a strategic business transformation programme named Business Transformation 2020 to steer Malaysian Re towards achieving sustainable value creation going forward.

In the same year, Takaful IKHLAS in collaboration with Agrobank developed Agro Mabru-i, a family takaful product recognised by Bank Negara Malaysia (BNM) under “*Perlindungan Tenang*”. “*Perlindungan Tenang*” is a partnership between BNM and the insurance and takaful industry to provide accessible and affordable insurance and takaful protection products for Malaysians.

Takaful IKHLAS had received three accolades in 2017; Islamic Business & Finance Southeast Asia Awards 2017 - Best General Takaful, Takaful CEO of the Year 2017 Award from Global Islamic Finance Awards and the Best Takaful Company 2017 during the 7th Asia Islamic Banking and Takaful Conference in Kuala Lumpur.



FYE17
31 Mar ▶

GROSS EARNED PREMIUMS/
CONTRIBUTIONS

RM **2.3** billion

PATMI

RM **71.2** million

MARKET CAPITALISATION

RM **735.1** million

SHAREHOLDING

55%

PUBLIC EQUITY - CORE COMPANIES



**TELEKOM
MALAYSIA
BERHAD**

SHAREHOLDING
21%



**MMC
CORPORATION
BERHAD**

SHAREHOLDING
20%



**AXIATA
GROUP
BERHAD**

SHAREHOLDING
18%



**IJM
CORPORATION
BERHAD**

SHAREHOLDING
18%

PUBLIC EQUITY - CORE COMPANIES



**BIMB
HOLDINGS
BERHAD**

SHAREHOLDING
16%



**TENAGA
NASIONAL
BERHAD**

SHAREHOLDING
15%



**GAMUDA
BERHAD**

SHAREHOLDING
14%



**SAPURA
ENERGY
BERHAD**

SHAREHOLDING
13%

PUBLIC EQUITY - CORE COMPANIES



**DIGI.COM
BERHAD**



SHAREHOLDING
12%



**MAXIS
BERHAD**



SHAREHOLDING
11%



**RHB BANK
BERHAD**



SHAREHOLDING
10%



**FRASER
& NEAVE
HOLDINGS
BERHAD**



SHAREHOLDING
10%

PUBLIC EQUITY - CORE COMPANIES



**PETRONAS
GAS BERHAD**

SHAREHOLDING
10%



**CIMB GROUP
HOLDINGS
BERHAD**

SHAREHOLDING
10%



**PETRONAS
DAGANGAN
BERHAD**

SHAREHOLDING
10%



IOI GROUP

**IOI
CORPORATION
BERHAD**

SHAREHOLDING
9%

PRIVATE INVESTMENTS - CONTROLLED INVESTMENTS

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD

MIDF Group is a financial services provider operating in four core business areas – investment banking, development finance, asset management and mezzanine financing.

Its recent accomplishments include the issuance of the first ASEAN Green SRI Sukuk Programme (up to RM2 billion nominal value) for PNB Merdeka Ventures' PNB 118 project, being appointed as Joint Lead Arranger and Adviser for the issuance of sukuk of up to RM350 million for Quill Retail Malls Sdn Bhd, as well as being an Independent Adviser on the proposed acquisition of 51% of the ordinary shares of Penang Port Sdn Bhd by Seaport Terminal (Johore) Sdn Bhd (a subsidiary of MMC Corporation Berhad) for RM220 million.

MIDF's Development Finance division also increased their loan approval rates by 20% from 2016, with RM661.3 million approved to assist more than 250 local companies. MIDF also launched a new unit trust fund - MIDF Amanah Shariah Equity Fund, which aims to achieve long-term capital growth for investors, and offers the unique value proposition of facilitating the payment of zakat on investors' behalf.



FYE17
31 Dec

OPERATING REVENUE
RM **351.8** million

PAT
(BEFORE EXTRAORDINARY ITEM)
RM **85.8** million

SHAREHOLDING
100%

PRIVATE INVESTMENTS - CONTROLLED INVESTMENTS

PROJEK LINTASAN KOTA HOLDINGS SDN BHD

Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS) was incorporated in January 1995 as an investment holding company with interest in infrastructure development. Wholly-owned by PNB, it is one of Klang Valley’s leading intra-city road infrastructure developers with over 80 kilometres of existing road network. Its principal activities are to design, construct, operate and maintain highways through its subsidiaries.

The highways under its current portfolio are Ampang-Kuala Lumpur Elevated Highway (AKLEH), Guthrie Corridor Expressway (GCE), Lebuhraya Kemuning-Shah Alam (LKSA) and the recently acquired Kajang SILK Highway (SILK).

PROLINTAS is constructing two new highways, namely Damansara-Shah Alam Elevated Expressway (DASH) and Sungai Besi-Ulu Kelang Elevated Expressway (Suke). Upon targeted completion in 2020, PROLINTAS will position itself as Malaysia’s second largest road infrastructure developer.



FYE17
31 Dec - Unaudited ▶

OPERATING REVENUE
RM **305.0** million

EBITDA
RM **216.2** million

SHAREHOLDING
100%

PRIVATE INVESTMENTS - MINORITY INVESTMENTS



**PERUSAHAAN
OTOMOBIL
KEDUA SDN BHD**

SHAREHOLDING
10%



**BOH
PLANTATIONS
SDN BHD**

SHAREHOLDING
26%



**AKZO NOBEL
PAINTS (M)
SDN BHD**

SHAREHOLDING
40%



**UNILEVER
(MALAYSIA)
HOLDINGS
SDN BHD**

SHAREHOLDING
23%

PRIVATE INVESTMENTS - MINORITY INVESTMENTS



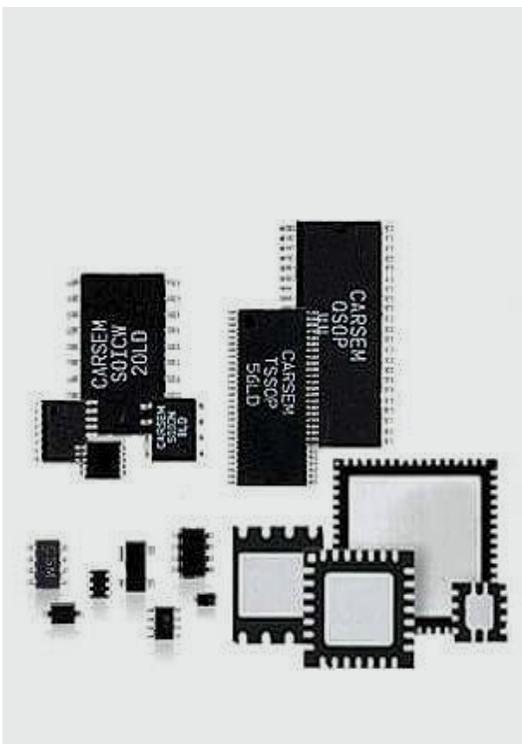
**KAF
SECURITIES
SDN BHD**

SHAREHOLDING
33%



**CARRIER
INTERNATIONAL
SDN BHD**

SHAREHOLDING
49%



**CARSEM (M)
SDN BHD**

SHAREHOLDING
30%



**GOODYEAR
MALAYSIA
BERHAD**

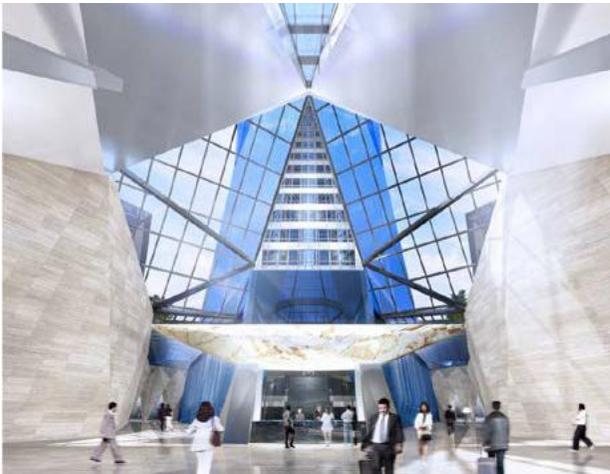
SHAREHOLDING
49%

PROPERTY



PNB 118

**TALLEST IN
SOUTHEAST ASIA**



PROPERTY



12%
**PROGRESS
COMPLETION**



PROPERTY

INVESTMENT PROPERTIES

DOMESTIC



Menara MBSB



26 Jalan Sultan Ismail

42

PROPERTIES

6.6 MILLION SQ. FT.

Total Net Lettable Area

Selected list of investment properties:

- Menara PNB, Kuala Lumpur
- Menara Heitech Village, Selangor
- Menara MIDF, Kuala Lumpur
- Bangunan UTMSpace, Kuala Lumpur
- Bangunan Setia 1, Kuala Lumpur
- Menara Tun Ismail Mohamed Ali, Kuala Lumpur

INTERNATIONAL



90 High Holborn

5 **PROPERTIES**

1.2 MILLION SQ. FT.

Total Net Lettable Area



Aviation House



One Exchange Square

HOSPITALITY



11
**HOTELS &
RESORTS**

Hotel Perdana Kota Bharu

2,468 NUMBER OF ROOMS



PNB Perdana Hotel & Suites On The Park Kuala Lumpur

LANDBANKING



> 10,000 ACRES

INTEGRITY

WE WILL NOT
COMPROMISE ON
INTEGRITY AND WE ARE
COMMITTED TO THE
HIGHEST LEVEL OF
ETHICAL CONDUCT





KEY INITIATIVES



AMANAH DANA ANAK MALAYSIA 2050 (ADAM50)



ADAM50

Amanah Dana Anak Malaysia 2050

- New programme introduced by the Government in collaboration with PNB for all Malaysians born between 1 January 2018 and 31 December 2022
- ADAM50 is a programme aimed to encourage savings and investment of Malaysians from an early age, by distributing free incentive units as initial investment capital
- Methodology
 - a Register newborn with National Registration Department (NRD) for birth certificate / MyKid
 - b Register at ASNB branch or agent within 1 year from birth
 - c 200 free incentive units will then be automatically credited: ASB for Bumiputera; and AS 1Malaysia for Non-Bumiputera
- Additional investment is allowed up to maximum investment limit:
 - a ASB - RM200,000; and
 - b AS 1Malaysia - RM50,000
- 200 incentive units and any income distribution as well as additional distribution (if any) arising from these incentive units can only be redeemed after the child reaches the age of 18 years old



SPECIAL SCHEME FOR INDIAN COMMUNITY



Additional Units for Indian Community

Individuals' maximum limit: **30,000 units***

Total additional units offered: 1.5 billion units

Date open for subscription: Monday, 29 January 2018

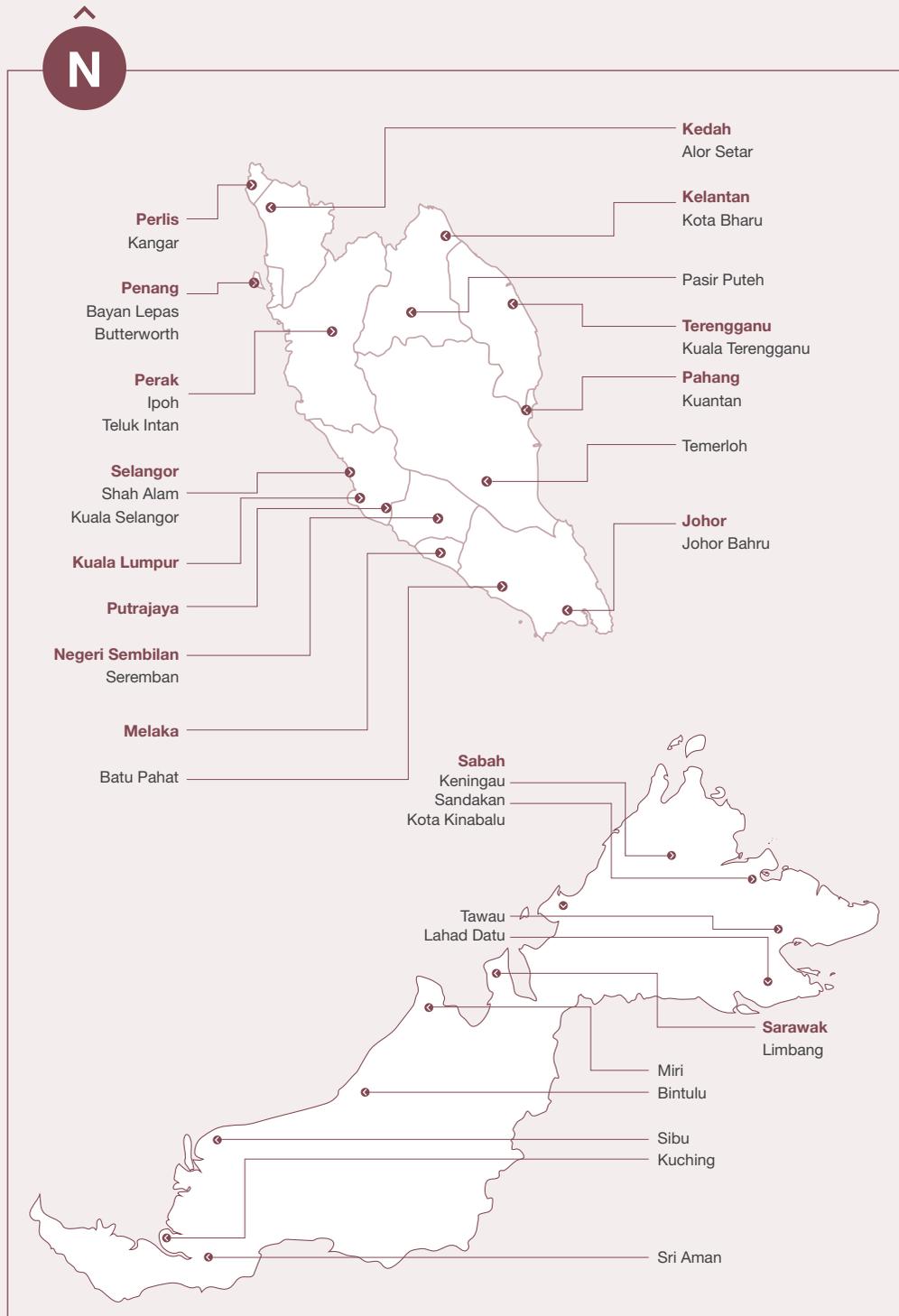
*Subject to the availability of the additional units

A programme under The Implementation Unit of the Malaysian Indian Blueprint as announced by the Prime Minister in 2018 Budget

In order to encourage the participation of the Indian community in unit trust investments, two initiatives were announced in 2017:

1. Special Interest-Free Loan Scheme for B40
 - Open up to 100,000 participants: scheme managed by Socioeconomic Development of Indian Community (SEDIC), an agency under the Prime Minister's Department
 - 10-year interest-free loan of 5,000 units allocated to each participant identified and approved by SEDIC to invest in AS 1Malaysia
2. Additional allocation of 1.5 billion AS 1Malaysia units for Indian community
 - Allow additional subscriptions of AS 1Malaysia units by Indian community, up to maximum investment limit of RM30,000. However, these units are only open for Indian unit holders who either have no existing AS 1Malaysia accounts or are existing unit holders with less than 30,000 units in their accounts

✓ **ENHANCEMENT OF ASNB BRANCHES**



ASNB Kiosks

In 2017, ASNB introduced the concept of self-service kiosks as a new facility for unit holders to perform transactions

Benefits to Unit Holders:

- ASNB Kiosks enable unit holders to perform certain transactions without having to queue at the counters e.g. checking cash investment balance
- The transactions executed via ASNB Kiosks are paperless and secured as the verification of unit holders is performed via MyKad
- Unit holders are able to update their mobile numbers via ASNB Kiosks, which later allows them to register for the myASNB portal to conduct online transactions
- Reduced waiting time at ASNB branches or agents as unit holders can perform certain transactions via ASNB Kiosks

Other New Developments at ASNB

- Relocation of branches: Bintulu, Pasir Puteh.
- Refurbishment of branches: Putrajaya, Sibul, Ipoh, Kuala Terengganu.
- Expansion of Unit Bergerak ASNB (UBA) services: Registration of myASNB Portal, online transactions at all branches via the portal.
- Selected branches are now open every third Saturday of the month.

KEY INITIATIVES



MYASNB PORTAL 1.0



Benefits to Unit Holders:

- View investment balances for the unit holders' own accounts and any minors registered under the unit holder's account
- Make additional subscriptions into existing unit trust products for the unit holders and any minor registered under the unit holder
- Allow transactions beyond normal branch/agents operating hours (7am till 7pm for fixed price products)
- Allow unit holders to update non-critical customer information data
- Print and/or download PDF statements such as annual statements, detailed transaction history and quarterly updated EPF statements
- Allow unit holders outside Malaysia to manage their unit trust investments



INTRODUCTION OF PASSBOOK-LESS TRANSACTIONS

- Effective 28 June 2017, ASNB implemented transaction facility without passbook for all ASNB funds to facilitate and expedite transactions for unit holders.

Benefits to Unit Holders:

- Only need to present Mykad for all transactions, including additional investment and redemption
- Highly secure
- Hassle-free transactions
- Unit holders are no longer required to apply for new passbook to replace a lost one



INTRODUCTION OF E-STATEMENTS

Benefits to Unit Holders:

- Faster access – Unit holders can have faster access to income distribution statements, annual reports and interim reports
- Convenience – Unit holders do not have to come to ASNB or agents' branches to view their income distribution but are able to do so through the electronic statements
- Security – Income distribution statements can only be accessed by unit holders that are authenticated through a unique password
- Environment-friendly – Preserve nature through paperless environment



UPDATE ON CUSTOMER INFORMATION FILE (CIF)

Benefit to Unit Holders:

- Unit holders receive important and the latest information on ASNB unit trust products and services faster and more efficiently via e-mail, therefore unit holders who have not done so are advised to update personal details

KEY INITIATIVES

✓ STARZ AWARDS



Starz Awards

- Starz Awards is an annual recognition event to honour agents' contribution to ASNB.

Objectives

- To acknowledge and provide due recognition to ASNB agents which contribute significantly in achieving sales of ASNB products
- To encourage the agents to market ASNB unit trust products more comprehensively
- To create a competitive environment amongst the agents and to encourage all agents and agencies involved with ASNB to be more co-operative and supportive of all ASNB promotions
- To further boost Financial Executives' excitement in selling ASNB products

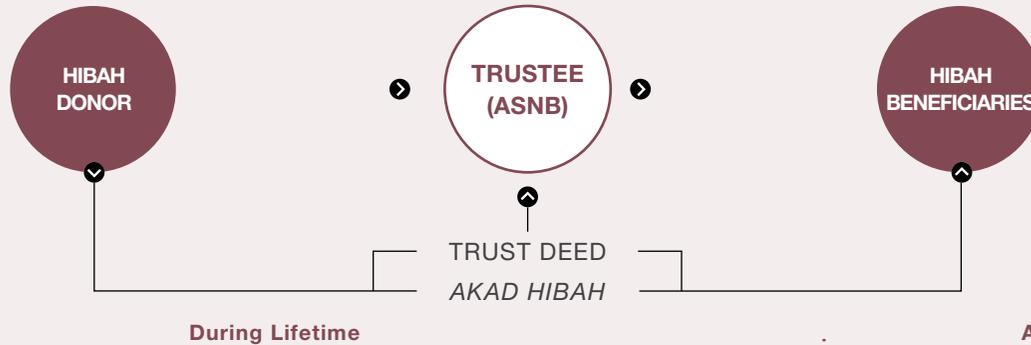
Amongst the winners for 2016:

- PNB Chairman's Award: Maybank
- PNB President's Award: Maybank
- Inspirational Star Award: Alliance Bank
- Best Managed Agent: CIMB
- Excellent Service Award: Maybank
- Recognition Award: Mahkamah Persekutuan Malaysia, Lembaga Hasil Dalam Negeri Malaysia, KWSP
- Highest Sales for All Products: Maybank

KEY INITIATIVES

HIBAH AMANAH AND TRUST DECLARATION

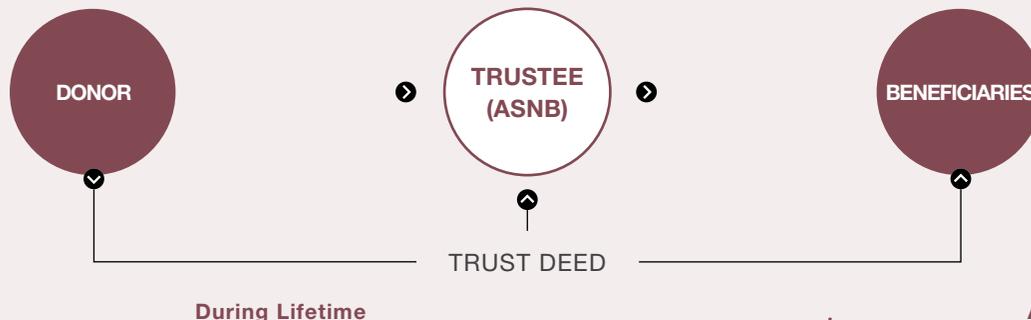
HIBAH AMANAH



- 1 Hibah Donor will execute *akad hibah* (the agreement) with the Beneficiaries in the presence of two witnesses.
- 2 Hibah Donor and Beneficiaries appoint ASNB as trustee through Trust Deed to administer the Hibah Assets as agreed.
- 3 ASNB will administer and distribute the Hibah Assets to the Hibah Beneficiaries as stated in the Trust Deed.

- Hibah Amanah: A Shariah-compliant estate management service by ASNB that implements the concept of *hibah* and trust in estate management. The unit trust investments in ASNB will be transferred to the Hibah Beneficiaries after the demise of the unit holders.

TRUST DECLARATION



- 1 Donor will nominate the Beneficiaries for investments in ASNB.
- 2 Donor appoints ASNB as the trustee through the Trust Deed to administer the Trust Assets as agreed.
- 3 ASNB will administer and distribute the Trust Assets as stated in the Trust Deed.

- Trust Declaration: An estate administration service provided by ASNB for its non-Muslim unit holders. It adopts the concept of trust where the unit trust investments will be managed by ASNB and transferred directly to the Beneficiaries after the demise of the unit holders.

Benefits to Unit Holders:

<ul style="list-style-type: none"> Eases the burden of estate administration process for ASNB investment Ensures the investment is inherited by the right beneficiaries Administration process all under one roof – ASNB 	<ul style="list-style-type: none"> Competitive service fees Distribution process to beneficiaries is faster and more efficient than the ordinary estate distribution process
---	--

KEY INITIATIVES

✓ FINANCIAL LITERACY - FIESTA LABUR PNB



No. of visitors:
12,000

New account registrations:
2,662

No. of participants:
2,493

Fiesta Labur PNB

- Venue: Putrajaya International Convention Centre (PICC), from 28 September to 1 October 2017
- The four-day programme combined all of the financial literacy programmes implemented by ASNB and PNB. The event engaged visitors in various edutainment activities that were aimed at educating them on the importance of financial planning and investment.

No.	Programmes/Activities
1.	Jamboree Kelab Pelaburan Bijak PNB
2.	Kuiz Pelaburan PNB 1Malaysia (four categories): <ul style="list-style-type: none"> • Secondary Schools • Institutions of Higher Learning • Teacher Training Institutes • Uniform Bodies
3.	Get Stronger! session with Agents
4.	Santai Labur
5.	Bengkel Perancangan Pelaburan
6.	LaburRia PNB
7.	Bicara Ilmu
8.	Pertandingan Persembahan Seni Kreatif
9.	Kem Perancangan Kewangan Kanak-kanak

KEY INITIATIVES

✓ FINANCIAL LITERACY - SEMINAR PELABURAN 360 HARI & KUIZ PELABURAN PNB



-2017-

No. of seminars:
946

No. of participants:
85,836

Since Inception

No. of seminars:
6,722

No. of participants
649,272



Seminar Pelaburan 360 Hari

- An education programme to educate Malaysians on all aspects of financial planning. This comprehensive effort is held daily throughout the year, covering 140 districts throughout Malaysia.



-2017-

No. of participants:
104,048

No. of new accounts:
>10,000

Since Inception

No. of participants:
450,000



Kuiz Pelaburan PNB

- Kuiz Pelaburan PNB is conducted annually to raise awareness and knowledge related to investment. It is divided into four categories:

- 

01 Secondary School
- 

02 Institutions of Higher Learning
- 

03 Uniform Bodies
- 

04 Teacher Training Institutes

✓ FINANCIAL LITERACY - KELAB PELABURAN BIJAK PNB



-2017-

No. of activities organised:

458

No. of participants:

97,751

No. of new accounts:

5,325



Since Inception

No. of participants:

799,852



Kelab Pelaburan Bijak PNB (KPBPNB)

- This club aims to create awareness and educate students about investing and financial planning. The club has been established in 104 secondary schools across the country, and organises financial planning workshops, motivational seminars, visits to Minggu Saham Amanah Malaysia and to companies affiliated with PNB.

KEY INITIATIVES



FINANCIAL LITERACY - BICARA ILMU

▼
-2017-

No. of events:

14

No. of participants:

4,940



Since Inception

No. of events:

15

No. of participants:

5,290



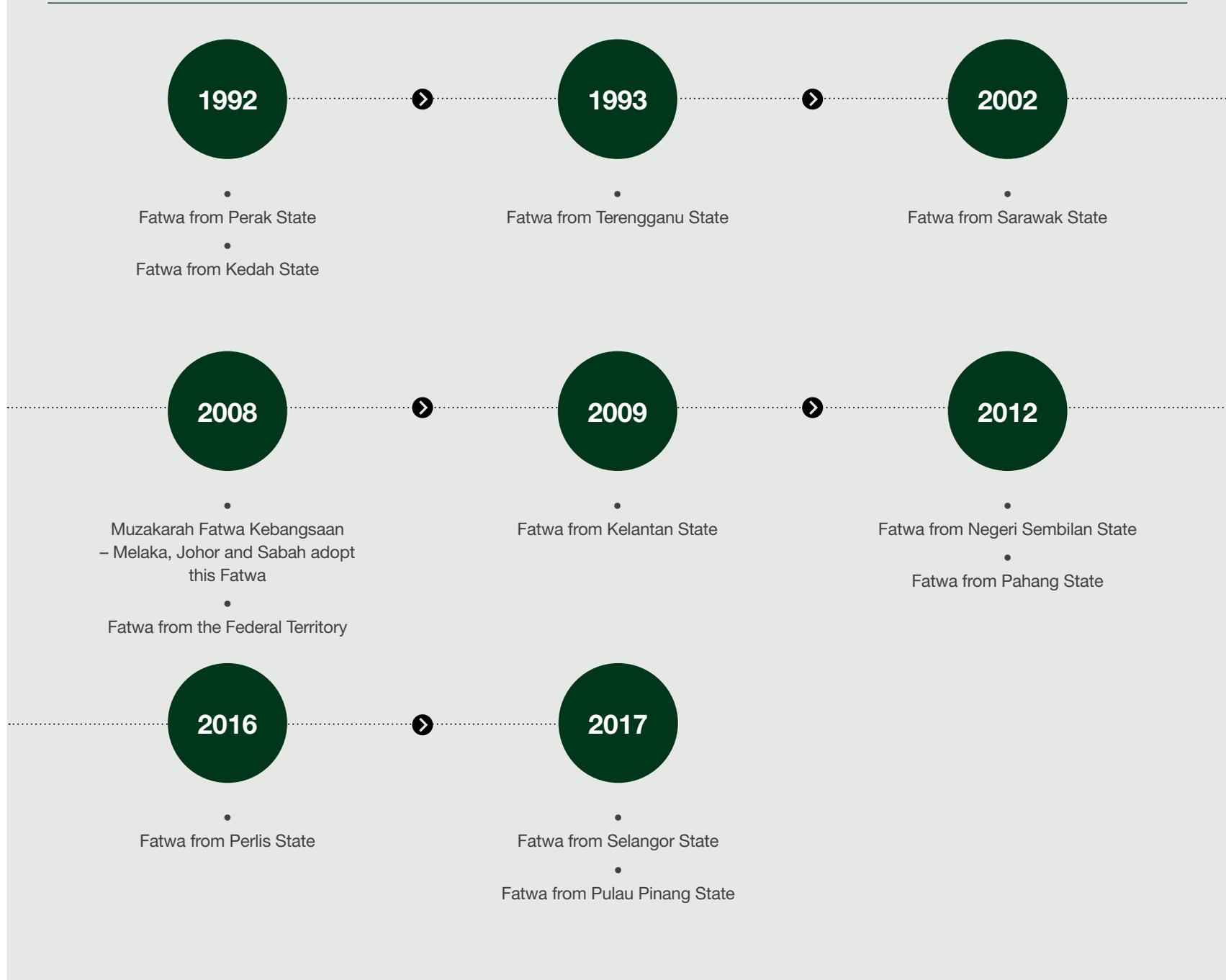
Bicara Ilmu

- Information and knowledge sharing forums held at mosques with the aim to educate the public on the importance of investment and financial planning, including inheritance.

PNB'S SHARIAH COMMITMENT

✓ ASNB UNIT TRUST FUNDS RECEIVE *HARUS* FATWA FROM ALL STATE RELIGIOUS COUNCILS

- We are pleased to receive the *Harus* fatwa from the National Fatwa Council ('Muzakarah Fatwa Kebangsaan') on all our unit trust products
- In 2017, we have successfully obtained the *Harus* fatwa from all State Fatwa Councils ('Majlis Fatwa Negeri'), following the fatwa given by the states of Selangor and Penang
- PNB has also welcomed several Islamic banks to our network of agents including Maybank Islamic, CIMB Islamic, RHB Islamic and Bank Muamalat



PNB'S SHARIAH COMMITMENT

✓ PNB HAS ALSO SUPPORTED SEVERAL MAJOR EVENTS IN THE ISLAMIC FINANCE INDUSTRY IN 2017



INTERNATIONAL ISLAMIC FUND AND WEALTH MANAGEMENT FORUM (IIFWMF)

Organiser	Institute of Islamic Banking and Finance of International Islamic University Malaysia
Date	2 to 3 May 2017
Venue	Senate Hall of IIUM Institute of Islamic Banking and Finance (IiIBF)
Programme Objective	The event aims to provide a platform for both academicians and industry representatives to share and develop ideas to further position Malaysia as the global hub for the Islamic fund management and wealth management industry.



PNB-USIM SHARIAH GOVERNANCE AND ASSURANCE CONFERENCE 2017

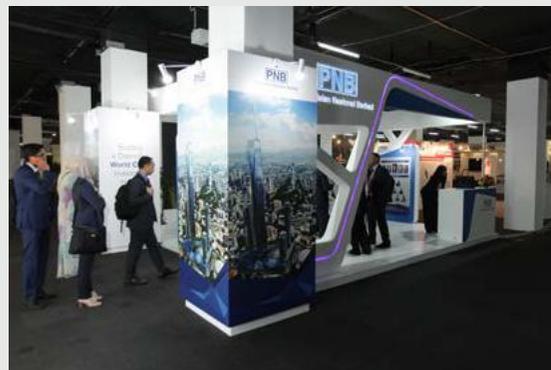
Organiser	Universiti Sains Islam Malaysia (USIM)
Date	13 September 2017
Venue	Royale Chulan, Kuala Lumpur
Programme Objective	The conference focuses on Shariah governance and assurance across several areas of interest including Islamic Banking and Takaful, Islamic Capital Markets, Zakat and Awqaf Institutions, Islamic Social Enterprise and Islamic Cooperative, bringing together regulators, scholars and industry experts.

PNB'S SHARIAH COMMITMENT



KUALA LUMPUR ISLAMIC FINANCE FORUM 2017 (KLIFF 2017)

Organiser	Centre for Research and Training (CERT)
Date	3 to 5 October 2017
Venue	Hotel Istana, Kuala Lumpur
Programme Objective	This year's theme, "Real Finance for Real Economy", aims at gathering scholars, practitioners, industry players and everyone who has an interest in Islamic banking and finance at a common platform, where issues could be raised, discussed, and scrutinised, looking for solutions, recommendations and the way forward.



WORLD ISLAMIC ECONOMIC FORUM (WIEF)

Organiser	World Islamic Economic Forum (WIEF) Foundation
Date	21 to 23 November 2017
Venue	Borneo Convention Centre Kuching, Sarawak
Programme Objective	With the theme of "Disruptive Change: Impact and Challenge", the forum aims to promote global commerce and economic well-being by enabling trade between Muslim and non-Muslim communities. It is a high-level platform for leading global government leaders, captains of industry, academicians, policy-makers and business leaders to discuss opportunities for business partnerships in the Muslim world.

PRUDENCE

WE ARE FOCUSED IN
SAFEGUARDING
OUR UNIT HOLDERS'
WEALTH





STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

PNB BELIEVES THAT A CULTURE OF TRANSPARENCY, ACCOUNTABILITY, AND INTEGRITY IS PARAMOUNT IN ENSURING ITS COMMITMENT TOWARDS BECOMING A DISTINCTIVE WORLD CLASS INVESTMENT HOUSE. THE PRESENT CHALLENGING VOLATILE MARKET CONDITIONS HAVE MADE IT MORE VITAL FOR PNB TO ENSURE CONFORMANCE TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE, WHICH DEPEND ON ITS INTERNAL POLICIES AND PROCESSES. WITH THAT IN MIND, WE ARE PLEASED TO REPORT THE APPLICATION OF THE PRINCIPLES AND BEST PRACTICES OF CORPORATE GOVERNANCE, AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (THE CODE), BY PNB.

THE BOARD'S PRINCIPAL RESPONSIBILITIES

The sustainability and growth of PNB will depend always on the proper execution of the Board's fundamental roles, which include to:

- set and monitor the Group's strategic business objectives;
- review policies and procedures to ensure that the Group's corporate conduct is in line with the principles of integrity and accountability;
- review the adequacy of the Group's system of internal control, management information systems, and compliance with applicable laws;
- monitor the performance of the management and review;
- assess the implementation of the risk management system;

BOARD OF DIRECTORS

A healthy Board culture which promotes and upholds good governance practices will ensure that the stakeholders' interests and the mandate from the Government are protected. It is important for the Board of Directors (Board) to have a clear understanding of their roles and responsibilities. The selection of individuals with the required mix of skills and experience is paramount in order for the Board to be able to provide a clear and effective leadership whilst inculcating healthy governance practices. PNB, through the recommendation of its Nomination and Remuneration Committee (NRC), selects candidates from diversified backgrounds to spearhead decision making and steer the company in ensuring it achieves its objectives and strategic goals. Currently, the Board consists of nine members, comprising one Non-Independent Director, one Non-independent Executive Director, and seven Independent Non-Executive Directors.

BOARD OF DIRECTORS MEETINGS (Frequency of Meetings)

The Board convenes at least four meetings annually, with additional special meetings being conducted should circumstances warrant such meetings be held, to approve corporate proposals, strategic business plans, and direction or any other matters that require the Board's decision. The Audit Committee meetings are held in conjunction with the scheduled meetings of the Board.

CONDUCT OF MEETINGS (Board Agenda)

At each meeting, the Chairman of the Board and the respective Board Committees brief and outline the agendas for the meetings. The Chairman reviews the Board and committee agendas, as required. The Directors attending the meetings are at liberty to propose items for the agenda, and each Director is free to recommend for discussion any issues related to the business of the Group or any other related matter.

STATEMENT ON CORPORATE GOVERNANCE

BOARD ATTENDANCE

Particulars of the Board Meetings held in 2017 are set forth below:

Meetings	Date	Total Board Members	Attendance by Board Members
226 th (No.1-2017)	7 Feb 17	9	9/9
227 th (No.2-2017)	14 Mar 17	9	7/9
SB1-2017	12 Apr 17	9	7/9
228 th (No.3-2017)	16 May 17	9	8/9
SB2-2017	20 Jul 17	9	8/9
229 th (No.4-2017)	24 Aug 17	9	9/9
230 th (No.5-2017)	14 Nov 17	9	8/9
SB3-2017	23 Nov 17	9	7/9
SB4-2017	7 Dec 17	9	7/9

DETAILS OF ATTENDANCE

A record of the Directors' attendance at the Board Meetings during the financial year is set out below:

Members of the Board	Status	Attendance
Tan Sri Abdul Wahid bin Omar (Chairman)	Non-Independent Non-Executive	9/9
Dato' Abdul Rahman bin Ahmad	Non-Independent Executive	9/9
Tan Sri Dr. Mohd. Irwan Serigar bin Abdullah	Independent Non-Executive	4/9
Tan Sri Dr. Ali bin Hamsa	Independent Non-Executive	7/9
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Independent Non-Executive	9/9
Tan Sri Zarinah Sameehah binti Anwar	Independent Non-Executive	9/9
Datuk Dr. Awang Adek bin Hussin	Independent Non-Executive	8/9
Datuk Dr. Mohd. Yaakub bin Haji Johari	Independent Non-Executive	9/9
Tuan Haji Soedirman bin Aini	Independent Non-Executive	6/9

DISTRIBUTION OF MEETING MATERIALS

Presently, the Board meetings are on a paperless basis with the use of the BoardPac System. The new system has enabled the Company Secretary to furnish the Board and Committee members with immediate access to the material of the meetings prior to each Board meeting. This paperless system is expected to enable Board meetings to be efficiently managed and for members of the Board to be instantly updated of any revision to any paper pertaining to the meeting.

ACCESS TO ADVICE

The Board and its Committees have direct access to the officers and employees of PNB and may engage independent third parties as deemed necessary, in discharging their duties and fulfilling their obligations at the expense of the Group.

APPOINTMENT (Selection of Directors)

The Nomination and Remuneration Committee is responsible for the nomination of candidates for directorship. Potential candidates are screened from diversified industries in order to ensure only those with the right mix of capabilities, expertise and experience are chosen. The composition of the Board is also reviewed regularly to ensure the effective contribution to the Board's deliberation.

BOARD COMMITTEES

The Board has established several committees to assist the Board in dealing with specific functions or areas in a more efficient manner. There are eight committees under the purview of the Board, as follows:

Audit Committee	Investment Committee	Nomination & Remuneration Committee	Risk Management Committee
Compliance Committee	Appeal Committee	Tender Committee	Shariah Advisory Committee

The committees have separate and defined written terms of reference, detailing the scope of their authority and responsibilities. The Chairs report on the items discussed and actions taken at their meetings to the Board following each meeting. Each committee will review its own terms of reference and works with the Board to make necessary adjustments, as required. The Board may, from time to time, establish and maintain additional Committees as required.

STATEMENT ON CORPORATE GOVERNANCE

The key functions of each Committee as well as the membership and attendance at meetings during FY2017 are set out below.

AUDIT COMMITTEE

The main function of the Committee is to review the quality and effectiveness of the entire accounting and internal control system. The Committee will review the adequacy and integrity of the audit exercise undertaken by both external auditors and internal auditors for every financial year. The accounting policies to be adopted by the Management and accepted by external auditors will be reviewed periodically to ensure conformance to the Accounting Standard being adhered to.

Members	Status	Attendance
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Independent Non-Executive	8/8
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive	8/8
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive	8/8

NOMINATION & REMUNERATION COMMITTEE

The primary functions of the Nomination & Remuneration Committee are to identify and recommend suitable candidates for appointment to the Board of PNB and Operating Subsidiary Companies, as well as Strategic, Controlled, Core and Minority Investee Companies. This Committee also identifies and recommends suitable candidates for appointment as Presidents/Managing Directors/Chief Executives of PNB, Operating Subsidiary Companies, as well as Strategic and Controlled Investee Companies. In selecting candidates, the Committee follows an established policy and process whereby it considers, amongst others, the integrity, skills, knowledge, and experience of the candidate.

Members	Status	Attendance
Tan Sri Abdul Wahid bin Omar	Non-Independent Non-Executive	8/8
Datuk Dr. Awang Adek bin Hussin	Independent Non-Executive	7/8
Datuk Dr. Mohd Yaakub bin Johari	Independent Non-Executive	8/8
Tuan Haji Soedirman bin Aini	Independent Non-Executive	5/8

RISK MANAGEMENT COMMITTEE

This Committee reviews and recommends to the Board the risk management philosophies, policies and mitigation strategies as proposed by Management to manage the principal risks of the PNB Group and to oversee and approve the development and maintenance of the integrated risk management framework of the PNB Group.

Members	Status	Attendance
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Independent Non-Executive	5/5
Tan Sri Zarinah Sameehah binti Anwar	Independent Non-Executive	5/5
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive	5/5

INVESTMENT COMMITTEE

This Committee assists the Board to formulate plans and strategies and to approve the selection of investments for the investment portfolio of PNB and its unit trust funds, subject to the limits of authority given by the Board. The Committee also considers any proposal for mergers and acquisitions.

Members	Status	Attendance
Tan Sri Abdul Wahid bin Omar	Non-Independent Non-Executive	12/12
Dato' Abdul Rahman bin Ahmad	Non-Independent Executive	12/12
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Independent Non-Executive	12/12
Professor Tan Sri Dato' Seri Dr. Noor Azlan bin Ghazali	Independent Non-Executive	12/12
Datuk Dr. Mohd Daud bin Abu Bakar	Independent Non-Executive	10/12
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani*	Independent Non-Executive	11/11

* Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani was appointed as a member of the Committee on 13 February 2017

STATEMENT ON CORPORATE GOVERNANCE

APPEAL COMMITTEE

The Appeal Committee's function is to hear appeals of staff members who are found guilty of misconduct and to determine whether sentences meted out by the Disciplinary Committee commensurate with the respective misdeeds. The Committee also considers appeals from staff members pertaining to the determination of their salaries and promotions. There was no meeting held in 2017.

Members	Status
Datuk Dr. Awang Adek bin Hussin	Independent Non-Executive
Tan Sri Zarinah Sameehah binti Anwar	Independent Non-Executive
Datuk Dr. Mohd Yaakub bin Johari	Independent Non-Executive
Tuan Haji Soedirman bin Aini	Independent Non-Executive

COMPLIANCE COMMITTEE

This Committee was set up to determine, approve, review and monitor the Compliance Work Plan of the Compliance Department. The Committee convenes quarterly to evaluate and review the findings of the compliance report and to make recommendations in respect thereof. The structure of the overall compliance function of the Group will be reviewed as and when it is deemed necessary.

Members	Status	Attendance
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Independent Non-Executive	4/4
Dato' Abdul Rahman bin Ahmad	Non-Independent Executive	4/4
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive	4/4

TENDER COMMITTEE

The Tender Committee assists the Board to consider tenders and quotations for all assets, supplies and services valued above RM2 million.

Members	Status	Attendance
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Independent Non-Executive	3/3
Dato' Abdul Rahman bin Ahmad	Non-Independent Executive	3/3
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive	3/3

SHARIAH ADVISORY COMMITTEE

This Committee was set up in order to give advice as well as opinions and guidance on matters pertaining to Shariah compliance issues for the investments made by PNB, and to assist PNB to comply with Shariah principles at all times.

Members	Status	Attendance
Dato' Dr. Abdul Halim bin Ismail*	Independent Non-Executive	4/4
Tan Sri Dato' Seri (Dr.) Haji Harussani bin Haji Zakaria	Independent Non-Executive	3/4
Dato' Haji Mohamad Shukri bin Mohamad	Independent Non-Executive	3/4
Dato' As-Sheikh Haji Nooh bin Gadot	Independent Non-Executive	3/4
Professor Dato' Dr. Mahmood Zuhdi bin Ab. Majid	Independent Non-Executive	4/4

* Dato' Dr. Abdul Halim bin Ismail retired as Chairman of the Committee on 31 December 2017. On 1 January 2018, Datuk Dr. Mohd Daud bin Abu Bakar was appointed as Chairman, whilst Dr. Aida binti Othman also joined as a new member of the Committee

STATEMENT ON CORPORATE GOVERNANCE

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of ensuring that its stakeholders are well informed and updated on the Group's developments. PNB discloses quarterly updates on its investment activities, including its overall asset allocation, assets under management, consolidated coterminous proforma income and developments pertaining to the execution of STRIVE-15. Through its official website, www.pnb.com.my, members of the public may also access up-to-date information on PNB.

INTERNAL CONTROLS

The Board maintains reliable internal control systems to safeguard the interest of PNB and unit holders. The Statement on Risk Management and Internal Control is set out on pages 100 to 104 of this Annual Report.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are Independent Non-Executive Directors. The Committee meets at least four times a year at quarterly intervals, to review and approve the annual external and internal audit plans; review and approve audit and other fees of external auditors; ensure the independence and objectivity of the external auditors; review the internal audit process, adequacy of internal controls and assess the transaction of related parties within the Board. In addition, the Audit Committee also functions as a platform for key management to raise concerns on possible irregularities for investigation.

RELATIONSHIP WITH EXTERNAL AUDITORS

PNB has established a professional and transparent relationship with the external auditors to ensure integrity of the highest order. The external auditors are invited to attend all Audit Committee Meetings (in the absence of Management team including the Executive Directors) and AGM of PNB.

WHISTLE BLOWING AND CHINESE WALL POLICY

PNB is committed to support the Whistleblower Protection Act 2010 through the implementation of a whistle-blowing policy which encourages its employees to expose corrupt practices and other types of misconduct. The adopted policy provides immunity to informers and safeguards them from unfair employment action against them.

The Chinese Wall Policy is intended inter alia to shield and protect the Group against committing an insider trading offence. It is therefore, imperative that secrecy arrangements be implemented through the Chinese Wall. Directors, Investment Committee Members and all staff members of PNB Group are required to sign a Declaration of Interest with respect to acquisition/purchase/sale of Securities of Companies in a prescribed Declaration of Interest form.

TRAINING AND DEVELOPMENT OF DIRECTORS

The Board acknowledges the importance of continuing education for its Directors to ensure they are equipped with the necessary skills and knowledge to perform their functions and meet the specific industry challenges. During the financial year, all the Board members had attended various training programmes and workshops on various current issues relevant to PNB, as well as to update themselves on new legal and regulatory developments.

Trainings programmes, conferences and forums attended by the Directors for FY2017 were as follows:-

TOPIC	ORGANISER
REGULATORY	
Briefing on the New Companies Act 2016	Malaysia Debt Ventures Berhad
Anti-Money Laundering	Permodalan Nasional Berhad
The New Companies Act 2016 – the Key Issues and Potential Pitfalls	Permodalan Nasional Berhad
Funds Management Regulation (Module 9 and 10)	Securities Commission Malaysia
Lecture on the Rule of Law, the Executive and the Judiciary by Lord Thomas, Lord Chief Justice of England and Wales	Yayasan Sultan Azlan Shah & Universiti Malaya Vice Chancellor

STATEMENT ON CORPORATE GOVERNANCE

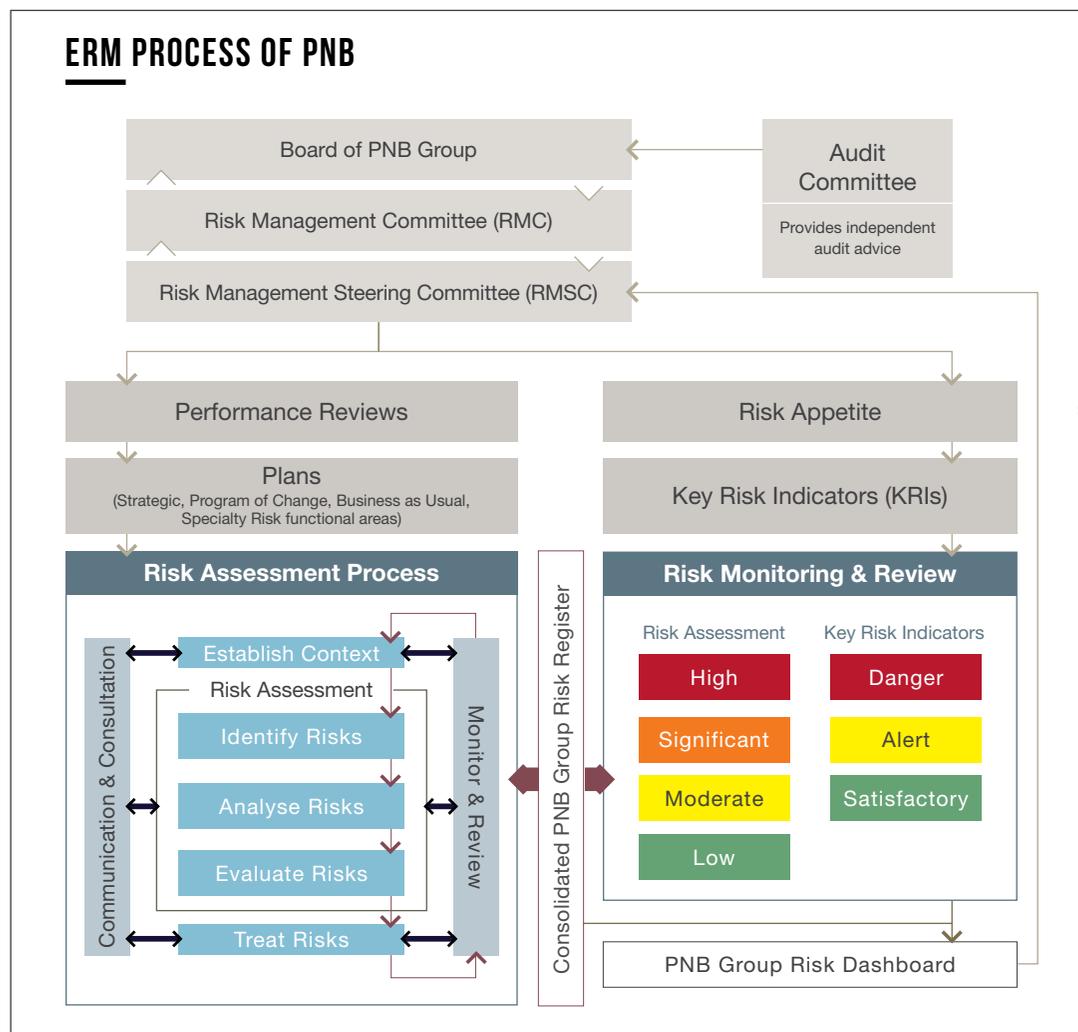
TOPIC	ORGANISER
LEADERSHIP	
Talent Value Workshop	Permodalan Nasional Berhad
PETRONAS Board Excellence: Effective Strategy for Stakeholders Management	Petroliam Nasional Berhad
Ethics & Integrity: The Defining Principles of a Great Workplace	Bank Pembangunan Malaysia Berhad
INFORMATION TECHNOLOGY	
Cybersecurity Essentials for Board by the Malaysian Directors Academy ("MINDA")	Malaysia Debt Ventures Berhad
The Future of Fintech/Digital Disruption by Prof. Howard Yu, Professor of Strategic Management and Innovation at IMD, Lausanne, Switzerland	PNB Investment Institute Sdn. Bhd.
RISK MANAGEMENT	
Bursa Risk Management	Bursa Malaysia Berhad
SHARIAH GOVERNANCE	
Islamic Finance School Shariah Governance & Assurance Services	Bank Pembangunan Malaysia Berhad
INVESTMENT	
Value Creation : Creating a Customer Focused Organisation	PNB Investment Institutes Sdn. Bhd.
Corporate Exercise and Asset Pricing in Malaysia	Permodalan Nasional Berhad
PNB Strategic Asset Allocation Workshop	Permodalan Nasional Berhad
The Future of Globalisation and Liberalisation: Are We Losing the Battle?	PNB Research Institute Sdn. Bhd.
Capital Market Director Programme	Securities Industry Development Corporation
Public Lecture by Prof. Charles Hopkins	Yayasan Hasanah
FORUM/CONFERENCE	
Sabah Ports Forum	Sabah Ports Sdn Bhd
Airport Council International 9 th Annual Airport Economics & Finance Conference & Exhibition	Airports Council International
Global Symposium on Development Financial Institutions	Bank Negara Malaysia / World Bank
International Fund Forum 2017	Securities Commission Malaysia
13 th World Islamic Economic Forum (WIEF)	World Islamic Economic Forum Foundation
Khazanah Megatrends Forum	Khazanah Nasional Berhad
Global Transformation Forum	Performance Management and Delivery Unit (PEMANDU)

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RECOGNISING THE SIGNIFICANCE OF ACHIEVING GOOD REGULATORY GOVERNANCE, MANAGEMENT AND OPERATIONS, PNB AFFIRMS ITS FULL COMMITMENT TO ENSURE A SOLID RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IS PUT IN PLACE. THE ESTABLISHMENT OF THIS SYSTEM ULTIMATELY AIDS IN CREATING, ENHANCING AND PROTECTING VALUE; WHILST ADHERING TO OUR COMPANY’S POLICIES AND ACHIEVING OUR GOALS AND OBJECTIVES WITHIN THE CONSTITUTED RISK APPETITE.

The internal control system in PNB covers Risk Management, Compliance and Financial and Management Audit. Under the leadership of the President & Group Chief Executive, the system integrates effective processes with performance-focused risk management and internal control; including reviews on adequacy and effectiveness of the system at every level of the Management and across each Business Unit.

The nature and scope of the risk management and internal control for the year 2017 are outlined below.



RISK MANAGEMENT

Overview

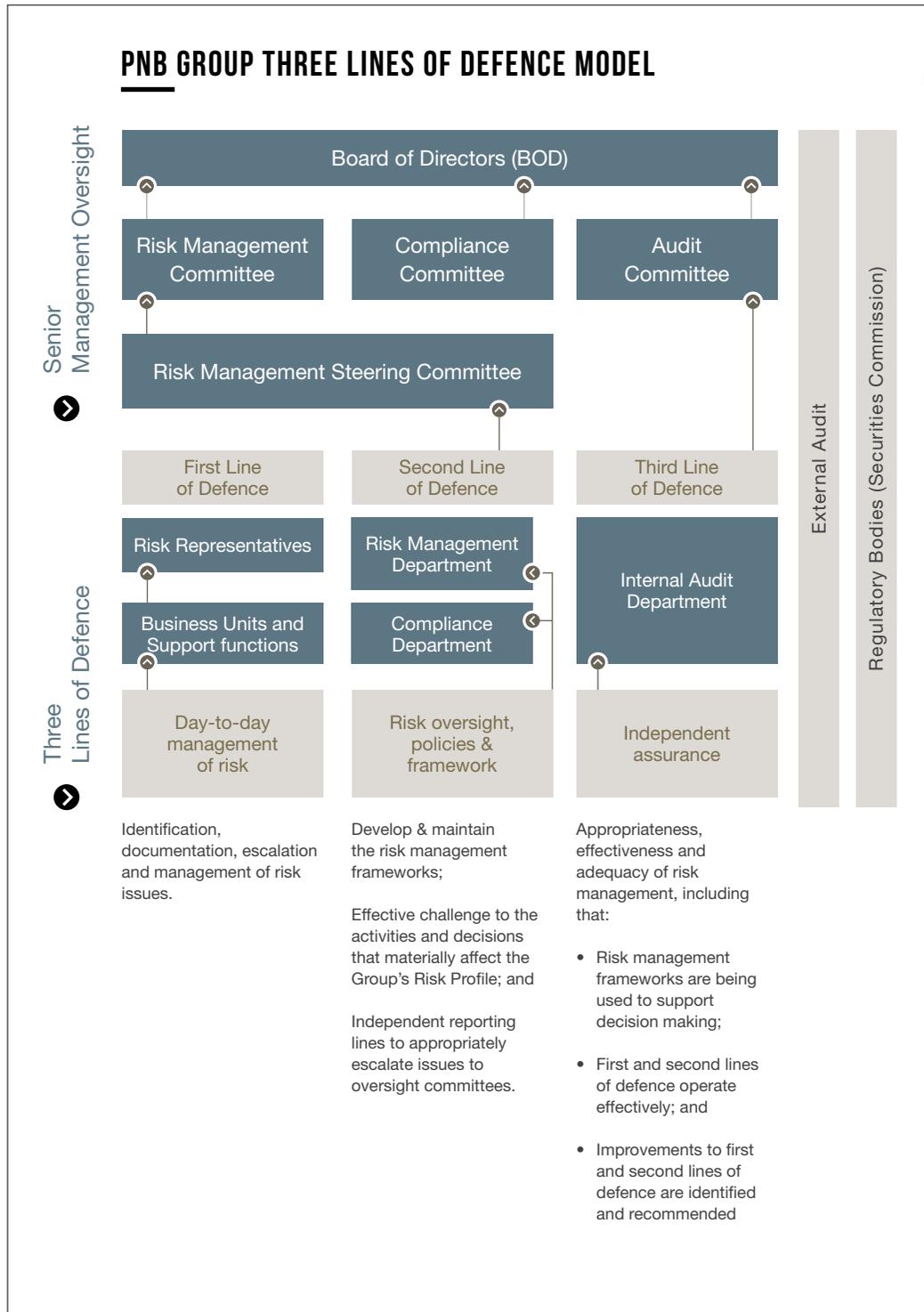
Risk management is an integral part of PNB’s business model and we are committed to implement a sound risk management system via an Enterprise Risk Management (ERM) framework. The framework provides a strong control environment through the implementation of appropriate systems and risk assessment processes to manage risks. The key elements of an effective ERM process are as follows:

- Risk Assessment Process: The overall process of risk identification, risk analysis and risk evaluation that are documented in the Risk Register.
- Risk Monitoring and Review: The Risk Register and KRIs are used by the Management as a tool to monitor and manage changes in risk exposures over time.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The independence of the risk management function and close alignment to the business ensure consistent and effective risk oversight. We aspire to:

- implement a holistic risk management process which provides a framework for building organisational resilience in ensuring critical business functions continue to operate;
- develop and maintain an incident management plan with high degree of readiness to safeguard against financial and physical disruptions; and
- develop and maintain a proactive risk culture embedded within the Group, with the right skill sets and competencies.



RISK GOVERNANCE STRUCTURE

The risk governance structure of PNB follows the **Three Lines of Defence Model**.

SENIOR MANAGEMENT OVERSIGHT

Board of Directors

The BOD of PNB is responsible for setting the objectives and policies on risk management and sets the tone from the top to foster a sound risk management environment and a risk management function that is influential and respected. The BOD will ensure that the system of risk management within the Group is adequately robust to respond to changes in the business environment.

The BOD has delegated its responsibilities to its committee ie. the RMC, which is also assisted by a Management Committee, ie. the RMSC. Notwithstanding this, the BOD recognises its overall responsibility for the establishment and oversight of PNB's ERM framework.

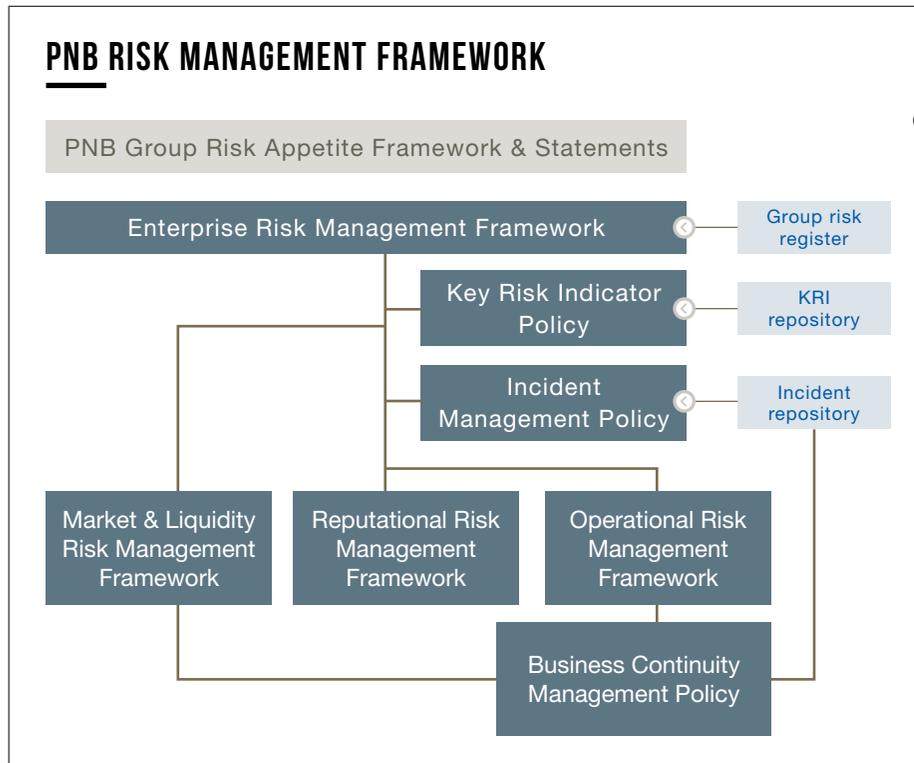
Risk Management Committee

The RMC is responsible for assisting the BOD by overseeing and approving the ongoing development and maintenance of all risk management frameworks and activities. The RMC is delegated with the responsibility to assess, identify, measure and monitor the overall risk exposure of the Group and ensuring a sufficient level of risk mitigation is in place.

Risk Management Steering Committee

The RMSC is a Management committee, chaired by the President & Group Chief Executive. The RMSC will be directly responsible for endorsing, coordinating and monitoring all risk management programmes of the Group, as delegated by the RMC. The RMSC will also forward any recommendations to the BOD, through the RMC, on all matters regarding risk management activities under its purview or as directed by the BOD.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL



RISK MANAGEMENT

PNB ERM Framework

PNB embraces a strategic and consistent approach in managing risks across the Group through the ERM framework and associated activities, in line with the creation of value and safeguarding the Group's assets.

The ERM framework provides an approach to outline the process for identifying, assessing, monitoring and managing risks within the Group. This ensures PNB optimises its returns on risk-taking activities within the risk appetite level as approved by the BOD.

The key objectives of establishing a structured and integrated ERM framework are outlined below:

- To identify, analyse and understand each of the material risks at all levels of the Group;
- Ensuring risks are managed in line with the Group's risk appetite;
- Embed risk management into day-to-day decision making;
- Ensuring appropriate strategies, policies, effective operating controls and other mitigations are in place and operating effectively; and
- Facilitating a proactive risk culture.

PNB Group Risk Appetite Framework

Risk appetite is the amount and type of risk PNB is willing to accept in pursuit of its business objectives. The framework is utilised to articulate PNB's Risk Appetite Statements with recommended measures and methodologies. Subsequently, the Risk Appetite Statement measures will be embedded into PNB's risk management structure and integrated into PNB's business objectives and operations with the aim:

- To express the type and quantum of risk PNB is exposed to, based on its core values, strategy, risk management competencies and shareholders' expectations;
- To formulate risk sensitive limits which cascade down to business level and risk type; and
- To set aside adequate risk buffers to support stress scenarios in line with PNB's risk appetite.

Key Risk Indicators Policy

KRIs are used by the management as a tool to monitor and manage changes in key risk exposures over time. It provides insight into business operations' risk exposure, operational and control weaknesses through monitoring of the main drivers of exposure associated with the key risk. KRIs mainly act as an early warning flags to potential risks and control issues that may arise in the current business environment.

Market & Liquidity Risk (MLR) Framework

A sound MLR framework will help PNB to hedge against risk of losses in positions arising from movements in market price and to enhance its ability to withstand severe liquidity shocks. A robust approach towards market risk management is to ensure the risks are identified, assessed and appropriate measures are in place to mitigate the risks and minimise losses during adverse market conditions.

Liquidity risk can be defined as the potential loss to an institution arising from either its inability to meet its obligations or to fund increases in assets. Liquidity risk is managed via both 'top-down' and 'bottom-up' approach of active measurement and evaluation of sources and application of funds with an understanding of how PNB's approach to liquidity management may affect overall risk and return.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Reputational Risk Framework

PNB Group defines reputational risk as “risks where PNB Group’s reputation is damaged by one or more events as reflected by negative publicity about PNB’s business practices, conduct, or financial performance”. This negative publicity may impair the confidence of unit holders and various other stakeholders of the Group. Key areas of reputational risk for PNB Group are represented by Reputational Risk Drivers. Each of the drivers is assigned weights and is tagged with a list of Reputational Risk Indicators to be monitored across different areas of business within PNB Group.

Incident Management Policy (IMP)

PNB’s IMP outlines the minimum requirements and the process for identifying, capturing, reporting and managing incidents within PNB. The objectives of IMP are:

- to minimise impact, exposure to loss, and disruption caused from incidents that affect the Group; and
- to ensure that all key stakeholders are adequately informed and involved in the resolution.

An “incident” is defined as an operational risk or compliance event resulting from a breakdown of internal controls, people, systems, processes or external events that have the potential to cause a financial, reputational or regulatory impact on PNB. This includes near-miss events that could result in financial loss. IMP has direct linkage to the Business Continuity Management (BCM) Plan in the event of crisis.

Operational Risk Management (ORM) Framework

The key elements of the ORM framework are as follows:

- **Operational Risk Management**

Outlines the process for identifying, assessing, monitoring and managing operational risks within PNB. Against this background, the ORM framework contributes to the management of performance outcomes and supports decision making in the business. ORM measures the risk of loss from inadequate or failed internal process, people and systems, or from external events. Operational losses are actual financial losses arising from operational risk.

PNB utilises ORM with the following objectives:

- To manage operational risks in line with the Group’s risk appetite;
- To drive business improvements through effective operational risk management; and
- To identify and manage risks that may impede PNB’s ability to achieve its business objectives.

- **Business Continuity Management Policy**

This policy outlines the process, minimum requirements and roles and responsibilities for BCM within PNB Group. PNB implements the BCM with the following objectives:

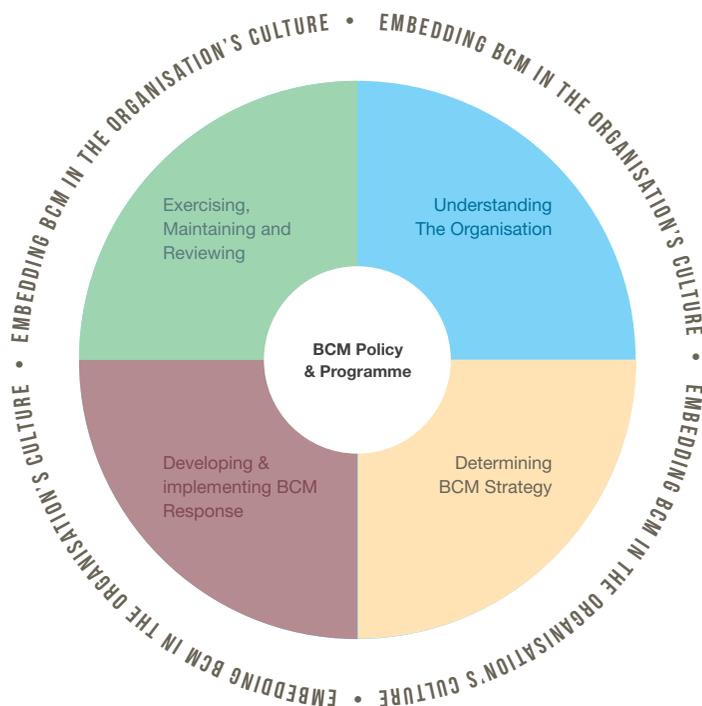
- To sustain organisational survival during a crisis or disaster by facilitating the resumption of critical business processes in a timely manner;
- To ensure essential operations are continued at an acceptable level;
- To ensure the provisioning of key products and services continue to be maintained at an acceptable level; and
- To safeguard the reputation and image of the Group.

The BCM plan is continuously monitored, tested and communicated to all levels to ensure that the Group is prepared in the event of a crisis or disaster.

KEY RISK MANAGEMENT INITIATIVES IMPLEMENTED IN 2017

With PNB’s objectives and strategic plan in mind, the following are the key initiatives undertaken by the Risk Management Department in 2017:

- Enhancement to the Enterprise Risk Management Framework which includes:
 1. PNB’s KRIs;
 2. IMP & ORM Framework; and
 3. Crisis Management Plans for PNB Group covering physical, financial and technology disruptions (cyber security).
- Embedding a proactive risk culture within the organisation through effective communications to all levels by conducting risk assessment exercises, town halls, email blasts and BCM simulation exercise.



- Exercise Programme
- Conduct Exercises
- Maintenance, Review, Audits

- Incident Management Plan
- Developing Business Continuity Plan

- Business Impact Analysis
- Estimating Continuity Requirements
- Risk Assessment

- Determining Business Continuity Strategy
- Resource Level Consolidation
- IT Disaster Recovery Review

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The internal audit function at PNB, which reports to the Audit Committee, is undertaken by the Financial and Management Audit Department (FMAD). FMAD's primary responsibility is to provide independent, objective assurance and consulting services designed to add value and improve the operations in PNB Group by ensuring that risk management, internal controls and established procedures are adhered to. This is achieved by continuously carrying out financial, operational and information systems audits on core departments related to investments, unit trusts, property and information systems, as well as other support service departments within PNB Group. These audit activities provide the Board of Directors (Board) the assurance with regard to the adequacy and effectiveness of risk management, internal controls and corporate governance. It also provides management with opportunities for improvements to enhance existing systems and to mitigate the risks of deficiencies identified.

FMAD is part of the Internal Assurance Division. The Head of Internal Assurance reports functionally to the Audit Committee and administratively to the President & Group Chief Executive. The department works independently in setting the scope of audit, performing the audit work and communicating the results to the Audit Committee. The department is not involved in the development or implementation of new policy and procedures or systems and its management authority relates to the internal audit function only.

SCOPE OF WORK

FMAD develops a risk-based audit plan for the year encompassing assurance and consulting services, which is then reviewed and approved by the Audit Committee. The annual audit plan is aligned with PNB's objectives and strategies. The scope of the audit work is to determine that PNB's internal controls, risk management, information systems and system procedures are operationally functioning to ensure:

- Assets are safeguarded;
- Risks are identified and managed;
- The reliability and integrity of financial and operating information, and the means used to identify, measure, clarify and report such information are clearly determined;
- The systems established comply with policies, plans, procedures and regulations that have significant impact on operations and reports;
- The efficiency of resources employed in the relevant areas; and
- The results of operations or programmes are consistent with established objectives or goals and whether these operations or programmes are carried out as planned.

ACTIVITIES IN 2017

To ensure compliance with the relevant policies and procedures, laws and regulations, various audit activities were carried out during the financial year across the divisions and departments within PNB Group namely:

- Asset Management – including the verification of transactions and the physical and electronic verification of investments;
- Strategic Investments – including both public equity and private investments;
- Unit Trust operations managed by PNB and its subsidiary companies – including the unit trust managers and the computation of income distribution paid to unit holders of the unit trust schemes; and
- Property/Real Estate, as well as the property trust operations.

As the PNB Group relies significantly on IT in its daily operations, IT audit is a core audit area and audit activities continuously cover IT-related activities including IT governance, controls, outsourcing, data centre operations, cyber security and business continuity.

During the year, FMAD was actively involved with the migration of the ASB fund from the Unit Trust System to the Fund Distribution System. Another key IT project that the internal auditors were actively involved in is the development of the ASNB Portal.

As part of its business continuity management, PNB conducts disaster recovery tests for key application systems to ensure PNB is prepared in the event of a disaster or crisis. During the year, a business continuity management mobilisation exercise was also conducted. These activities were also participated by the internal auditors as an independent party to observe whether the set objectives were met and to provide an independent assessment on the overall exercise.

Audit work also covers support services, including financial services, procurement activities, in-house legal counsel, communications, human resource and training on anti-money laundering and counter financing of terrorism operations, information systems including all system development, maintenance, networking and other IT-related functions, and selected companies within the PNB Group of Companies. During the year, the audit work included audits on identified subsidiary companies in the property investment, property development and hospitality sectors.

FMAD also conducts regular follow-up audits on the status of management's action plans to address matters highlighted in the audit reports. These follow-up audits ensure corrective actions are taken to rectify issues identified during audits. FMAD communicates the results of the planned audits, follow-up audits as well as special audits regularly to the Audit Committee.

During the year, a Quality Assurance Review (QAR) was conducted on the FMAD by independent external consultants to evaluate and enhance the operations of the department. The results of the QAR, which will be known in year 2018, will be used by the department to further improve its operations and enhance the overall corporate governance of PNB.

STATEMENT ON COMPLIANCE

CORPORATE COMPLIANCE AND POLICY STATEMENT

In safeguarding the interest of more than 13 million unit holders, it is paramount that PNB demonstrates the highest standards of governance and compliance with the requirements of the law and regulatory authorities. In line with PNB's vision to be a Distinctive World Class Investment House, compliance with high ethical standards as well as legal and regulatory obligations is fundamental to the preservation of our reputation for integrity.

A systematic and clearly defined approach therefore needs to be established and implemented to ensure compliance with all relevant laws, regulations and guidelines, internal policies and procedures and ethical standards.

COMPLIANCE GOVERNANCE STRUCTURE

A Compliance Officer assumes the key responsibility to establish, implement, operate and monitor the Compliance Programme for the PNB Group. Meanwhile, the Compliance Committee of the Board supervises the Compliance Officer and oversees the implementation and operation of the Compliance Programme by the Compliance Department.

OVERVIEW OF COMPLIANCE PROGRAMME

A Compliance Programme has been established and implemented based on the fundamental elements described in the Guidelines on Compliance Function for Fund Management Companies issued by the Securities Commission of Malaysia. Our Compliance Programme is a key component of our commitment to achieve the highest standards of corporate conduct. It is reasonably designed to foster compliance with applicable laws and regulations, the Capital Market and Services Act 2007, and other requirements relevant to our business. As our Compliance Programme is dynamic, we regularly review and enhance it to meet the evolving compliance standards. The fundamental elements of our Compliance Programme are described in greater detail below.

1. Compliance Manual

Our Compliance Manual is constructed with the intention of providing guidance for staff members, across all roles and responsibilities, to help achieve and maintain compliance with all applicable laws and regulations in performing their daily operations. The Manual also establishes the expectation that management, employees, and agents of PNB must act in accordance with the law, as well as all applicable company policies, procedures and guidelines.

2. Education and Training

PNB is committed to communicating our standards, policies, procedures and guidelines to our directors and employees. As part of our efforts in inculcating a compliance culture, we provide education and training to new and existing employees on a variety of compliance-related topics. Training programmes are reviewed and updated periodically, and additional areas of training are also added from time to time.

3. Liaising with the Regulatory Authorities

In dealing with the regulatory authorities, the Compliance Department is committed in ensuring high values and ethical standards are adopted by PNB and its employees in discharging their duties. It is our responsibility and commitment to deliver any required reports by the regulatory authorities in a timely and effective manner.

4. Compliance Review and Advice

In ensuring compliance with securities laws, regulations and relevant guidelines, as well as early detection and prevention of any breaches, we perform a compliance review and monitoring on business units within the PNB Group using a risk-based approach and, where necessary, advise on particular areas for improvement. The compliance review conducted is also to meet the need to provide assurance and comfort to the stakeholders on PNB's compliance status to the applicable laws, rules and regulations.

5. Supervision of Anti-Money Laundering and Counter-Terrorist Financing Matters

In compliance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, PNB has established its Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) policy and procedures which had been implemented throughout the Group. We conduct a review and monitoring exercise on any suspicious transactions which may be potentially done by the unit holders who at present number some 13 million. This exercise is also to ensure that our products are not used as conduits for AML/CFT activities.

SHARIAH ADVISORY COMMITTEE REPORT

PERMODALAN NASIONAL BERHAD'S SHARIAH ADVISORY COMMITTEE (SAC) hereby declares that the products (as listed below) being managed by AMANAH SAHAM NASIONAL BERHAD (ASNB), a wholly owned subsidiary of PNB, conform to the requirements of Shariah, based on *Maqasid Shariah* and *Siyasah Syar'iyah* principles.

Fixed Price

1	4
Amanah Saham Bumiputera	Amanah Saham Didik
2	5
Amanah Saham Malaysia	Amanah Saham 1Malaysia
3	6
Amanah Saham Wawasan 2020	Amanah Saham Bumiputera 2

Variable Price

1	4
Amanah Saham Nasional	Amanah Saham Gemilang – Pendidikan
2	5
Amanah Saham Nasional 2	Amanah Saham Gemilang – Kesihatan
3	6
Amanah Saham Nasional 3	Amanah Saham Gemilang – Persaraan

This report is made based on the information provided and disclosed to us in reports entitled 'Status Pelaburan PNB dan Dana Unit Amanah Dalam Sekuriti Patuh Syariah Atas Dasar Maqasid Syariah dan Siyasah Syar'iyah' during PNB's SAC meetings held in 2017 as follows:

01 21 January 2017	02 13 April 2017	03 10 August 2017	04 17 October 2017
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PNB'S SHARIAH ADVISORY COMMITTEE

CHAIRMAN

DATO' DR. ABDUL HALIM BIN ISMAIL

Tan Sri Dato' Seri (Dr.) Haji
Harussani bin Haji Zakaria

Dato' Haji Mohamad Shukri
bin Mohamad

Dato' As-Sheikh Haji Nooh
bin Gadot

Professor Dato'
Dr. Mahmood Zuhdi bin
Abdul Majid

Note: Dato' Dr. Abdul Halim bin Ismail retired as Chairman of PNB's SAC on 31 December 2017. Datuk Dr. Mohd Daud bin Abu Bakar was subsequently appointed on 1 January 2018 as the new Chairman of PNB's SAC, whilst Dr. Aida binti Othman was also appointed as an additional member of the Committee on the same date.

QUALITY MANAGEMENT SYSTEM

QUALITY MANAGEMENT SYSTEM

As Malaysia's largest fund management company and guardian to the wealth of its 13 million Malaysian unit holders, it is imperative that PNB has in place a quality management system which stipulates the high standards and provides assurance for all products and services offered by the PNB group.

A quality management system is a basis for quality assurance in an organisation and establishment of processes that work harmoniously, using various resources to implement goals of quality.

In September 2015, the ISO 9001:2015 standard has been published to replace the previous version of ISO 9001:2008. The 2015 release was particularly significant as a result of fundamental changes to both its structure and contents, introducing risk-based concepts to ensure that customers remain as the organisation's top priority.

In 2017, PNB successfully completed the ISO 9001:2015 transition for all seven certified companies and divisions, namely PNB Asset Management and Related Areas (PNB AMRA), Property Division, Amanah Saham Nasional Berhad (ASNB), Pelaburan Hartanah Nasional Berhad (PHNB), PNB Perdana Hotel & Suites On The Park Kuala Lumpur (PNBPKL), Hotel Perdana Kota Bharu (HPKB) and PNB Ilham Resort Port Dickson.

The upgrading certification audit by SIRIM found full-conformance, which reflected the efficiency of PNB's quality management system. The implementation of the new standard demonstrates PNB's full commitment to provide quality products and services, enhance customer satisfaction and increase productivity for the ultimate benefit of its 13 million unit holders and the Malaysian public in general.

In addition to the ISO 9001:2015 standard, PNB also maintained the MS 1900:2014 – Shariah-based QMS certification for PNBPKL, HPKB and PNB Ilham Resort to improve process consistency with Islamic principles and to increase customer satisfaction and confidence, especially among stakeholders who are concerned about Shariah-related matters.

In addition to ISO certifications, the development and use of Standard Operating Procedures (SOPs) also play a significant part towards a successful quality management system, and essential for an organisation's effectiveness and efficiency. SOPs provide information to perform a job properly and consistently in order to achieve pre-determined requirements and quality end-results. They also serve as a fundamental means of communication on an organisation's operations that allow management and employees to gain a cross-functional view of the organisation.

Incorporating the risk-based approach, PNB has established its departmental level SOPs in line with the approved policies by the Board as listed in the following table.

Division	No.	Department	SOP
Asset Management	1.	Asset Management	✓
	2.	Investment Analysis	✓
	3.	Equity Market Operations	✓
	4.	Fixed Income	✓
	5.	International	✓
	6.	Economics	✓
Strategic Investments	7.	Corporate Services	✓
	8.	Public Equity	✓
	9.	Private Investment & Special Projects	✓
Property/Real Estate	10.	Domestic & International Properties	✓
	11.	Real Estate Special Projects	✓
	12.	Facilities Management & General Services	✓
Group Finance	13.	Finance	✓
	14.	Procurement	✓
	15.	Investment Processing	✓
Human Capital	16.	HR Operations & Administration	✓
	17.	Human Capital Planning & Development	✓
Risk Management	18.	Risk Management	✓
Company Secretary & Legal	19.	Company Secretary	✓
	20.	Legal	✓
Internal Assurance	21.	Quality, Organisation & Method	✓
	22.	Organisation & Method	✓
	23.	Compliance	✓
	24.	Financial & Management Audit	✓
Management Information Systems	25.	Business Application Systems	✓
	26.	Core Application Systems	✓
	27.	IT Architecture & Strategy	✓
	28.	IT Service Management	✓
	29.	Programme Management Office	✓
	30.	Technology Support Services	✓
Corporate Affairs & Communications	31.	Communications	✓
	32.	Education	✓
	33.	Research	✓
Shariah Management	34.	Shariah Management	✓
Chairman & PGCE	35.	Office of President & GCE	✓

CORPORATE SOCIAL RESPONSIBILITY

THE PILLARS OF PNB CSR

PNB's CSR strategy has three pillars namely financial literacy, education, and philanthropy. The financial literacy pillar creates awareness among Malaysians on the importance of saving and investing for the future. The education pillar aims to build a highly-skilled, capable talent pool for the country's financial services industry while the philanthropy pillar channels PNB's financial contributions for the wellbeing of communities.

PILLARS

FINANCIAL LITERACY

- Minggu Saham Amanah Malaysia (MSAM)
- Fiesta Labur PNB
- Seminar Pelaburan 360 Hari
- Hibur & Labur Bersama PNB
- Kelab Pelaburan Bijak PNB
- Kuiz Pelaburan PNB

EDUCATION

Professional Programmes:

- PNB Chartered Accountant (PCA)

Scholarship Programmes:

- YTI Premier Scholarship Award
- PNB Global Scholarship Award
- Insentif Dermasiswa Anak Bangsa PNB (i-DAB-PNB) / PNB (Local) Scholarship Award

- PNB-Kolej Ilmu Scholarship Programme
- PNB Employees' Children Scholarship Award

Other programmes:

- SL1M Programme
- YTI Professorial Chairs

PHILANTHROPY

Donations & Sponsorship:

- Education
- Community Development
- Religious Activities

Arts, Culture & Heritage:

- Heritage Trust
- Arts & Culture

Medical & Healthcare:

- Institut Jantung Negara (IJN) Imaging Centre
- Haemodialysis Centres (Tapah, Temerloh, Slim River & Nilai)

Affordable Housing:

- PNB Value Homes

CORPORATE SOCIAL RESPONSIBILITY

✓ PILLAR 1 : FINANCIAL LITERACY

As a premier investment institution in the country, PNB looks to create a financially secure future for the country and its people. This requires widespread financial literacy, i.e. an understanding of the basics of financial planning including how to save, budget and invest.

PNB aspires to reach out to all Malaysians and provide them with the information and tools that are needed to lay a stronger financial foundation for their future. Its CSR activities, aimed at elevating financial literacy, have been in place since its first unit trust fund was launched in 1981. Back then, the innovative fixed price unit trust fund was a new product in the market and the concept of investing for the long-term was not widely understood.

Over time, PNB built awareness through a systematic and structured education programme designed to educate the public about investing, financial planning and the unique characteristics of its unit trust funds.

Elevating financial literacy requires dedicated continuous efforts, requiring a combination of age-appropriate information, resources and concepts specific to an individual's personal situation and aspirations.

This pillar embodies PNB's commitment to ongoing financial literacy education for Malaysians from all walks of life. To reach out to the public, its CSR activities are held at schools, universities, corporates and at specially curated events such as the extremely popular annual MSAM.

MINGGU SAHAM AMANAH MALAYSIA

MSAM or Malaysia Unit Trust Week is an annual mega event, that aims to educate the public on financial literacy including financial planning, the concept of risk and return and on investment vehicles such as unit trust funds. The first MSAM was held on 20 April 2000 and has since been held on the same day, every year, at different locations around the country. This week-long event has always been well-received, and the number of participants always surpasses expectations.

MSAM is supported by some of the country's biggest corporates, regulatory bodies, government agencies and state governments. This family-friendly event targets Malaysians from all walks of life and visitors of all ages can participate in games and quizzes, and interact with PNB's employees and representatives from its strategic companies. Through MSAM, PNB's unit holders get the unique opportunity to meet and learn about the companies that they are invested in through their unit trust funds.

MSAM has already been held in all the state capitals and has since moved on to smaller secondary towns. Last year, the 18th edition of this event was held in Temerloh, Pahang and drew 208,000 participants. Since inception, MSAM has attracted approximately 3.6 million visitors.

MSAM TEMERLOH,
PAHANG

No. of visitors:

208,000

Investee
Companies' Involvement:

50

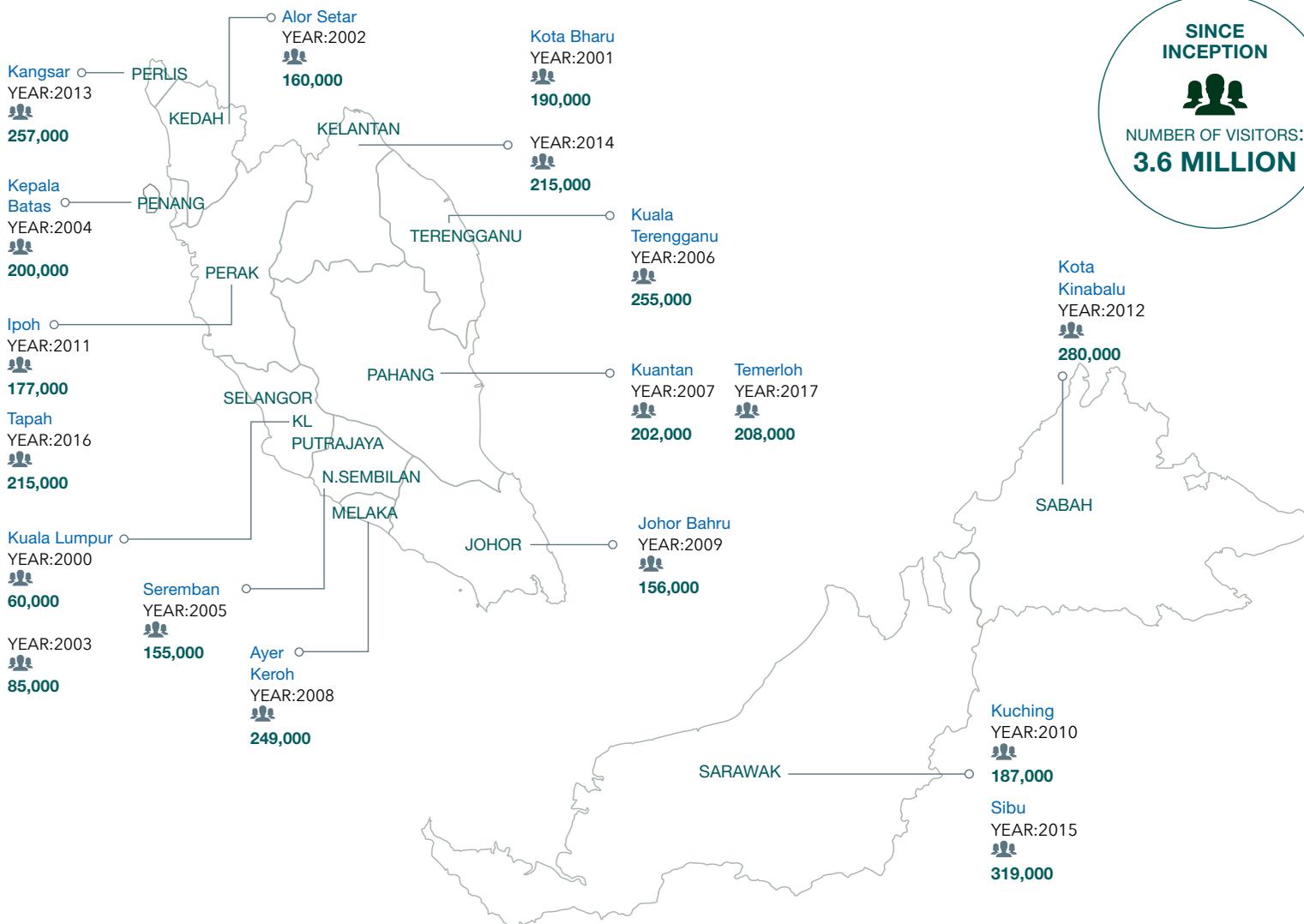
companies / organisations /
agencies participated



CORPORATE SOCIAL RESPONSIBILITY



LOCATIONS & NUMBER OF VISITORS OF EVERY MSAM SINCE 2000



CORPORATE SOCIAL RESPONSIBILITY



FIESTA LABUR PNB



The inaugural Fiesta Labur PNB was launched on September 2017 in Putrajaya. Hosted by Amanah Saham Nasional Berhad (ASNB), this four-day carnival delivered financial literacy content through fun and engaging activities.



SEMINAR PELABURAN 360 HARI



This is a nationwide programme that teaches financial planning concepts to all segments of society including students, employees and householders. Participants also learn the basic tenets of investing successfully and gain a better understanding of the current investment landscape. A key part of this programme is a seminar organised by ASNB and held every day, including weekends, at different locations for its unit holders. The seminar is conducted by qualified financial planners from ASNB, fund managers and invited speakers from reputable financial institutions.



KELAB PELABURAN BIJAK PNB 1MALAYSIA AND KUIZ PELABURAN PNB



PNB has been actively educating secondary school students since the inception of Kelab Pelaburan Bijak PNB in 2000. This club aims to create awareness and educate students about investing and financial planning. The club has been established in 104 secondary schools across the country, and organises financial planning workshops, motivational seminars, visits to MSAM and to companies affiliated with PNB. Meanwhile, the annual Kuiz Pelaburan PNB has been held at selected secondary schools, universities, teacher training colleges and uniformed bodies since 2001. Questions in this quiz are related to, among others, investing concepts, financial planning, accounting and the economy.

CORPORATE SOCIAL RESPONSIBILITY

✓ PILLAR 2: EDUCATION

MALAYSIA NEEDS A HIGHLY-SKILLED LOCAL TALENT POOL TO COMPETE IN AN INCREASINGLY GLOBALISED AND COMPETITIVE KNOWLEDGE-BASED FINANCIAL INDUSTRY. PNB'S CSR ON EDUCATION PREPARES YOUNG MALAYSIANS FOR 21ST CENTURY OPPORTUNITIES THROUGH COMPREHENSIVE EDUCATION PROGRAMMES AIMED AT HUMAN CAPITAL DEVELOPMENT.

Education is also a key focus as PNB needs competent and capable talent to fulfil its mission of becoming a distinctive world-class investment house. PNB believes that education is essential to prepare young talent for the challenges ahead.

PNB's CSR programmes, under this pillar, provide opportunities for young Malaysians that aspire for knowledge, skills and a chance to succeed. In many cases, these programmes have helped young Malaysians in overcoming socio-economic barriers that may otherwise exclude them from participating in the highly-skilled workforce and prevent them from moving up the economic ladder.

To date, a total of 3,303 scholars have been sponsored, out of which 1,803 students are currently pursuing their tertiary or professional qualifications.



PNB CHARTERED ACCOUNTANT INITIATIVE

In a bold aspiration, PNB has pledged to create 1,000 qualified Bumiputera chartered accountants by 2022, in collaboration with Yayasan Peneraju Pendidikan Bumiputera (YPPB) to support the national agenda of empowering Bumiputera human capital. To date, PNB has sponsored a total of 505 participants who have performed remarkably well, thereby achieving among the top 10 ranking in the world for Certified Accounting Technician (CAT), Association of Chartered Certified Accountants (ACCA) and The Certificate in Finance, Accounting and Business (ICAEW CFAB). Most notably, the PNB Chartered Accountant (PCA) initiative recently saw a candidate emerge as the winner of the ACCA World price award for the Financial Reporting (F7) paper, recognising her as the top scorer for the subject, not just in Malaysia but in the world.

CORPORATE SOCIAL RESPONSIBILITY



3,303

scholars since inception

1,803

current scholars



INITIATED IN 1996 TO PROVIDE HIGHER LEARNING OPPORTUNITIES AND FINANCIAL ASSISTANCE TO QUALIFIED STUDENTS TO PURSUE THEIR TERTIARY AND PROFESSIONAL QUALIFICATION THAT ARE IN LINE WITH PNB'S BUSINESS ACTIVITIES.



7 universities in the UK



3 universities in Australia



PNB GLOBAL SCHOLARSHIP AWARD & YAYASAN TUN ISMAIL (YTI) PREMIER SCHOLARSHIP AWARD



Local universities

Public Universities:

▶ **21**

Private Universities:

▶ **16**

PNB SCHOLARSHIP AWARD



Collaboration with UiTM



PNB CHARTERED ACCOUNTANT (PCA) INITIATIVE



In collaboration with



2 education providers



CORPORATE SOCIAL RESPONSIBILITY

PNB SCHOLARSHIP AWARD PROGRAMME

This programme was initiated in 1996 to provide financial assistance to qualified students to pursue their tertiary and professional qualifications in courses that are in line with PNB's business activities. Students with outstanding academic achievements will have the opportunity to further their studies in selected public or private universities.



PNB GLOBAL SCHOLARSHIP AWARD AND THE YTI PREMIER SCHOLARSHIP AWARD

The PNB Global Scholarship Award and YTI Premier Scholarship Award programmes sponsor outstanding students to further their studies at top universities in the UK and Australia. Selected students must pursue their tertiary education in disciplines related to PNB's business operations which encompass accounting, finance, law, mathematics, actuarial science and engineering.

CORPORATE SOCIAL RESPONSIBILITY

YAYASAN TUN ISMAIL MOHAMED ALI

Launched on 10 October 1999, Yayasan Tun Ismail Mohamed Ali (YTI) is a foundation established to recognise the late Tun Ismail Mohamed Ali's contribution and dedication to PNB, where he served as its first chairman, and to the nation. The YTI receives and administers funds for educational purposes by awarding scholarships to some of the country's brightest young talent who have secured places in prestigious universities in the United Kingdom. YTI has also established Professorial Chairs in the name of Tun Ismail Mohamed Ali at local universities determined by its trustees. YTI also finances other educational activities, also determined by its trustees, such as grants to spearhead academic research in selected areas. Meanwhile, knowledge sharing activities are organised for the public through YTI International Lectures.

YTI ACTIVITIES SINCE INCEPTION	2017 ACTIVITIES AT A GLANCE														
<p>YTI Premier Scholarship Award</p> <p>Total students:</p> <p>98</p> <p>At 7 Prestigious universities as well as 8 other universities in the United Kingdom</p>	<p>YTI Premier Scholarship Award</p> <p>Total students:</p> <p>15</p> <p>At 7 Prestigious universities in the United Kingdom</p>														
<p>YTI Professorial Chairs</p> <p>Chairholders:</p> <p>11</p> <p>Terms:</p> <p>17</p> <p>Local universities:</p> <p>4</p>	<p>YTI Professorial Chairs</p> <p>Chairholders:</p> <p>2</p> <p>At 2 Local universities in Malaysia</p>	<p>Universiti Malaya (Corporate Law, Securities & Finance)</p> <table border="1" data-bbox="803 1383 1803 1428"> <tr> <td>Prof. Dr. John H. Farrar</td> <td>Prof. Tuan Razeen Sappideen</td> </tr> </table> <p>Universiti Kebangsaan Malaysia (Finance & Investment)</p> <table border="1" data-bbox="803 1474 1803 1564"> <tr> <td>Prof. Dr. Abdul Mansur Mohammed Masih</td> <td>Prof. Dr. S. Ghon Rhee</td> </tr> <tr> <td>Prof. Dr. Ben Jacobson</td> <td>Prof. Dr. Erik S. Reinert</td> </tr> </table> <p>Universiti Sains Islam Malaysia (Islamic Finance & Banking)</p> <table border="1" data-bbox="803 1610 1803 1700"> <tr> <td>Dr. Zamir Iqbal</td> <td>Prof. Dr. Mohamed Obaidullah</td> </tr> <tr> <td>Datuk Dr. Mohd Daud Bakar</td> <td></td> </tr> </table> <p>Universiti Tun Abdul Razak (Leadership)</p> <table border="1" data-bbox="803 1746 1803 1803"> <tr> <td>Prof. Dr. Erik van de Loo</td> <td>Prof. Dr. Nicholas H. Barker</td> </tr> </table>		Prof. Dr. John H. Farrar	Prof. Tuan Razeen Sappideen	Prof. Dr. Abdul Mansur Mohammed Masih	Prof. Dr. S. Ghon Rhee	Prof. Dr. Ben Jacobson	Prof. Dr. Erik S. Reinert	Dr. Zamir Iqbal	Prof. Dr. Mohamed Obaidullah	Datuk Dr. Mohd Daud Bakar		Prof. Dr. Erik van de Loo	Prof. Dr. Nicholas H. Barker
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<p>Knowledge & Expertise</p> <p>Books published for the Chair:</p> <p>6</p>	<p>Knowledge & Expertise</p> <p>Books published for the Chair:</p> <p>1</p>	<table border="1" data-bbox="803 1859 1803 2131"> <tr> <td>Board Leadership and Integrity (2013) Prof. Dr. Erik van de Loo (UNIRAZAK)</td> <td>Corporate Governance and Boards (2015) Prof. Dr. Erik van de Loo (UNIRAZAK)</td> </tr> <tr> <td>The Shaking Foundation of Finance (2015) Prof. Dr. Ben Jacobson (UKM)</td> <td>Managing Philanthropy for Social Security and Economy Empowerment (2015) Prof. Dr. Mohamed Obaidullah (USIM)</td> </tr> <tr> <td>Critical Readings in Islamic Social Finance (2016) Prof. Dr. Mohamed Obaidullah & Dr. Nurul Aini Muhamed (USIM)</td> <td>Critical Success and Failure Factors in the Islamic Financial Industry in the 21st Century (2017) Datuk Dr. Mohd Daud Bakar (USIM)</td> </tr> </table>		Board Leadership and Integrity (2013) Prof. Dr. Erik van de Loo (UNIRAZAK)	Corporate Governance and Boards (2015) Prof. Dr. Erik van de Loo (UNIRAZAK)	The Shaking Foundation of Finance (2015) Prof. Dr. Ben Jacobson (UKM)	Managing Philanthropy for Social Security and Economy Empowerment (2015) Prof. Dr. Mohamed Obaidullah (USIM)	Critical Readings in Islamic Social Finance (2016) Prof. Dr. Mohamed Obaidullah & Dr. Nurul Aini Muhamed (USIM)	Critical Success and Failure Factors in the Islamic Financial Industry in the 21 st Century (2017) Datuk Dr. Mohd Daud Bakar (USIM)						
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CORPORATE SOCIAL RESPONSIBILITY

PNB EMPLOYEES' CHILDREN SCHOLARSHIP AWARD AND PNB-KOLEJ ILMU SCHOLARSHIP PROGRAMME

PNB also offers scholarships for children of its employees that have secured a place to study at public universities or selected private universities. Scholars of this programme are allowed to pursue a diploma or a bachelor's degree. PNB also provides scholarships for students who were previously studying at Kolej Ilmu PNB. They are given the opportunity to continue their studies at public universities, selected private universities or abroad.



SKIM LATIHAN 1MALAYSIA (SL1M)

SL1M is the Government's special programme which aims to enhance employment opportunities for Malaysian graduates. Throughout the programme, participants learn technical skills in investments and finance as well as analytical skills, problem solving and communication skills. The knowledge and exposure better prepare participants for a career particularly in the financial services industry. Participants undergo two months of intensive classroom training and 10 months internship in PNB or at its investee companies.

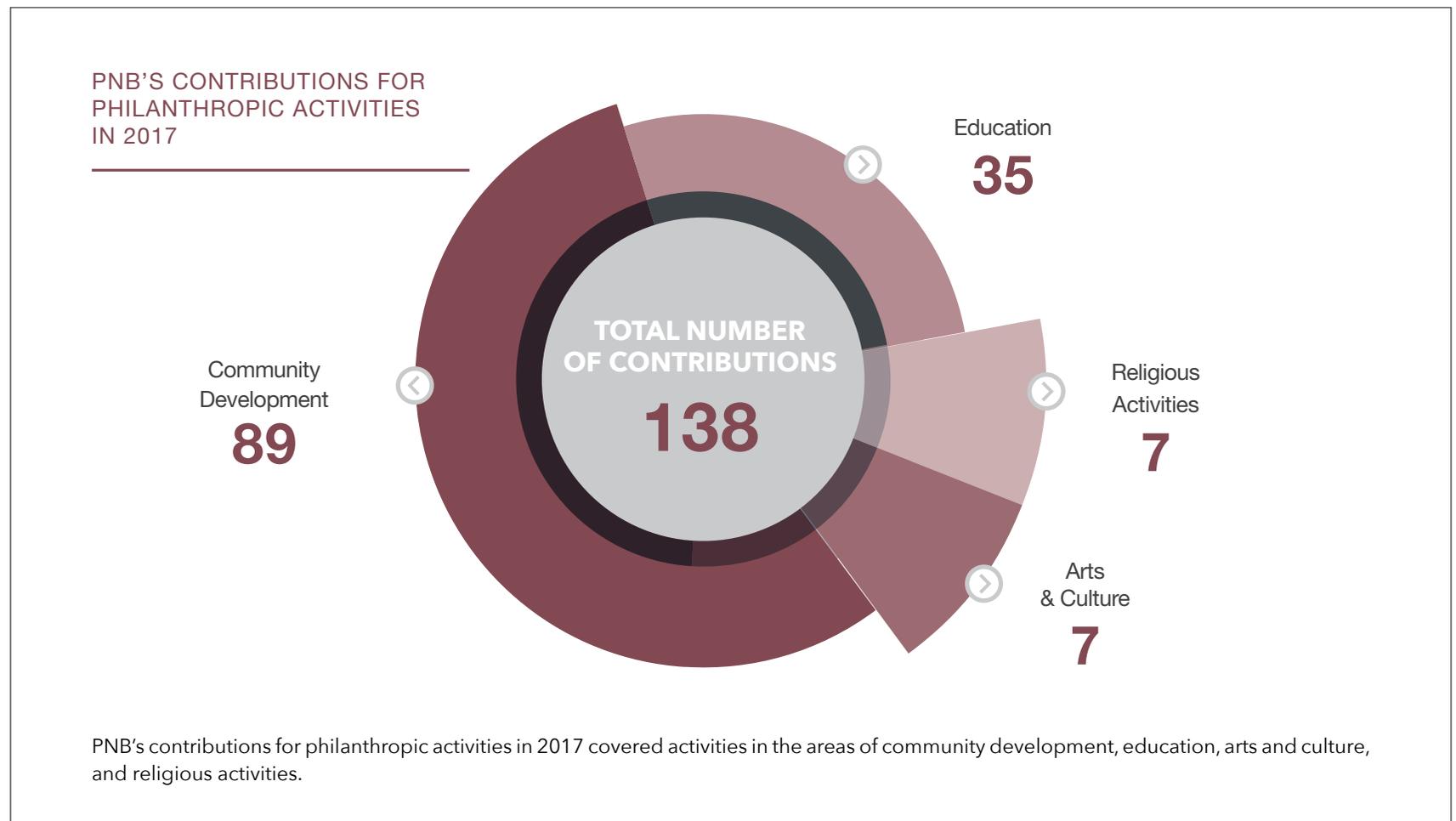
CORPORATE SOCIAL RESPONSIBILITY

✓ **PILLAR 3** : PHILANTHROPY

PNB DIRECTS ITS PHILANTHROPIC EFFORTS TO AREAS WHERE IT CAN HAVE THE BIGGEST POSITIVE IMPACT ON SOCIETY. TO IMPROVE THE SOCIAL-ECONOMIC STATUS OF AS MANY MALAYSIANS AS POSSIBLE, PNB OFTEN COLLABORATES WITH THE GOVERNMENT AND OTHER ORGANISATIONS TO ADDRESS CRITICAL SOCIETAL RISKS AND NEEDS.

Since its inception 40 years ago, PNB has made a tangible and sustainable difference to communities through its CSR activities in this pillar. Therefore, its philanthropic donations benefit millions of Malaysians every year.

In addressing core issues of socio-economic well-being, PNB's philanthropic contributions therefore complement its efforts under the financial literacy and education pillars to support its overall mission of enhancing the wealth of all Malaysians.



CORPORATE SOCIAL RESPONSIBILITY

VALUE HOMES



PNB VALUE HOMES

PNB Value Homes is PNB's CSR initiative targeted at developing affordable homes for low and middle-income Malaysian households. The goal is to develop 5,000 affordable homes, priced between RM180,000 and RM250,000, by 2022.

PNB Value Homes Sdn Bhd was established to deliver these homes and two projects are already in the pipeline. Approximately 1,700 affordable homes are expected from these projects located in Port Dickson, Negeri Sembilan and Sungai Sedu, Selangor.



Delivering
5,000
Quality affordable homes for low and medium income groups

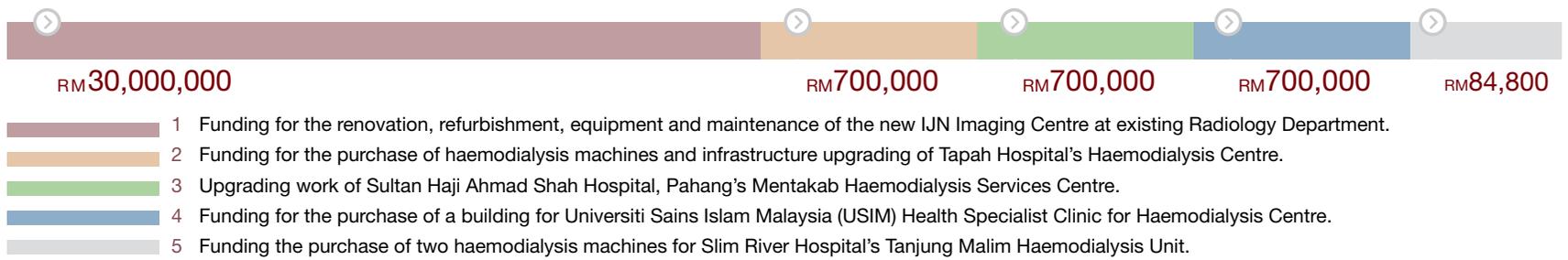
Approximately
1,700
Units located at
Port Dickson, Negeri Sembilan & Sungai Sedu, Selangor

CORPORATE SOCIAL RESPONSIBILITY

✓ MEDICAL AND HEALTHCARE

PNB HAS ALSO CONTRIBUTED TOWARDS THE COUNTRY’S HEALTHCARE SEGMENT AND ADDRESSED HEALTH PROBLEMS FACED BY MANY MALAYSIANS WITH SUBSTANTIAL DONATIONS TO GOVERNMENT MEDICAL FACILITIES. NOTABLE CONTRIBUTIONS INCLUDE BUILDING AN IMAGING CENTRE FOR INSTITUT JANTUNG NEGARA (IJN) IN 2017 AND BUILDING HAEMODIALYSIS CENTRES FOR GOVERNMENT HOSPITALS, ONE EVERY YEAR, IN TAPAH AND TEMERLOH.

PNB’S CONTRIBUTION FOR HAEMODIALYSIS CENTRES AND IJN IMAGING CENTRE IN 2017

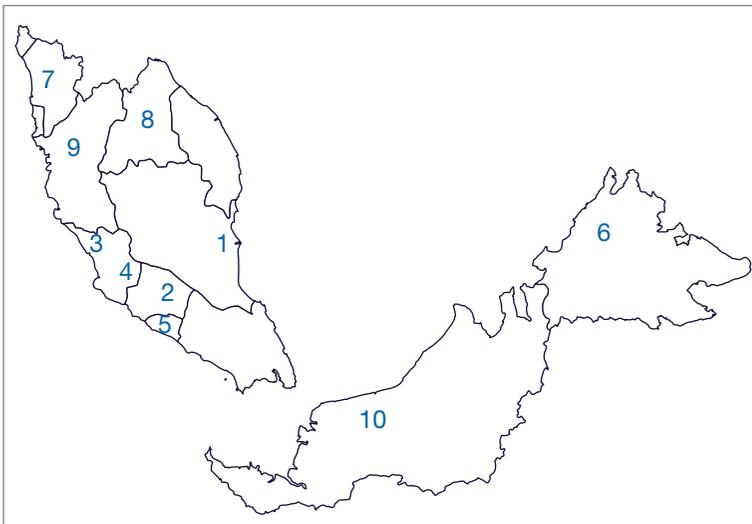


CORPORATE SOCIAL RESPONSIBILITY

ZAKAT

By paying zakat every year, PNB contributes towards raising the standard of living of the poor. Zakat is given to states where PNB operates in and the amount of zakat given is based on the demographics of unit holders in the particular state.

PNB GROUP BUSINESS ZAKAT PAYOUT



<p>1 PAHANG 2 February 2017 RM9,384,000.00</p>	<p>5 MELAKA 6 June 2017 RM5,384,000.00</p>
<p>2 NEGERI SEMBILAN 14 April 2017 RM7,376,800.00</p>	<p>6 SABAH 17 July 2017 RM19,365,600.00</p>
<p>3 FEDERAL TERRITORY 26 May 2017 RM17,265,600.00</p>	<p>7 KEDAH 24 October 2017 RM11,386,400.00</p>
<p>4 SELANGOR 2 June 2017 RM27,013,600.00</p>	<p>8 KELANTAN 8 November 2017 RM11,867,200.00</p>
	<p>9 PERAK 9 November 2017 RM5,865,600.00</p>
	<p>10 SARAWAK 10 November 2017 RM15,631,200.00</p>

STATE RECIPIENTS – PNB GROUP BUSINESS ZAKAT



Pahang, 2 February 2017



RECIPIENT: KDYTM Tengku Mahkota Tengku Abdullah Al-Haj Ibni Sultan Haji Ahmad Shah Al-Musta'in Billah, Regent of Pahang

Negeri Sembilan, 14 April 2017



RECIPIENT: Menteri Besar of Negeri Sembilan, YAB Dato' Seri Utama Hj Mohamad Hasan

Federal Territory of Kuala Lumpur, 26 May 2017



RECIPIENT: Minister in the Prime Minister's Department and Chairman of MAIWP, YB Mejar Jeneral (B) Dato' Seri Jamil Khir Baharom

Selangor, 2 June 2017



RECIPIENT: DYMM Sultan Sharafuddin Idris Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, Sultan of Selangor

Kelantan, 8 November 2017



RECIPIENT: YTM Dr. Tengku Muhammad Fa-iz Petra Ibni Sultan Ismail Petra, Regent of Kelantan

Melaka, 6 June 2017



RECIPIENT: Chief Minister of Melaka, YAB Datuk Seri Utama Ir. Haji Idris Haji Haron

Perak, 9 November 2017



RECIPIENT: DYMM Paduka Seri Sultan Nazrin Muizzuddin Shah Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghful-Lah, Sultan of Perak

Sabah, 17 July 2017



RECIPIENT: Chief Minister of Sabah, YAB Tan Sri Datuk Seri Panglima Musa Haji Aman

Sarawak, 10 November 2017



RECIPIENT: TYT Tun Pehin Sri Haji Abdul Taib Mahmud, Governor of Sarawak

Kedah, 24 October 2017



RECIPIENT: DYMM Tunku Sallehuddin Ibni Al-Marhum Sultan Badlishah, Sultan of Kedah

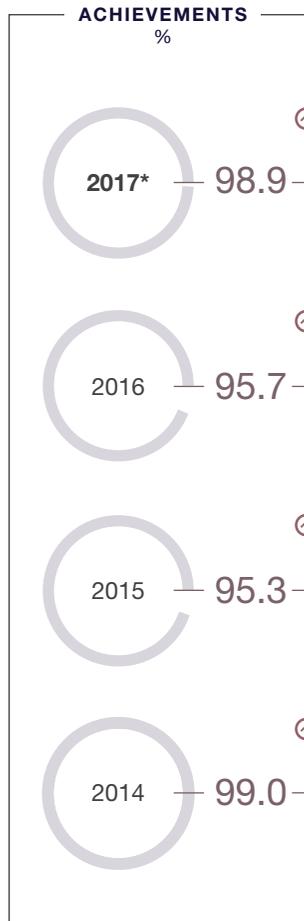


PASSION

WE ARE PASSIONATE
IN OUR TASK TO ACHIEVE
**BEYOND THE
ORDINARY**



BUMIPUTERA EMPOWERMENT AGENDA



* Preliminary data

ORIGINATION OF BUMIPUTERA EMPOWERMENT AGENDA KPIs

An initiative by Bumiputera Economic Council (MEB)

- On 14 September 2013, the Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Tun Abdul Razak, announced the measures and strategies to empower the Bumiputera economy, with the MEB acting as the key umbrella body to achieve Bumiputera development objectives.
- In essence, MEB focuses on five main thrusts as a continuation to the implementation of the Bumiputera Empowerment Agenda (BEA), in line with the New Economic Model. The five main thrusts are as follows:
 - Empowering Bumiputera human capital;
 - Strengthening Bumiputera equity ownership in the corporate sector;
 - Reinforcing Bumiputera ownership of non-financial assets;
 - Enhancing Bumiputera entrepreneurship and business; and
 - Bolstering the service delivery ecosystem.
- In order to accelerate the implementation of the five thrusts, MEB had identified several measures to be undertaken by Government-linked investment companies (GLICs) and Government-linked companies (GLCs), including the following:
 - Equity ownership – Launch of ASB 2 with 10 billion units, by PNB on 2 April 2014;
 - Entrepreneurship – Vendor Development Programme for anchor companies in supply chain and carve-outs;
 - Human capital – Human resource initiatives such as SL1M and Graduate Employability Management Scheme (GEMS);
 - KPIs for GLICs / GLCs' CEOs; and
 - Khazanah Nasional Berhad (Khazanah) as the secretariat and coordinator of the BEA programme.

BUMIPUTERA EMPOWERMENT AGENDA PROGRAMME

- The focus and measurements of the BEA KPIs are stakeholder-based (i.e. entrepreneurs, employees, students, communal groups). It skews towards outcome-based to gauge and assure the eventual benefits to the stakeholders. In particular, the KPI weightage is reflective of the company's core business activities.
- The compiled BEA KPIs of all participating GLICs and GLCs are presented to the Prime Minister in an annual White Room session. Effective 2017, the White Room session with the Prime Minister was changed to November annually, instead of May previously, to coincide with the typical planning cycle of most G20 Companies for meaningful intervention and impact.
- Since mid-2016, GLICs and GLCs are also required to report the BEA Non-KPIs to the secretariat.

PNB AND BUMIPUTERA EMPOWERMENT AGENDA KPIs

- In pursuance of the BEA, PNB has implemented the BEA KPIs since 2014, which include the measures requested by MEB including the ASB 2 under equity ownership initiative.
- By virtue of its founding mandate, the operations of PNB have always been directed towards mobilising savings through unit trusts to ensure the equitable sharing and distribution of economic wealth and promoting the ownership of share capital by the Bumiputera community in the corporate sector in Malaysia.
- As part of the process of enhancing Bumiputera corporate equity and acting as the custodian for Bumiputera wealth, PNB provides opportunities at its strategic companies for professional Bumiputera CEOs and appoints distinguished Bumiputera individuals to the Boards of these companies as its nominee directors.
- PNB further promotes the development of high-calibre Bumiputera professionals by opening up opportunities for upward progression to senior management level for Bumiputera employees in these companies, whereby at least 50% of senior management should be Bumiputera.

BUMIPUTERA EMPOWERMENT AGENDA

- In general, the overall 2017 BEA KPIs key achievements of PNB are as follows:

EQUITY OWNERSHIP



RM279 billion
assets under management



RM32 billion
worth of property holdings including property companies and investment properties in Malaysia and overseas



Hotel Perdana Kota Bharu, Kelantan



PNB House, London, UK

ENTREPRENEURSHIP

>50%



- Carve-out commitment to Bumiputera vendors for PNB's mega projects
- Procurement allocation for Bumiputera vendors



PNB 118

HUMAN CAPITAL



>90%
Bumiputera staff, nominee directors, CEOs/Managing Directors of PNB strategic companies



1,046
new scholarship recipients including PNB Chartered Accountant (PCA) initiative worth about

RM79 million



More than
460 SL1M
trainees at PNB

COMMUNITY

Minggu Saham Amanah Malaysia (MSAM)

208,000
people from all walks of life attended MSAM in Temerloh, Pahang

Seminar Pelaburan 360 Hari

85,836
participants

Kuiz Pelaburan PNB

104,048
participants from uniform bodies, Teacher Training Institutes (IPG), Institutions of Higher Learning (IPT) and secondary schools

Kelab Pelaburan Bijak PNB

97,751
secondary school students involved

Zakat

20%
of PNB's zakat allocated for direct disbursement for asnaf

THOUGHT LEADERSHIP

KNOWLEDGE SHARING ACTIVITIES BY PNBRI AND PNBi

PNB RESEARCH INSTITUTE SDN. BHD (PNBRI), A WHOLLY-OWNED RESEARCH ARM OF PNB WAS ESTABLISHED ON 19 JANUARY 2012 IN THE PURSUIT OF FOSTERING A RESEARCH & DEVELOPMENT CULTURE, ENHANCING CAPACITY-BUILDING AND FINDING SOLUTIONS TO THE NATION'S COMPLEX SOCIAL AND ECONOMIC ISSUES AND CHALLENGES.



PNBRI GROWTH DIAGNOSTICS FORUM 2017, "MALAYSIA AT A CROSSROADS: DIAGNOSING THE CONSTRAINTS TO HIGH INCOME STATUS"

PNBRI Growth Diagnostics Forum 2017 was the first forum organised by PNBRI. It was an initiative of PNBRI to promote the exchange of ideas and knowledge on strategic areas amongst its various stakeholders and public while promoting strong linkages with local and global research institutions.

Date: 25 May 2017

GROWTH DIAGNOSTICS STUDY PRESENTATION BY:

1. Professor Tan Sri Dato' Seri Dr. Noor Azlan Ghazali, Vice Chancellor, Universiti Kebangsaan Malaysia (UKM)
2. Mr. Mpumelelo Nxumalo, Economist-in Residence, Vice Chancellor's Office, UKM

Introducer: Dato' Abdul Rahman Ahmad,
President & Group Chief Executive, PNB

THOUGHT LEADERSHIP

PANEL DISCUSSION SESSION

Topic: “Current Socio-Economic Challenges Faced by Malaysia in Transforming into an Advanced High Income Economy; a Growth Diagnostics Approach”

Moderator: Datuk Dr. Awang Adek Hussin,
Chairman, PNBRI



LUNCHEON TALK

By Mr Faris Hadad Zervos, Country Manager, World Bank Malaysia on “Global Political Trends and Its Implication on the World Economy”

Moderator: Tan Sri Zarinah Anwar,
PNB Director



TALENT TO VALUE WORKSHOP

The workshop was presented by Sandy Ogg, Founder, CEO.works LLC. The workshop explored ways for organisations to have a better understanding on how jobs link to the value they create or how CEOs and Chief Human Resources Officer (CHROs) link talent to value.

Date: 5 October 2017

THOUGHT LEADERSHIP

CONSOLIDATION OF RESEARCH AND KNOWLEDGE SHARING ACTIVITIES

PNB Investment Institute Sdn Berhad (PNBi) is a wholly-owned subsidiary of PNB, established on 19 November 1998 as a financial training institution for professionals. The objective is to raise the standards of competencies in finance and investment for Malaysia’s capital market professionals through professional certification and training programmes by experienced industry practitioners and professionals. Meanwhile, PNBRI, a wholly-owned research arm of PNB was established to conduct research on strategic areas and finding solutions on issues critical for development and viability of the PNB Group, the Bumiputera community and the nation at large.

In a move to consolidate and streamline research and knowledge sharing activities, PNBRI’s scope and activities have been expanded to cover the objectives and roles of PNBi beginning 1 September 2017. The main objective of the expansion is to optimise the roles and functions, as well as streamlining research and knowledge sharing activities. This among others will enable PNBRI to optimise resources in implementing its research programmes and activities in a more strategic and effective manner.

Panel Discussion:

- > Panellist 1:
Datuk Dr. Awang Adek Hussin, Chairman, PNBRI
- > Panellist 2:
Dato’ Latifah Merican Cheong, Deputy President Malaysia Economic Association
- > Panellist 3:
Mr. Mpumelelo Nxumalo, Economist-in Residence, Vice Chancellor’s Office, UKM
- > Panellist 4:
Encik Nurhisham Hussein, Chief Economist, Employees Provident Fund (EPF)



Date: 24 May 2017

Topic: “The Future of Fintech/Digital Disruption”

Speaker: Professor Howard Yu, Professor of Strategic Management and Innovation at IMD, Lausanne, Switzerland

Date: 1 March 2017

Topic: “Value Creation & Business Partnering”

Speaker: Professor Salvatore Cantale, Professor of Finance at IMD, Lausanne Switzerland

Date: 27 September 2017

Topic: “The Future of Globalisation and Liberalisation: Are We Losing the Battle?”

Speaker: Professor Naoyuki Yoshino, Dean, Asian Development Bank Institute (ADB Institute), Professor Emeritus, Keio University, Japan



A close-up photograph of a silver calculator and a black pen resting on a document filled with financial data. The calculator is positioned diagonally across the top left, with its keypad and display visible. The pen lies horizontally across the top. The document below contains various numerical figures and some text, including 'PNB Group 5-Year Consolidated Coterminous Proforma Financials'.

FINANCIAL STATEMENTS

130	PNB Group 5-Year Consolidated Coterminous Proforma Financials
131	Independent Auditors' Report
132	Unit Trust Funds

PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA FINANCIALS

	For the Financial Year Ended 31 December				
	2013 RM million	2014 RM million	2015 RM million	2016 RM million	2017 RM million
Gross Income ¹	17,452	19,978	18,816	17,534	20,350
Net Income ¹	15,307	16,990	15,586	15,160	17,710
Total Assets ²	221,809	244,335	254,608	266,412	279,232
Return on Assets ³ (%)	7.2%	7.1%	6.3%	6.0%	6.7%

¹ Income figures based on proforma aggregate gross and net income respectively of PNB and its unit trust funds, adjusted to be coterminous according to year ended 31 December

² Total Assets (Assets Under Management) based on proforma aggregate of PNB's gross investment assets, the Value of Fund (before distribution) of the fixed price funds and the Net Asset Value (before distribution) of the variable price funds

³ Return on Assets = Net Income divided by monthly average total assets

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF PERMODALAN NASIONAL BERHAD (INCORPORATED IN MALAYSIA)

OPINION

The summary financial information which comprise the statements of financial position as at the respective financial year ends and the statements of comprehensive income for the financial years then ended for the unit trust funds listed below, are derived from the complete audited financial statements of these unit trust funds for the respective financial years then ended:

1.	Amanah Saham Bumiputera - 31 December 2015, 2016 and 2017
2.	Amanah Saham Wawasan 2020 - 31 August 2015, 2016 and 2017
3.	Amanah Saham Malaysia - 31 March 2015, 2016 and 2017
4.	Amanah Saham Didik - 30 June 2015, 2016 and 2017
5.	Amanah Saham 1Malaysia - 30 September 2015, 2016 and 2017
6.	Amanah Saham Bumiputera 2 - 31 March 2015, 2016 and 2017
7.	Amanah Saham Nasional - 31 December 2015, 2016 and 2017
8.	Amanah Saham Nasional 2 - 30 June 2015, 2016 and 2017
9.	Amanah Saham Nasional 3 Imbang - 30 November 2015, 2016 and 2017
10.	Amanah Saham Gemilang - 31 March 2015, 2016 and 2017

In our opinion, the accompanying summary financial information are consistent, in all material respects, with the respective audited financial statements, in accordance with the basis described on pages 132 to 143.

SUMMARY FINANCIAL INFORMATION

The summary financial information for Amanah Saham Bumiputera, Amanah Saham Wawasan 2020, Amanah Saham Malaysia, Amanah Saham Didik, Amanah Saham 1Malaysia and Amanah Saham Bumiputera 2 do not contain all the disclosures required by the Malaysian Financial Reporting Standards as modified by applicable specific prescription issued by the Securities Commission and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia. The summary financial information for Amanah Saham Nasional, Amanah Saham Nasional 2, Amanah Saham Nasional 3 Imbang and Amanah Saham Gemilang do not contain all the disclosures required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. Reading the summary financial information and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report of these unit trust funds.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on those audited financial statements in our reports for the respective financial years then ended. The audited financial statements and the summary financial information do not reflect the effects of the events that occurred subsequent to the date of our reports on the audited financial statements.

INFORMATION OTHER THAN THE SUMMARY FINANCIAL INFORMATION AND AUDITORS' REPORT THEREON

The Directors are responsible for the other information. The other information comprise the general information of the fund, fund snapshot, fund performance and asset allocation of the unit trust funds and do not include the summary financial information and our auditors' report thereon.

Our opinion on the summary financial information does not cover the other information and we do not express any form of assurance conclusion thereon.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL INFORMATION

The Directors are responsible for the preparation of the summary financial information in accordance with the basis described on pages 132 to 143.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial information are consistent, in all material respects, with the audited financial statements of the respective unit trust funds based on our procedures, which are conducted in accordance with Malaysian Approved Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

RESTRICTION ON USE

Our report on the summary financial information of the unit trust funds for the respective financial years then ended is issued solely to the Board of Directors of Permodalan Nasional Berhad. We do not assume responsibility to any other person for the content of this report.

Hanafiah Baslan & Mohamad

1 March 2018
Kuala Lumpur

UNIT TRUST FUNDS



AMANAH SAHAM BUMIPUTERA

LAUNCH DATE

2 January 1990

FUND TYPE

Income

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To generate long-term, consistent and competitive returns to the unit holders whilst ensuring the preservation of capital at minimal risk tolerance level

ASSET ALLOCATION

70-90%
of its Value of Fund (VOF) in equities

Minimum of **10%**
of its VOF in fixed income securities and money market instruments, inclusive of liquid assets

PERFORMANCE BENCHMARK

3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 31 Dec	2015	2016	2017
Units in Circulation (million units)	142,543	144,443	145,903
Number of accounts	8,874,998	9,108,719	9,302,393

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2015	2016	2017
Total investment income	10,208,205	10,462,603	10,805,595
Total expenses	1,094,401	636,375	652,590
Net income before taxation	9,113,804	9,826,228	10,153,005
Less: Taxation	-	-	-
Net income after taxation	9,113,804	9,826,228	10,153,005
Other Comprehensive Income	-	-	-
Total Comprehensive Income	9,113,804	9,826,228	10,153,005

FUND PERFORMANCE

Financial Year Ended 31 Dec	2015	2016	2017
Income Distribution (RM million)	10,255.14	9,652.03	10,177.99
Income Distribution (sen per unit)	7.25	6.75	7.00
Bonus (sen per unit)	0.50	0.50	0.25
Special Bonus (sen per unit)	-	-	1.00
Benchmark Return (%)	3.84	3.41	3.44

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Dec	2015	2016	2017
Equity	72.75	72.92	77.61
Fixed Income	2.17	2.74	3.38
Stapled Capital Securities	-	0.02	0.02
Others	25.08	24.32	18.99
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



**AMANAH SAHAM
WAWASAN 2020**

LAUNCH DATE

28 August 1996

FUND TYPE

Income

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To provide a reasonable level of regular distribution income to unit holders from investments in a selected portfolio of authorised investments

ASSET ALLOCATION

70-90%
of its Value of Fund (VOF) in equities

Minimum of **10%**
of its VOF in fixed income securities and money market instruments, inclusive of liquid assets

PERFORMANCE BENCHMARK

3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 31 Aug	2015	2016	2017
Units in Circulation (million units)	17,822	18,193	18,977
Number of accounts	883,422	878,145	873,958

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Aug (RM'000)	2015	2016	2017
Total investment income	1,406,441	1,410,170	1,387,514
Total expenses	365,568	218,525	230,224
Net income before taxation	1,040,873	1,191,645	1,157,290
Less: Taxation	-	-	-
Net income after taxation	1,040,873	1,191,645	1,157,290
Other Comprehensive Income	-	-	-
Total Comprehensive Income	1,040,873	1,191,645	1,157,290

FUND PERFORMANCE

Financial Year Ended 31 Aug	2015	2016	2017
Income Distribution (RM million)	1,130.77	1,138.37	1,131.20
Income Distribution (sen per unit)	6.40	6.30	6.00
Benchmark Return (%)	3.73	3.40	3.43

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Aug	2015	2016	2017
Equity	75.70	74.63	70.05
Fixed Income	24.30	25.37	29.95
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



AMANAH SAHAM MALAYSIA

LAUNCH DATE

20 April 2000

FUND TYPE

Income

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To provide unit holders with a long-term investment opportunity which generates regular and competitive returns through a diversified portfolio of investments

ASSET ALLOCATION

70-90%

of its Value of Fund (VOF) in equities

Minimum of **10%**

of its VOF in fixed income securities and money market instruments, inclusive of liquid assets

PERFORMANCE BENCHMARK

3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 31 Mar	2015	2016	2017
Units in Circulation (million units)	15,290	16,298	17,321
Number of accounts	537,975	536,862	539,581

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2015	2016	2017
Total investment income	1,250,275	1,349,731	1,277,129
Total expenses	173,070	295,391	212,292
Net income before taxation	1,077,205	1,054,340	1,064,837
Less: Taxation	-	-	-
Net income after taxation	1,077,205	1,054,340	1,064,837
Other Comprehensive Income	-	-	-
Total Comprehensive Income	1,077,205	1,054,340	1,064,837

FUND PERFORMANCE

Financial Year Ended 31 Mar	2015	2016	2017
Income Distribution (RM million)	1,007.80	1,023.03	1,036.84
Income Distribution (sen per unit)	6.60	6.30	6.00
Benchmark Return (%)	3.73	3.71	3.43

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2015	2016	2017
Equity & Unit Trust	76.89	73.56	75.33
Fixed Income & Others	23.11	26.44	24.67
TOTAL	100.00	100.00	100.00

Notes:

- Source: Fund Annual Report 2017
- The above Statements of Comprehensive Income are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



AMANAH SAHAM DIDIK

LAUNCH DATE

20 April 2001

FUND TYPE

Growth

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To provide investment opportunity that generates reasonable long-term growth and return

ASSET ALLOCATION

70-90%

of its Value of Fund (VOF) in equities

Minimum of **10%**

of its VOF in fixed income securities and money market instruments, inclusive of liquid assets

PERFORMANCE BENCHMARK

3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 30 Jun	2015	2016	2017
Units in Circulation (million units)	5,111	5,235	5,545
Number of accounts	318,221	307,784	299,817

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2015	2016	2017
Total investment income	439,711	430,928	314,270
Total expenses	100,022	82,796	73,326
Net income before taxation	339,689	348,132	240,944
Less: Taxation	-	-	-
Net income after taxation	339,689	348,132	240,944
Other Comprehensive Income	-	-	-
Total Comprehensive Income	339,689	348,132	240,944

FUND PERFORMANCE

Financial Year Ended 30 Jun	2015	2016	2017
Income Distribution (RM million)	334.19	325.13	329.53
Income Distribution (sen per unit)	6.60	6.30	6.00
Benchmark Return (%)	3.69	3.65	3.43

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Jun	2015	2016	2017
Equity	71.67	69.92	55.27
Unquoted Unit Trust	0.19	0.22	0.22
Fixed Income	5.41	7.20	7.72
Others	22.73	22.66	36.79
TOTAL	100.00	100.00	100.00

Notes:

- 1 Source: Fund Annual Report 2017
- 2 The above Statements of Comprehensive Income are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



AMANAH SAHAM 1MALAYSIA

LAUNCH DATE

5 August 2009

FUND TYPE

Income

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To provide regular and consistent income stream whilst preserving the unit holders' investment capital over a long time horizon through a diversified portfolio of investments

ASSET ALLOCATION

70-90%

of its Value of Fund (VOF) in equities

Minimum of **10%**

of its VOF in fixed income securities and money market instruments, inclusive of liquid assets

PERFORMANCE BENCHMARK

Average 5-Year MGS Yield

FUND SNAPSHOT

Financial Year Ended 30 Sep	2015	2016	2017
Units in Circulation (million units)	10,915	11,486	12,069
Number of accounts	395,036	393,465	394,357

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2015	2016	2017
Total investment income	815,463	785,155	874,805
Total expenses	278,196	82,722	150,724
Net income before taxation	537,267	702,433	724,081
Less: Taxation	-	-	-
Net income after taxation	537,267	702,433	724,081
Other Comprehensive Income	-	-	-
Total Comprehensive Income	537,267	702,433	724,081

FUND PERFORMANCE

Financial Year Ended 30 Sep	2015	2016	2017
Income Distribution (RM million)	686.00	692.61	715.85
Income Distribution (sen per unit)	6.40	6.10	6.00
Benchmark Return (%)	3.70	3.44	3.66

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Sep	2015	2016	2017
Equity & Unit Trust	75.16	79.36	78.51
Fixed Income & Others	24.84	20.64	21.49
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



AMANAH SAHAM BUMIPUTERA 2

LAUNCH DATE

2 April 2014

FUND TYPE

Income

FUND CATEGORY

Mixed Asset

INVESTMENT OBJECTIVE

To provide regular income stream whilst preserving the unit holder's investment capital through a mixed asset portfolio

ASSET ALLOCATION

Up to **90%**
of its Value of Fund (VOF) in equities

Up to **50%**
of its VOF in other asset classes
such as variable and fixed income securities.

Minimum **10%**
of its VOF in cash or liquid assets

PERFORMANCE BENCHMARK

Average 5-Year MGS Yield

FUND SNAPSHOT

Financial Year Ended 31 Mar	2015	2016	2017
Units in Circulation (million units)	2,175	4,430	7,386
Number of accounts	103,546	161,082	266,848

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2015	2016	2017
Total investment income	130,968	238,669	406,029
Total expenses	9,661	20,097	13,816
Net income before taxation	121,307	218,572	392,213
Less: Taxation	-	-	-
Net income after taxation	121,307	218,572	392,213
Other Comprehensive Income	-	-	-
Total Comprehensive Income	121,307	218,572	392,213

FUND PERFORMANCE

Financial Year Ended 31 Mar	2015	2016	2017
Income Distribution (RM million)	92.00	208.84	377.86
Income Distribution (sen per unit)	7.50 + 0.25	7.05	6.50
Benchmark Return (%)	3.68	3.62	3.52

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2015	2016	2017
Equity	71.62	65.01	77.07
Fixed Income	28.38	34.99	22.93
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



AMANAH SAHAM NASIONAL

LAUNCH DATE

20 April 1981

FUND TYPE

Growth

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To generate reasonable level of income distribution and capital appreciation to the unit holders through a diversified portfolio of investments

ASSET ALLOCATION

70-90%

of its Net Asset Value (NAV) in equities

Minimum of **10%**

of its NAV in fixed income securities and money market instruments, inclusive of liquid assets

PERFORMANCE BENCHMARK

80% FTSE Bursa Malaysia 100 (FBM100):
20% 3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 31 Dec	2015	2016	2017
Units in Circulation (million units)	1,750	1,857	1,902
Number of accounts	1,250,867	1,244,253	1,235,720

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2015	2016	2017
Total investment income	32,962	36,692	68,883
Total expenses	21,485	20,537	23,069
Net income before taxation	11,477	16,155	45,814
Less: Taxation	-	-	-
Net income after taxation	11,477	16,155	45,814
Other Comprehensive Income	(60,938)	41,972	188,897
Total Comprehensive Income	(49,461)	58,127	234,711

Total comprehensive (loss)/income for the year is made up of the following:

Realised	101,371	70,312	69,130
Unrealised	(150,832)	(12,185)	165,581
	(49,461)	58,127	234,711

Summarised Statements of Financial Position as at 31 Dec (RM'000)	2015	2016	2017
Investments	1,280,247	1,290,665	1,471,435
Other assets	24,194	53,502	27,437
Total Assets	1,304,441	1,344,167	1,498,872
Liabilities	(110,890)	(111,584)	(75,436)
Unit Holder Capital/NAV	1,193,551	1,232,583	1,423,435

FUND PERFORMANCE

Financial Year Ended 31 Dec	2015	2016	2017
Distribution Yield (%)	8.94	7.53	4.88
Total Return (%)	(3.73)	4.62	18.26
Benchmark Return (%)	(1.51)	(1.23)	10.86
Financial Year Ended 31 Dec	1 Year	3 Years	5 Years
Annualised Total Return (%)	18.26	6.00	4.71
Benchmark Return (%)	10.86	2.55	2.54

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Dec	2015	2016	2017
Equity	88.98	86.17	78.76
Stapled Capital Securities	4.38	-	0.36
Fixed Income	4.63	4.49	4.01
Others	2.00	9.34	16.87
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income and Statements of Financial Positions are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



ASN 2

AMANAH SAHAM NASIONAL 2

LAUNCH DATE

9 June 1999

FUND TYPE

Growth

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To provide unit holders with a reasonable dividend yield as well as capital appreciation at an acceptable level of risk through investments made in accordance with the Deed, the Guidelines and securities law in a diversified portfolio of securities, principally in Malaysian equity securities

ASSET ALLOCATION

70-90%
of its NAV in equities

Minimum of **10%**
in fixed income securities and money market
instruments, inclusive of liquid assets

PERFORMANCE BENCHMARK

80% FTSE Bursa Malaysia 100 (FBM100):
20% 3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 30 Jun	2015	2016	2017
Units in Circulation (million units)	1,280	1,452	1,479
Number of accounts	19,557	22,570	24,944

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2015	2016	2017
Total investment income	24,414	35,361	38,353
Total expenses	8,526	12,912	12,752
Net income before taxation	15,888	22,449	25,601
Less: Taxation	-	-	-
Net income after taxation	15,888	22,449	25,601
Other Comprehensive Income	(33,077)	(34,525)	77,346
Total Comprehensive Income	(17,189)	(12,076)	102,947

Total comprehensive (loss)/income for the year is made up of the following:

Realised	21,884	34,980	45,424
Unrealised	(39,073)	(47,056)	57,523
	(17,189)	(12,076)	102,947

Summarised Statements of Financial Position as at 30 Jun (RM'000)	2015	2016	2017
Investments	835,010	884,960	955,507
Other assets	10,417	5,531	4,006
Total Assets	845,427	890,491	959,513
Liabilities	(50,473)	(51,993)	(48,960)
Unit Holder Capital/NAV	794,954	838,498	910,553

FUND PERFORMANCE

Financial Year Ended 30 Jun	2015	2016	2017
Distribution Yield (%)	5.55	5.97	5.04
Total Return (%)	(2.57)	(1.48)	11.93
Benchmark Return (%)	(7.04)	(0.73)	7.80
Financial Year Ended 30 Jun	1 Year	3 Years	5 Years
Annualised Total Return (%)	11.93	2.42	6.06
Benchmark Return (%)	7.80	(0.17)	2.87

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Jun	2015	2016	2017
Equity	78.88	84.20	86.07
Stapled Capital Securities	0.67	0.62	0.56
Fixed Income	1.89	3.00	2.76
Others	18.56	12.18	10.61
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income and Statements of Financial Positions are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS


ASN 3
AMANAH SAHAM NASIONAL 3 IMBANG
LAUNCH DATE

16 October 2001

FUND TYPE

Balanced

FUND CATEGORY

Mixed Asset

INVESTMENT OBJECTIVE

To generate capital growth over the medium to long-term period by investing in a balanced portfolio of investments and through re-investment of distribution, if any

ASSET ALLOCATION
25-75%

of its NAV in equities

 Minimum of **25%**

of its NAV in fixed income securities and money market instruments inclusive of liquid assets

PERFORMANCE BENCHMARK

50% FTSE Bursa Malaysia 100 (FBM100):
50% 3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 30 Nov	2015	2016	2017
Units in Circulation (million units)	1,085	1,180	1,295
Number of accounts	37,121	38,928	43,613

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Nov (RM'000)	2015	2016	2017
Total investment income	48,874	42,651	48,526
Total expenses	14,840	17,054	17,559
Net income before taxation	34,034	25,597	30,967
Less: Taxation	-	-	-
Net income after taxation	34,034	25,597	30,967
Other Comprehensive Income	(35,422)	(17,061)	44,521
Total Comprehensive Income	(1,388)	8,536	75,488

Total comprehensive (loss)/income for the year is made up of the following:

Realised	46,054	67,908	55,718
Unrealised	(47,442)	(59,372)	19,770
	(1,388)	8,536	75,488

Summarised Statements of Financial Position as at 30 Nov (RM'000)	2015	2016	2017
Investments	1,224,853	1,259,348	1,379,062
Other assets	9,490	15,899	39,120
Total Assets	1,234,343	1,275,247	1,418,182
Liabilities	(71,737)	(72,197)	(81,368)
Unit Holder Capital/NAV	1,162,606	1,203,050	1,336,814

FUND PERFORMANCE

Financial Year Ended 30 Nov	2015	2016	2017
Distribution Yield (%)	5.79	5.88	4.84
Total Return (%)	0.05	0.78	6.10
Benchmark Return (%)	(1.86)	0.88	6.14
Financial Year Ended 30 Nov	1 Year	3 Years	5 Years
Annualised Total Return (%)	6.10	2.27	3.92
Benchmark Return (%)	6.14	1.67	2.95

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Nov	2015	2016	2017
Equity	61.29	61.74	53.15
Stapled Capital Securities	0.45	0.43	0.38
Fixed Income	9.51	13.03	25.90
Others	28.75	24.80	20.57
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income and Statements of Financial Positions are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



**AMANAH SAHAM GEMILANG
(PENDIDIKAN)**

LAUNCH DATE

17 March 2003

FUND TYPE

Growth & Income

FUND CATEGORY

Mixed Asset

INVESTMENT OBJECTIVE

To provide investment opportunity which generates reasonable long-term growth and returns to meet part or all of the periodic liquidity requirements of the unit holders and enable them to fulfil the financial planning needs for education of the unit holders and/or their children

ASSET ALLOCATION

20-70%
of its NAV in fixed income securities
and liquid assets

Minimum of **30%**
of its NAV in equities

PERFORMANCE BENCHMARK

60% FTSE Bursa Malaysia 100 (FBM100):
40% 3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 31 Mar	2015	2016	2017
Units in Circulation (million units)	421	676	884
Number of accounts	52,250	60,404	65,037

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2015	2016	2017
Total investment income	10,568	20,046	41,273
Total expenses	4,592	8,554	10,920
Net income before taxation	5,976	11,492	30,353
Less: Taxation	-	-	-
Net income after taxation	5,976	11,492	30,353
Other Comprehensive Income	2,238	(23,223)	20,835
Total Comprehensive Income	8,214	(11,731)	51,188

Total comprehensive (loss)/income for the year is made up of the following:

Realised	16,901	32,584	36,330
Unrealised	(8,687)	(44,315)	14,858
	8,214	(11,731)	51,188

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2015	2016	2017
Investments	462,140	680,913	852,433
Other assets	1,182	6,739	37,959
Total Assets	463,322	687,652	890,392
Liabilities	(30,001)	(48,876)	(40,940)
Unit Holder Capital/NAV	433,321	638,776	849,452

FUND PERFORMANCE

Financial Year Ended 31 Mar	2015	2016	2017
Distribution Yield (%)	6.89	6.35	4.69
Total Return (%)	2.41	(2.48)	6.41
Benchmark Return (%)	0.55	(1.58)	3.48

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	6.41	2.05	4.49
Benchmark Return (%)	3.48	0.79	2.83

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2015	2016	2017
Equity	74.14	68.12	61.98
Stapled Capital Securities	0.25	0.16	1.92
Fixed Income	4.62	7.71	9.64
Others	20.99	24.01	26.46
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income and Statements of Financial Positions are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



AMANAH SAHAM GEMILANG (KESIHATAN)

LAUNCH DATE

17 March 2003

FUND TYPE

Growth & Income

FUND CATEGORY

Equity

INVESTMENT OBJECTIVE

To provide investment opportunity which generates reasonable long-term growth and returns to fulfil part or all of the immediate liquidity requirements to enable the unit holders and/or their children to continuously meet their ongoing medical requirements in the long-term

ASSET ALLOCATION

70-90%
of its NAV in equities

Minimum of **10%**
of its NAV in fixed income securities and money market instruments inclusive of liquid assets

PERFORMANCE BENCHMARK

70% FTSE Bursa Malaysia 100 (FBM100):
30% 3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 31 Mar	2015	2016	2017
Units in Circulation (million units)	549	952	1,730
Number of accounts	34,677	46,784	65,425

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2015	2016	2017
Total investment income	14,620	32,533	56,888
Total expenses	6,124	12,866	18,161
Net income before taxation	8,496	19,667	38,727
Less: Taxation	-	-	-
Net income after taxation	8,496	19,667	38,727
Other Comprehensive Income	1,259	(40,032)	32,353
Total Comprehensive Income	9,755	(20,365)	71,080

Total comprehensive (loss)/income for the year is made up of the following:

Realised	16,095	38,154	42,905
Unrealised	(6,340)	(58,519)	28,175
	9,755	(20,365)	71,080

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2015	2016	2017
Investments	641,736	1,001,988	1,759,486
Other assets	1,322	16,543	86,259
Total Assets	643,058	1,018,531	1,845,745
Liabilities	(39,633)	(68,046)	(118,666)
Unit Holder Capital/NAV	603,425	950,485	1,727,079

FUND PERFORMANCE

Financial Year Ended 31 Mar	2015	2016	2017
Distribution Yield (%)	6.55	7.01	4.26
Total Return (%)	2.07	(2.77)	4.20
Benchmark Return (%)	0.01	(2.49)	3.45
Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	4.20	1.13	4.18
Benchmark Return (%)	3.45	0.29	2.69

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2015	2016	2017
Equity	84.22	73.49	72.48
Stapled Capital Securities	0.18	0.11	0.35
Fixed Income	3.33	3.61	3.57
Others	12.27	22.79	23.60
TOTAL	100.00	100.00	100.00

Notes:

- Source: Fund Annual Report 2017
- The above Statements of Comprehensive Income and Statements of Financial Positions are derived from the audited financial statements of the respective unit trust funds

UNIT TRUST FUNDS



**AMANAH SAHAM GEMILANG
(PERSARAAN)**

LAUNCH DATE

17 March 2003

FUND TYPE

Growth & Income

FUND CATEGORY

Mixed Asset

INVESTMENT OBJECTIVE

To provide investment opportunity which generates reasonable long-term growth and returns, and a reliable income stream to enable the unit holders and/or their children and/or charges to meet part or all of their retirement needs

ASSET ALLOCATION

20-80%

of its NAV in fixed income securities and liquid assets

Minimum of **20%**
of its NAV in equities

PERFORMANCE BENCHMARK

40% FTSE Bursa Malaysia 100 (FBM100):
60% 3-month KLIBOR

FUND SNAPSHOT

Financial Year Ended 31 Mar	2015	2016	2017
Units in Circulation (million units)	178	256	479
Number of accounts	10,555	12,579	18,028

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2015	2016	2017
Total investment income	6,189	10,472	18,274
Total expenses	2,209	3,964	5,393
Net income before taxation	3,980	6,508	12,881
Less: Taxation	-	-	-
Net income after taxation	3,980	6,508	12,881
Other Comprehensive Income	1,413	(8,050)	10,725
Total Comprehensive Income	5,393	(1,542)	23,606

Total comprehensive (loss)/income for the year is made up of the following:

Realised	6,101	13,909	14,066
Unrealised	(708)	(15,451)	9,540
	5,393	(1,542)	23,606

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2015	2016	2017
Investments	223,439	301,924	550,477
Other assets	1,545	1,763	11,955
Total Assets	224,984	303,687	562,432
Liabilities	(12,573)	(17,755)	(25,847)
Unit Holder Capital/NAV	212,411	285,932	536,585

FUND PERFORMANCE

Financial Year Ended 31 Mar	2015	2016	2017
Distribution Yield (%)	5.90	6.09	4.60
Total Return (%)	3.19	(0.88)	4.80
Benchmark Return (%)	0.01	(2.49)	3.51

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	4.80	2.34	5.23
Benchmark Return (%)	3.51	1.78	3.09

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2015	2016	2017
Equity	65.86	68.24	58.17
Stapled Capital Securities	0.50	0.36	1.14
Fixed Income	7.55	10.20	9.31
Others	26.09	21.20	31.38
TOTAL	100.00	100.00	100.00

Notes:

1 Source: Fund Annual Report 2017

2 The above Statements of Comprehensive Income and Statements of Financial Positions are derived from the audited financial statements of the respective unit trust funds

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